November 28, 2012

Financial Results for the Six Months Ended September 30, 2012

Nippon Life Insurance Company (the "Company" or the "Parent Company"; President: Yoshinobu Tsutsui) announces financial results for the six months ended September 30, 2012.

[Contents]

1. Business Highlights

(1) Amount of Policies in Force and New Policies

- Policies in Force

	As of September 30, 2012				As of March 31, 2012	
	Number of policies		Amount of policies		Number of policies	Amount of policies
	(thousands)	As a percentage of March 31, 2012 (%)	(100 million yen)	As a percentage of March 31, 2012 (%)	(thousands)	(100 million yen)
Individual insurance	12,992	114.6	1,586,200	97.7	11,339	1,623,854
Individual annuities	3,170	100.7	192,977	101.3	3,149	190,470
Group insurance	—	—	920,635	100.9	—	912,340
Group annuities	—	—	106,665	101.8	—	104,769

Notes: 1. The amount of individual annuities is the total of (a) annuity resources at the start of annuity payments for policies bound prior to the start of annuity payments, and (b) policy reserves for policies bound after the start of annuity payments.
2. The amount of group annuities is the amount of the policy reserves.
3. On or after April 1, 2012, products that combine several insurance policies are presented with each insurance policy as one separate policy.
4. If products that combine several insurance policies were presented as one item on or after April 1, 2012, the total number of individual insurance policies and individual annuities in force as of September 30, 2012 would be 14,421 thousand policies.

- New Policies

	Six months ended September 30, 2012						Six months ended September 30, 2011			
	Number of policies		Amount of policies				Number of policies	Amount of policies		
	(thousands)	As a percentage of six months ended September 30, 2011 (%)	(100 million yen)	As a percentage of six months ended September 30, 2011 (%)	New policies	Net increase by conversion	(thousands)	(100 million yen)	New policies	Net increase by conversion
Individual insurance	2,307	454.0	35,230	110.9	36,881	(1,650)	508	31,759	35,525	(3,766)
Individual annuities	91	87.6	6,356	97.9	6,368	(12)	104	6,494	6,659	(165)
Group insurance	—	—	1,776	43.1	1,776		—	4,119	4,119	
Group annuities	—	—	67	416.7	67		—	16	16	

Notes: 1. The number of policies includes policies that were converted into new policies.
2. The amount of new policies and net increase in policies by conversion for individual annuities represents annuity resources at the start of annuity payments.
3. The amount of new policies for group annuities represents the first time premium.
4. On or after April 1, 2012, products that combine several insurance policies are presented with each insurance policy as one separate policy.
5. If products that combine several insurance policies were presented as one item regarding products on or after April 1, 2012, the total number of new individual insurance policies and new individual annuities in the six months ended September 30, 2012 would be 650 thousand policies.

(2) Annualized Net Premium

- Policies in Force

(100 Million Yen, %)

	As of September 30, 2012	As a percentage of March 31, 2012	As of March 31, 2012
Individual insurance	23,474	100.1	23,453
Individual annuities	8,261	100.7	8,204
Total	31,736	100.2	31,657
Medical coverages, living benefits and others	5,910	100.2	5,900

- New Policies

(100 Million Yen, %)

	Six months ended September 30, 2012	As a percentage of six months ended September 30, 2011	Six months ended September 30, 2011
Individual insurance	1,014	102.9	986
Individual annuities	232	83.1	280
Total	1,247	98.5	1,266
Medical coverages, living benefits and others	197	111.3	177

Notes:
1. The amount of annualized net premium is the annual premium amount calculated by multiplying factors according to the premium payment method to a single premium payment amount (for lump-sum payment, the amount is the total premium divided by the insured period).
2. The amount of medical coverages, living benefits and others represents annualized premium related to medical benefits (hospitalization benefits and surgical benefits), living benefits (specified illness benefits and nursing care benefits), and waiver of premium benefits (excluding disability benefits but including specified illness and nursing care benefits).
3. Annualized new policy net premium includes net increases due to conversions.

(3) Major Profit and Loss Items

(100 Million Yen, %)

	Six months ended September 30, 2012	As a percentage of six months ended September 30, 2011	Six months ended September 30, 2011
Revenues from insurance and reinsurance	25,596	93.0	27,526
Investment income	6,451	90.6	7,119
Benefits and other payments	17,738	92.3	19,228
Investment expenses	4,424	155.3	2,849
Ordinary profit	1,430	66.2	2,161

(4) Total Assets

(100 Million Yen, %)

	As of September 30, 2012	As a percentage of March 31, 2012	As of March 31, 2012
Total assets	508,721	99.7	510,094

2. Overview of General Accounts Asset Management for the Six Months Ended September 30, 2012

(1) Investment Environment

In the six months ended September 30, 2012, the Japanese economy continued to be firm at the beginning of the period mainly due to demand driven by reconstruction after the Great East Japan Earthquake and the effects of eco-car subsidies. From the summer, however, the economy weakened due to declines in exports and production caused by economic slowdown overseas, particularly in Europe and China.

- After beginning the period at ¥10,083, the Nikkei Stock Average trended weakly, falling temporarily below the ¥8,500 level. This primarily reflected concerns about an economic slowdown in the US and heightened concerns about the eurozone sovereign debt problem. Subsequently, although there were some signs of a rebound on the back of policy measures taken by authorities in the eurozone and the effects of additional monetary easing in Japan and the US, the Nikkei continued to fluctuate amid simmering concerns about an economic slowdown in China. This brought the Nikkei to ¥8,870 at the end of September.
- Having started at 0.99%, the yield rate on 10-year government bonds fell temporarily to 0.72% in July owing to a series of additional monetary easing measures taken by the Bank of Japan and heightened concerns about the eurozone sovereign debt problem. After July, despite some signs of a rebound on the back of policy measures taken by authorities in the eurozone, the yield rate hovered around the 0.80% level due to continued aggressive monetary easing measures in Japan and the US, and came to 0.77% at the end of September.
- Regarding the foreign exchange rate of the yen against the US dollar, the yen appreciated to the ¥78 level against the background of concerns about an economic slowdown in the US and heightened concerns about the eurozone sovereign debt problem. Although the yen subsequently moved in a box range between ¥78 and ¥80, the yen appreciated again due to the implementation of additional monetary easing in the US in September, reaching ¥77.60 against the US dollar at the end of September.

