
Financial Results for the Six Months Ended September 30, 2015

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Hiroshi Kanai) announces its financial results for the six months ended September 30, 2015.

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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, 2015		As of September 30, 2015			
	Number of Policies (thousands)	Amount (millions of yen)	Number of Policies		Amount	
			(thousands)	% of March 31, 2015 total	(millions of yen)	% of March 31, 2015 total
Individual insurance	179	1,360,497	230	128.5	1,652,679	121.5
Individual annuities	580	3,544,134	645	111.1	3,775,006	106.5
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, 2014 total		(millions of yen)	% of September 30, 2014 total	New Business
Six months ended September 30, 2015						
Individual insurance	54	119.6	401,302	116.2	401,302	-
Individual annuities	83	88.5	534,248	87.2	534,248	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Six months ended September 30, 2014						
Individual insurance	45		345,283		345,283	-
Individual annuities	94		613,004		613,004	-
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, 2015	As of September 30, 2015	
			% of March 31, 2015 total
Individual insurance	106,965	130,983	122.5
Individual annuities	344,814	370,536	107.5
Total	451,779	501,520	111.0
Medical and survival benefits	-	-	-

New Policies

(millions of yen except percentages)

	Six months ended September 30, 2014	Six months ended September 30, 2015	% of September 30, 2014 total
Individual insurance	28,042	32,177	114.7
Individual annuities	55,301	49,424	89.4
Total	83,343	81,602	97.9
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, 2014	Six months ended September 30, 2015	% of September 30, 2014 total
Premium and other income	955,883	991,959	103.8
Investment income	122,017	48,642	39.9
Benefits and claims	207,748	296,065	142.5
Investment expenses	3,182	244,640	7,687.2

(4) Total Assets

(millions of yen except percentages)

	As of March 31, 2015	As of September 30, 2015	
			% of March 31, 2015 total
Total Assets	4,937,267	5,420,793	109.8

2. Investment of General Account Assets

(1) Investment Environment

During the six months ended September 30, 2015, the Japanese economy experienced low growth due to the slowdown of the recovery in individual consumption, decline in exports and production adjustments caused by buildup of inventory, while it experienced favorable employment and income conditions.

The U.S. economy maintained steady growth mainly led by strong individual consumption backed by an improved employment and income environment and strong capital investment, while prospects for a tightening in monetary policy by the Federal Reserve Board (FRB) had been raised.

The European economy continued its moderate recovery owing to the enhanced monetary easing measures implemented by the European Central Bank (ECB).

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

[Domestic interest rates]

The ten-year Japanese government bond (JGB) yield once rose close to mid-0.5% level, reflecting a raise in overseas interest rates caused by growing expectations that the FRB will raise interest rates and subdued concerns over deflation in the Euro-zone, while supply and demand for JGBs was tightened on the back of the quantitative and qualitative monetary easing measures by the Bank of Japan (BOJ). After that, the JGB yield followed a declining trend due to a decrease in the prices of global stocks factors and the postponement of U.S. interest-rate raise on the back of concerns over the Chinese economy and other factors.

[Yield on ten-year government bonds: April 1, 2015 : 0.395% ; September 30, 2015 : 0.345%]

[Domestic Stocks]

The Nikkei 225 temporarily rose to levels unseen since 1996, due to (a) a healthy growth in corporate earnings, (b) an increasing trend of shareholder return and (c) an inflow from overseas markets with the thought that the Japanese stock market might be relatively attractive. After that, the Nikkei 225 followed a declining trend due to the global stock market slide caused by rising concern over the Chinese economy and other factors.

[Nikkei 225 Stock Average: April 1, 2015 : 19,206 ; September 30, 2015 : 17,388]

[TOPIX: April 1, 2015 : 1,543 ; September 30, 2015 : 1,411]

[Foreign Currency]

After picking up to the ¥125 level for the first time since 2002, reflecting interest rate differentials between the United States and Japan on the back of expectations for a U.S. interest rate increase, the U.S. dollar turned to a weakening trend. This was due mainly to the unclear outlook of the rise in U.S. interest rates stemming from growing concerns over emerging markets and other factors.

