

November 13, 2015

Financial Results for the Six Months Ended September 30, 2015

The Dai-ichi Life Insurance Company, Limited (the "Company" or the "Parent Company"; President: Koichiro Watanabe) announces its financial results for the six months ended September 30, 2015.

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Attached: Supplementary Materials 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) Sum Insured of Policies in Force and New Policies

Policies in Force

	As of March 31, 2015		As of September 30, 2015			
	Number of policies (thousands)	Amount (billions of yen)	Number of policies (thousands)	% of March 31, 2015 total	Amount (billions of yen)	% of March 31, 2015 total
Individual insurance	11,593	121,655.7	11,622	100.2	118,052.3	97.0
Individual annuities	1,544	9,291.5	1,580	102.4	9,501.7	102.3
Individual insurance and annuities	13,138	130,947.2	13,203	100.5	127,554.1	97.4
Group insurance	-	48,092.2	-	-	48,256.4	100.3
Group annuities	-	6,397.4	-	-	6,218.0	97.2

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

New Policies

	Number of policies		Amount			
	(thousands)	% of September 30, 2014 total	(billions of yen)	New Business	Net increase by conversion	% of September 30, 2014 total
Six months ended September 30, 2014						
Individual insurance	491		1,795.8	2,251.6	(455.7)	
Individual annuities	54		391.2	396.5	(5.3)	
Individual insurance and annuities	545		2,187.0	2,648.1	(461.0)	
Group insurance	-		278.4	278.4	-	
Group annuities	-		0.1	0.1	-	
Six months ended September 30, 2015						
Individual insurance	484	98.5	982.5	1,978.1	(995.5)	54.7
Individual annuities	62	115.2	423.8	430.6	(6.7)	108.3
Individual insurance and annuities	546	100.2	1,406.4	2,408.8	(1,002.3)	64.3
Group insurance	-	-	44.6	44.6	-	16.0
Group annuities	-	-	0.2	0.2	-	192.5

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

(Reference) Surrenders and lapses in individual insurance and annuities

(billions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Amount of surrenders and lapses	2,926.9	2,608.4
Surrender and lapse rate (%)	2.14	1.99

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

(2) Annualized Net Premiums

Policies in Force

(billions of yen except percentages)

	As of March 31, 2015	As of September 30, 2015	% of March 31, 2015 total
Individual insurance	1,638.3	1,632.0	99.6
Individual annuities	399.3	411.3	103.0
Total	2,037.7	2,043.4	100.3
Medical and survival benefits	556.1	565.7	101.7

New Policies

(billions of yen except percentages)

	Six months ended September 30, 2014	Six months ended September 30, 2015	% of September 30, 2014 total
Individual insurance	50.3	47.5	94.5
Individual annuities	13.0	15.7	120.5
Total	63.3	63.2	99.8
Medical and survival benefits	24.1	24.9	103.6

- Note: 1. Annualized net premiums are calculated by using multipliers for various premium payment terms to the premium per payment. In single premium contracts, the amount is calculated by dividing the premium by the duration of the policy.
2. Annualized net premiums for medical and survival benefits include (a) premiums related to medical benefits such as hospitalization and surgery benefits, (b) premiums related to survival benefits such as specific illness and nursing benefits, and (c) premiums related to premium waiver benefits, in which disability cause is excluded but causes such as specific illness and nursing care are included.
3. New policies include net increase by conversion.

(3) Profit and Loss Items

(millions of yen except percentages)

	Six months ended September 30, 2014	Six months ended September 30, 2015	% of September 30, 2014 total
Premium and other income	1,495,407	1,407,132	94.1
Investment income	588,807	545,982	92.7
Benefits and Claims	1,274,519	1,363,139	107.0
Investment expenses	58,516	162,464	277.6
Ordinary profit	224,026	184,049	82.2

(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	36,828,768	36,370,168	98.8

2. Unaudited Non-Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2015 (summarized)	As of September 30, 2015
(ASSETS)		
Cash and deposits	663,427	603,557
Call loans	355,300	201,100
Monetary claims bought	259,735	244,949
Money held in trust	36,122	52,238
Securities	30,673,366	30,433,494
[Government bonds]	[14,531,309]	[14,460,131]
[Local government bonds]	[135,572]	[133,039]
[Corporate bonds]	[1,675,152]	[1,841,251]
[Stocks]	[4,007,030]	[3,778,005]
[Foreign securities]	[9,799,414]	[9,692,948]
Loans	3,029,295	2,894,371
Policy loans	428,555	419,748
Ordinary loans	2,600,740	2,474,623
Tangible fixed assets	1,203,289	1,198,733
Intangible fixed assets	83,719	82,738
Reinsurance receivable	7,916	5,581
Other assets	427,053	557,440
Customers' liabilities for acceptances and guarantees	91,648	97,416
Reserve for possible loan losses	(2,105)	(1,452)
Total assets	36,828,768	36,370,168
(LIABILITIES)		
Policy reserves and others	30,449,617	30,449,555
Reserves for outstanding claims	203,076	209,720
Policy reserves	29,840,974	29,856,759
Reserve for policyholder dividends	405,566	383,074
Reinsurance payable	609	428
Subordinated bonds	215,727	215,727
Other liabilities	1,496,483	1,723,097
Corporate income tax payable	52,296	38,159
Lease liabilities	4,552	4,599
Asset retirement obligations	2,789	2,766
Other liabilities	1,436,844	1,677,572
Reserve for employees' retirement benefits	389,480	387,287
Reserve for retirement benefits of directors, executive officers and corporate auditors	1,990	1,905
Reserve for possible reimbursement of prescribed claims	700	574
Reserve for price fluctuations	132,453	140,453
Deferred tax liabilities	413,815	190,041
Deferred tax liabilities for land revaluation	84,908	84,482
Acceptances and guarantees	91,648	97,416
Total liabilities	33,277,434	33,290,968
(NET ASSETS)		
Capital stock	343,104	343,146
Capital surplus	343,255	343,638
Legal capital surplus	343,104	343,146
Other capital surplus	151	492
Retained earnings	430,738	489,145
Legal retained earnings	5,600	5,600
Other retained earnings	425,138	483,545
Fund for risk allowance	43,120	43,120
Fund for price fluctuation allowance	65,000	65,000
Reserve for tax basis adjustments of real estate	24,875	24,981
Retained earnings brought forward	292,143	350,443
Treasury stock	(9,723)	(23,994)
Total shareholders' equity	1,107,375	1,151,935
Net unrealized gains (losses) on securities, net of tax	2,488,665	1,971,507
Deferred hedge gains (losses)	(12,036)	(10,924)
Reserve for land revaluation	(33,424)	(34,245)
Total of valuation and translation adjustments	2,443,204	1,926,337
Subscription rights to shares	753	925
Total net assets	3,551,333	3,079,199
Total liabilities and net assets	36,828,768	36,370,168

3. Unaudited Non-Consolidated Statement of Earnings

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
ORDINARY REVENUES	2,256,825	2,104,988
Premium and other income	1,495,407	1,407,132
[Premium income]	[1,495,206]	[1,406,339]
Investment income	588,807	545,982
[Interest and dividends]	[388,591]	[404,698]
[Gains on money held in trust]	[3,505]	[-]
[Gains on sale of securities]	[109,587]	[121,778]
[Gains on investments in separate accounts]	[77,907]	[-]
Other ordinary revenues	172,609	151,873
[Reversal of reserves for outstanding claims]	[18,360]	[-]
ORDINARY EXPENSES	2,032,798	1,920,939
Benefits and claims	1,274,519	1,363,139
[Claims]	[348,855]	[343,921]
[Annuities]	[288,639]	[283,977]
[Benefits]	[212,926]	[195,727]
[Surrender values]	[271,046]	[306,866]
[Other refunds]	[152,516]	[231,804]
Provision for policy reserves and others	301,826	26,756
Provision for reserves for outstanding claims	-	6,643
Provision for policy reserves	297,414	15,785
Provision for interest on policyholder dividends	4,412	4,326
Investment expenses	58,516	162,464
[Interest expenses]	[7,475]	[8,842]
[Losses on money held in trust]	[-]	[1,351]
[Losses on sale of securities]	[5,455]	[32,776]
[Losses on valuation of securities]	[574]	[5,031]
[Derivative transaction losses]	[2,962]	[24,687]
[Losses on investments in separate accounts]	[-]	[35,529]
Operating expenses	200,646	201,528
Other ordinary expenses	197,289	167,049
ORDINARY PROFIT	224,026	184,049
EXTRAORDINARY GAINS	463	123
Gains on disposal of fixed assets	463	123
EXTRAORDINARY LOSSES	12,019	10,418
Losses on disposal of fixed assets	1,761	228
Impairment losses on fixed assets	3,258	2,189
Provision for reserve for price fluctuations	7,000	8,000
Provision for reserve for policyholder dividends	46,410	45,733
Income before income taxes	166,060	128,022
Corporate income taxes-current	68,647	52,948
Corporate income taxes-deferred	(19,311)	(15,870)
Total of corporate income taxes	49,335	37,077
Net income	116,724	90,944

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

Six months ended September 30, 2014

(millions of yen)

(millions of yen)

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

(millions of yen)

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

Six months ended September 30, 2015

(millions of yen)

(millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Retained earnings				
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings			
						Fund for risk allowance	Fund for price fluctuation allowance	Reserve for tax basis adjustments of real estate	Retained earnings brought forward
Balance at the beginning of the year	343,104	343,104	151	343,255	5,600	43,120	65,000	24,875	292,143
Cumulative effect of changes in accounting policies				-					
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,104	343,104	151	343,255	5,600	43,120	65,000	24,875	292,143
Changes for the period									
Issuance of new shares				-					
Issuance of new shares - exercise of subscription rights to shares	42	42		42					
Dividends				-					(33,359)
Net income				-					90,944
Purchase of treasury stock				-					
Disposal of treasury stock			341	341					
Transfer to reserve for tax basis adjustments of real estate				-				169	(169)
Transfer from reserve for tax basis adjustments of real estate				-				(63)	63
Transfer from reserve for land revaluation				-					821
Net changes of items other than shareholders' equity									
Total changes for the period	42	42	341	383	-	-	-	106	58,300
Balance at the end of the period	343,146	343,146	492	343,638	5,600	43,120	65,000	24,981	350,443

(millions of yen)

	Shareholders' equity			Valuation and translation adjustments				Subscription rights to shares	Total net assets
	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)	Reserve for land revaluation	Total of valuation and translation adjustments		
	Total retained earnings								
Balance at the beginning of the year	430,738	(9,723)	1,107,375	2,488,665	(12,036)	(33,424)	2,443,204	753	3,551,333
Cumulative effect of changes in accounting policies	-		-						-
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	430,738	(9,723)	1,107,375	2,488,665	(12,036)	(33,424)	2,443,204	753	3,551,333
Changes for the period									
Issuance of new shares	-		-						-
Issuance of new shares - exercise of subscription rights to shares	-		84						84
Dividends	(33,359)		(33,359)						(33,359)
Net income	90,944		90,944						90,944
Purchase of treasury stock	-	(14,999)	(14,999)						(14,999)
Disposal of treasury stock	-	729	1,070						1,070
Transfer to reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for tax basis adjustments of real estate	-		-						-
Transfer from reserve for land revaluation	821		821						821
Net changes of items other than shareholders' equity				(517,157)	1,112	(821)	(516,867)	171	(516,695)
Total changes for the period	58,406	(14,270)	44,560	(517,157)	1,112	(821)	(516,867)	171	(472,134)
Balance at the end of the period	489,145	(23,994)	1,151,935	1,971,507	(10,924)	(34,245)	1,926,337	925	3,079,199

I. NOTES TO THE UNAUDITED NON-CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2015

1. Valuation Methods of Securities

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

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

(1) **Trading Securities**

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

(2) **Held-to-maturity Bonds**

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

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

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

(4) **Stocks of Subsidiaries and Affiliated Companies**

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

(5) **Available-for-sale Securities**

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

Available-for-sale securities which have market value are valued at fair value as of September 30, 2015 (for domestic stocks, the average value during September), with cost determined by the moving average method.