  Regarding the foreign exchange rate of the yen against the euro, the yen trended strongly due to disarray surrounding parliamentary elections in Greece and heightened debt concerns in Spain, and the currency appreciated temporarily to a level just above ¥94 per euro in July. Following that, the launch of the European Central Bank's bond-buying program contributed to depreciation in the yen against the euro, with the exchange rate reaching ¥100.24 against the euro at the end of September.

(2) Investment Policy

Based on the Company's Asset Liability Management (ALM) philosophy of comprehensively controlling assets and liabilities, the Company has built a portfolio founded on mid- to long-term investments and formulated an investment plan considering the outlook of the investment environment.

Specifically, to provide the stable rate of return that the Company promised to policyholders in the long term, the Company has positioned yen-denominated assets that can be expected to provide stable income, such as bonds and loans, as the Company's core assets. Also, to improve profit in the mid- to long-term from the viewpoint of paying out profits as dividends to policyholders, the Company has invested in stocks and foreign securities within the scope of acceptable risk while taking into account business stability. From the perspective of diversifying profit-making opportunities while paying attention to asset allocation and risks, the Company is steadily pursuing investment areas, such as corporate bonds and securitized products that can yield surplus income, private equities, and hedge funds.

(3) Status of Investment Income/Expense

Investment income was ¥645.1 billion (compared to ¥711.9 billion in the six months ended September 30, 2011). A contributing factor was a decrease in gain on sales of securities, mainly domestic stocks and foreign securities.

Investment expenses amounted to ¥404.8 billion (compared to ¥204.6 billion in the six months ended September 30, 2011). This was due to factors such as an increase in loss on valuation of domestic stocks and other securities, despite a decrease in loss on sales of foreign and other securities.

As a result, the Company’s asset management income and expense balance decreased by ¥266.9 billion compared to the same period of the previous fiscal year, totaling ¥240.3 billion.

3. Investment Management Performance (General Account)

(1) Asset Composition

(100 Million Yen, %)

	As of September 30, 2012		As of March 31, 2012	
	Amount	%	Amount	%
Cash, deposits and call loans	4,650	0.9	5,914	1.2
Receivables under resale agreements	—	—	—	—
Receivables under securities borrowing transactions	899	0.2	2,119	0.4
Monetary receivables purchased	8,538	1.7	8,830	1.8
Proprietary trading securities	—	—	—	—
Assets held in trust	—	—	—	—
Investments in securities:	368,163	73.9	364,808	73.2
Domestic bonds	197,268	39.6	191,269	38.4
Domestic stocks	50,623	10.2	58,369	11.7
Foreign securities:	117,457	23.6	112,688	22.6
Foreign bonds	89,033	17.9	85,902	17.2
Foreign stocks and other securities	28,424	5.7	26,785	5.4
Other securities	2,812	0.6	2,481	0.5
Loans:	86,192	17.3	87,216	17.5
Policy loans	8,638	1.7	8,963	1.8
Industrial and consumer loans	77,554	15.6	78,252	15.7
Real estate:	16,988	3.4	17,270	3.5
Investment property	10,584	2.1	10,833	2.2
Deferred tax assets	5,329	1.1	4,669	0.9
Other assets	7,252	1.5	7,937	1.6
Allowance for doubtful accounts	(89)	(0.0)	(138)	(0.0)
Total assets (General account)	497,926	100.0	498,627	100.0
Foreign currency-denominated assets	95,865	19.3	93,621	18.8

Notes: 1. The above assets include cash received as collateral under securities lending transactions. Cash collateral received through these transactions is also recorded in liabilities (¥861.8 billion and ¥935.5 billion as of September 30, 2012 and March 31, 2012, respectively).

2. Real estate is the sum of land, buildings, and construction in progress.

(2) Increases / Decreases in Assets

(100 Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Cash, deposits and call loans	(1,263)	(2,007)
Receivables under resale agreements	—	—
Receivables under securities borrowing transactions	(1,219)	(463)
Monetary receivables purchased	(292)	(849)
Proprietary trading securities	—	—
Assets held in trust	—	—
Investments in securities:	3,354	(1,208)
Domestic bonds	5,999	6,619
Domestic stocks	(7,745)	(8,682)
Foreign securities:	4,769	1,320
Foreign bonds	3,130	1,838
Foreign stocks and other securities	1,638	(517)
Other securities	331	(465)
Loans:	(1,023)	824
Policy loans	(325)	(303)
Industrial and consumer loans	(697)	1,127
Real estate:	(282)	(139)
Investment property	(248)	(92)
Deferred tax assets	660	1,828
Other assets	(684)	542
Allowance for doubtful accounts	49	19
Total assets (General account)	(700)	(1,453)
Foreign currency-denominated assets	2,244	37

Notes: 1. Increases/decreases in cash received as collateral under securities lending transactions are as follows: ¥(73.7 billion) and ¥(369.5 billion) for the six months ended September 30, 2012 and September 30, 2011, respectively.

2. Real estate is the sum of land, buildings, and construction in progress.

(3) Investment Income

(100 Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Interest, dividends, and other income:	6,007	6,131
Interest on deposits and savings	1	1
Interest on securities and dividends	4,600	4,647
Interest on loans	881	933
Real estate rental income	419	433
Other income	104	115
Gain on proprietary trading securities	—	—
Gain on assets held in trust, net	0	0
Gain on sales of securities:	286	948
Gain on sales of domestic bonds including national government bonds	24	221
Gain on sales of domestic stocks and other securities	160	372
Gain on sales of foreign securities	101	354
Other gains	—	—
Gain on redemptions of securities	1	1
Gain on derivative financial instruments, net	109	—
Foreign exchange gains, net	—	—
Reversal of allowance for doubtful accounts	42	20
Other investment income	3	17
Total	6,451	7,119

(4) Investment Expenses

(100 Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Interest expenses	11	14
Loss on proprietary trading securities	—	—
Loss on assets held in trust, net	—	—
Loss on sales of securities:	209	652
Loss on sales of domestic bonds including national government bonds	0	0
Loss on sales of domestic stocks and other securities	82	38
Loss on sales of foreign securities	126	612
Other losses	—	0
Loss on valuation of securities:	3,479	1,005
Loss on valuation of domestic bonds including national government bonds	—	—
Loss on valuation of domestic stocks and other securities	3,005	404
Loss on valuation of foreign securities	473	601
Other losses	—	—
Loss on redemptions of securities	126	51
Loss on derivative financial instruments, net	—	37
Foreign exchange losses, net	14	68
Provision for allowance for doubtful accounts	—	—
Write-off of loans	0	0
Depreciation of rental real estate and other assets	119	124
Other investment expenses	87	91
Total	4,048	2,046

(5) Net Valuation Gains/Losses on Trading Securities

No net valuation gains/losses as of September 30, 2012 or March 31, 2012.