The yen's depreciation against the euro progressed owing to the easing concerns over deflation in the Euro-zone. This was due mainly to the recovery of European economy backed by ECB's monetary easing measures.

[yen /U.S. dollar: April 1, 2015 : ¥120.17 ; September 30, 2015 : ¥119.96]

[yen/euro: April 1, 2015 : ¥130.32 ; September 30, 2015 : ¥134.97]

(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 were 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 48,642 million yen mainly due to interest and dividends (38,329 million yen), gains on sales of securities (6,577 million yen), and gains on money held in trust (2,436 million yen), which incurred through transactions to hedge the guaranteed minimum benefit risk on individual variable annuities. Investment expenses were 159,369 million yen mainly due to foreign exchange losses (144,554 million yen), derivative transaction losses (13,825 million yen), and losses on sales of securities (621 million yen).

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2015		As of September 30, 2015	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	69,933	2.4	129,025	3.8
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	6,078	0.2	6,040	0.2
Trading account securities	-	-	-	-
Money held in trust	29,160	1.0	33,097	1.0
Securities	2,661,402	92.7	3,109,664	91.8
Domestic bonds	878,455	30.6	1,001,047	29.6
Domestic stocks	-	-	-	-
Foreign securities	1,499,467	52.2	1,846,736	54.5
Foreign bonds	1,494,409	52.1	1,838,399	54.3
Foreign stocks and other securities	5,057	0.2	8,337	0.2
Other securities	283,479	9.9	261,880	7.7
Loans	-	-	-	-
Real estate	-	-	-	-
Deferred tax assets	-	-	-	-
Others	103,264	3.6	108,448	3.2
Reserve for possible loan losses	(15)	(0.0)	(13)	(0.0)
Total	2,869,824	100.0	3,386,262	100.0
Foreign currency-denominated assets	1,571,465	54.8	1,952,794	57.7

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Cash, deposits, and call loans	20,870	59,091
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	47	(38)
Trading account securities	-	-
Money held in trust	1,060	3,936
Securities	661,514	448,262
Domestic bonds	133,201	122,592
Domestic stocks	-	-
Foreign securities	406,856	347,269
Foreign bonds	403,063	343,989
Foreign stocks and other securities	3,793	3,279
Other securities	121,457	(21,598)
Loans	-	-
Real estate	-	-
Deferred tax assets	-	-
Others	23,857	5,184
Reserve for possible loan losses	(8)	1
Total	707,343	516,437
Foreign currency-denominated assets	477,591	381,329

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Interest and dividends	24,117	38,329
Interest from bank deposits	147	134
Interest and dividends from securities	23,895	38,136
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	74	57
Gains on trading account securities	-	-
Gains on money held in trust	-	2,436
Gains on investment in trading securities	-	1,065
Gains on sale of securities	1,839	6,577
Gains on sale of domestic bonds	54	767
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	1,784	5,809
Others	-	-
Gains on redemption of securities	517	232
Derivative transaction gains	-	-
Foreign exchange gains	3,360	-
Reversal of reserve for possible loan losses	-	1
Other investment income	-	-
Total	29,835	48,642

(4) Investment Expenses

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Interest expenses	-	1
Losses on trading account securities	-	-
Losses on money held in trust	839	-
Losses on investment in trading securities	318	-
Losses on sale of securities	88	621
Losses on sale of domestic bonds	6	-
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	82	621
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	1,595	13,825
Foreign exchange losses	-	144,554
Provision for reserve for possible loan losses	8	-
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	332	366
Total	3,182	159,369

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2015		As of September 30, 2015	
	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	34,218	(6,255)	41,434	3,501