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

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

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

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

2. Policy-reserve-matching Bonds

(1) **Book Value and Market Value**

The book value and the market value of policy-reserve-matching bonds as of September 30, 2015 were ¥12,071,042 million and ¥13,901,768 million, respectively.

(2) **Risk Management Policy**

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

The sub-groups of insurance products are:

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

with the exception of certain types.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

- Date of revaluation: March 31, 2001

- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land:

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

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

The Company translated foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates as of September 30, 2015. Stocks of subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans to and claims on bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral or guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2015 was ¥59 million.

8. Reserve for Employees’ Retirement Benefits

For the reserve for employees’ retirement benefits, the amount is provided based on the projected benefit obligations and pension assets as of September 30, 2015.

(1) Allocation of Estimated Retirement Benefits

Estimated retirement benefits are allocated under the benefit formula basis over the period ending March 31, 2016.

(2) Amortization of Actuarial Differences

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

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

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

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

10. Reserve for Possible Reimbursement of Prescribed Claims

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

11. Reserve for Price Fluctuations

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

12. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

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

(2) Hedging Instruments and Hedged Items

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

Bond over-the-counter options	Foreign currency-denominated bonds
Equity options	Domestic stocks, foreign currency-denominated stocks (forecasted transaction)
Equity forward contracts	Domestic stocks

(3) **Hedging Policies**

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

(4) **Assessment of Hedge Effectiveness**

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

13. Calculation of National and Local Consumption Tax

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

14. Policy Reserve

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

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

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired on or before March 31, 1996 for which premium payments were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, the amount of the additional provision for policy reserves for the six months ended September 30, 2015 was ¥67,729 million.

15. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheet. The total balance of securities lent as of September 30, 2015 was ¥2,408,769 million.

16. Problem Loans

As of September 30, 2015, the total amount of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, was ¥3,985 million. The amount of credits to bankrupt borrowers was ¥122 million, the amount of delinquent loans was ¥3,445 million, the Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥417 million.

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

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

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

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

As a result of the direct write off of loans described in Note 7 above, credits to bankrupt borrowers and delinquent loans decreased by ¥4 million and ¥55 million, respectively.

17. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act was ¥1,157,496 million. Separate account liabilities were the same amount as the separate account assets.

18. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year ending March 31, 2016.....	405,566
Dividends paid	(72,551)
Interest accrual	4,326
Provision for reserve for policyholder dividends.....	45,733
<u>Balance as of September 30, 2015</u>	<u>383,074</u>

19. Stock of Subsidiaries and Affiliated Companies

The amount of stocks of subsidiaries and affiliated companies the Company held as of September 30, 2015 was ¥1,120,266 million.

20. Organization Change Surplus

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

21. Assets Pledged as Collateral / Secured Liabilities

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

	(Unit: million yen)
Securities (Government bonds)	947,166
Securities (Foreign securities)	4,886
Cash and deposits	86
<u>Securities, cash and deposits pledged as collateral</u>	<u>952,139</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
Cash collateral for securities lending transactions	1,028,012
<u>Secured liabilities</u>	<u>1,028,012</u>

“Securities (Government bonds)” pledged as collateral for securities lending transactions with cash collateral as of September 30, 2015 was ¥928,054 million.

22. Reinsurance

The amount of reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter “reserves for outstanding claims reinsured”) was ¥13 million. The amount of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter “policy reserves reinsured”) was ¥0 million.

23. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of September 30, 2015, the market value of the securities borrowed which were not sold or pledged was ¥112,321 million, among which no securities were pledged as collateral.

24. Commitment Line

There were unused commitment line agreements under which the Company is the lender of ¥32,752 million.

25. Subordinated Debt

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

26. Subordinated Bonds

Subordinated bonds of ¥215,727 million shown in liabilities included foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

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

The estimated future obligations of the Company to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥52,002 million as of September 30, 2015. These obligations will be recognized as operating expenses in the period in which they are paid.

28. Incentive Programs Granting Employees Company Shares

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

II. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

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

Gains on sale of securities included gains on sale of domestic bonds, domestic stocks, foreign securities and other securities of ¥4,071 million, ¥9,174 million, ¥108,189 million and ¥342 million, respectively.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks, foreign securities and other securities of ¥91 million, ¥495 million, ¥30,730 million and ¥1,458 million, respectively.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥1,063 million and ¥3,968 million, respectively.

2. Reinsurance

In calculating the provision for reserves for outstanding claims, a reversal of reserves for outstanding claims reinsured of ¥5 million was added. In calculating the provision for policy reserves, a reversal of policy reserves reinsured of ¥0 million was added.

3. Interest and Dividends

The breakdown of interest and dividends for the six months ended September 30, 2015 were as follows:

	(Unit: million yen)
Interest from bank deposits	5,889
Interest and dividends from securities ...	326,743
Interest from loans	31,510
Rental income	34,644
Other interest and dividends	5,910
<u>Total</u>	<u>404,698</u>

4. Net Income per Share

Net income per share for the six months ended September 30, 2015 was ¥76.65. Diluted net income per share for the same period was ¥76.61.

III. NOTES TO THE UNAUDITED NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

1. Treasury Stock

(Unit; thousands of shares)

	Number of shares of treasury stock outstanding at the beginning of the fiscal year ending March 31, 2016	Increase in treasury stock	Decrease in treasury stock	Number of treasury stock outstanding as of September 30, 2015
Treasury stock Shares of Common Stock (*)	6,518	6,878	501	12,895

- (*1) Treasury stock at the beginning of the fiscal year ending March 31, 2016 and as of September 30, 2015 includes 6,518 thousand shares and 6,016 thousand shares held by the trust fund through the J-ESOP and the trust fund for Dai-ichi Life Insurance Employee Stock Holding Partnership through the E-Ship®, respectively.
- (*2) The increase of 6,878 thousand shares of treasury stock was due to the repurchase of outstanding common stock.
- (*3) The decrease of 501 thousand shares of treasury stock represents the sum of (a) shares granted to eligible employees at retirement by the J-ESOP and (b) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

5. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Fundamental revenues	2,143,597	2,044,117
Premium and other income	1,495,407	1,407,132
Investment income	475,580	424,168
[Interest and dividends]	[388,591]	[404,698]
Other ordinary revenues	172,609	212,816
Fundamental expenses	1,938,485	1,812,760
Benefits and claims	1,274,519	1,363,139
Provision for policy reserves and others	232,908	10,970
Investment expenses	33,121	70,071
Operating expenses	200,646	201,528
Other ordinary expenses	197,289	167,049
Fundamental profit A	205,112	231,357
Capital gains	113,093	121,778
Gains on money held in trust	3,505	-
Gains on investments in trading securities	-	-
Gains on sale of securities	109,587	121,778
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Others	-	-
Capital losses	25,391	92,371
Losses on money held in trust	-	1,351
Losses on investments in trading securities	-	-
Losses on sale of securities	5,455	32,776
Losses on valuation of securities	574	5,031
Derivative transaction losses	2,962	24,687
Foreign exchange losses	16,399	28,525
Others	-	-
Net capital gains (losses) B	87,701	29,406
Fundamental profit after net capital gains (losses) A + B	292,813	260,764
Other one-time gains	134	35
Reinsurance income	-	-
Reversal of contingency reserve	-	-
Reversal of specific reserve for possible loan losses	98	35
Others	35	-
Other one-time losses	68,921	76,750
Ceding reinsurance commissions	-	-
Provision for contingency reserve	9,000	9,000
Provision for specific reserve for possible loan losses	-	-
Provision for specific reserve for loans to refinancing countries	-	-
Write-down of loans	3	21
Others	59,917	67,729
Other one-time profits C	(68,786)	(76,714)
Ordinary profit A + B + C	224,026	184,049

Note 1: "Others" in "Other one-time gains" represents the reversal of reserve for possible investment losses (For the six months ended September 30, 2014: 35 million yen).

2: "Others" in "Other one-time losses" represents the additional policy reserves provided (For the six months ended September 30, 2014: 59,917 million yen, For the six months ended September 30, 2015: 67,729 million yen) in accordance with Article 69, Paragraph 5 of the Enforcement Regulations of the Insurance Business Act.

6. Investment of General Account Assets for the Six Months Ended September 30, 2015

(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) a 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 Results

[Asset Composition]

- Although the Company continued to set fixed income investments, including government and corporate bonds, as the core of its asset portfolio, consistent with its mid- to long-term investment policies, the Company refrained from purchasing super long-term bonds classified as policy reserve matching bonds and shifted to foreign currency-denominated bonds with currency hedges by considering investment efficiency within its fixed income assets, in order to further enhance its Asset Liability Management (ALM) strategy and improve its profitability.
- The Company has flexibly changed allocation of its risk assets (such as domestic stocks and foreign securities intended to promote diversification and to improve its profitability) by taking market trends into account.