(6) Market Value Information of Securities (With Market Value, Other Than Trading Securities)

(100 Million Yen)

	As of September 30, 2012					As of March 31, 2012				
	Book value	Market value	Net gains/ losses	Gains	Losses	Book value	Market value	Net gains/ losses	Gains	Losses
Policy-reserve-matching bonds	186,500	200,986	14,486	14,647	(161)	182,286	193,926	11,639	11,891	(251)
Held-to-maturity debt securities	79	79	(0)	0	(0)	145	144	(0)	0	(0)
Investments in subsidiaries and affiliates	77	246	169	169	—	77	214	136	136	—
Available-for-sale securities:	167,264	179,751	12,486	19,059	(6,572)	165,586	180,852	15,265	20,679	(5,413)
Domestic bonds	18,414	19,102	688	739	(50)	17,244	17,726	482	559	(77)
Domestic stocks	43,371	48,227	4,856	10,384	(5,528)	46,524	55,969	9,444	13,893	(4,448)
Foreign securities:	99,238	106,288	7,049	7,870	(820)	96,247	101,665	5,418	6,151	(733)
Foreign bonds	82,230	88,213	5,982	6,404	(421)	80,957	85,080	4,122	4,601	(478)
Foreign stocks and other securities	17,008	18,075	1,066	1,466	(399)	15,289	16,585	1,295	1,550	(254)
Other securities	2,646	2,539	(107)	65	(172)	2,296	2,216	(79)	74	(153)
Monetary receivables purchased	944	943	(0)	—	(0)	763	763	(0)	0	(0)
Negotiable certificates of deposit	2,650	2,649	(0)	0	(0)	2,510	2,509	(0)	—	(0)
Total	353,922	381,064	27,142	33,876	(6,734)	348,095	375,137	27,042	32,708	(5,665)
Domestic bonds	196,579	211,234	14,654	14,859	(204)	190,787	202,447	11,660	11,981	(321)
Domestic stocks	43,371	48,227	4,856	10,384	(5,528)	46,524	55,969	9,444	13,893	(4,448)
Foreign securities:	100,136	107,386	7,250	8,073	(822)	97,146	102,726	5,580	6,316	(736)
Foreign bonds	83,050	89,065	6,014	6,438	(423)	81,779	85,927	4,147	4,629	(481)
Foreign stocks and other securities	17,085	18,321	1,235	1,635	(399)	15,366	16,799	1,432	1,687	(254)
Other securities	2,646	2,539	(107)	65	(172)	2,296	2,216	(79)	74	(153)
Monetary receivables purchased	8,538	9,027	488	494	(5)	8,830	9,267	436	441	(5)
Negotiable certificates of deposit	2,650	2,649	(0)	0	(0)	2,510	2,509	(0)	—	(0)

Note: The above table includes securities that are deemed appropriate as securities under the Financial Instruments and Exchange Act in Japan.

[Book Value of Securities Without Market Value]

(100 Million Yen)

		As of September 30, 2012	As of March 31, 2012
Policy-reserve-matching bonds		—	—
Held-to-maturity debt securities:		—	—
	Unlisted foreign bonds	—	—
	Others	—	—
Investments in subsidiaries and affiliates		2,766	2,479
Available-for-sale securities:		10,239	10,398
	Unlisted domestic stocks (excluding over-the-counter stocks)	2,018	2,022
	Unlisted foreign stocks (excluding over-the-counter stocks)	6,826	6,927
	Unlisted foreign bonds	—	—
	Others	1,394	1,448
Total		13,005	12,877

Note: Of securities without market value, the net loss on currency valuation of assets denominated in foreign currencies was as follows: ¥(54.3 billion) and ¥(47.0 billion) as of September 30, 2012 and March 31, 2012, respectively.

(7) Market Value Information of Assets Held in Trust

- Assets Held in Trust for Investment

  No ending balance as of September 30, 2012 or March 31, 2012.

- Assets Held in Trust Classified as Held-to-maturity, Policy-reserve-matching, and Others

  No ending balance as of September 30, 2012 or March 31, 2012.

4. Non-Consolidated Balance Sheets

(Million Yen)

	As of September 30, 2012	As of March 31, 2012
Assets:		
Cash and deposits	408,432	422,236
Call loans	114,700	212,300
Receivables under securities borrowing transactions	89,954	211,928
Monetary receivables purchased	853,858	883,070
Investments in securities:	37,770,832	37,522,761
National government bonds	15,362,992	14,668,001
Local government bonds	1,567,618	1,583,685
Corporate bonds	3,146,878	3,218,751
Domestic stocks	5,248,914	6,071,844
Foreign securities	12,051,134	11,608,261
Loans:	8,619,288	8,721,609
Policy loans	863,821	896,347
Industrial and consumer loans	7,755,466	7,825,262
Tangible fixed assets	1,718,277	1,750,402
Intangible fixed assets	188,439	200,172
Reinsurance receivables	78	222
Other assets	563,105	604,904
Deferred tax assets	532,979	466,934
Customers’ liability for acceptances and guarantees	21,130	26,755
Allowance for doubtful accounts	(8,908)	(13,885)
Total assets	50,872,167	51,009,414
Liabilities:		
Policy reserves and other reserves:	46,304,927	45,775,051
Reserve for outstanding claims	193,164	206,634
Policy reserves	44,918,037	44,448,079
Reserve for dividends to policyholders	1,193,724	1,120,336
Reinsurance payables	190	335
Other liabilities:	1,365,066	1,790,476
Cash received as collateral under securities lending transactions	861,826	935,584
Lease obligations	4,044	4,565
Asset retirement obligations	2,019	2,012
Other liabilities	497,175	848,313
Accrued bonuses for directors and corporate auditors	17	53
Accrued retirement benefits	436,963	437,421
Accrued retirement benefits for directors and corporate auditors	4,252	4,564
Reserve for program points	8,908	7,238
Accrued losses from supporting closely related companies	—	397
Reserve for loss on disaster	721	739
Reserve for price fluctuations in investments in securities	350,858	333,710
Deferred tax liabilities for land revaluation	139,503	142,498
Acceptances and guarantees	21,130	26,755
Total liabilities	48,632,538	48,519,242

