
Financial Results for the Six Months Ended September 30, 2014

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Satoru Tsutsumi) 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) Policies in Force and New Policies

Policies in Force

	As of March 31, 2014		As of September 30, 2014			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2014 total	(millions of yen)	% of March 31, 2014 total
Individual insurance	98	768,813	142	144.8	1,101,148	143.2
Individual annuities	441	2,545,193	516	117.1	3,089,734	121.4
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		(millions of yen)	Amount		
	(thousands)	% of September 30, 2013 total		(millions of yen)	% of September 30, 2013 total	New Business
Six months ended September 30, 2014						
Individual insurance	45	128.0	345,283	129.2	345,283	-
Individual annuities	94	176.3	613,004	212.3	613,004	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Six months ended September 30, 2013						
Individual insurance	35		267,149		267,149	-
Individual annuities	53		288,746		288,746	-
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, 2014	As of September 30, 2014	
			% of March 31, 2014 total
Individual insurance	57,984	84,928	146.5
Individual annuities	270,574	311,203	115.0
Total	328,558	396,132	120.6
Medical and survival benefits	-	-	-

New Policies

(millions of yen except percentages)

	Six months ended September 30, 2013	Six months ended September 30, 2014	% of September 30, 2013 total
Individual insurance	20,473	28,042	137.0
Individual annuities	33,889	55,301	163.2
Total	54,363	83,343	153.3
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)

	Six months ended September 30, 2013	Six months ended September 30, 2014	% of September 30, 2013 total
Premium and other income	595,717	955,883	160.5
Investment income	62,170	122,017	196.3
Benefits and claims	173,161	207,748	120.0
Investment expenses	33,034	3,182	9.6

(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	3,392,400	4,242,279	125.1

2. Investment of General Account Assets

(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, 2013 : ¥109.45]

[yen/Euro: April 1, 2014 : ¥141.65 ; September 30, 2014 : ¥138.87]

(2) 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.

(3) 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 29,835 million yen mainly due to interest and dividends (24,117 million yen), foreign exchange gains (3,360 million yen), and gains on sales of securities (1,839 million yen). Investment expenses were 3,182 million yen mainly due to derivative transaction losses (1,595 million yen), losses on money held in trust (839 million yen), incurred through transactions to hedge the guaranteed minimum benefit risk on individual variable annuities.

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2014		As of September 30, 2014	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	69,010	4.4	89,880	3.9
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	6,040	0.4	6,088	0.3
Trading account securities	-	-	-	-
Money held in trust	31,701	2.0	32,761	1.4
Securities	1,424,152	89.8	2,085,667	91.0
Domestic bonds	618,016	39.0	751,217	32.8
Domestic stocks	-	-	-	-
Foreign securities	747,728	47.2	1,154,585	50.4
Foreign bonds	744,967	47.0	1,148,030	50.1
Foreign stocks and other securities	2,761	0.2	6,554	0.3
Other securities	58,407	3.7	179,864	7.8
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	54,243	3.4	78,101	3.4
Reserve for possible loan losses	(8)	(0.0)	(17)	(0.0)
Total	1,585,139	100.0	2,292,483	100.0
Foreign currency-denominated assets	717,407	45.3	1,194,998	52.1

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Cash, deposits, and call loans	359	20,870
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	1,031	47
Trading account securities	-	-
Money held in trust	(3,828)	1,060
Securities	274,182	661,514
Domestic bonds	159,165	133,201
Domestic stocks	-	-
Foreign securities	112,028	406,856
Foreign bonds	112,148	403,063
Foreign stocks and other securities	(119)	3,793
Other securities	2,989	121,457
Loans	-	-
Real estate	-	-
Deferred tax assets	-	-
Others	4,888	23,857
Reserve for possible loan losses	(0)	(8)
Total	276,632	707,343
Foreign currency-denominated assets	118,661	477,591

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Interest and dividends	8,508	24,117
Interest from bank deposits	38	147
Interest and dividends from securities	8,412	23,895
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	57	74
Gains on trading account securities	-	-
Gains on money held in trust	-	-
Gains on investment in trading securities	-	-
Gains on sale of securities	6,669	1,839
Gains on sale of domestic bonds	699	54
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	5,969	1,784
Others	-	-
Gains on redemption of securities	-	517
Derivative transaction gains	-	-
Foreign exchange gains	-	3,360
Reversal of reserve for possible loan losses	-	-
Other investment income	-	-
Total	15,177	29,835