- The table below summarizes the investment results of the Company's general account by asset class:

Assets	Investment results
Domestic bonds	<p><u>Flat</u></p> <p>The Company strived to improve investment yields by making careful selection and diversification among various credit risk products, including corporate bonds and securitized products, in accordance with risk-adjusted credit spread guidelines. While the Company refrained from accumulating super long-term bonds classified as policy reserve matching bonds considering the continued low interest rates environment, the overall balance of domestic bonds remained flat due to the increase in a hedge position against unexpected hike in interest rates.</p>
Loans	<p><u>Decrease</u></p> <p>Although the overall balance of loans decreased due to contractual maturities and other factors, the Company actively provided new loans to fulfill capital needs in growth areas. The Company also provided loans to secure adequate risk-adjusted credit spreads, while also paying attention to the credit spread trends in the bond market.</p>
Domestic stocks	<p><u>Decrease on a market value basis due to a decline in stock prices</u></p> <p>Although the overall balance of domestic stocks on a market value basis decreased due to a decline in stock prices, the Company flexibly changed allocation by taking market trends into account, more specifically, increasing the balance in the phase of a more attractive valuation. The Company replaced some companies/sectors based on competitiveness, growth potential, and/or the degree to which they are undervalued, taking into account analyses by in-house analysts.</p>
Foreign bonds	<p><u>Increase</u></p> <p>The Company actively invested in foreign currency-denominated bonds with currency hedges in order to improve investment efficiency within its fixed income assets focusing on international interest spreads. Additionally, the Company flexibly changed allocation of foreign currency-denominated bonds without currency hedges, taking market trends into account. As a result, the balance of foreign bonds increased. Moreover, the Company cautiously controlled risks by diversifying its portfolio by sector and currency and tried to improve investment performance.</p>
Foreign stocks	<p><u>Decrease on a market value basis due to a decline in stock prices</u></p> <p>Although the overall balance of foreign stocks on a market value basis decreased due to a decline in stock prices, the Company increased the balance in order to enhance the total return of its asset portfolio and promote diversification. The Company continued to focus on diversification by investment style and geographical composition of its foreign stock portfolio, utilizing both third-party asset managers and in-house managers.</p>

Real estate	<u>Slight increase in real estate for rent</u> The Company pursued improvement in profitability of the existing real estate portfolio by (a) investing in new residential properties and selling properties with lower profitability and (b) renegotiating rents and improving vacancy rates. Also, the Company strived to increase the value of existing properties by renovating and reconstructing them.
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Note: Underlined changes in assets above are described on a balance sheet amount basis.

[Investment income and expenses]

- Investment income increased by ¥35.0 billion, compared to the same period last year, to ¥545.9 billion, due mainly to an increase in interest and dividends as a result of an increase in the balance of foreign currency-denominated bonds with currency hedges and the yen depreciation.
- Investment expenses increased by ¥68.4 billion to ¥126.9 billion, due mainly to an increase in losses on sale of securities and derivative transaction losses.
- As a result, net investment income decreased by ¥33.3 billion to ¥419.0 billion year-on-year.

(3) Investment Environment Outlook for the Six Months Ending March 31, 2016

- For the six months ending March 31, 2016, the Company expects the Japanese economy will be on track for a modest recovery supported by positive effects such as (a) a recovery in individual consumption backed by improved employment and wage conditions and (b) increases in capital investment on the back of steady corporate earnings, while export growth might slow down due to a downturn in emerging market economies. Additionally, quantitative and qualitative monetary easing measures by the BOJ, maintaining a long-term low interest rate environment, are expected to support the economy.

[Domestic interest rates]

- The Company estimates that domestic interest rates will turn to a moderate upward trend toward the end of the fiscal year, reflecting the recovery of domestic economy in the second half of the fiscal year and potential raise in overseas interest rate caused by growing expectations of potential raise in interest rates by the FRB on the back of the healthy U.S. economy, while tightened supply and demand for JGBs in light of the quantitative and qualitative monetary easing measures by the BOJ might put lowering pressure on domestic interest rates.

[Domestic stocks]

- The Company forecasts that the domestic stock market will remain brisk, due to positive effects such as a trend of strong corporate earnings, increasing shareholder returns and an improved market sentiment backed by growth trends of developed-world economies mainly driven by the United States, despite downward pressure from while growing concerns over emerging markets.

[Foreign currency]

- The Company forecasts that the overall yen depreciation trend against the U.S. dollar will continue, as the FRB smoothes the way for a rate increase in the United States in the future in light of the steady economy, and the BOJ is expected to maintain its monetary easing measures for the long term in order to achieve its inflation target rate.
- For euro-yen rates, while the trends in current account surplus in the Euro-zone support an appreciation of the euro against the yen, the enhanced monetary easing measures by the ECB are forecasted to grow. Therefore, we anticipate that the euro-yen rate will move within a certain range for the period.

(4) Investment Policies for the Six Months Ending March 31, 2016

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

Assets	Investment policies
Domestic bonds	<u>Basically flat but increase when interest rates rise</u> The Company will continue investing in domestic bonds as a core asset under its ALM strategy. When interest rates rise, the Company will accelerate its investment in bonds with longer durations (i.e. long-term bonds and super-long-term bonds) to further enhance its ALM.
Loans	<u>Decrease</u> While actively providing new loans to fulfill capital needs in growth areas, the overall loan balance of the Company is expected to decrease mainly due to contractual maturities. The Company intends to provide new loans by setting appropriate credit spreads, with attention to borrowers' profiles and credit spread levels in the corporate bond market.
Domestic stocks	<u>Basically flat but flexibly increase or decrease</u> Basically overall domestic stocks balance of the Company is expected to be flat taking into account appropriate risk control, but the Company will flexibly change the allocation of domestic stocks, following market trends. In order to improve the profitability of the portfolio, the Company replaced some companies/sectors based on competitiveness, growth potential, and/or the degree to which they are undervalued.
Foreign bonds	<u>Basically flat but flexibly increase or decrease</u> As for foreign currency-denominated bonds without currency hedges, the Company will flexibly change the allocation of this asset class based on exchange rate trends, while carefully monitoring the effect of diversification among risk assets. As for foreign currency-denominated bonds with currency hedges, the Company will flexibly change the allocation of this asset class in order to improve investment efficiency within its fixed income assets, while carefully monitoring domestic and foreign interest rate differentials.
Foreign stocks	<u>Increase</u> Taking market trends into account, the Company will increase its exposure to foreign stocks. In order to improve the profitability and stability of the portfolio, the Company also continues to seek regional diversification, as well as investment style diversification.

7. Investment Results of General Account

(1) Asset Composition (General Account)

(millions of yen)

	As of March 31, 2015		As of September 30, 2015	
	Carrying amount	%	Carrying amount	%
Cash, deposits, and call loans	901,853	2.5	709,693	2.0
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	259,735	0.7	244,949	0.7
Trading account securities	-	-	-	-
Money held in trust	36,122	0.1	52,238	0.1
Securities	29,670,244	83.2	29,522,795	83.6
Domestic bonds	16,088,970	45.1	16,201,955	45.9
Domestic stocks	3,754,780	10.5	3,550,938	10.1
Foreign securities	9,392,567	26.3	9,309,988	26.4
Foreign bonds	6,959,454	19.5	7,067,608	20.0
Foreign stocks and other securities	2,433,112	6.8	2,242,379	6.3
Other securities	433,926	1.2	459,913	1.3
Loans	3,029,295	8.5	2,894,371	8.2
Policy loans	428,555	1.2	419,748	1.2
Ordinary loans	2,600,740	7.3	2,474,623	7.0
Real estate	1,196,028	3.4	1,191,466	3.4
Real estate for rent	783,264	2.2	785,998	2.2
Deferred tax assets	-	-	-	-
Others	564,554	1.6	705,770	2.0
Reserve for possible loan losses	(2,105)	(0.0)	(1,452)	(0.0)
Total	35,655,728	100.0	35,319,834	100.0
Foreign currency-denominated assets	7,780,820	21.8	7,832,257	22.2

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

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

(millions of yen)

	Six month ended September 30, 2014	Six month ended September 30, 2015
Cash, deposits, and call loans	62,996	(192,160)
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	(6,830)	(14,785)
Trading account securities	-	-
Money held in trust	(2,693)	16,115
Securities	1,198,365	(147,448)
Domestic bonds	(340,016)	112,984
Domestic stocks	305,317	(203,841)
Foreign securities	1,229,997	(82,578)
Foreign bonds	1,186,333	108,154
Foreign stocks and other securities	43,663	(190,732)
Other securities	3,067	25,986
Loans	28,831	(134,924)
Policy loans	(10,082)	(8,807)
Ordinary loans	38,913	(126,116)
Real estate	(10,157)	(4,561)
Real estate for rent	(6,268)	2,733
Deferred tax assets	(11,163)	-
Others	63,527	141,216
Reserve for possible loan losses	89	653
Total	1,322,965	(335,894)
Foreign currency-denominated assets	1,196,724	51,436

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

(3) Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Interest and dividends	388,591	404,698
Interest from bank deposits	5,255	5,889
Interest and dividends from securities	311,391	326,743
Interest from loans	33,483	31,510
Rental income	33,872	34,644
Other interest and dividends	4,588	5,910
Gains on trading account securities	-	-
Gains on money held in trust	3,505	-
Gains on investments in trading securities	-	-
Gains on sale of securities	109,587	121,778
Gains on sale of domestic bonds	13,958	4,071
Gains on sale of domestic stocks	27,375	9,174
Gains on sale of foreign securities	67,811	108,189
Others	442	342
Gains on redemption of securities	8,937	18,641
Derivative transaction gains	-	-
Foreign exchange gains	-	-
Reversal of reserve for possible loan losses	89	652
Reversal of reserve for possible investment losses	35	-
Other investment income	153	210
Total	510,900	545,982

(4) Investments Expense (General Account)

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Interest expenses	7,475	8,842
Losses on trading account securities	-	-
Losses on money held in trust	-	1,351
Losses on investments in trading securities	-	-
Losses on sale of securities	5,455	32,776
Losses on sale of domestic bonds	18	91
Losses on sale of domestic stocks	2,517	495
Losses on sale of foreign securities	2,751	30,730
Others	168	1,458
Losses on valuation of securities	574	5,031
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	177	1,063
Losses on valuation of foreign securities	396	3,968
Others	-	-
Losses on redemption of securities	185	127
Derivative transaction losses	2,962	24,687
Foreign exchange losses	16,399	28,525
Provision for reserve for possible loan losses	-	-
Provision for reserve for possible investment losses	-	-
Write-down of loans	3	21
Depreciation of real estate for rent and others	7,240	7,041
Other investment expenses	18,220	18,530
Total	58,516	126,935

(5) Net Investment Income (General Account)

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net investment income	452,383	419,047

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

(millions of yen)