4. Non-Consolidated Balance Sheets (Continued)

(Million Yen)

	As of September 30, 2012	As of March 31, 2012
Net assets:		
Foundation funds	300,000	300,000
Reserve for redemption of foundation funds	950,000	900,000
Reserve for revaluation	651	651
Surplus:	217,018	342,281
Legal reserve for deficiencies	12,571	11,889
Other surplus reserves:	204,447	330,392
Contingency funds	71,917	71,917
Reserve for social public welfare assistance	525	213
Reserve for reduction entry of real estate	34,666	31,746
Other reserves	170	170
Unappropriated surplus	97,168	226,344
Total foundation funds and others	1,467,669	1,542,932
Net unrealized gains on available-for-sale securities, net of tax	838,864	1,021,724
Deferred gains (losses) on derivatives under hedge accounting	4,509	(6,969)
Land revaluation differences	(71,414)	(67,515)
Total valuations, conversions, and others	771,959	947,239
Total net assets	2,239,628	2,490,171
Total liabilities and net assets	50,872,167	51,009,414

Basis of Presenting the Non-Consolidated Balance Sheet as of September 30, 2012

1. (1) Securities (including items such as deposits and monetary receivables purchased which are treated as securities based on the "Accounting Standards for Financial Instruments" (ASBJ* Statement No. 10) and securities within assets held in trust) are valued as follows:

1) Trading securities are stated at market value on the balance sheet date. The moving average method is used for calculating cost of sales.

2) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).

3) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line) 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 JICPA**.

4) Investments in subsidiaries and affiliates (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act excluding subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are valued using the moving average method.

5) Available-for-sale securities

a. For securities with a market value, stocks (including foreign stocks) are valued by using the average market value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving average method). Other securities with a market value are valued by using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).

b. For securities of which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustments are valued using the moving average method, net of accumulated amortization (straight-line). Other securities are valued using the moving average method.

(2) Unrealized gains/losses, net of applicable taxes, are recorded in a separate component of net assets.

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* ASBJ: The Accounting Standards Board of Japan

** JICPA: Japanese Institute of Certified Public Accountants

2. Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as 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 JICPA.

3. Derivative financial instruments are stated at market value.

4. (1) 1) Tangible fixed assets are depreciated based on the following methods.

a. Tangible fixed assets (except for lease assets)

(i) Buildings acquired on or after April 1, 1998 (excluding fixtures and structures)
Straight-line method.

(ii) Assets other than the above
Declining balance method.

b. Lease assets

(i) Lease assets related to trading financial leases where ownership is transferred
The same depreciation method applied to fixed assets owned by the Company.

(ii) Lease assets related to trading financial leases where ownership is not transferred
Straight-line method based on lease period.

Following the 2011 Japanese tax reform, the Company adopted the depreciation method in compliance with the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012 to which the declining balance method is applied, from the six months ended September 30, 2012. As a result, ordinary profit and surplus before income taxes increased by ¥117 million in comparison with the previous method.

2) Software, which is included within intangible fixed assets, is amortized using the straight-line method.

(2) The amount of accumulated depreciation of tangible fixed assets was ¥1,135,304 million as of September 30, 2012.

5. Revaluation of land used in the operations is performed based on the Act on Revaluation of Land. The tax effect on the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as deferred tax liabilities within the liability section. The valuation differences, excluding tax, are recognized as land revaluation differences within the net assets section.

Revaluation Date	March 31, 2002

Revaluation Methodology	The amount is rationally calculated by using the land listed value and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

6. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the "Accounting Standards for Foreign Currency Transactions" (Business Accounting Council).
   Foreign currency-denominated available-for-sale securities of the Company, with exchange rates of which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

7. (1) An allowance for doubtful accounts is recognized in accordance with the Company's internal Asset Valuation Regulation and Write-Off/Provision Rule.
   1) The allowance for loans from borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans (as mentioned at (3) below).
   2) The allowance for loans from borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers' overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   3) The allowance for loans from borrowers other than the above is provided based on the borrowers' balance multiplied by the historical average (of a certain period) percentage of bad debt.

   (2) All credits are assessed by responsible sections in accordance with the Company's internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Dept. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

   (3) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially bankrupt borrowers. The estimated uncollectible amount was ¥1,361 million (including ¥904 million of credits secured and/or guaranteed) as of September 30, 2012.

8. Accrued bonuses for directors and corporate auditors are recognized based on amounts estimated to be paid.

9. Accrued retirement benefits are recognized in the amount of the deemed obligations on September 30, 2012 based on the estimated amount of projected benefit obligations in excess of the market value of pension plan assets for future severance payments to employees on the balance sheet date of the current fiscal year.

10. Accrued retirement benefits for directors and corporate auditors are recognized based on estimated payment amounts under internal rules.

11. Reserve for program points is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

12. Reserve for loss on disaster is recognized based on estimated expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets.

13. Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

14. Financial leases, other than from the transfer of ownership, are capitalized based on the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13). Financial leases where the Company is the lessee, ownership is not transferred, and the lease start date is March 31, 2008 or prior, are accounted for under the accounting treatment applied to ordinary operating leases.

15. Hedge accounting is applied based on the following method:
    1) The Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Company also applies the exceptional accounting treatment (*"Tokurei-shori"*) for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting (*"Furiate-shori"*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies.

    2) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Company's internal risk management policies.

16. Consumption taxes and local consumption taxes are accounted for by the tax exclusion method.
    However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred as of September 30, 2012.

17. Policy reserves are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology. In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for a portion of the individual annuity policyholders.
    1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
    2) Reserves for other contracts are computed based on the net level premium method.

