
Financial Results for the Fiscal Year Ended March 31, 2013

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Satoru Tsutsumi) announces its financial results for the fiscal year ended March 31, 2013.

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

1. Business Highlights

(1) Policies in Force and New Policies

Policies in Force

	As of March 31, 2012				As of March 31, 2013			
	Number of policies		Amount		Number of policies		Amount	
	(thousands)	% of March 31, 2011 total	(millions of yen)	% of March 31, 2011 total	(thousands)	% of March 31, 2012 total	(millions of yen)	% of March 31, 2012 total
Individual insurance	0	271.4	3,248	369.3	15	3,310.7	133,326	4,104.1
Individual annuities	316	122.6	1,753,047	122.1	368	116.3	2,103,035	120.0
Group insurance	-	-	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-	-	-

Note: Policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

New Policies

	Number of policies		Amount			
	(thousands)	% of March 31, 2012 total	(millions of yen)	% of March 31, 2012 total	New Business	Net increase from conversions
Year ended March 31, 2013						
Individual insurance	14	4,931.9	122,028	5,001.5	122,028	-
Individual annuities	76	117.2	389,862	113.9	389,862	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Year ended March 31, 2012						
Individual insurance	0	/	2,439	/	2,439	-
Individual annuities	64	/	342,385	/	342,385	-
Group insurance	-	/	-	/	-	-
Group annuities	-	/	-	/	-	-

Note: Amount of new policies (new business) for individual annuities is equal to the amount required to fund annuity payments when they commence.

(2) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2012		As of March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Individual insurance	261	359.8	9,298	3,555.3
Individual annuities	191,074	129.2	228,272	119.5
Total	191,336	129.3	237,571	124.2
Medical and survival benefits	-	-	-	-

New Policies

(millions of yen except percentages)

	Year Ended March 31, 2012		Year Ended March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Individual insurance	195	268.5	8,512	4,361.4
Individual annuities	46,993	202.5	52,208	111.1
Total	47,189	202.7	60,720	128.7
Medical and survival benefits	-	-	-	-

Note: Annualized net premiums are calculated by multiplying the per-premium payments by a multiplier that depends on the premium payment terms. For single-premium contracts, the amount is calculated by dividing the premium by the duration of the policy.

(3) Profit and Loss Items

(millions of yen except percentages)

	Year Ended March 31, 2012		Year Ended March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Premium and other income	348,572	138.5	551,019	158.1
Investment income	66,291	3,060.1	230,712	348.0
Benefits and claims	94,040	110.6	225,587	239.9
Investment expenses	26,749	167.2	39,360	147.1
Ordinary loss	28,292	2,464.7	28,601	101.1

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2012		As of March 31, 2013	
		% of March 31, 2011 total		% of March 31, 2012 total
Total Assets	1,860,617	118.8	2,373,197	127.5

2. Policies in Force as of March 31, 2013 by Benefit Type

	Individual Insurance		Individual annuities		Group Insurance		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Death benefits								
General	15	133,326	-	-	-	-	15	133,326
Accidental	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Survival benefits	-	-	368	2,103,035	-	-	368	2,103,035
Hospitalization benefits								
Accidental	-	-	-	-	-	-	-	-
Illness	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Injury benefits	-	-	-	-	-	-	-	-
Surgery benefits	-	-	-	-	-	-	-	-

	Group annuities		Financial insurance / Financial annuities		Total	
	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)	Policies (thousands)	Amount (millions of yen)
Survival benefits	-	-	-	-	-	-

	Medical care insurance	
	Policies (thousands)	Amount (millions of yen)
Hospitalization benefits	-	-

	Group disability	
	Policies (thousands)	Amount (millions of yen)
Disability benefits	-	-

Note: Survival benefit amounts for individual annuities are the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

3. Investment of General Account Assets

(1) Overview of Investment of General Account Assets for the Fiscal Year ended March 31, 2013

A. Investment Environment

Due to a) a decrease in exports caused by the slowdown of the overseas economy and b) decreased corporate capital expenditures associated with worsened business sentiments, the Japanese economy temporarily experienced negative growth during the fiscal year ended March 31, 2013. However, led by export growth associated with slight recovery of the global economy, the Japanese economy bottomed out by the end of the fiscal year.

In the U.S., supported by the monetary easing policy of the Federal Reserve Board (FRB), individual consumption and housing investment increased. However, given the uncertainty over the European sovereign debt crisis and fiscal cliff problems, corporate capital expenditures decreased and the U.S. economy grew only by a modest amount. The European economy experienced negative growth due to government spending cuts for fiscal reconstruction and the worsened unemployment situation.

Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]

The yield on ten-year Japanese government bonds declined from the first half of the fiscal year, given the economic downturn in Japan that was mainly due to a decrease in exports associated with the slowdown of the global economy. Although the Japanese economy bottomed out in the second half of the fiscal year, the yield declined further to the 0.5% level, due to the expectation of aggressive monetary easing measures to be taken by the Bank of Japan (BOJ) under the new administration.

(Yield on ten-year government bonds: April 1, 2012 : 0.985% ; March 31, 2013 : 0.560%)

[Domestic Stocks]

The Nikkei 225 temporarily fell below 8,500 due to a) yen appreciation as a result of the worsened European sovereign debt crisis and b) concern over the global recession in the first half of the fiscal year. However, since the dissolution of the House of Representatives in Japan in November 2012, amid growing expectations of overcoming deflation through aggressive monetary easing and economic-stimulus measures planned to be taken under the new Abe cabinet, the Nikkei 225 rose substantially to over 12,000, the highest level since September 2008.

(Nikkei 225 Stock Average: April 1, 2012 : 10,083 ; March 31, 2013 : 12,397)

(TOPIX: April 1, 2012 : 854 ; March 31, 2013 : 1,034)

[Foreign Currency]

The yen appreciated against the Euro significantly to below ¥95 in July 2012, due to the deepened European sovereign debt crisis, including concerns over Greece exiting the Euro-zone and lack of confidence in Spain's financial system. The yen also appreciated against the U.S. dollar significantly to below ¥80 by the summer, due to concerns over the U.S. economy slowing down and the FRB's third quantitative easing plan.

However, a) the worsened trade balance in Japan, b) expectations of overcoming deflation through aggressive monetary easing and public spending policies after the inauguration of the new Abe cabinet and c) unwinding of risk-aversion associated with decreased anxiety about the European sovereign debt crisis, the value of the yen has been substantially corrected after the appreciation described above. By the end of the fiscal year, the yen depreciated against the U.S. dollar significantly to above ¥96 for first time since August 2009.

(yen /U.S. dollar: April 1, 2012 : ¥82.19 ; March 31, 2013 : ¥94.05)

(yen/Euro: April 1, 2012 : ¥109.80 ; March 31, 2013 : ¥120.73)

B. Investment Policies

In view of the liability characteristics of life insurance policies, assets in the general account are invested in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term.

General account assets are invested primarily in yen-denominated bonds, and call loans, other money market instruments.

Foreign-currency denominated insurance are invested in foreign-currency denominated bonds.

Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

C. Investment Results

The Company invested primarily in fixed-income assets, such as yen-denominated bonds, and call loans, other money market instruments. Foreign-currency denominated insurance are invested in foreign-currency denominated bonds. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) were also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

As a result, investment income was 62,011 million yen mainly due to gains on foreign exchange (33,619 million yen) and gains on sale of securities (14,709 million yen) and gains on interest and dividends (13,666 million yen). Investment expenses were 39,360 million yen mainly due to losses on money held in trust (18,914 million yen), incurred through transactions to hedge the guaranteed minimum benefit risk on individual variable annuities and derivative transaction losses (14,373 million yen) and losses on investment in trading securities (5,445 million yen).

(2) Asset Composition

(millions of yen except percentages)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	18,907	3.6	53,667	6.6
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	-	-	1,978	0.2
Trading account securities	-	-	-	-
Money held in trust	27,594	5.2	32,179	3.9
Securities	437,495	83.2	691,648	84.6
Domestic bonds	219,716	41.8	322,321	39.4
Domestic stocks	-	-	-	-
Foreign securities	217,778	41.4	369,327	45.2
Foreign bonds	211,576	40.2	364,694	44.6
Foreign stocks and other securities	6,202	1.2	4,632	0.6
Other securities	-	-	-	-
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	42,145	8.0	38,035	4.7
Reserve for possible loan losses	(17)	(0.0)	(1)	(0.0)
Total	526,124	100.0	817,509	100.0
Foreign currency-denominated assets	174,718	33.2	325,664	39.8

(3) Changes (Increase/Decrease) in Assets

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	1,678	34,760
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	1,978
Trading account securities	-	-
Money held in trust	(14,065)	4,585
Securities	259,375	254,153
Domestic bonds	88,675	102,604
Domestic stocks	-	-
Foreign securities	170,700	151,548
Foreign bonds	170,210	153,118
Foreign stocks and other securities	490	(1,569)
Other securities	-	-
Loans	-	-
Real estate	-	-
Deferred tax assets	-	-
Others	(2,808)	(4,109)
Reserve for possible loan losses	11	16
Total	244,192	291,385
Foreign currency-denominated assets	157,554	150,946