	As of March 31, 2015		As of September 30, 2015	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	33,245	3,962	49,741	(3,768)
Trading account securities	-	-	-	-
Money held in trust	33,245	3,962	49,741	(3,768)

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

(millions of yen)

		Book value	Fair value	Gains (losses)			
				Gains	Losses		
As of March 31, 2015							
	Held-to-maturity bonds	45,411	49,940	4,529	4,529	-	
	Domestic bonds	45,411	49,940	4,529	4,529	-	
	Foreign bonds	-	-	-	-	-	
	Policy-reserve-matching bonds	11,996,350	13,835,074	1,838,724	1,839,401	677	
	Domestic bonds	11,965,521	13,803,860	1,838,339	1,838,998	658	
	Foreign bonds	30,828	31,213	384	403	19	
	Stocks of subsidiaries and affiliates	26,605	76,937	50,332	50,332	-	
	Available-for-sale securities	12,413,822	15,907,148	3,493,326	3,524,928	31,601	
	Domestic bonds	3,683,212	4,077,188	393,975	394,394	418	
	Domestic stocks	1,643,679	3,429,350	1,785,671	1,807,394	21,723	
	Foreign securities	6,531,753	7,777,156	1,245,403	1,254,663	9,260	
	Foreign bonds	5,917,345	6,928,625	1,011,280	1,015,396	4,115	
	Foreign stocks and other securities	614,408	848,531	234,123	239,267	5,144	
	Other securities	266,385	320,841	54,455	54,644	189	
	Monetary claims bought	246,203	259,735	13,531	13,541	10	
	Certificates of deposit	40,000	40,000	0	0	-	
	Money held in trust	2,587	2,876	288	288	-	
	Total	24,482,189	29,869,101	5,386,912	5,419,191	32,279	
	Domestic bonds	15,694,144	17,930,989	2,236,845	2,237,922	1,077	
	Domestic stocks	1,643,679	3,429,350	1,785,671	1,807,394	21,723	
	Foreign securities	6,588,411	7,884,503	1,296,091	1,305,371	9,279	
	Foreign bonds	5,948,174	6,959,838	1,011,664	1,015,799	4,134	
	Foreign stocks and other securities	640,237	924,664	284,427	289,572	5,144	
	Other securities	267,161	321,645	54,483	54,672	189	
	Monetary claims bought	246,203	259,735	13,531	13,541	10	
	Certificates of deposit	40,000	40,000	0	0	-	
	Money held in trust	2,587	2,876	288	288	-	
	As of September 30, 2015						
		Held-to-maturity bonds	45,562	50,237	4,675	4,675	-
		Domestic bonds	45,562	50,237	4,675	4,675	-
		Foreign bonds	-	-	-	-	-
		Policy-reserve-matching bonds	12,071,042	13,901,768	1,830,726	1,831,886	1,159
Domestic bonds		12,005,214	13,835,731	1,830,516	1,831,334	818	
Foreign bonds		65,827	66,037	210	551	341	
Stocks of subsidiaries and affiliates		26,518	60,878	34,360	34,360	-	
Available-for-sale securities		12,979,175	15,746,552	2,767,376	2,861,066	93,689	
Domestic bonds		3,768,698	4,150,328	381,629	382,212	582	
Domestic stocks		1,673,116	3,187,957	1,514,841	1,545,587	30,746	
Foreign securities		6,927,038	7,766,405	839,367	890,498	51,131	
Foreign bonds		6,276,517	7,001,781	725,263	754,472	29,208	
Foreign stocks and other securities		650,520	764,623	114,103	136,026	21,922	
Other securities		354,042	374,414	20,372	31,486	11,114	
Monetary claims bought		233,692	244,949	11,257	11,280	23	
Certificates of deposit		20,000	20,000	0	0	-	
Money held in trust		2,587	2,497	(90)	-	90	
Total		25,122,298	29,759,437	4,637,139	4,731,988	94,849	
Domestic bonds		15,819,475	18,036,296	2,216,821	2,218,222	1,401	
Domestic stocks		1,673,116	3,187,957	1,514,841	1,545,587	30,746	
Foreign securities		7,018,693	7,892,599	873,906	925,378	51,472	
Foreign bonds		6,342,344	7,067,818	725,474	755,023	29,549	
Foreign stocks and other securities		676,348	824,780	148,432	170,355	21,922	
Other securities		354,732	375,136	20,404	31,518	11,114	
Monetary claims bought		233,692	244,949	11,257	11,280	23	
Certificates of deposit		20,000	20,000	0	0	-	
Money held in trust		2,587	2,497	(90)	-	90	

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

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

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Stocks of subsidiaries and affiliates	1,041,622	1,093,708
Unlisted domestic stocks (except over-the-counter stocks)	206,964	236,964
Unlisted foreign stocks (except over-the-counter stocks)	777,254	779,977
Others	57,403	76,766
Available-for-sale securities	955,690	806,819
Unlisted domestic stocks (except over-the-counter stocks)	118,466	126,017
Unlisted foreign stocks (except over-the-counter stocks)	765,001	665,001
Unlisted foreign bonds	-	-
Others	72,223	15,800
Total	1,997,313	1,900,527

Note: 1. The table above includes assets which are considered appropriate to handle as securities as defined in the Financial Instruments and Exchange Act.
2. The amounts of foreign exchange valuation gains/losses on foreign securities whose fair value is deemed extremely difficult to recognize and which are listed in the table above are as follows: gain of 104,797 million yen as of March 31, 2015 and gain of 84,499 million yen as of September 30, 2015.

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

(millions of yen)

				(millions of yen)		
		Book value	Fair value	Gains (losses)		
				Gains	Losses	
As of March 31, 2015						
	Held-to-maturity bonds	45,411	49,940	4,529	4,529	-
	Domestic bonds	45,411	49,940	4,529	4,529	-
	Foreign bonds	-	-	-	-	-
	Policy-reserve-matching bonds	11,996,350	13,835,074	1,838,724	1,839,401	677
	Domestic bonds	11,965,521	13,803,860	1,838,339	1,838,998	658
	Foreign bonds	30,828	31,213	384	403	19
	Stocks of subsidiaries and affiliates	1,068,227	1,223,357	155,129	158,063	2,933
	Domestic stocks	206,964	206,964	-	-	-
	Foreign stocks	809,699	964,801	155,101	158,035	2,933
	Other securities	51,563	51,591	27	27	-
	Available-for-sale securities	13,369,513	16,862,839	3,493,326	3,524,928	31,602
	Domestic bonds	3,684,062	4,078,038	393,975	394,394	418
	Domestic stocks	1,762,145	3,547,816	1,785,671	1,807,394	21,723
	Foreign securities	7,306,634	8,552,038	1,245,403	1,254,663	9,260
	Foreign bonds	5,917,345	6,928,625	1,011,280	1,015,396	4,115
	Foreign stocks and other securities	1,389,289	1,623,412	234,123	239,267	5,144
	Other securities	327,879	382,334	54,455	54,644	189
	Monetary claims bought	246,203	259,735	13,531	13,541	10
	Certificates of deposit	40,000	40,000	0	0	-
	Money held in trust	2,587	2,876	288	288	-
	Total	26,479,502	31,971,211	5,491,709	5,526,922	35,213
	Domestic bonds	15,694,994	17,931,839	2,236,845	2,237,922	1,077
	Domestic stocks	1,969,109	3,754,780	1,785,671	1,807,394	21,723
	Foreign securities	8,147,163	9,548,053	1,400,889	1,413,102	12,213
	Foreign bonds	5,948,174	6,959,838	1,011,664	1,015,799	4,134
	Foreign stocks and other securities	2,198,989	2,588,214	389,224	397,303	8,078
	Other securities	379,442	433,926	54,483	54,672	189
Monetary claims bought	246,203	259,735	13,531	13,541	10	
Certificates of deposit	40,000	40,000	0	0	-	
Money held in trust	2,587	2,876	288	288	-	
As of September 30, 2015						
	Held-to-maturity bonds	45,562	50,237	4,675	4,675	-
	Domestic bonds	45,562	50,237	4,675	4,675	-
	Foreign bonds	-	-	-	-	-
	Policy-reserve-matching bonds	12,071,042	13,901,768	1,830,726	1,831,886	1,159
	Domestic bonds	12,005,214	13,835,731	1,830,516	1,831,334	818
	Foreign bonds	65,827	66,037	210	551	341
	Stocks of subsidiaries and affiliates	1,120,226	1,239,086	118,860	127,685	8,825
	Domestic stocks	236,964	236,964	-	-	-
	Foreign stocks	812,421	931,249	118,828	127,653	8,825
	Other securities	70,840	70,872	31	31	-
	Available-for-sale securities	13,785,994	16,553,371	2,767,376	2,861,066	93,689
	Domestic bonds	3,769,548	4,151,178	381,629	382,212	582
	Domestic stocks	1,799,133	3,313,974	1,514,841	1,545,587	30,746
	Foreign securities	7,592,363	8,431,731	839,367	890,498	51,131
	Foreign bonds	6,276,517	7,001,781	725,263	754,472	29,208
	Foreign stocks and other securities	1,315,846	1,429,949	114,103	136,026	21,922
	Other securities	368,668	389,040	20,372	31,486	11,114
	Monetary claims bought	233,692	244,949	11,257	11,280	23
	Certificates of deposit	20,000	20,000	0	0	-
	Money held in trust	2,587	2,497	(90)	-	90
	Total	27,022,825	31,744,464	4,721,638	4,825,313	103,674
	Domestic bonds	15,820,325	18,037,146	2,216,821	2,218,222	1,401
	Domestic stocks	2,036,097	3,550,938	1,514,841	1,545,587	30,746
	Foreign securities	8,470,612	9,429,018	958,405	1,018,703	60,297
	Foreign bonds	6,342,344	7,067,818	725,474	755,023	29,549
	Foreign stocks and other securities	2,128,267	2,361,199	232,931	263,679	30,748
	Other securities	439,508	459,913	20,404	31,518	11,114
Monetary claims bought	233,692	244,949	11,257	11,280	23	
Certificates of deposit	20,000	20,000	0	0	-	
Money held in trust	2,587	2,497	(90)	-	90	

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

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

(millions of yen)

	Carrying amount on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of March 31, 2015	36,122	36,122	4,251	9,302	5,051
As of September 30, 2015	52,238	52,238	(3,859)	6,509	10,369

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

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

(millions of yen)

	As of March 31, 2015		As of September 30, 2015	
	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying amount on the balance sheet	Valuation gains (losses) included in the statement of earnings
Money held in trust for investment purpose	33,245	3,962	49,741	(3,768)

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

(millions of yen)