18. The corporate tax, inhabitant tax, and income tax adjustments for the six months ended September 30, 2012 are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to appropriation of surplus in the current fiscal year.

19. (1) Balance sheet amounts and market values of major financial instruments and their differences are as follows:

(Million Yen)

	Balance sheet amount (*1)	Market value (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	264,998	264,998	—
Available-for-sale securities	264,998	264,998	—
Monetary receivables purchased	853,858	902,760	48,902
Policy-reserve-matching bonds	759,467	808,369	48,902
Available-for-sale securities	94,390	94,390	—
Securities	36,476,590	37,893,223	1,416,632
Trading securities	954,500	954,500	—
Held-to-maturity debt securities	7,999	7,995	(3)
Policy-reserve-matching bonds	17,890,591	19,290,324	1,399,732
Investments in subsidiaries and affiliates	7,711	24,615	16,903
Available-for-sale securities	17,615,787	17,615,787	—
Loans (*3)	8,611,997	8,868,461	256,464
Policy loans	863,644	863,644	—
Industrial and consumer loans	7,748,352	8,004,817	256,464
Derivative financial instruments (*4)	38,838	38,838	—
Hedge accounting not applied	4,954	4,954	—
Hedge accounting applied	33,884	33,884	—
Cash received as collateral under securities lending transactions (*5)	[861,826]	[861,826]	—

(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(*2) For securities for which impairment losses were recognized in the six months ended September 30, 2012, the market value is the balance sheet amount after the impairment losses are deducted.

(*3) The market values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment (*"Tokurei-shori"*) or currency swaps under designated hedge accounting (*"Furiate-shori"*) are included in the market values of loans because they are accounted for as an integral part of the loans that are the hedged items.

(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in brackets.

(*5) Cash received as collateral under securities lending transactions is recorded in liabilities and presented in brackets.

(2) Market value measurement methods for major financial instruments are as follows:

1) Securities, deposits, and monetary receivables purchased treated as securities based on the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10)

a. Items with a market price

Market value is measured based on the closing market price on the balance sheet date. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

b. Items without a market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics such as limiting loans to the surrender benefit range, expected reimbursement periods and interest rate requirements, and others. Thus, the book value is used as the market value of the policy loans.

b. Industrial and consumer loans

Market value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, the book value is used as the market value of the variable interest rate loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.

b. Market value of stock option transactions is measured by the price obtained from financial institutions that are the counterparties in such transactions.

c. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Company using Telegraphic Transfer Middle rates (TTM) and discount rates obtained from financial institutions that are the counterparties in such transactions.

d. Market value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates, and others.

4) Cash received as collateral under securities lending transactions

The book value is used as market value due to their short-term settlement.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without market value are not included in the securities in the table in (1). Balance sheet amounts by holding purpose were ¥276,605 million for stocks of subsidiaries and affiliates, and ¥1,017,635 million for available-for-sale securities as of September 30, 2012.

(4) Matters regarding securities, and others by holding purpose are as follows:

1) Trading securities

Investment in securities for separate accounts are classified as trading securities.

Valuation differences included in profit were losses of ¥36,533 million for securities related to separate accounts.

2) Held-to-maturity debt securities

Balance sheet amounts, market values, and their differences by type are as follows:

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount	Domestic bonds	5,499	5,509	9
Market value does not exceed the balance sheet amount	Domestic bonds	2,499	2,486	(13)
Total		7,999	7,995	(3)

3) Policy-reserve-matching bonds

Balance sheet amounts, market values, and their differences by type are as follows:

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount	Monetary receivables purchased	688,757	738,197	49,439
	Domestic bonds	17,550,349	18,962,259	1,411,909
	Foreign securities	76,004	79,401	3,397
	Subtotal	18,315,111	19,779,858	1,464,746
Market value does not exceed the balance sheet amount	Monetary receivables purchased	70,709	70,172	(537)
	Domestic bonds	258,233	242,861	(15,372)
	Foreign securities	6,003	5,802	(201)
	Subtotal	334,947	318,835	(16,111)
Total		18,650,058	20,098,693	1,448,635

4) Available-for-sale securities

Acquisition cost or amortized cost, balance sheet amounts, and their differences by type are as follows:

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	10,000	10,000	0
	Domestic bonds	1,781,496	1,855,479	73,982
	Domestic stocks	2,159,107	3,197,525	1,038,417
	Foreign securities	8,782,554	9,569,581	787,027
	Other securities	160,631	167,183	6,552
	Subtotal	12,893,789	14,799,769	1,905,980
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	255,000	254,997	(2)
	Monetary receivables purchased	94,405	94,390	(15)
	Domestic bonds	59,903	54,808	(5,095)
	Domestic stocks	2,178,041	1,625,232	(552,808)
	Foreign securities	1,141,331	1,059,241	(82,089)
	Other securities	104,006	86,735	(17,271)
	Subtotal	3,832,689	3,175,406	(657,283)
Total		16,726,479	17,975,176	1,248,696

* Items with ¥1,017,635 million whose market value is extremely difficult to determine are not included.

¥300,252 million in impairment losses was recognized for items with a market value during the six months ended September 30, 2012.

Regarding stocks (including foreign stocks) with market value, impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the balance sheet date, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the balance sheet date is substantial, impairment losses are recognized based on the market value on the balance sheet date.

The criteria by which the market value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average market value in the month preceding the balance sheet date to the acquisition cost is 50% or less.

b. A security that meets both of the following criteria:

1. Average market value in the month preceding the balance sheet date is between 50% and 70% of its acquisition cost.
2. The historical market value, the business condition of the issuing company and other aspects are subject to certain requirements.

20. As of September 30, 2012, there were no significant changes in the balance sheet amounts and market values of investment and rental properties from the end of the previous fiscal year.

21. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans, was ¥44,727 million as of September 30, 2012.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,924 million and ¥35,993 million, respectively, as of September 30, 2012.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

2) There were no loans delinquent for over three months as of September 30, 2012.

Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

3) The balance of restructured loans was ¥5,809 million as of September 30, 2012.
Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥545 million and ¥815 million, respectively, as of September 30, 2012.

22. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,079,538 million as of September 30, 2012 and a corresponding liability was recorded in the same amount.