(4) Investment Income

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Interest and dividends	5,384	13,666
Interest from bank deposits	9	26
Interest and dividends from securities	5,349	13,562
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	25	78
Gains on trading account securities	-	-
Gains on money held in trust	-	-
Gains on investment in trading securities	-	-
Gains on sale of securities	155	14,709
Gains on sale of domestic bonds	147	1,936
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	7	12,773
Others	-	-
Gains on redemption of securities	-	-
Derivative transaction gains	-	-
Foreign exchange gains	6,236	33,619
Reversal of reserve for possible loan losses	11	16
Other investment income	-	-
Total	11,788	62,011

(5) Investment Expenses

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
Interest expenses	0	0
Losses on trading account securities	-	-
Losses on money held in trust	14,865	18,914
Losses on investment in trading securities	5,882	5,445
Losses on sale of securities	8	3
Losses on sale of domestic bonds	-	1
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	8	2
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	-	-
Derivative transaction losses	5,386	14,373
Foreign exchange losses	-	-
Provision for reserve for possible loan losses	-	-
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	605	624
Total	26,749	39,360

(6) Other Information on Investments

A. Rates of return

(%)

	Year ended March 31, 2012	Year ended March 31, 2013
Cash, deposits, and call loans	(3.77)	(3.65)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	-	0.58
Trading account securities	-	-
Money held in trust	(37.51)	(47.78)
Securities	2.20	10.21
Domestic bonds	1.41	2.64
Domestic stocks	-	-
Foreign securities	3.27	16.98
Loans	-	-
Real Estate	-	-
Total	(3.87)	3.45
Foreign investments	0.53	15.67

Note: 1. Rates of return above were calculated by dividing the net investment income included in net surplus from operations by the average daily balance on a book value basis.

2. "Foreign investments" include yen-denominated assets.

B. Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	33,796	(20,747)	36,812	(24,359)

Note: Figures in this table include money held in trust and other instruments classified as trading securities.

C. Fair Value Information on Securities (securities with fair value except trading securities)

(millions of yen)

	Book value	Fair value	Gains (losses)		
			Gains	Losses	
As of March 31, 2013					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	295,732	299,537	3,805	4,503	697
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	382,795	393,262	10,467	11,096	629
Domestic bonds	194,630	199,656	5,025	5,311	285
Domestic stocks	-	-	-	-	-
Foreign securities	186,165	191,627	5,462	5,784	322
Foreign bonds	186,165	191,627	5,462	5,784	322
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	2,000	1,978	(21)	-	21
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	678,527	692,799	14,272	15,599	1,327
Domestic bonds	317,295	323,113	5,818	6,131	313
Domestic stocks	-	-	-	-	-
Foreign securities	359,232	367,707	8,475	9,467	992
Foreign bonds	359,232	367,707	8,475	9,467	992
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	2,000	1,978	(21)	-	21
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2012					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	104,338	104,799	460	661	201
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	321,371	326,953	5,581	6,645	1,064
Domestic bonds	172,051	175,358	3,306	3,931	624
Domestic stocks	-	-	-	-	-
Foreign securities	149,320	151,595	2,275	2,714	439
Foreign bonds	149,320	151,595	2,275	2,714	439
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	425,710	431,752	6,042	7,307	1,265
Domestic bonds	216,410	219,867	3,457	4,085	628
Domestic stocks	-	-	-	-	-
Foreign securities	209,300	211,885	2,584	3,222	637
Foreign bonds	209,300	211,885	2,584	3,222	637
Foreign stocks and other securities	-	-	-	-	-
Other securities	-	-	-	-	-
Monetary claims bought	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

*Book values of securities for which it is not practicable to determine fair value are as follows:

Not applicable.

D. Fair value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)	
			Gains	Losses
As of March 31, 2013	32,179	32,179	(18,914)	18,914
As of March 31, 2012	27,594	27,594	(14,865)	14,865

Note: 1. Fair value equivalents appearing in this table are based on prices calculated using a reasonable method by trustees of money held in trust.

2. Gains (losses) are valuation gains (losses) that were included in the statement of earnings.

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

(millions of yen)

	As of March 31, 2012		As of March 31, 2013	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	27,594	(14,865)	32,179	(18,914)

*Information on money held in trust classified as held-to-maturity, policy-reserve-matching, or other money held in trust are as follows:

Not applicable.