	As of March 31, 2015					As of September 30, 2015				
	Book value	Fair value	Gains (losses)			Book value	Fair value	Gains (losses)		
				Gains	Losses				Gains	Losses
Money held in trust classified as held-to-maturity	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as policy-reserve-matching	-	-	-	-	-	-	-	-	-	-
Money held in trust classified as available-for-sale	2,587	2,876	288	288	-	2,587	2,497	(90)	-	90

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

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Securities	5,491,709	4,721,638
Domestic bonds	2,236,845	2,216,821
Domestic stocks	1,785,671	1,514,841
Foreign securities	1,400,889	958,405
Foreign bonds	1,011,664	725,474
Foreign stocks and other securities	389,224	232,931
Other securities	54,483	20,404
Others	13,820	11,166
Real estate	75,583	84,769
Total (including others not listed above)	5,550,709	4,791,415

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

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Claims against bankrupt and quasi-bankrupt obligors	147	160
Claims with collection risk	3,487	3,407
Claims for special attention	459	441
Subtotal (I)	4,094	4,009
[Percentage (I)/(II)]	[0.08%]	[0.07%]
Claims against normal obligors	5,024,594	5,417,307
Total (II)	5,028,688	5,421,316

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

9. Risk-Monitored Loans

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Credits to bankrupt borrowers	109	122
Delinquent loans	3,525	3,445
Loans past due for three months or more	-	-
Restructured loans	434	417
Total	4,068	3,985
[Percentage of total loans]	[0.13%]	[0.14%]

- Note: 1. For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The write-offs relating to bankrupt borrowers as of March 31, 2015 and September 30, 2015 were 4 million yen and 4 million yen, respectively. The write-offs relating to delinquent loans as of March 31, 2015 and September 30, 2015 were 54 million yen and 55 million yen, respectively.
2. Credits to bankrupt borrowers represent non-accrual loans to borrowers which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accrual of interest on such loans have been suspended based upon a determination that collection or repayment of principal or interest is unlikely due to significant delay in payment of principal or interest or for some other reason.
3. Delinquent loans are credits that are delinquent other than credits to bankrupt borrowers and loans for which interest payments have been suspended to assist and support the borrowers in the restructuring of their businesses.
4. Loans past due for three months or more are loans for which interest or principal payments are delinquent for three months or more under the terms of the loans, excluding those loans classified as credits to bankrupt borrowers or delinquent loans.
5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reductions or exemptions, postponement of principal or interest payments, release from repayment or other agreements have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their businesses. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans, and loans past due for three months or more.

10. Solvency Margin Ratio

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Total solvency margin (A)	7,261,032	6,791,582
Common stock, etc. ^{*1}	1,072,124	1,140,351
Reserve for price fluctuations	132,453	140,453
Contingency reserve	558,093	567,093
General reserve for possible loan losses	1,146	528
Net unrealized gains on securities (before tax) × 90% ^{*2}	3,143,993	2,490,639
Net unrealized gains (losses) on real estate × 85% ^{*2}	40,735	47,919
Policy reserves in excess of surrender values	1,846,734	1,872,819
Qualifying subordinated debt	535,727	535,727
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(71,310)	(10,194)
Excluded items	(169,507)	(199,507)
Others	170,842	205,750
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	1,590,217	1,576,030
Insurance risk R_1	78,608	76,659
3rd sector insurance risk R_8	168,853	170,154
Assumed investment yield risk R_2	244,812	239,492
Guaranteed minimum benefit risk R_7 ^{*3}	3,427	3,514
Investment risk R_3	1,286,509	1,277,773
Business risk R_4	35,644	35,351
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	913.2%	861.8%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

11. Status of Separate Account

(1) Separate Account Assets by Product

	(millions of yen)	
	As of March 31, 2015	As of September 30, 2015
Individual variable insurance	60,475	56,918
Individual variable annuities	94,089	72,448
Group annuities	1,104,893	1,028,130
Separate account total	1,259,458	1,157,496

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

A. Individual variable insurance

	(millions of yen except number of policies)			
	As of March 31, 2015		As of September 30, 2015	
	Number of policies	Amount	Number of policies	Amount
Individual variable insurance (term life)	163	816	152	758
Individual variable insurance (whole life)	44,438	274,919	44,020	272,168
Total	44,601	275,736	44,172	272,927

Note: Policies in force include term life riders.

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	21,519	107,654	17,896	96,034

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

12. Consolidated Financial Summary

(1) Selected Financial Data and Other Information

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Ordinary revenues	3,462,742	3,683,339
Ordinary profit	234,307	241,207
Net income attributable to shareholders of parent company	123,362	135,179
Comprehensive income	534,664	(504,269)

Effective the six months ended September 30, 2015, a change from net income to net income attributable to shareholders of parent company has been made.

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Total assets	49,837,202	49,888,801
Solvency margin ratio	818.2%	740.1%

(2) Scope of Consolidation and Application of Equity Method

	As of September 30, 2015
Number of consolidated subsidiaries	61
Number of non-consolidated subsidiaries accounted for under the equity method	0
Number of affiliates accounted for under the equity method	48

For information regarding changes in subsidiaries and affiliates, please refer to "I. Guidelines for Preparation of Unaudited Consolidated Financial Statements" (P. 35).

(3) Unaudited Consolidated Balance Sheet

(millions of yen)

	As of March 31, 2015 (summarized)	As of September 30, 2015
ASSETS		
Cash and deposits	873,444	897,145
Call loans	380,400	255,000
Monetary claims bought	265,813	250,989
Money held in trust	65,283	85,335
Securities	41,105,413	41,213,195
Loans	3,898,148	3,802,131
Tangible fixed assets	1,217,070	1,213,131
Intangible fixed assets	437,677	414,246
Reinsurance receivable	101,290	102,787
Other assets	1,401,047	1,556,846
Net defined benefit assets	705	751
Deferred tax assets	1,379	1,356
Customers' liabilities for acceptances and guarantees	91,648	97,416
Reserve for possible loan losses	(2,120)	(1,532)
Total assets	49,837,202	49,888,801
LIABILITIES		
Policy reserves and others	42,547,013	43,115,338
Reserves for outstanding claims	506,735	511,618
Policy reserves	41,634,712	42,220,645
Reserve for policyholder dividends	405,566	383,074
Reinsurance payable	56,248	58,311
Bonds payable	489,045	488,357
Other liabilities	1,864,717	2,179,900
Net defined benefit liabilities	331,322	334,857
Reserve for retirement benefits of directors, executive officers and corporate auditors	2,017	1,922
Reserve for possible reimbursement of prescribed claims	700	574
Reserve for price fluctuations	136,254	145,485
Deferred tax liabilities	643,398	360,666
Deferred tax liabilities for land revaluation	84,908	84,482
Acceptances and guarantees	91,648	97,416
Total liabilities	46,247,274	46,867,313
NET ASSETS		
Capital stock	343,104	343,146
Capital surplus	343,255	329,971
Retained earnings	352,985	452,164
Treasury stock	(9,723)	(23,994)
Total shareholders' equity	1,029,622	1,101,288
Net unrealized gains (losses) on securities, net of tax	2,528,262	1,890,249
Deferred hedge gains (losses)	(12,036)	(10,924)
Reserve for land revaluation	(33,424)	(34,245)
Foreign currency translation adjustments	22,654	23,698
Accumulated remeasurements of defined benefit plans	54,027	50,426
Total accumulated other comprehensive income	2,559,484	1,919,203
Subscription rights to shares	753	925
Non-controlling interests	67	69
Total net assets	3,589,927	3,021,488
Total liabilities and net assets	49,837,202	49,888,801

(4) Unaudited Consolidated Statement of Earnings and Comprehensive Income
[Unaudited Consolidated Statement of Earnings]

	(millions of yen)	
	Six months ended September 30, 2014	Six months ended September 30, 2015
ORDINARY REVENUES	3,462,742	3,683,339
Premium and other income	2,586,960	2,790,002
Investment income	712,000	710,062
[Interest and dividends]	[410,504]	[530,507]
[Gains on money held in trust]	[2,666]	[1,084]
[Gains on investments in trading securities]	[7,858]	[28,684]
[Gains on sale of securities]	[111,156]	[129,722]
[Gains on investments in separate accounts]	[170,090]	[-]
Other ordinary revenues	163,781	183,273
ORDINARY EXPENSES	3,228,434	3,442,132
Benefits and claims	1,568,936	1,966,472
[Claims]	[386,224]	[523,080]
[Annuities]	[311,998]	[303,283]
[Benefits]	[241,782]	[232,763]
[Surrender values]	[365,038]	[449,566]
Provision for policy reserves and others	1,109,702	557,192
Provision for reserves for outstanding claims	3,002	20,664
Provision for policy reserves	1,102,287	532,202
Provision for interest on policyholder dividends	4,412	4,326
Investment expenses	57,974	398,274
[Interest expenses]	[7,945]	[15,342]
[Losses on sale of securities]	[5,544]	[33,790]
[Losses on valuation of securities]	[574]	[5,733]
[Derivative transaction losses]	[4,558]	[22,808]
[Losses on investments in separate accounts]	[-]	[120,800]
Operating expenses	281,226	325,879
Other ordinary expenses	210,595	194,312
Ordinary profit	234,307	241,207
EXTRAORDINARY GAINS	739	130
Gains on disposal of fixed assets	463	123
Gain on step acquisition	273	-
Other extraordinary gains	2	6
EXTRAORDINARY LOSSES	12,814	11,652
Losses on disposal of fixed assets	1,769	229
Impairment losses on fixed assets	3,258	2,189
Provision for reserve for price fluctuations	7,786	9,231
Other extraordinary losses	0	2
Provision for reserve for policyholder dividends	46,410	45,733
Income before income taxes	175,822	183,952
Corporate income taxes-current	72,560	64,168
Corporate income taxes-deferred	(20,108)	(15,404)
Total of corporate income taxes	52,452	48,764
Net income	123,370	135,187
Net income attributable to non-controlling interests	8	8
Net income attributable to shareholders of parent company	123,362	135,179

[Unaudited Consolidated Statement of Comprehensive Income]

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
Net income	123,370	135,187
Other comprehensive income	411,293	(639,457)
Net unrealized gains (losses) on securities, net of tax	393,345	(637,809)
Deferred hedge gains (losses)	20,805	1,112
Foreign currency translation adjustments	(331)	2,164
Remeasurements of defined benefit plans, net of tax	(461)	(3,606)
Share of other comprehensive income of subsidiaries and affiliates accounted for under the equity method	(2,064)	(1,317)
Comprehensive income	534,664	(504,269)
Attributable to shareholders of the parent company	534,654	(504,279)
Attributable to non-controlling interests	10	9