23. Changes in the reserve for dividends to policyholders included in policy reserves for the six months ended September 30, 2012 were as follows:

	Million Yen
	As of September 30, 2012
a. Balance at the beginning of the current fiscal year	¥1,120,336
b. Transfer to reserve from surplus in the previous fiscal year	¥167,313
c. Dividends to policyholders paid out in the current six-month period	¥107,016
d. Increase in interest	¥13,091
e. Balance at the end of the current six-month period (a+b-c+d)	¥1,193,724

24. Assets pledged as collateral by securities, land, and buildings as of September 30, 2012 were ¥1,055,031 million, ¥2,952 million, and ¥267 million, respectively. The total amount of loans covered by the aforementioned assets as of September 30, 2012 was ¥861,877 million.
The amount of assets pledged as collateral by securities included ¥956,274 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥861,847 million of cash received as collateral under the securities lending transactions secured by cash as of September 30, 2012.

25. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the six months ended September 30, 2012.

26. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of September 30, 2012.

27. On October 18, 2012, the Company issued notes as described below.
    1) Notes issued
       US dollar-denominated subordinated notes due 2042 with interest deferral options
    2) Issue price
       100% of face value
    3) Aggregate issue amount
       2,000 million US dollars
    4) Interest rate
       Until October 2022: 5.00% per annum (fixed rate)
       From October 2022 onwards: floating interest rate (with step up)
    5) Maturity date
       October 2042 (provided, however, that the notes shall be redeemable at the Company's discretion on any interest payment dates from October 2022 onwards, subject to advance approval by the supervising authorities and others.)
    6) Details of collateral and guarantees
       No collateral or guarantees are provided against these notes; nor are any particular assets reserved as security for them.
    7) Use of funds
       Funds for general business operations

28. The total amount of stocks and investments in subsidiaries was ¥284,316 million as of September 30, 2012.

29. The amount of securities lent under lending agreements was ¥2,434,087 million as of September 30, 2012.

30. Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥256,068 million at market value as of September 30, 2012.

31. The amount of commitments related to loans and loans outstanding was ¥213,648 million as of September 30, 2012.

32. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Company is estimated to be ¥86,176 million as of September 30, 2012.
    The amount contributed to the said corporation is recorded within operating expenses.

33. The amount of policy reserves provided for the portion of reinsurance (hereafter referred to as “policy reserves for ceded reinsurance”) as defined in Article 71, Paragraph 1 of the Ordinance for Enforcement of the Insurance Business Act was ¥163 million as of September 30, 2012.

5. Non-Consolidated Statements of Income

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Ordinary income:	3,291,821	3,588,423
Revenues from insurance and reinsurance:	2,559,677	2,752,665
Insurance premiums	2,559,424	2,752,330
Investment income:	645,139	711,911
Interest, dividends, and other income	600,755	613,151
Gain from assets held in trust, net	0	9
Gain on sales of securities	28,659	94,874
Gain on derivative financial instruments, net	10,968	—
Other ordinary income	87,005	123,846
Ordinary expenses:	3,148,768	3,372,275
Benefits and other payments:	1,773,869	1,922,846
Death and other claims	543,106	586,731
Annuity payments	323,732	304,942
Health and other benefits	401,345	390,873
Surrender benefits	416,406	506,388
Other refunds	88,887	133,498
Provision for policy reserves:	483,049	713,786
Provision for policy reserves	469,958	700,105
Provision for interest on reserve for dividends to policyholders	13,091	13,680
Investment expenses:	442,442	284,974
Interest expenses	1,132	1,456
Loss on sales of securities	20,976	65,228
Loss on valuation of securities	347,926	100,570
Loss on derivative financial instruments, net	—	3,735
Loss from separate accounts, net	37,628	80,353
Operating expenses	280,209	280,891
Other ordinary expenses	169,197	169,776
Ordinary profit	143,053	216,148
Extraordinary gains:	3,942	178
Gain on disposals of fixed assets	3,554	27
Reversal of reserve for loss on disaster	—	150
Other extraordinary gains	388	—
Extraordinary losses:	36,874	111,658
Loss on disposals of fixed assets	9,865	2,518
Impairment losses	8,669	3,110
Provision for reserve for price fluctuations in investments in securities	17,148	104,842
Contributions for assisting social public welfare	1,188	1,188
Loss on disaster	4	—
Surplus before income taxes	110,121	104,668
Income taxes - current	(160)	26,731
Income taxes - deferred	18,198	(21,297)
Total income taxes	18,038	5,433
Net surplus	92,082	99,235

Notes to the Non-Consolidated Statement of Income for the six months ended September 30, 2012

1. Gain on sales of securities includes gains on sales of domestic bonds including national government bonds, domestic stocks, and foreign securities of ¥2,495 million, ¥16,039 million, and ¥10,124 million, respectively, for the six months ended September 30, 2012.

2. Loss on sales of securities includes losses on sales of domestic bonds including national government bonds, domestic stocks, and foreign securities of ¥41 million, ¥8,252 million, and ¥12,682 million, respectively, for the six months ended September 30, 2012.

3. Loss on valuation of securities includes losses on the valuation of domestic stocks and foreign securities of ¥300,565 million and ¥47,360 million, respectively, for the six months ended September 30, 2012.

4. Reversal of policy reserves for ceded reinsurance that was added to the calculation of provision for policy reserves was ¥1 million for the six months ended September 30, 2012.

5. Breakdown of interest, dividends, and other income for the six months ended September 30, 2012 is as follows:

	Million Yen
	Six months ended September 30, 2012
Interest on deposits and savings	¥136
Interest on securities and dividends	¥460,031
Interest on loans	¥88,112
Real estate rental income	¥41,994
Other income	¥10,480
Total	¥600,755

6. Impairment losses are as follows:
   1) Method for grouping the assets
   Leased property and idle property are classified as one asset group per structure. Assets utilized for insurance business operations are classified into one asset group.