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, 2015					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	2,099,006	2,187,997	88,990	91,689	2,698
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	968,506	1,008,361	39,855	40,852	997
Domestic bonds	312,387	327,552	15,164	15,218	53
Domestic stocks	-	-	-	-	-
Foreign securities	400,866	412,887	12,020	12,567	547
Foreign bonds	400,866	412,887	12,020	12,567	547
Foreign stocks and other securities	-	-	-	-	-
Other securities	249,251	261,880	12,629	13,026	396
Monetary claims bought	6,000	6,040	40	40	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	3,067,512	3,196,358	128,845	132,541	3,695
Domestic bonds	985,882	1,021,741	35,859	36,690	830
Domestic stocks	-	-	-	-	-
Foreign securities	1,826,378	1,906,695	80,317	82,785	2,468
Foreign bonds	1,826,378	1,906,695	80,317	82,785	2,468
Foreign stocks and other securities	-	-	-	-	-
Other securities	249,251	261,880	12,629	13,026	396
Monetary claims bought	6,000	6,040	40	40	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2015					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	1,734,410	1,858,429	124,019	124,653	633
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	873,157	928,012	54,855	55,322	467
Domestic bonds	312,153	327,278	15,125	15,160	35
Domestic stocks	-	-	-	-	-
Foreign securities	290,869	311,176	20,306	20,459	153
Foreign bonds	290,869	311,176	20,306	20,459	153
Foreign stocks and other securities	-	-	-	-	-
Other securities	264,134	283,479	19,345	19,623	278
Monetary claims bought	6,000	6,078	78	78	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	2,607,567	2,786,442	178,874	179,975	1,101
Domestic bonds	863,330	897,320	33,990	34,543	553
Domestic stocks	-	-	-	-	-
Foreign securities	1,474,103	1,599,563	125,460	125,729	268
Foreign bonds	1,474,103	1,599,563	125,460	125,729	268
Foreign stocks and other securities	-	-	-	-	-
Other securities	264,134	283,479	19,345	19,623	278
Monetary claims bought	6,000	6,078	78	78	-
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, 2015	33,097	33,097	2,436	-
As of March 31, 2015	29,160	29,160	(4,440)	4,440

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, 2015		As of September 30, 2015	
	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	29,160	(4,440)	33,097	2,436

*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, 2014 (Summarized)	As of September 30, 2015 (Summarized)
	Amount	Amount
(ASSETS)		
Cash and deposits	56,221	84,665
Call loans	25,100	53,900
Monetary claims bought	6,078	6,040
Money held in trust	29,160	33,097
Securities	4,715,429	5,132,544
[Government bonds]	[515,825]	[590,407]
[Local government bonds]	[9,301]	[9,080]
[Corporate bonds]	[353,328]	[401,559]
[Foreign securities]	[1,510,440]	[1,861,112]
Tangible fixed assets	90	318
Intangible fixed assets	581	1,595
Reinsurance receivables	66,537	73,793
Other assets	38,083	34,851
Reserve for possible loan losses	(15)	(13)
Total assets	4,937,267	5,420,793

(millions of yen)

	As of March 31, 2014 (Summarized)	As of September 30, 2015 (Summarized)
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	4,811,634	5,222,334
Reserves for outstanding claims	4,548	5,712
Policy reserves	4,807,086	5,216,621
Reinsurance payable	2,717	3,898
Other liabilities	45,659	102,349
Corporate income tax payable	6	426
Lease liabilities	-	243
Other liabilities	45,652	101,679
Reserve for employees' retirement benefits	157	183
Reserve for retirement benefits of directors, executive officers and corporate auditors	5	6
Reserve for price fluctuations	3,781	5,012
Deferred tax liabilities	15,900	11,608
Total liabilities	4,879,855	5,345,391
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(166,542)	(137,844)
Other retained earnings	(166,542)	(137,844)
Retained earnings brought forward	(166,542)	(137,844)
Total shareholders' equity	18,457	47,155
Net unrealized gains on securities, net of tax	38,954	28,246
Total of valuation and translation adjustments	38,954	28,246
Total net assets	57,411	75,402
Total liabilities and net assets	4,937,267	5,420,793