4. Non-Consolidated Balance Sheets

(millions of yen)

	As of	As of		As of	As of
	March 31,	March 31,		March 31,	March 31, 2013
	2012	2013		2012	2013
	Amount	Amount		Amount	Amount
(ASSETS)			(LIABILITIES)		
Cash and deposits	13,833	37,167	Policy reserves and others	1,749,853	2,269,986
Bank deposits	13,833	37,167	Reserves for outstanding claims	1,293	1,539
Call loans	9,400	25,400	Policy reserves	1,748,559	2,268,447
Monetary claims bought	-	1,978	Reinsurance payable	753	847
Money held in trust	27,594	32,179	Other liabilities	17,191	33,742
Securities	1,766,859	2,236,570	Corporate income tax payable	8	101
Government bonds	79,017	113,020	Accounts payable	8,673	14,680
Local government bonds	6,632	9,116	Accrued expenses	2,090	5,900
Corporate bonds	134,066	200,183	Deposits received	23	481
Foreign securities	219,086	372,912	Differential account for futures trading	-	185
Other securities	1,328,055	1,541,336	Derivatives	3,999	3,200
Tangible fixed assets	40	39	Suspense receipts	2,396	9,193
Other tangible fixed assets	40	39	Reserve for employees' retirement benefits	84	103
Intangible fixed assets	1	1	Reserve for retirement benefits of directors, executive officers and corporate auditors	3	6
Other intangible fixed assets	1	1	Reserve for price fluctuations	378	775
Reinsurance receivables	33,931	27,968	Deferred tax liabilities	1,717	3,220
Other assets	8,974	11,893	Total liabilities	1,769,983	2,308,682
Accounts receivable	1,123	4,939	(NET ASSETS)		
Prepaid expenses	34	33	Capital stock	117,500	117,500
Accrued revenue	2,400	3,852	Capital surplus	67,500	67,500
Deposits	192	192	Legal capital surplus	67,500	67,500
Margin money for futures trading	3,758	1,039	Retained earnings	(98,229)	(127,730)
Differential account for futures trading	428	-	Other retained earnings	(98,229)	(127,730)
Derivatives	473	1,126	Retained earnings brought forward	(98,229)	(127,730)
Suspense payments	341	424	Total shareholders' equity	86,770	57,269
Other assets	221	285	Net unrealized gains on securities, net of tax	3,864	7,246
Reserve for possible loan losses	(17)	(1)	Total of valuation and translation adjustments	3,864	7,246
Total assets	1,860,617	2,373,197	Total net assets	90,634	64,515
			Total liabilities and net assets	1,860,617	2,373,197

Notes to the Non-Consolidated Balance Sheet as of March 31,2013

- 1 Securities (including monetary claims bought which is equivalent to marketable securities) are valued as follows:
 - (a) Trading securities are valued at fair value (sales cost is calculated with the moving-average method).
 - (b) Policy-reserve-matching bonds (bonds defined by the Japanese Institute of Certified Public Accountants (JICPA) Industry Audit Committee Report No. 21 entitled Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in the Insurance Industry) are valued using the moving-average amortized cost (straight line) method.
 - (c) Other securities with fair values are valued at fair value using market prices as of the end of the year (sales cost is calculated with the moving-average method). Securities for which it is not practicable to determine fair value are recorded on the balance sheet at acquisition cost.Valuation differences on other securities are reported as a component of net assets.
- 2 Risk management policies regarding policy-reserve matching bonds are as follows:

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, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:

 - (a) Individual insurance and individual annuities (JP yen-denominated)
 - (b) Individual insurance and individual annuities (US dollar-denominated)
 - (c) Individual insurance and individual annuities (AUS dollar-denominated)with the exception of certain types and policies.
- 3 Derivative transactions (including those attributable to money held in trust and foreign securities (investment trusts)) are reported at fair value.
- 4 Tangible fixed assets are depreciated with the declining-balance method.

Other tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in equal increments over three years.
- 5 Intangible fixed assets are depreciated with the straight-line method.
- 6 Foreign currency-denominated assets and liabilities are translated into yen-denominated amounts at market exchange rates as of the book closing date.

Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference" on other securities, and the rest in "foreign exchange gains/losses".
- 7 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual loan losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based on the assessment results.
- 8 Reserves for employees' retirement benefits are provisioned for in an amount that recognizes accruals as of fiscal year-ended March 31, 2013. The amount is calculated using the simplified method (which assumes the Company's benefit obligation to be equal to the benefits payable assuming the voluntary retirement of all employees at fiscal year-end) as specified in the Practical Guidelines on Accounting Standards for Retirement Benefits (Interim Report) (JICPA, Auditing System Committee Report No. 13).