   2) Circumstances causing impairment losses
   The Company observed a marked decrease in profitability or market value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

3) Breakdown of asset groups that recognized impairment losses for the six months ended September 30, 2012 is as follows:

Purpose of use	Million Yen			
	Land	Land lease rights	Buildings	Total
Leased property	¥3,174	¥1,105	¥1,719	¥5,999
Idle property	¥1,364	28	¥1,277	¥2,669
Total	¥4,538	¥1,133	¥2,996	¥8,669

4) Calculation method of recoverable amount

The recoverable amount used in the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

The discount rate used in the calculation of future cash flows is in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

7. Other extraordinary gains include reversals of accrued losses from supporting closely related companies.

6. Non-Consolidated Statements of Changes in Net Assets

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Foundation funds and others:		
Foundation funds:		
Beginning balance	300,000	250,000
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Redemption of foundation funds	(50,000)	(50,000)
Net change	—	50,000
Ending balance	300,000	300,000
Reserve for redemption of foundation funds:		
Beginning balance	900,000	850,000
Increase/Decrease:		
Additions to reserve for redemption of foundation funds	50,000	50,000
Net change	50,000	50,000
Ending balance	950,000	900,000
Reserve for revaluation:		
Beginning balance	651	651
Increase/Decrease		
Net change	—	—
Ending balance	651	651
Surplus:		
Legal reserve for deficiencies:		
Beginning balance	11,889	11,193
Increase/Decrease:		
Additions to legal reserve for deficiencies	682	696
Net change	682	696
Ending balance	12,571	11,889
Other surplus reserves:		
Contingency funds:		
Beginning balance	71,917	71,917
Increase/Decrease		
Net change	—	—
Ending balance	71,917	71,917
Reserve for social public welfare assistance:		
Beginning balance	213	190
Increase/Decrease:		
Additions to reserve for social public welfare assistance	1,500	1,500
Reversal of reserve for social public welfare assistance	(1,188)	(1,188)
Net change	312	312
Ending balance	525	502

6. Non-Consolidated Statements of Changes in Net Assets (Continued)

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Reserve for reduction entry of real estate:		
Beginning balance	31,746	31,701
Increase/Decrease:		
Additions to reserve for reduction entry of real estate	3,604	714
Reversal of reserve for reduction entry of real estate	(685)	(668)
Net change	2,919	45
Ending balance	34,666	31,746
Other reserves:		
Beginning balance	170	170
Increase/Decrease		
Net change	—	—
Ending balance	170	170
Unappropriated surplus:		
Beginning balance	226,344	231,264
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(167,313)	(175,513)
Additions to legal reserve for deficiencies	(682)	(696)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,930)	(3,508)
Net surplus	92,082	99,235
Additions to reserve for social public welfare assistance	(1,500)	(1,500)
Reversal of reserve for social public welfare assistance	1,188	1,188
Additions to reserve for reduction entry of real estate	(3,604)	(714)
Reversal of reserve for reduction entry of real estate	685	668
Reversal of land revaluation differences	3,898	(258)
Net change	(129,175)	(131,099)
Ending balance	97,168	100,164
Total surplus:		
Beginning balance	342,281	346,435
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(167,313)	(175,513)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,930)	(3,508)
Net surplus	92,082	99,235
Reversal of land revaluation differences	3,898	(258)
Net change	(125,262)	(130,045)
Ending balance	217,018	216,390

6. Non-Consolidated Statements of Changes in Net Assets (Continued)

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Total foundation funds and others:		
Beginning balance	1,542,932	1,447,086
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(167,313)	(175,513)
Interest on foundation funds	(3,930)	(3,508)
Net surplus	92,082	99,235
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	3,898	(258)
Net change	(75,262)	(30,045)
Ending balance	1,467,669	1,417,041
Valuations, conversions, and others:		
Net unrealized gains on available-for-sale securities, net of tax:		
Beginning balance	1,021,724	745,036
Increase/Decrease:		
Net change, excluding foundation funds and others	(182,860)	(383,798)
Net change	(182,860)	(383,798)
Ending balance	838,864	361,237
Deferred gains (losses) on derivatives under hedge accounting:		
Beginning balance	(6,969)	6,832
Increase/Decrease:		
Net change, excluding foundation funds and others	11,478	3,619
Net change	11,478	3,619
Ending balance	4,509	10,452
Land revaluation differences:		
Beginning balance	(67,515)	(89,985)
Increase/Decrease:		
Net change, excluding foundation funds and others	(3,898)	258
Net change	(3,898)	258
Ending balance	(71,414)	(89,726)
Total valuations, conversions, and others:		
Beginning balance	947,239	661,884
Increase/Decrease:		
Net change, excluding foundation funds and others	(175,280)	(379,921)
Net change	(175,280)	(379,921)
Ending balance	771,959	281,963
Total net assets:		
Beginning balance	2,490,171	2,108,971
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(167,313)	(175,513)
Interest on foundation funds	(3,930)	(3,508)
Net surplus	92,082	99,235
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	3,898	(258)
Net change, excluding foundation funds and others	(175,280)	(379,921)
Net change	(250,543)	(409,966)
Ending balance	2,239,628	1,699,004

7. Details of Ordinary Profit (Core Operating Profit)

(Million Yen)

		Six months ended September 30, 2012	Six months ended September 30, 2011
Core operating profit (A)		273,750	300,163
Capital gains:		39,628	94,884
	Gain on proprietary trading securities	—	—
	Gain on assets held in trust, net	0	9
	Gain on trading securities	—	—
	Gain on sales of securities	28,659	94,874
	Gain on derivative financial instruments, net	10,968	—
	Foreign exchange gains, net	—	—
	Other capital gains	—	—
Capital losses:		370,327	176,342
	Loss on proprietary trading securities	—	—
	Loss on assets held in trust, net	—	—
	Loss on trading securities	—	—
	Loss on sales of securities	20,976	65,228
	Loss on valuation of securities	347,926	100,570
	Loss on derivative financial instruments, net	—	3,735
	Foreign exchange losses, net	1,425	6,808
	Other capital losses	—	—
Net capital losses (B)		(330,699)	(81,458)
Core operating profit including net capital gains (losses) (A+B)		(56,949)	218,705
Non-recurring gains:		200,004	342
	Reinsurance revenue	—	—
	Reversal of contingency reserve	199,813	—
	Reversal of specific allowance for doubtful accounts	191	342
	Other non-recurring gains	—	—
Non-recurring losses:		1	2,899
	Reinsurance premiums	—	—
	Provision for contingency reserve	—	2,897
	Provision for specific allowance for doubtful accounts	—	—
	Provision of allowance for specific overseas debts	—	—
	Write-off of loans	1	2
	Other non-recurring losses	—	—
Non-recurring gains (losses) (C)		200,003	(2,556)
Ordinary profit (A+B+C)		143,053	216,148