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
	Amount	Amount
ORDINARY REVENUES	1,077,904	1,040,604
Premium and other income	955,883	991,959
[Premium income]	[868,177]	[886,900]
Investment income	122,017	48,642
[Interest and dividends]	[24,117]	[38,329]
[Gains on money held in trust]	[-]	[2,436]
[Gains on investment in trading securities]	[-]	[1,065]
[Gains on sale of securities]	[1,839]	[6,577]
[Gains on investment in separate accounts]	[92,182]	[-]
Other ordinary revenues	2	2
ORDINARY EXPENSES	1,073,741	1,008,203
Benefits and claims	207,748	296,065
[Claims]	[5,452]	[10,098]
[Annuities]	[22,892]	[10,570]
[Benefits]	[15,203]	[20,842]
[Surrender values]	[93,738]	[126,450]
[Other refunds]	[1,897]	[1,924]
Provision for policy reserves and others	809,775	410,699
Provision for reserves for outstanding claims	1,176	1,164
Provision for policy reserve	808,599	409,534
Investment expenses	3,182	244,640
[Interest expenses]	[-]	[1]
[Losses on money held in trust]	[839]	[-]
[Losses on investment in trading securities]	[318]	[-]
[Losses on sale of securities]	[88]	[621]
[Derivative transaction losses]	[1,595]	[13,825]
[Losses on investment in separate accounts]	[-]	[85,271]
Operating expenses	47,648	51,023
Other ordinary expenses	5,386	5,774
ORDINARY GAIN	4,162	32,401
EXTRAORDINARY LOSSES	793	1,231
Gain before income taxes	3,369	31,170
Corporate income taxes - current	653	2,471
Total of corporate income taxes	653	2,471
Net income for the period	2,716	28,698

6. Non-Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2015

(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	(166,542)	18,457
Changes for the period				
Net income for the period			28,698	28,698
Net changes of items other than shareholders' equity				
Total changes for the period	-	-	28,698	28,698
Balance at the end of the period	117,500	67,500	(137,844)	47,155

	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	38,954	38,954	57,411
Changes for the period			
Net income for the period			28,698
Net changes of items other than shareholders' equity	(10,708)	(10,708)	(10,708)
Total changes for the period	(10,708)	(10,708)	17,990
Balance at the end of the period	28,246	28,246	75,402

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

As of September 30, 2015

- 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 Depreciation of tangible fixed assets is as follows:
- (a) Depreciation of tangible fixed assets excluding leased assets is calculated by the declining balance method and is computed by proportionally allocating the estimated depreciation for the fiscal year. 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.
 - (b) Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero remaining value.
- 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, 2015. 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, 2015 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 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.
- 12 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

- 13 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	84,665	84,665	-
(2) Call loans	53,900	53,900	-
(3) Monetary claims bought	6,040	6,040	-
(4) Money held in trust	33,097	33,097	-
(5) Securities	5,132,544	5,221,535	88,990
(a) Trading securities	2,031,217	2,031,217	-
(b) Policy-reserve-matching bonds	2,099,006	2,187,997	88,990
(c) Other securities	1,002,320	1,002,320	-
Assets total	5,310,247	5,399,238	88,990
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(12,240)	(12,240)	-
Derivative transactions total	(12,240)	(12,240)	-

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

- 14 Accumulated depreciation on tangible fixed assets is 38,984 million yen.
- 15 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 2,034,845 million yen. Liabilities in separate accounts, total the same amount.
- 16 The value of assets (marketable securities) pledged as collateral is 48,423 million yen. The amounts of secured liabilities were 19,429 million yen.
- 17 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 19,572 million yen as of September 30, 2015, and we have no assets pledged as a re-collateral.