(5) Unaudited Consolidated Statement of Cash Flows

(millions of yen)

	Six months ended September 30, 2014	Six months ended September 30, 2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income taxes	175,822	183,952
Depreciation	18,734	28,548
Impairment losses on fixed assets	3,258	2,189
Amortization of goodwill	3,773	1,740
Increase (decrease) in reserves for outstanding claims	7,087	23,120
Increase (decrease) in policy reserves	1,099,024	433,957
Provision for interest on policyholder dividends	4,412	4,326
Provision for (reversal of) reserve for policyholder dividends	46,410	45,733
Increase (decrease) in reserve for possible loan losses	(81)	(588)
Increase (decrease) in reserve for possible investment losses	(35)	-
Write-down of loans	3	21
Decrease (increase) in net defined benefit assets	53	69
Increase (decrease) in net defined benefit liabilities	1,762	(2,186)
Increase (decrease) in reserve for retirement benefits of directors, executive officers and corporate auditors	(86)	(95)
Increase (decrease) in reserve for possible reimbursement of prescribed claims	(99)	(125)
Increase (decrease) in reserve for price fluctuations	7,786	9,231
Interest and dividends	(410,504)	(530,507)
Securities related losses (gains)	(292,256)	(16,828)
Interest expenses	7,945	15,342
Losses (gains) on disposal of fixed assets	938	49
Loss (gain) on step acquisitions	(273)	-
Increase (decrease) in accounts payable relating to introduction of defined-contribution pension plan	(7,114)	(6,301)
Others, net	20,602	191,502
Subtotal	687,162	383,152
Interest and dividends received	438,469	646,110
Interest paid	(8,300)	(18,343)
Policyholder dividends paid	(65,323)	(72,551)
Others, net	(18,959)	(122,739)
Corporate income taxes paid	(78,924)	(57,197)
Net cash flows provided by (used in) operating activities	954,123	758,430
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of monetary claims bought	(8,500)	(5,800)
Proceeds from sale and redemption of monetary claims bought	15,615	18,311
Purchases of money held in trust	(1,900)	(22,500)
Proceeds from decrease in money held in trust	6,000	3,000
Purchases of securities	(4,122,521)	(4,417,113)
Proceeds from sale and redemption of securities	3,011,084	3,126,546
Origination of loans	(217,890)	(189,213)
Proceeds from collection of loans	189,022	311,939
Others, net	64,057	315,935
Total of net cash provided by (used in) investment transactions	(1,065,032)	(858,893)
Total of net cash provided by (used in) operating activities and investment transactions	(110,909)	(100,462)
Acquisition of tangible fixed assets	(8,229)	(10,588)
Proceeds from sale of tangible fixed assets	1,675	664
Acquisition of intangible fixed assets	(8,864)	(10,689)
Proceeds from sale of intangible fixed assets	303	18
Acquisition of stock of subsidiaries and affiliates resulting in change in scope of consolidation	(2,699)	-
Net cash flows provided by (used in) investing activities	(1,082,847)	(879,488)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from borrowings	-	18,979
Repayment of borrowings	(1,023)	(1,059)
Proceeds from issuing bonds	-	4,285
Redemption of bonds	-	(12,623)
Repayment of financial lease obligations	(849)	(847)
Proceeds from short-term financing	-	67,618
Proceeds from issuing common stock	264,175	-
Purchase of treasury stock	-	(14,999)
Proceeds from disposal of treasury stock	976	1,015
Cash dividends paid	(19,761)	(33,376)
Others, net	(7)	13
Net cash flows provided by (used in) financing activities	243,509	29,005
Effect of exchange rate changes on cash and cash equivalents	873	(9,645)
Net increase (decrease) in cash and cash equivalents	115,659	(101,698)
Cash and cash equivalents at the beginning of the period	1,061,394	1,254,760
Cash and cash equivalents at the end of the period	1,177,054	1,153,061

(6) Unaudited Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2014

(millions of yen)

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

(millions of yen)

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

Six months ended September 30, 2015

(millions of yen)

	Shareholders' equity					Accumulated other comprehensive income	
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on securities, net of tax	Deferred hedge gains (losses)
Balance at the beginning of the year	343,104	343,255	352,985	(9,723)	1,029,622	2,528,262	(12,036)
Cumulative effect of changes in accounting policies		(13,667)	(3,295)		(16,962)		
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	343,104	329,588	349,690	(9,723)	1,012,659	2,528,262	(12,036)
Changes for the period							
Issuance of new shares					-		
Issuance of new shares - exercise of subscription rights to shares	42	42			84		
Dividends			(33,359)		(33,359)		
Net income attributable to shareholders of parent company			135,179		135,179		
Purchase of treasury stock				(14,999)	(14,999)		
Disposal of treasury stock		341		729	1,070		
Transfer from reserve for land revaluation			821		821		
Others			(167)		(167)		
Net changes of items other than shareholders' equity						(638,013)	1,112
Total changes for the period	42	383	102,474	(14,270)	88,628	(638,013)	1,112
Balance at the end of the period	343,146	329,971	452,164	(23,994)	1,101,288	1,890,249	(10,924)

(millions of yen)

	Accumulated other comprehensive income				Subscription rights to shares	Non-controlling interests	Total net assets
	Reserve for land revaluation	Foreign currency translation adjustments	Accumulated remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at the beginning of the year	(33,424)	22,654	54,027	2,559,484	753	67	3,589,927
Cumulative effect of changes in accounting policies							(16,962)
Balance at the beginning of the year after reflecting the effect of changes in accounting policies	(33,424)	22,654	54,027	2,559,484	753	67	3,572,965
Changes for the period							
Issuance of new shares							-
Issuance of new shares - exercise of subscription rights to shares							84
Dividends							(33,359)
Net income attributable to shareholders of parent company							135,179
Purchase of treasury stock							(14,999)
Disposal of treasury stock							1,070
Transfer from reserve for land revaluation							821
Others							(167)
Net changes of items other than shareholders' equity	(821)	1,043	(3,600)	(640,280)	171	2	(640,106)
Total changes for the period	(821)	1,043	(3,600)	(640,280)	171	2	(551,477)
Balance at the end of the period	(34,245)	23,698	50,426	1,919,203	925	69	3,021,488

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

I. GUIDELINES FOR PREPARATION OF UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

1. Scope of Consolidation

- (1) Number of consolidated subsidiaries for the six months ended September 30, 2015: 61

The sixty-one subsidiaries of the Dai-ichi Life Insurance Company, Limited (the “Parent Company”) include:

- The Dai-ichi Life Information Systems Co., Ltd.,
- The Dai-ichi Frontier Life Insurance Co., Ltd.,
- The Neo First Life Insurance Company, Limited (“Neo First Life”)
- Dai-ichi Life Insurance Company of Vietnam, Limited (“DLVN”)
- TAL Dai-ichi Life Australia Pty Ltd (“TDLA”), and
- Protective Life Corporation

- (2) Number of non-consolidated subsidiaries for the six months ended September 30, 2015: 19

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

2. Application of the Equity Method

- (1) Number of non-consolidated subsidiaries under the equity method for the six months ended September 30, 2015: 0

- (2) Number of affiliated companies under the equity method for the six months ended September 30, 2015: 48

The forty-eight affiliated companies of the Parent Company include:

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

Effective the six months ended September 30, 2015, two subsidiaries of Janus Capital Group Inc. are newly accounted for under the equity method.

- (3) Non-consolidated subsidiaries and affiliated companies

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

3. Interim Closing Dates of Consolidated Subsidiaries

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

II. NOTES TO UNAUDITED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2015

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Bonds

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

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

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

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

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

(5) Available-for-sale Securities

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

Available-for-sale securities which have market value are valued at fair value as of September 30, 2015 (for domestic stocks, the average value during September), with cost determined by the moving average method.

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

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

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

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

Securities held by certain foreign consolidated subsidiaries are stated at cost determined by the first-in first-out method.

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

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

- individual life insurance and annuities,
 - non-participating single premium whole life insurance (without duty of medical disclosure),
 - financial insurance and annuities, and
 - group annuities,
- with the exception of certain types.

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

- individual life insurance and annuities (yen-denominated, short-term),
 - individual life insurance and annuities (yen-denominated, long-term),
 - individual life insurance and annuities (U.S. dollar-denominated), and
 - individual life insurance and annuities (Australian dollar-denominated),
- with the exception of certain types and contracts.

3. Valuation Method of Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

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

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

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

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

Estimated useful lives of major assets are as follows:

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

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of September 30, 2015 was ¥656,800 million.

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

The Parent Company and its domestic consolidated subsidiaries translated foreign currency-denominated assets and liabilities (excluding stocks of its non-consolidated subsidiaries and affiliated companies not accounted for under the equity method) into yen at the prevailing exchange rate as of September 30, 2015. Stocks of non-consolidated subsidiaries and affiliated companies not accounted for under the equity method are translated into yen at the exchange rate on the dates of acquisition. Assets, liabilities, revenues, and expenses of the Parent Company's consolidated overseas subsidiaries are translated into yen at the exchange rates at the end of their interim periods. Translation adjustments associated with the consolidated overseas subsidiaries are included in "foreign currency translation adjustments" in the net assets section of the consolidated balance sheet.

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

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amount written off during the six months ended September 30, 2015 was ¥59 million.

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

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

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

9. Reserve for Possible Reimbursement of Prescribed Claims

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

10. Net Defined Benefit Liabilities and Net Defined Benefit Assets

For the net defined benefit liabilities and the net defined benefit assets, an amount is considered to have been rationally incurred during the interim period provided by deducting the pension assets from the projected benefit obligations based on the estimated amounts as of March 31, 2016.

(1) Allocation of estimated retirement benefits

In calculating the projected benefit obligations, the benefit formula basis is adopted to allocate estimated retirement benefits to the period until March 31, 2016.

(2) Amortization of actuarial differences

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

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

11. Reserve for Price Fluctuations

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

12. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

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

(2) Hedging Instruments and Hedged Items

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

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness

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

13. Calculation of National and Local Consumption Tax

The Parent Company and its domestic consolidated subsidiaries account for national and local consumption tax mainly by the tax-exclusion method. Deferred consumption tax included in non-recoverable consumption tax on certain assets is capitalized as other assets and amortized equally over five years in accordance with the Enforcement Ordinance of the Corporation Tax Act, and such taxes other than deferred consumption tax are recognized as an expense for the six months ended September 30, 2015.

14. Policy Reserves

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

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

Policy reserves of consolidated foreign subsidiaries are calculated based on the each country's accounting standard, such as US GAAP.