(4) Investment Expenses

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Interest expenses	0	-
Losses on trading account securities	-	-
Losses on money held in trust	8,928	839
Losses on investment in trading securities	726	318
Losses on sale of securities	114	88
Losses on sale of domestic bonds	4	6
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	110	82
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	5,253	1,595
Foreign exchange losses	17,688	-
Provision for reserve for possible loan losses	0	8
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	322	332
Total	33,034	3,182

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2014		As of September 30, 2014	
	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	34,462	(23,057)	39,316	(1,157)

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

(6) 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 September 30, 2014					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	1,251,171	1,284,116	32,945	33,454	509
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	809,928	834,030	24,101	24,726	625
Domestic bonds	310,287	321,273	10,985	11,038	53
Domestic stocks	-	-	-	-	-
Foreign securities	315,578	326,804	11,225	11,314	89
Foreign bonds	315,578	326,804	11,225	11,314	89
Foreign stocks and other securities	-	-	-	-	-
Other securities	178,062	179,864	1,802	2,284	482
Monetary claims bought	6,000	6,088	88	88	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	2,061,099	2,118,146	57,046	58,181	1,134
Domestic bonds	740,232	760,370	20,138	20,226	88
Domestic stocks	-	-	-	-	-
Foreign securities	1,136,805	1,171,822	35,017	35,581	564
Foreign bonds	1,136,805	1,171,822	35,017	35,581	564
Foreign stocks and other securities	-	-	-	-	-
Other securities	178,062	179,864	1,802	2,284	482
Monetary claims bought	6,000	6,088	88	88	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2014					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	734,108	740,080	5,972	7,723	1,751
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	681,823	693,323	11,500	12,972	1,472
Domestic bonds	309,891	317,261	7,369	7,559	190
Domestic stocks	-	-	-	-	-
Foreign securities	307,881	311,614	3,733	4,996	1,263
Foreign bonds	307,881	311,614	3,733	4,996	1,263
Foreign stocks and other securities	-	-	-	-	-
Other securities	58,050	58,407	357	376	19
Monetary claims bought	6,000	6,040	40	40	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	1,415,931	1,433,404	17,472	20,696	3,224
Domestic bonds	610,647	621,233	10,585	10,865	279
Domestic stocks	-	-	-	-	-
Foreign securities	741,233	747,723	6,489	9,414	2,925
Foreign bonds	741,233	747,723	6,489	9,414	2,925
Foreign stocks and other securities	-	-	-	-	-
Other securities	58,050	58,407	357	376	19
Monetary claims bought	6,000	6,040	40	40	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

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

Not applicable.

(7) 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 September 30, 2014	32,761	32,761	(839)	839
As of March 31, 2014	31,701	31,701	(19,178)	19,178

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, 2014		As of September 30, 2014	
	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	31,701	(19,178)	32,761	(839)

*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 March 31, 2013 (Summarized)	As of September 30, 2013 (Summarized)
	Amount	Amount
(ASSETS)		
Cash and deposits	49,790	71,348
Call loans	28,300	30,200
Monetary claims bought	6,040	6,088
Money held in trust	31,701	32,761
Securities	3,220,656	4,020,476
[Government bonds]	[338,895]	[432,710]
[Local government bonds]	[7,905]	[8,291]
[Corporate bonds]	[271,216]	[310,216]
[Foreign securities]	[752,284]	[1,162,479]
Tangible fixed assets	85	78
Intangible fixed assets	1	212
Reinsurance receivables	26,891	47,288
Other assets	28,942	33,841
Reserve for possible loan losses	(8)	(17)
Total assets	3,392,400	4,242,279

(millions of yen)