As of September 30, 2015

- 18 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 60 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 84,158 million yen.
- 19 As of September 30, 2015, the Company estimated that it would be required to contribute 3,240 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, 2015	
1	Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 767 million yen and 5,809 million yen, respectively.
2	Losses on sale of securities included losses on sales of foreign securities of 621 million yen.
3	Premium and other income includes 57,545 million yen of operating expenses received in association with ceding reinsurance business.
4	Benefits and claims includes ceding reinsurance policy reserves transferred of 485,142 million yen and the ceding reinsurance policy reserve adjustment of minus 372,971 million yen.
5	In calculating the reversal of reserves for outstanding claims, a reversal of reserve for outstanding claims reinsured of 57 million yen was deducted as an adjustment. In calculating provision for policy reserves, provision of reserve for outstanding claims reinsured of 60,478 million yen was deducted.
6	The details of Interest and dividends are as follows: Interest on deposits : 134 million yen Interest and dividends from securities : 38,136 million yen Other interest and dividends : 57 million yen Total : 38,329 million yen
7	Net income per share for the six months ended September 30, 2015 was 15,512,721.94 yen.

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

Six months ended September 30, 2015				
1	Number of outstanding shares by class			
	No. shares as of April 1, 2015	Increase in number of shares	Decrease in number of shares	No. shares as of September 30, 2015
	1,850	-	-	1,850

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Fundamental profit A	12,306	9,048
Capital gains	5,199	174,875
Gains on money held in trust	-	2,436
Gains on investment in trading securities	-	1,065
Gains on sale of securities	1,839	6,577
Derivative transaction gains	-	-
Foreign exchange gains	3,360	-
Others	-	164,796
Capital losses	4,655	159,001
Losses on money held in trust	839	-
Losses on investment in trading securities	318	-
Losses on sale of securities	88	621
Losses on valuation of securities	-	-
Derivative transaction losses	1,595	13,825
Foreign exchange losses	-	144,554
Others	1,814	-
Net capital gains B	543	15,874
Fundamental profit plus net capital gains A + B	12,849	24,923
Other one-time gains	-	7,477
Reinsurance income	-	-
Reversal of contingency reserve	-	7,477
Reversal of specific reserve for possible loan losses	-	-
Others	-	-
Other one-time losses	8,687	-
Ceding reinsurance commissions	-	-
Provision for contingency reserve	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	(8,687)	7,477
Ordinary profit A + B + C	4,162	32,401

Note: 1. Fundamental profit includes the amount below.

	Six months ended September 30, 2014	Six months ended September 30, 2015
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	1,814	(164,796)

2. Other capital gains include the amount below.

	Six months ended September 30, 2014	Six months ended September 30, 2015
Adjustment of the portion valued in exchange rate fluctuations of foreign-currency denominated insurance's liability	-	164,796

3. Other capital losses include the amount below.

	Six months ended September 30, 2014	Six months ended September 30, 2015
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, 2015	As of September 30, 2015
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Claims for special attention	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	-	38,989
Total	-	38,989

- 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, 2015	As of September 30, 2015
Total solvency margin (A)	315,968	356,936
Common stock, etc	18,457	47,155
Reserve for price fluctuations	3,781	5,012
Contingency reserve	120,314	112,836
General reserve for possible loan losses	15	13
Net unrealized gains on securities (before tax) × 90%*	49,369	35,869
Net unrealized gains (losses) on real estate × 85%*	-	-
Policy reserves in excess of surrender values	124,030	156,048
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)	99,834	123,068
Insurance risk R_1	37	47
3rd sector insurance risk R_8	-	-
Assumed investment yield risk R_2	25,630	25,680
Guaranteed minimum benefit risk R_7	26,562	21,618
Investment risk R_3	44,732	72,183
Business risk R_4	2,908	3,585
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	632.9%	580.0%

* 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, 2015	As of September 30, 2015
Individual variable insurance	2,847	18,781
Individual variable annuities	2,065,843	2,016,064
Group annuities	-	-
Separate account total	2,068,691	2,034,845

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2015		As of September 30, 2015	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	0	11,009	17	124,480
Total	0	11,009	17	124,480

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, 2015		As of September 30, 2015	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	462	2,943,208	527	3,198,978

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.