Effective the fiscal year ended March 31, 2008, for whole life insurance contracts acquired by the Parent Company on or before March 31, 1996 for which premium payments were already completed (including lump-sum payments), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, the amount of the provisions for policy reserves for the six months ended September 30, 2015 was ¥67,729 million.

15. Changes in Accounting Policies

Effective the six months ended September 30, 2015, the Parent Company applied the "Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21 issued on September 13, 2013), the "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued on September 13, 2013), the "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 issued on September 13, 2013) and other standards. Accordingly, the accounting method was changed (i) to record the difference arising from changes in equity interest in those subsidiaries over which the Parent Company continues to exercise control, as capital surplus of the Parent Company, and (ii) to record business acquisition costs as expenses for the relevant fiscal year. Regarding business combinations which become effective on or after April 1, 2015, the accounting method was changed to retroactively reflect adjustments to the provisional allocation of acquisition cost recorded in the relevant consolidated financial statements. In addition, the changes in the presentation of net income and the changes in the presentation from minority interests to non-controlling interests have been implemented.

In the consolidated statement of cash flow, the cash flow for the costs of the acquisition or sales of ownership interests in subsidiaries that do not result in change in scope of consolidation is stated in the net cash provided by (used in) financing activities, and the cash flow for the costs of the acquisition of ownership interests in subsidiaries resulting in change in scope of consolidation or the acquisition or sales of ownership interests in subsidiaries that do not result in change in scope of consolidation is stated in the net cash provided by (used in) operating activities.

The Business Combinations Accounting Standard and other standards were applied in accordance with the transitional treatment set forth in Paragraph 58-2 (3) of the "Revised Accounting Standard for Business Combinations", Paragraph 44-5 (3) of the "Revised Accounting Standard for Consolidated Financial Statements" and Paragraph 57-4 (3) of the "Revised Accounting Standard for Business Divestitures". The cumulative effects arising from the retroactive application of these new accounting policies to all the previous fiscal years were added to or deducted from capital surplus and retained

earnings as of April 1, 2015.

As a result, goodwill decreased by ¥16,962 million, capital surplus decreased by ¥13,667 million, and retained earnings decreased by ¥3,295 million as of April 1, 2015. In addition, both ordinary profits and income before income taxes for the six months ended September 30, 2015 increased by ¥433 million.

16. Financial Instruments and Others

(1) Fair Value of Financial Instruments

The carrying amount on the consolidated balance sheet, fair value and differences between carrying amount and fair value as of September 30, 2015 were as follows. The following table does not include financial instruments whose fair value is extremely difficult to recognize. (Please refer to (Note 2).)

As of September 30, 2015	Carrying amount	Fair value	Gains (Losses)
(Unit: million yen)			
(1) Cash and deposits	897,145	897,153	7
(2) Call loans	255,000	255,000	-
(3) Monetary claims bought	250,989	250,989	-
(4) Money held in trust	85,335	85,335	-
(5) Securities			
a. Trading securities	5,263,604	5,263,604	-
b. Held-to-maturity bonds	114,787	110,231	(4,555)
c. Policy-reserve-matching bonds	14,170,048	16,089,765	1,919,717
d. Stock of subsidiaries and affiliate companies	42,923	62,170	19,246
e. Available-for-sale securities	20,637,546	20,637,546	-
(6) Loans	3,802,131		
Reserve for possible loan losses (*1)	(766)		
	3,801,364	3,924,352	122,987
Total assets	45,518,746	47,576,149	2,057,403
(1) Bonds payable.....	488,357	494,519	6,162
(2) Long-term borrowings	409,661	409,707	45
Total liabilities	898,018	904,226	6,207
Derivative transactions (* 2)			
a. Hedge accounting not applied	(15,921)	(15,921)	-
b. Hedge accounting applied	99,803	100,185	381
Total derivative transactions	83,881	84,263	381

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

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

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

• Assets

(1) Cash and deposits

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

(2) Call loans

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

(3) Monetary claims bought

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

(4) Money held in trust

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

(5) Securities

The fair value of stocks is based on the price on stock exchanges and that of bonds is based on the price on bond markets or the price presented by counterparty financial institutions. The fair value of mutual funds is based on unit price. As for ownership stakes in partnerships, the amount equivalent to the partnership interest in fair value of the partnership assets is recorded as fair value of the stake in the partnership. Additionally, notes for the securities for each investment purpose are described in “(2) Securities in (Note2).

(6) Loans

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

Additionally, for risk-monitored loans, reserve for possible loan losses is calculated based on the present value of estimated future cash flows or the amount deemed recoverable from collateral and guarantees and the fair value is close to the carrying amount on the consolidated balance sheet minus reserve for possible loan losses as of September 30, 2015. Therefore, that amount (the carrying amount on the consolidated balance sheet minus reserve for possible loan losses) is recorded as fair value for risk-monitored loans.

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

- **Liabilities**

(1) Bonds payable

The fair value of bonds is based on the price on the bond market.

(2) Long-term borrowings

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

- **Derivative Transactions**

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

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

As of September 30, 2015	Carrying amount
	(Unit: million yen)
1. Unlisted domestic stocks (*)	160,755
2. Unlisted foreign stocks (*)	49,743
3. Other foreign securities (*)	688,160
4. Other securities (*)	85,626
Total	984,285

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

(2) Securities

• Held-to-maturity Bonds:

As of September 30, 2015	Carrying amount	Market value	Unrealized gains (losses)
		(Unit: million yen)	
Held-to-maturity bonds with unrealized gains:			
(1) Bonds	45,562	50,237	4,675
a. Government bonds	45,562	50,237	4,675
b. Local government bonds	-	-	-
c. Corporate bonds	-	-	-
(2) Foreign securities	-	-	-
a. Foreign bonds	-	-	-
Subtotal	45,562	50,237	4,675
Held-to-maturity bonds with unrealized losses:			
(1) Bonds	-	-	-
a. Government bonds	-	-	-
b. Local government bonds	-	-	-
c. Corporate bonds	-	-	-
(2) Foreign securities	69,225	59,994	(9,230)
a. Foreign bonds	69,225	59,994	(9,230)
Subtotal	69,225	59,994	(9,230)
Total	114,787	110,231	(4,555)

• Policy-reserve-matching Bonds:

As of September 30, 2015	Carrying amount	Market value	Unrealized gains (losses)
		(Unit: million yen)	
Policy-reserve-matching bonds with unrealized gains:			
(1) Bonds	12,553,461	14,406,268	1,852,806
a. Government bonds	11,971,851	13,788,668	1,816,816
b. Local government bonds	81,288	89,815	8,526
c. Corporate bonds	500,321	527,784	27,463
(2) Foreign securities	1,330,106	1,400,875	70,768
a. Foreign bonds	1,330,106	1,400,875	70,768
Subtotal	13,883,568	15,807,143	1,923,575
Policy-reserve-matching bonds with unrealized losses:			
(1) Bonds	125,247	123,651	(1,596)
a. Government bonds	23,100	22,784	(316)
b. Local government bonds	3,529	3,511	(18)
c. Corporate bonds	98,618	97,356	(1,261)
(2) Foreign securities	161,232	158,970	(2,261)
a. Foreign bonds	161,232	158,970	(2,261)
Subtotal	286,480	282,622	(3,857)
Total	14,170,048	16,089,765	1,919,717

- Available-for-sale Securities:

As of September 30, 2015	Carrying amount	Acquisition cost	Unrealized gains (losses)
		(Unit: million yen)	
Available-for-sale securities with gains:			
(1) Bonds	4,289,548	3,885,794	403,753
a. Government bonds	2,796,844	2,454,475	342,369
b. Local government bonds	54,286	51,725	2,560
c. Corporate bonds	1,438,417	1,379,592	58,824
(2) Domestic stocks	3,004,788	1,459,200	1,545,587
(3) Foreign securities	7,279,331	6,360,470	918,860
a. Foreign bonds	6,728,072	5,945,348	782,723
b. Other foreign securities	551,259	415,122	136,136
(4) Other securities	707,865	652,032	55,833
Subtotal	15,281,533	12,357,497	2,924,036
Available-for-sale securities with losses:			
(1) Bonds	189,696	190,370	(673)
a. Government bonds	55,122	55,356	(234)
b. Local government bonds	3,016	3,032	(15)
c. Corporate bonds	131,557	131,981	(424)
(2) Domestic stocks	183,169	213,915	(30,746)
(3) Foreign securities	5,053,801	5,392,871	(339,069)
a. Foreign bonds	4,722,480	5,037,766	(315,286)
b. Other foreign securities	331,321	355,104	(23,783)
(4) Other securities	200,335	211,869	(11,534)
Subtotal	5,627,002	6,009,027	(382,024)
Total	20,908,536	18,366,525	2,542,011

Note:

Figures in “Other securities” include certificates of deposits (acquisition cost: ¥20,000 million; carrying amount: ¥20,000 million) and trust beneficiary rights (acquisition cost: ¥239,692 million; carrying amount: ¥250,989 million), which were recorded as cash and deposits and monetary claims bought on the consolidated balance sheet, respectively.

(3) Money Held in Trust

- Money held in trust for investment purpose:

As of September 30, 2015	(Unit: million yen)
Carrying amount on the consolidated balance sheet	82,838
Gains (losses) on valuation of money held in trust	(1,332)

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

As of September 30, 2015	(Unit: million yen)
Carrying amount on the consolidated balance sheet	2,497
Acquisition cost	2,587
Unrealized gains (losses)	(90)
Unrealized gains	-
Unrealized losses	(90)

17. Real Estate for Rent

The carrying amount, net change during the six months ended September 30, 2015, and the market value of the Parent Company's real estate for rent were as follows:

Six months ended September 30, 2015	(Unit: million yen)
Carrying amount	
Beginning balance	803,708
Net change during the period	3,172
Ending balance	806,880
Market value	843,520

Notes:

- (1) The carrying amount of real estate for rent on the consolidated balance sheet was acquisition cost net of accumulated depreciation and impairments.
- (2) Net change in the carrying amount includes cost of acquisition of the real estate for rent of ¥8,782 million, the depreciation expense of ¥7,036 million, impairment losses of ¥1,221 million and sale of the real estate of ¥435 million.
- (3) The Parent Company calculates the market value of the majority of the real estate for rent based on real estate appraisals by an independent appraiser, and others based on the internal but reasonable estimates.

18. Securities Lending

Securities lent under lending agreements are included in the consolidated balance sheet. The total balance of securities lent as of September 30, 2015 was ¥2,447,754 million.

19. Problem Loans

As of September 30, 2015, the total amount of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which was included in loans, was ¥4,169 million. The amount of credits to bankrupt borrowers was ¥122 million, the amount of delinquent loans was ¥3,445 million, the Parent Company held no amount of loans past due for three months or more, and the amount of restructured loans was ¥601 million.