- 9 To provide for the retirement benefits of directors, executives and auditors seconded from the Dai-ichi Life Insurance Company (the parent company), which are payable to the parent company, the Company calculates its share of the relevant accrued benefits as of fiscal year-end pursuant to the parent company's regulations on retirement benefits. The amount is recorded in the reserve for retirement benefits of directors, executive officers and corporate auditors.
- 10 The reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.
- 11 Finance leases that do not transfer title to the leased assets to the lessee are treated as follows, pursuant to the Accounting Standard for Lease Transactions (Accounting Standards Board of Japan (ASBJ) Statement No. 13, March 30, 2007) and its associated Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16, March 30, 2007).
 - (a) Lease agreements concluded on or after April 1, 2008, except those of minor value, are accounted for as ordinary sales/purchase transactions.
 - (b) Transactions other than those corresponding to (a) above are accounted for as ordinary lease transactions.
- 12 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.
- 13 Policy reserves are those reserves set aside in accord with Article 116 of the Insurance Business Act. Insurance premium reserve is calculated as follows:
 - (a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
 - (b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method
- 14 In accordance with the Corporate Tax Law after the fiscal 2011 revision to the tax code, the Company has changed its depreciation method for tangible fixed assets acquired on or after April 1, 2012, from this fiscal year. As a result of this change, ordinary loss and the loss before income taxes are 0 million yen less than they would have been under the previously-used method.
- 15 In view of the liability characteristics of life insurance policies, assets in the general account (i.e., not in separate accounts as defined by Article 118, paragraph 1, of the Insurance Business Act) are invested primarily in fixed-income assets (government and corporate bonds) in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term.
To mitigate the guaranteed minimum benefit risk on individual variable annuities, the Company engages in derivative transactions (foreign exchange forward contracts, currency futures contracts, stock-index futures contracts, securities futures contracts).

The Company's holdings of financial instruments, mainly securities and derivatives, are subject to market risk and credit risk.

Market risk management. Under its internal investment policy and market risk management rules, the Company manages market risk by making medium- to long-term investments in a manner appropriate to its liabilities, constantly confirming the consistency of its portfolio positions and investment policies and measuring value-at-risk (VaR).

Credit risk management. Under its internal investment policy and credit risk management rules, the Company manages credit risk by establishing credit limits designed to avoid excessive concentration of risk toward a specific company or group. Each individual transaction is screened before credit is extended and follow-up checks are conducted regularly. In addition, the Company measures value-at-risk (VaR) as part of its effort to better grasp and analyze credit risk exposure.

Derivative transactions used by the Company to mitigate the guaranteed minimum benefit risk on individual variable annuities are conducted in accordance with the Company's policy and internal rules on managing guaranteed minimum benefit risk. In addition to verifying the effectiveness of hedge positions and managing gains and losses generated by derivative transactions on a daily basis, the Company regularly monitors reductions in guaranteed minimum benefit risk and gauges its value-at-risk (VaR).

The Compliance Control and Risk Management Department reports regularly to the Board of Directors on the status of the Company's entire risk position, including guaranteed minimum benefit risk.

Amounts of financial instruments recorded on the balance sheet, their fair values, and differences between the two are as follows:

(millions of yen)			
	Carrying amount on balance sheet	Fair value	Difference
(1) Cash and deposits	37,167	37,167	-
(2) Call loans	25,400	25,400	-
(3) Monetary claims bought	1,978	1,978	-
(4) Money held in trust	32,179	32,179	-
(5) Securities	2,236,570	2,240,375	3,805
(a) Trading securities	1,549,554	1,549,554	-
(b) Policy-reserve-matching bonds	295,732	299,537	3,805
(c) Other securities	391,283	391,283	-
Assets total	2,333,296	2,337,101	3,805
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(2,622)	(2,622)	-
Derivative transactions total	(2,622)	(2,622)	-

Note: Derivative transactions include those attributable to money held in trust and foreign securities (investment trusts).
Net derivative assets and liabilities arising from derivative transactions are reported as a net value. A negative total indicates a net liability.

Fair values of financial instruments are calculated as follows:

(a) Cash and deposits

Deposits are recorded at book value as all deposits have no maturities and their book values approximate their fair values.

(b) Call loans

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

(c) Monetary claims bought

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

(d) Money held in trust

Information on the fair value of derivative transactions attributable to money held in trust appears below in "(f) Derivative transactions".

(e) Securities

Fair value of bonds is based on the price on stock exchanges. Fair value of mutual funds is based on unit price.