	As of March 31, 2013 (Summarized)	As of September 30, 2013
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	3,288,370	4,098,146
Reserves for outstanding claims	2,485	3,661
Policy reserves	3,285,885	4,094,485
Reinsurance payable	1,260	2,045
Other liabilities	49,050	72,238
Corporate income tax payable	17	114
Other liabilities	49,032	72,124
Reserve for employees' retirement benefits	131	157
Reserve for retirement benefits of directors, executive officers and corporate auditors	5	6
Reserve for price fluctuations	1,714	2,500
Deferred tax liabilities	3,538	7,564
Total liabilities	3,344,071	4,182,658
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(144,632)	(141,915)
Other retained earnings	(144,632)	(141,915)
Retained earnings brought forward	(144,632)	(141,915)
Total shareholders' equity	40,367	43,084
Net unrealized gains on securities, net of tax	7,961	16,536
Total of valuation and translation adjustments	7,961	16,536
Total net assets	48,329	59,620
Total liabilities and net assets	3,392,400	4,242,279

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
	Amount	Amount
ORDINARY REVENUES	657,888	1,077,904
Premium and other income	595,717	955,883
[Premium income]	[537,563]	[868,177]
Investment income	62,170	122,017
[Interest and dividends]	[8,508]	[24,117]
[Gains on sale of securities]	[6,669]	[1,839]
[Gains on investment in separate accounts]	[46,992]	[92,182]
Other ordinary revenues	0	2
ORDINARY EXPENSES	675,999	1,073,741
Benefits and claims	173,161	207,748
[Claims]	[396]	[5,452]
[Annuities]	[360]	[22,892]
[Benefits]	[9,806]	[15,203]
[Surrender values]	[98,513]	[93,738]
[Other refunds]	[1,835]	[1,897]
Provision for policy reserves and others	445,475	809,775
Provision for reserves for outstanding claims	125	1,176
Provision for policy reserve	445,350	808,599
Investment expenses	33,034	3,182
[Interest expenses]	[0]	[-]
[Losses on money held in trust]	[8,928]	[839]
[Losses on investment in trading securities]	[726]	[318]
[Losses on sale of securities]	[114]	[88]
[Derivative transaction losses]	[5,253]	[1,595]
Operating expenses	22,143	47,648
Other ordinary expenses	2,183	5,386
ORDINARY GAIN (LOSS)	(18,110)	4,162
EXTRAORDINARY LOSSES	283	793
Gain (loss) before income taxes	(18,393)	3,369
Corporate income taxes - current	0	653
Total of corporate income taxes	0	653
Net income (loss) for the period	(18,394)	2,716

6. Non-Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2014

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(144,632)	40,367
Changes for the period				
Net income for the period			2,716	2,716
Net changes of items other than shareholders' equity				
Total changes for the period	-	-	2,716	2,716
Balance at the end of the period	117,500	67,500	(141,915)	43,084

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	7,961	7,961	48,329
Changes for the period			
Net income for the period			2,716
Net changes of items other than shareholders' equity	8,575	8,575	8,575
Total changes for the period	8,575	8,575	11,291
Balance at the end of the period	16,536	16,536	59,620

Six months ended September 30, 2013

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(127,730)	57,269
Changes for the period				
Net income for the period			(18,394)	(18,394)
Net changes of items other than shareholders' equity				
Total changes for the period	-	-	(18,394)	(18,394)
Balance at the end of the period	117,500	67,500	(146,125)	38,874

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	7,246	7,246	64,515
Changes for the period			
Net income for the period			(18,394)
Net changes of items other than shareholders' equity	(2,406)	(2,406)	(2,406)
Total changes for the period	(2,406)	(2,406)	(20,801)
Balance at the end of the period	4,839	4,839	43,713

As of September 30, 2014

- 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 annuities (JP yen-denominated, short term)
 (b) Individual insurance and annuities (JP yen-denominated, long term)
 (c) Individual insurance and annuities (US dollar-denominated)
 (d) Individual insurance and 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 using the declining-balance method, wherein the depreciation recorded for the period is a proportional distribution of the estimated annual depreciation expense.
 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. Depreciation of software for internal use is based on the estimated useful life.
- 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 Reserve for employees' retirement benefits is provided based on the projected benefit obligations as of September 30, 2014. 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.
- 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 the end of September, 2013 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) and its associated Guidance on the Accounting Standard for Lease Transactions (ASBJ Guidance No. 16).
 (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 first half of 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 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	71,348	71,348	-
(2) Call loans	30,200	30,200	-
(3) Monetary claims bought	6,088	6,088	-
(4) Money held in trust	32,761	32,761	-
(5) Securities	4,020,476	4,053,421	32,945
(a) Trading securities	1,941,363	1,941,363	-
(b) Policy-reserve-matching bonds	1,251,171	1,284,116	32,945
(c) Other securities	827,941	827,941	-
Assets total	4,160,874	4,193,820	32,945
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	4,157	4,157	-
Derivative transactions total	4,157	4,157	-