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

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

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

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

As a result of the direct write-off of loans described in Note 7, credits to bankrupt borrowers and delinquent loans decreased by ¥4 million and ¥55 million, respectively.

20. Assets and Liabilities Held in Separate Accounts

The total amount of assets held in separate accounts defined in Article 118 Paragraph 1 of the Insurance Business Act was ¥3,192,342 million. Separate account liabilities were the same amount as the separate account assets.

21. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	(Unit: million yen)
Balance at the beginning of the fiscal year ending March 31, 2016	405,566
Dividends paid	(72,551)
Interest accrual	4,326
Provision for reserve for policyholder dividends	45,733
<u>Balance as of September 30, 2015</u>	<u>383,074</u>

22. Stock of Subsidiaries

The amount of stocks of and stakes in non-consolidated subsidiaries and affiliated companies the Parent Company held as of September 30, 2015 was as follows:

	(Unit: million yen)
Stocks	126,358
Capital	71,016
<u>Total</u>	<u>197,374</u>

23. Organizational Change Surplus

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

24. Assets Pledged as Collateral / Secured Liabilities

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

	(Unit: million yen)
Securities (Government bonds)	986,386
Securities (Foreign securities)	194,738
Securities (Corporate bonds)	1,706
Cash/deposits	11,089
<u>Securities and cash/deposits pledged as collateral</u>	<u>1,193,921</u>

The amounts of secured liabilities were as follows:

	(Unit: million yen)
<u>Cash collateral for securities lending transactions</u>	<u>1,047,441</u>
<u>Secured liabilities</u>	<u>1,047,441</u>

"Securities (Government bonds)" pledged as collateral for securities lending transactions with cash collateral as of September 30, 2015 was ¥947,269 million.

25. Net Assets per Share

The amount of net assets per share of the Parent Company as of September 30, 2015 was ¥2,548.66.

26. Stock Options

- (1) The Account used to record expenses associated with issuing stock options and the amount expensed during the six months ended September 30, 2015
Operating expenses: ¥256 million

(2) Details of the stock options granted during the six months ended September 30, 2015

	5 th Series of Stock Acquisition Rights
Granted persons	11 directors (except outside directors) and 18 executive officers of the Parent Company
Class and total number ^(*)	110,600 shares of common stock
Granted date	August 17, 2015
Vesting conditions	The acquisition rights are vested on the above granted date.
Service period covered	N/A
Exercise period	From August 18, 2015 to August 17, 2045 A granted person may exercise stock options only within 10 days from the day following the date on which she/he loses the status as both a director and an executive officer of the Parent Company.
Exercise price	¥1 per stock option
Fair value at the grant date	¥2,318

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

27. Asset Retirement Obligations

The following table shows the increase and decrease in asset retirement obligations for the six months ended September 30, 2015:

	(Unit: million yen)
Beginning balance	2,789
Time progress adjustments	19
Others	(42)
Ending balance	<u>2,766</u>

28. Securities Borrowing

Securities borrowed under borrowing agreements and securities received as collateral of reinsurance transactions can be sold or pledged as collateral. As of September 30, 2015, the market value of the securities borrowed which were not sold or pledged as collateral was ¥131,894 million.

29. Commitment Line

There were unused commitment line agreements under which the Parent Company is the lender of ¥133,929 million.

30. Subordinated Debt

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

31. Bonds Payable

Bonds payable included foreign currency-denominated subordinated bonds of ¥271,126 million, the repayment of which is subordinated to other obligations.

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

The estimated future obligations of the Parent Company and its subsidiaries that operate a life insurance business in Japan to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act were ¥55,326 million as of September 30, 2015. These obligations will be recognized as operating expenses in the period in which they are paid.

33. Incentive Programs for Employees

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

(1) Overview of the transactions

(a) J-ESOP

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

(b) E-Ship®

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

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

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

(a) J-ESOP

- i) Book value of the stocks of the Parent Company within the trust was ¥6,709 million. These stocks were recorded as the treasury stock in the total shareholders’ equity.
- ii) The number of stocks within the trust at the period end was 4,438 thousand shares and the average number of stocks within the trust was 4,451 thousand shares. The number of shares at the period end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

(b) E-Ship®

- i) Book value of the stocks of the Parent Company within the trust was ¥2,284 million. These stocks were recorded as the treasury stock in the total shareholders’ equity.
- ii) The number of stocks within the trust at the period end was 1,578 thousand shares and the average number of stocks within the trust was 1,777 thousand shares. The number of shares at the period end and the average number of stocks were included in the treasury stock, which is deducted when calculating per-share information.

III. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF EARNINGS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

1. Net Income per Share

Net income per share for the six months ended September 30, 2015 was ¥113.93. Diluted net income per share for the same period was ¥113.87.

2. Calculation of Tax

At some consolidated subsidiaries, income taxes are calculated by applying a reasonably estimated effective tax rate to income before income taxes for the six months ended September 30, 2015. The estimated effective tax rate takes into account the effect of deferred tax for the fiscal year including the six months ended September 30, 2015.

3. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the six months ended September 30, 2015 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

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

(3) Breakdown of Impairment Losses

Impairment losses by asset group were as follows:

Asset Group	Place	Number	Impairment Losses			
			Land	Leasehold Rights	Buildings	Total
(Unit: million yen)						
Real estate not in use	Nagareyama City, Chiba Prefecture and others	13	1,513	9	667	2,189

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. A discount rate of 2.48% was applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value for tax purposes is used as the net sale value.

IV. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

1. Scope of Cash and Cash Equivalents

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

2. Reconciliation of Cash and Cash Equivalents

The reconciliation of cash and cash equivalents to balance sheet accounts as of September 30, 2015 was as follows:

	(Unit: million yen)
Cash and deposits (a)	897,145
Call loans (b)	255,000
Money market funds included in securities (c)	916
Cash and cash equivalents (a + b + c)	<u>1,153,061</u>

V. NOTES TO UNAUDITED CONSOLIDATED STATEMENT OF CHANGE IN NET ASSETS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2015

1. Type and Number of Shares Outstanding

	At the beginning of the fiscal year ending March 31, 2016	Increase	Decrease	As of September 30, 2015
	(Unit: thousands of shares)			
Common stock	1,197,938	84	-	1,198,023
Treasury stock.....	6,518	6,878	501	12,895

Notes:

- (*1) The increase of 84 thousand shares of common stock was due to the exercise of stock acquisition rights (stock options).
- (*2) Treasury stock at the beginning of the fiscal year ending March 31, 2016 and as of September 30, 2015 includes 6,518 thousand shares and 6,016 thousand shares held by the trust fund through the J-ESOP and the trust fund for Dai-ichi Life Insurance Employee Stock Holding Partnership through the E-Ship®, respectively.
- (*3) The increase of 6,878 thousand shares of treasury stock was due to the repurchase of outstanding common stock.
- (*4) The decrease of 501 thousand shares of treasury stock represents the sum of (a) shares granted to eligible employees at retirement by the J-ESOP and (b) shares sold to the Dai-ichi Life Insurance Employee Stock Holding Partnership by the Trust Fund for Dai-ichi Life Insurance Employee Stock Holding Partnership under the E-Ship®.

2. Stock Acquisition Rights

Issuer	Details	Balance at the end of the period (Unit: million yen)
The Parent Company	Stock acquisition rights in the form of stock options	925

3. Dividends on Common Stock

Date of resolution	June 23, 2015 (at the Annual General Meeting of Shareholders)
Type of shares	Common stock
Total dividends	¥33,359 million
Dividends per share	¥28
Record date	March 31, 2015
Effective date	June 24, 2015
Dividend resource	Retained earnings

(Note) Total dividends did not include ¥182 million of dividends to the J-ESOP trust and the E-Ship® trust, as the Parent Company recognized the shares held by those trusts as treasury stock.

(7) Consolidated Solvency Margin Ratio

(millions of yen)

	As of March 31, 2015	As of September 30, 2015
Total solvency margin (A)	6,787,809	6,162,005
Common stock, etc. ^{*1}	639,680	758,370
Reserve for price fluctuations	136,254	145,485
Contingency reserve	678,863	680,365
Catastrophe loss reserve	-	-
General reserve for possible loan losses	1,160	542
Net unrealized gains on securities (before tax) × 90% ^{*2}	3,193,431	2,290,745
Net unrealized gains (losses) on real estate × 85% ^{*2}	40,735	47,919
Sum of unrecognized actuarial differences and unrecognized past service cost	75,883	70,824
Policy reserves in excess of surrender values	1,970,765	2,028,868
Qualifying subordinated debt	535,727	535,727
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	(503,214)	(429,920)
Excluded items	(152,319)	(172,673)
Others	170,842	205,750
Total risk $\sqrt{\left(\sqrt{R_1^2 + R_2^2 + R_8 + R_9}\right)^2 + (R_2 + R_3 + R_7)^2 + R_4 + R_6}$ (B)	1,659,135	1,665,109
Insurance risk R_1	125,680	125,458
General insurance risk R_5	4,536	4,697
Catastrophe risk R_6	1,736	1,949
3rd sector insurance risk R_8	181,287	182,454
Small amount and short-term insurance risk R_9	-	-
Assumed investment yield risk R_2	270,443	265,173
Guaranteed minimum benefit risk R_7 ^{*3}	87,763	86,821
Investment risk R_3	1,231,750	1,243,507
Business risk R_4	38,063	38,201
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	818.2%	740.1%

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

*2: Multiplied by 100% if losses.

*3: Calculated by standard method.

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

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

The Dai-ichi Frontier Life Insurance Company

(millions of yen)

	As of March 31, 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.

	As of March 31, 2015	As of September 30, 2015
Total solvency margin (A)	4,936	31,204
Common stock, etc.	4,459	30,746
Reserve for price fluctuations	19	19
Contingency reserve	455	435
General reserve for possible loan losses	-	-
Net unrealized gains on securities (before tax) × 90% *	2	1
Net unrealized gains (losses) on real estate × 85% *	-	-
Policy reserves in excess of surrender values	-	-
Qualifying subordinated debt	-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt	-	-
Excluded items	-	-
Others	-	-
Total risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2 + R_4}$ (B)	478	582
Insurance risk R_1	369	351
3rd sector insurance risk R_8	84	81
Assumed investment yield risk R_2	0	0
Guaranteed minimum benefit risk R_7	-	-
Investment risk R_3	89	352
Business risk R_4	16	23
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	2,064.1%	10,721.2%

*: Multiplied by 100% if losses.

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

(9) Segment Information

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