(f) Derivative transactions

For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value. For currency swap contracts, amounts discounted to present value are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

- 16 Accumulated depreciation on tangible fixed assets is 115 million yen.
- 17 Securities lent under lending agreements are included in the balance sheets. The total balance of securities lent as of March 31, 2013 was 10,450 million yen.
- 18 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 1,558,215 million yen. Liabilities in separate accounts total the same amount.
- 19 Financial liabilities to affiliated companies total 5 million yen.
- 20 Deferred tax asset accruals are primarily attributable to policy and other reserves of 28,440 million yen and retained losses brought forward of 9,254 million yen. Deferred tax liability accruals are mainly attributable to net unrealized gains on securities of 3,220 million yen. Valuation allowance of 39,714 million yen were deducted from deferred tax assets.
- 21 The effective statutory tax rate for the fiscal year ended March 31, 2013, was 33.32%, and the Company's corporate income tax burden (corporate income tax as a percentage of pretax income) was -1.73%. The difference was due mainly to the impact of allowance (-35.03%).
- 22 The value of assets (marketable securities) pledged as collateral is 3,658 million yen.

- 23 Assets for which rights held can be freely disposed of by means of sale or collateralization are available-for-sale securities that have been accepted as collateral of reinsurance dealings, and in this year-end ownership was maintained for total market value of 4,439 million yen as of March 31, 2013, and the Company have no assets pledged as a re-collateral.
- 24 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3, of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 1 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1, of said Ordinance ("ceding reinsurance policy reserves") amount to 8,236 million yen.
- 25 As of fiscal year-end, the Company estimated that it would be required to contribute 1,904 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the fiscal year in which they are incurred.
- 26 Net assets per share is 34,873,181.67 yen.

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
	Amount	Amount
ORDINARY REVENUES	414,872	781,732
Premium and other income	348,572	551,019
Premium income	306,696	487,646
Reinsurance income	41,876	63,372
Investment income	66,291	230,712
Interest and dividends	5,384	13,666
Interest from bank deposits	9	26
Interest and dividends from securities	5,349	13,562
Other interest and dividends	25	78
Gains on sale of securities	155	14,709
Foreign exchange gains	6,236	33,619
Reversal of reserve for possible loan losses	11	16
Gains on investment in separate accounts	54,503	168,700
Other ordinary revenues	8	1
Other ordinary revenues	8	1
ORDINARY EXPENSES	443,165	810,334
Benefits and claims	94,040	225,587
Claims	25	159
Annuities	401	723
Benefits	11,172	14,456
Surrender values	25,107	132,293
Other refunds	1,504	1,494
Ceding reinsurance commissions	55,830	76,459
Provision for policy reserves and other	306,802	520,132
Provision for reserves for outstanding claims	213	245
Provision for policy reserves	306,588	519,887
Investment expenses	26,749	39,360
Interest expenses	0	0
Losses on money held in trust	14,865	18,914
Losses on investment in trading securities	5,882	5,445
Losses on sale of securities	8	3
Derivative transaction losses	5,386	14,373
Other investment expenses	605	624
Operating expenses	14,547	23,410
Other ordinary expenses	1,025	1,842
National and local taxes	937	1,785
Depreciation	57	33
Provision for reserves for employees' retirement benefits	28	19
Other ordinary expenses	2	3
ORDINARY LOSS	28,292	28,601
EXTRAORDINARY LOSSES	257	398
Losses on disposal of fixed assets	22	1
Provision for reserves for price fluctuations	235	397
Loss before income taxes	28,550	29,000
Corporate income taxes - current	8	501
Total of corporate income taxes	8	501
Net loss	28,558	29,501

Notes to the Non-Consolidated Statement of Earnings for the fiscal year ended March 31, 2013

- 1 The total amounts of revenues and expenses from transactions with affiliated companies were 0 million yen and 108 million yen, respectively.
- 2 Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 1,936 million yen and 12,773 million yen, respectively.
- 3 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 1 million yen and 2 million yen, respectively.
- 4 Reinsurance income includes 24,436 million yen in operating expenses received in association with ceding reinsurance business.
- 5 Ceding reinsurance commissions includes ceding reinsurance policy reserves transferred of 65,203 million yen and the ceding reinsurance policy reserve adjustment of 2,609 million yen.
- 6 In calculating the provision of reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of 8 million yen was added as an adjustment. In calculating provision for policy reserves, provision of reserve for outstanding claims reinsured of 2,312 million yen was deducted.
- 7 The main component of losses on investments in trading securities is a valuation loss of 5,445 million yen.
- 8 Losses on money held in trust include a valuation loss of 18,914 million yen.
- 9 Derivative transaction losses included a valuation loss of 1,452 million yen.
- 10 Net loss per share for the fiscal year was 15,946,668.00 yen.