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 total return swap contracts, amounts calculated by using indices on the book closing date are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

As of September 30, 2014

- 15 Accumulated depreciation on tangible fixed assets is 10,287 million yen.
- 16 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 1,950,034 million yen.
Liabilities in separate accounts, total the same amount.
- 17 The value of assets (marketable securities) pledged as collateral is 11,627 million yen.
- 18 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 period ownership was maintained for total market value of 20,919 million yen as of September 30, 2014, and we have no assets pledged as a re-collateral.
- 19 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 13,877 million yen.
- 20 As of September 30, 2014, the Company estimated that it would be required to contribute 2,393 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 first half of the year in which they are incurred.

Notes to the Non-Consolidated Statement of Earnings

Six months ended September 30, 2014	
1	Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 54 million yen and 1,784 million yen, respectively.
2	Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 6 million yen and 82 million yen, respectively.
3	Premium and other income includes 44,881 million yen of operating expenses received in association with ceding reinsurance business.
4	Benefits and claims includes ceding reinsurance policy reserves transferred of 273,735 million yen and the ceding reinsurance policy reserve adjustment of minus 213,494 million yen.
5	In calculating the reversal of reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of 0 million yen was deducted as an adjustment. In calculating provision for policy reserves, provision of reserve for outstanding claims reinsured of 1,615 million yen was deducted.
6	The details of Interest and dividends are as follows: Interest on deposits : 147 million yen Interest and dividends from securities : 23,895 million yen Other interest and dividends : 74 million yen Total : 24,117 million yen
7	Net income per share for the six months ended September 30, 2014 was 1,468,197.26 yen.

Notes to the Non-Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2014				
1	Number of outstanding shares by class			
	No. shares as of April 1, 2014	Increase in number of shares	Decrease in number of shares	No. shares as of September 30, 2014
	1,850	-	-	1,850

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Fundamental profit A	3,083	12,306
Capital gains	20,982	5,199
Gains on money held in trust	-	-
Gains on investment in trading securities	-	-
Gains on sale of securities	6,669	1,839
Derivative transaction gains	-	-
Foreign exchange gains	-	3,360
Others	14,313	-
Capital losses	32,711	4,655
Losses on money held in trust	8,928	839
Losses on investment in trading securities	726	318
Losses on sale of securities	114	88
Losses on valuation of securities	-	-
Derivative transaction losses	5,253	1,595
Foreign exchange losses	17,688	-
Others	-	1,814
Net capital gains (losses) B	(11,728)	543
Fundamental profit plus net capital gains (losses) A + B	(8,645)	12,849
Other one-time gains	-	-
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	-	-
Others	-	-
Other one-time losses	9,464	8,687
Ceding reinsurance commissions	-	-
Provision for contingency reserve	9,464	8,687
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	(9,464)	(8,687)
Ordinary profit (loss) A + B + C	(18,110)	4,162

Note: 1. Fundamental profit includes the amount below.

	Six months ended September 30, 2013	Six months ended September 30, 2014
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	(14,313)	1,814

2. Other capital gains include the amount below.

	Six months ended September 30, 2013	Six months ended September 30, 2014
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	14,313	-

3. Other capital losses include the amount below.

	Six months ended September 30, 2013	Six months ended September 30, 2014
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	-	1,814

4. Gains (losses) on money held in trust, 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.

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	-	-
Claims with collection risk	-	-
Claims for special attention	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	10,347	10,293
Total	10,347	10,293

- 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, 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.

11. Separate Account Status

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2014	As of September 30, 2014
Individual variable insurance	2,935	2,779
Individual variable annuities	1,805,876	1,947,254
Group annuities	-	-
Separate account total	1,808,811	1,950,034

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2014		As of September 30, 2014	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	0	2,898	0	3,505
Total	0	2,898	0	3,505

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

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	315	1,886,390	389	2,424,309

Note: 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 period are included in policies in force.

12. Consolidated Financial Summary

Not applicable.