6. Breakdown of Net Surplus from Operations (Fundamental Profit)

(millions of yen)

		Year ended March 31, 2012	Year ended March 31, 2013
Fundamental profit	A	17,540	33,074
Capital gains		6,392	48,328
Gains on money held in trust		-	-
Gains on investment in trading securities		-	-
Gains on sale of securities		155	14,709
Derivative transaction gains		-	-
Foreign exchange gains		6,236	33,619
Others		-	-
Capital losses		31,471	74,759
Losses on money held in trust		14,865	18,914
Losses on investment in trading securities		5,882	5,445
Losses on sale of securities		8	3
Losses on valuation of securities		-	-
Derivative transaction losses		5,386	14,373
Foreign exchange losses		-	-
Others		5,328	36,022
Net capital gains (losses)	B	(25,079)	(26,430)
Fundamental profit plus net capital gains (losses)	A + B	(7,538)	6,644
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		20,754	35,245
Ceding reinsurance commissions		-	-
Provision for contingency reserve		20,754	35,245
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	-
Other one-time profits (losses)	C	(20,754)	(35,245)
Ordinary profit (loss)	A + B + C	(28,292)	(28,601)

Note: 1. Fundamental profit includes the amount below.

	Year ended March 31, 2012	Year ended March 31, 2013
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	5,328	36,022

2. Other capital losses include the amount below.

	Year ended March 31, 2012	Year ended March 31, 2013
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	5,328	36,022

3. Gains (losses) on money held in trust and gains (losses) on investment in trading securities are attributable to investments in derivative financial instruments (including investments in money held in trust, foreign securities (investment trusts)) for the purpose of mitigating the guaranteed minimum benefit risk on individual variable annuities.

7. Non-Consolidated Statement of Changes in Net Assets

(millions of yen)

	Year ended March 31, 2012	Year ended March 31, 2013
	Amount	Amount
Shareholders' equity		
Capital stock		
Balance at the beginning of the year	117,500	117,500
Changes for the year:		
Total changes for the year	-	-
Balance at the end of the year	117,500	117,500
Capital surplus		
Legal capital surplus		
Balance at the beginning of the year	67,500	67,500
Changes for the year:		
Total changes for the year	-	-
Balance at the end of the year	67,500	67,500
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of the year	(69,670)	(98,229)
Changes for the year		
Net loss	28,558	29,501
Total changes for the year	(28,558)	(29,501)
Balance at the end of the year	(98,229)	(127,730)
Total shareholders' equity		
Balance at the beginning of the year	115,329	86,770
Changes for the year:		
Net loss	28,558	29,501
Total changes for the year	(28,558)	(29,501)
Balance at the end of the year	86,770	57,269
Valuation and translation adjustments		
Net unrealized gains on securities, net of tax		
Balance at the beginning of the year	1,403	3,864
Changes for the year:		
Net changes of items other than shareholders' equity	2,461	3,382
Total changes for the year	2,461	3,382
Balance at the end of the year	3,864	7,246
Total net assets		
Balance at the beginning of the year	116,732	90,634
Changes for the year:		
Net loss	28,558	29,501
Net changes of items other than shareholders' equity	2,461	3,382
Total changes for the year	(26,097)	(26,119)
Balance at the end of the year	90,634	64,515

Notes to Non-Consolidated Statement of Changes in Net assets for the fiscal year ended March 31, 2013

1. Number of outstanding shares by class

	No. shares as of April 1, 2012	Increase in number of shares	Decrease in number of shares	No. shares as of March 31, 2013
Outstanding shares				
Common stock	1,850	-	-	1,850

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Claims for special attention	-	-
Subtotal (I)	-	-
[Percentage (I) / (II)]	[-]	[-]
Claims against normal obligors	-	10,456
Total (II)	-	10,456

- 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

Not applicable.

10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Total solvency margin (A)	207,088	219,637
Common stock, etc.	86,770	57,269
Reserve for price fluctuations	378	775
Contingency reserve	57,157	92,403
General reserve for possible loan losses	17	1
Net unrealized gains on securities (before tax) × 90% *	5,023	9,420
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	57,741	59,768
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Other	-	-
Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	47,284	46,798
Insurance risk R_1	0	5
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	3,073	4,330
Investment risk R_3	20,910	18,611
Guaranteed minimum benefit risk R_7	21,923	22,493
Business risk R_4	1,377	1,363
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	875.9%	938.6%

*: Multiplied by 100% if losses.

Note: 1. The above 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 the standard method.

11. Separate Account Status for the Fiscal Year Ended March 31, 2013

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2012	As of March 31, 2013
Individual variable insurance	2,992	2,985
Individual variable annuities	1,331,738	1,555,229
Group annuities	-	-
Separate account total	1,334,731	1,558,215

(2) Individual Variable Insurance (Separate Account)

A. Policies in force

	As of March 31, 2012		As of March 31, 2013	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	0	3,248	0	3,081
Total	0	3,248	0	3,081

Notes: Policy amounts not placed into separate accounts as of the end of the fiscal year are included in policies in force.

B. Breakdown of separate account assets for individual variable insurance

(millions of yen except percentages)

	As of March 31, 2012		As of March 31, 2013	
	Amount	%	Amount	%
Cash, deposits, and call loans	19	0.7	8	0.3
Securities	2,963	99.0	2,976	99.7
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	2,963	99.0	2,976	99.7
Loans	-	-	-	-
Others	9	0.3	-	-
Reserve for possible loan losses	-	-	-	-
Total	2,992	100.0	2,985	100.0

C. Investment gains and losses on separate accounts for individual variable insurance

(millions of yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013
Interest and dividends	0	7
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	-	169
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	2	-
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	0	0
Net investment income	(3)	176

(3) Individual Variable Annuities (Separate Account)

A. Policies in force

	As of March 31, 2012		As of March 31, 2013	
	Number of policies (thousands)	Amount (millions of yen)	Number of policies (thousands)	Amount (millions of yen)
Individual variable annuities	243	1,366,251	266	1,569,891

Notes: 1. Total policy amount in force for individual annuities is equal to the sum of (a) the amount required to fund annuity payments when they commence for annuities that have not yet commenced paying out and (b) policy reserves for annuities that have commenced paying out.

2. Policy amounts not placed into separate accounts as of the end of the fiscal year are included in policies in force.

B. Breakdown of separate account assets for individual variable annuities

(millions of yen except percentages)

	As of March 31, 2012		As of March 31, 2013	
	Amount	%	Amount	%
Cash, deposits, and call loans	4,306	0.3	8,891	0.6
Securities	1,326,400	99.6	1,541,944	99.1
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	1,308	0.1	3,585	0.2
Foreign bonds	-	-	-	-
Foreign stocks and other securities	1,308	0.1	3,585	0.2
Other securities	1,325,092	99.5	1,538,359	98.9
Loans	-	-	-	-
Others	1,032	0.1	4,393	0.3
Reserve for possible loan losses	-	-	-	-
Total	1,331,738	100.0	1,555,229	100.0

C. Investment gains and losses on separate accounts for individual variable annuities

(millions of yen)

	Year Ended March 31, 2012	Year Ended March 31, 2013
Interest and dividends	1,598	9,034
Gains on sale of securities	-	-
Gains on redemption of securities	-	-
Gains on valuation of securities	53,298	159,497
Foreign exchange gains	-	-
Derivative transaction gains	-	-
Other investment income	-	-
Losses on sale of securities	-	-
Losses on redemption of securities	-	-
Losses on valuation of securities	-	-
Foreign exchange losses	-	-
Derivative transaction losses	-	-
Other investment losses	390	7
Net investment income	54,506	168,524

12. Consolidated Financial Summary

Not applicable.

Reference: Exposure to Securitized Products and Subprime-related Investment

The Company discloses its exposure to securitized products and subprime-related investments, based on the "Leading-Practice Disclosures for Selected Exposures" included in the Financial Stability Forum (FSF) report announced in April 2008.

The Company's exposure to securitized and subprime-related products is as follows:
The Company held no direct investments in subprime-related products as of March 31, 2013.

The Company defines "unrealized gains (losses)" as fair value less book value and "realized gains (losses)" as total of gains (losses) on sales and impairment losses.

The Company's exposure to securitized products

1. Special-Purpose Entities (SPEs, as of March 31, 2013)

The Company holds no investments in SPEs.

2. Collateralized Debt Obligation (CDOs, as of March 31, 2013)

The Company holds no investments in CDOs.

3. Other Subprime/Alt-A Exposure (as of March 31, 2013)

The Company holds no securitized products backed by subprime/Alt-A exposure.

4. Commercial Mortgage-Backed Securities (CMBS, as of March 31, 2013)

The Company holds no commercial mortgage-backed securities.

5. Leveraged Finance (as of March 31, 2013)

The Company holds no leveraged finance products.

6. Others (as of March 31, 2013)

(millions of yen)

	Fair value	Unrealized gains (losses)	Realized gains (losses)
Credit-linked note	6,144	144	-