8. Status of Non-Performing Assets According to Borrower's Classification

(Million Yen, %)

	As of September 30, 2012	As of March 31, 2012
Bankrupt and Quasi-Bankrupt Loans	13,525	11,825
Doubtful Loans	25,398	24,729
Substandard Loans	5,809	6,038
Subtotal	44,733	42,594
[Percent of total, %]	[0.40]	[0.37]
Normal Loans	11,072,821	11,563,104
Total	11,117,555	11,605,698

Notes:
1. Bankrupt and quasi-bankrupt loans are non-performing assets and similar loans that have fallen into bankruptcy due to reasons including initiation of bankruptcy proceedings, start of reorganization proceedings, or submission of an application to start rehabilitation proceedings.
2. Doubtful loans are non-performing assets with a strong likelihood that loan principal cannot be recovered or interest cannot be received according to the contract because of difficulties in the financial condition and business performance of the debtor who has not yet entered into bankruptcy.
3. Substandard loans include loans that are delinquent for over three months or restructured loans. Loans that are delinquent for over three months are loans with principal or interest being unpaid for over three months counting from the day after the due date based on the loan agreement (excluding 1. and 2. in the above notes). Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower's restructuring. Examples of such concessions include reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding 1. and 2. in the above notes and loans that are delinquent for over three months).
4. Normal loans are loans that do not fall under the classifications for 1. to 3. in the above notes and where the debtor has no financial or business performance problems.

Supplemental information for borrower's classification

- Classifications and calculation methods used in this table are based on the Ordinance for Enforcement of the Insurance Business Act. The table includes guaranteed private offering loans of financial institutions, loans, securities lending, accrued interest, suspense payments, and customer's liability for acceptances and guarantees.
- The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of bankrupt and quasi-bankrupt loans. The estimated uncollectible amounts as of September 30, 2012 and March 31, 2012 were ¥1,361 million and ¥1,754 million, respectively.

9. Status of Risk-Monitored Loans

(Million Yen, %)

	As of September 30, 2012	As of March 31, 2012
Loans to bankrupt borrowers	2,924	3,018
Delinquent loans	35,993	33,532
Loans that are delinquent for over three months	—	—
Restructured loans	5,809	6,038
Total	44,727	42,589
[Percent of total loans, %]	[0.52]	[0.49]

Notes:
1. For loans to bankrupt borrowers and quasi-bankrupt borrowers (including collateralized and guaranteed loans), an estimated uncollectible amount (calculated by subtracting estimated collectable amounts based on collateral and guarantees from total loans) is directly deducted from the total loan amount.
   The amount of loans to bankrupt borrowers and delinquent loans were ¥545 million and ¥815 million, respectively, as of September 30, 2012, and ¥752 million and ¥1,001 million, respectively, as of March 31, 2012.
2. Loans to bankrupt borrowers are loans with principal or interest payments being overdue for a significant period of time and interest not being accrued including the following: (a) loans to borrowers that are legally bankrupt through filings for proceedings under the Corporate Reorganization Act, Civil Rehabilitation Act, Bankruptcy Act, or Company Act, (b) loans to borrowers that have notes suspended from being traded, and (c) loans to borrowers that have filed for legal proceedings similar to the aforementioned proceedings based on overseas laws.
3. Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.
4. Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months counting from the day after the due date based on the loan agreement. Note that the account does not include loans to bankrupt borrowers and delinquent loans.
5. Restructured loans are loans that provide certain concessions favorable to the borrower with the intent of supporting the borrower’s restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers (excluding loans to bankrupt borrowers, delinquent loans, and loans that are delinquent for over three months from above).

10. Breakdown of Allowance for Doubtful Accounts

(Million Yen)

	Six months ended September 30, 2012	Year ended March 31, 2012	Change
(1) Breakdown of allowance for doubtful accounts			
(A) General allowance for doubtful accounts	5,359	9,454	(4,094)
(B) Specific allowance for doubtful accounts	3,548	4,431	(882)
(C) Allowance for specific overseas debts	—	—	—
(2) Specific allowance for doubtful accounts			
(A) Provision	4,909	6,185	(1,275)
(B) Reversal	5,100	11,100	(5,999)
[excluding reversals with write-off]			
(C) Net provision	(191)	(4,915)	4,723
(3) Allowance for specific overseas debts			
(A) Number of debtor countries	—	—	—
(B) Amounts of credit	—	—	—
(C) Provision	—	—	—
(D) Reversal	—	—	—
(4) Write-off of loans	1	3	(2)

<Reference>

[Status of Borrower Classification]

(100 Million Yen, %)

	As of September 30, 2012		As of March 31, 2012	
	Money available	Percentage of whole	Money available	Percentage of whole
Loan balances (After direct write-off of category IV)	86,192	100.0	87,216	100.0
Non-categorized	84,914	98.5	85,848	98.4
Category II	1,253	1.5	1,342	1.5
Category III	25	0.0	25	0.0
Category IV	—	—	—	—

Notes: 1. Specific allowances for doubtful accounts of Category III were as follows:
¥2.1 billion and ¥2.2 billion as of September 30, 2012 and March 31, 2012, respectively.
2. The amounts of direct write-offs of Category IV were as follows:
¥1.3 billion and ¥1.7 billion as of September 30, 2012 and March 31, 2012, respectively.

11. Solvency Margin Ratio

(Million Yen)

	As of September 30, 2012	As of March 31, 2012
Solvency margin gross amount (A):	5,440,995	5,892,084
Foundation funds (kikin) and other reserve funds:	2,733,329	2,824,109
Foundation funds and others	1,467,669	1,371,689
Reserve for price fluctuations in investments in securities	350,858	333,710
Contingency reserve	575,841	775,654
General allowance for doubtful accounts	5,359	9,454
Others	333,600	333,600
Net unrealized gains on available-for-sale securities × 90%	1,118,185	1,365,853
Net unrealized gains on real estate × 85%	9,390	9,974
Excess of continued Zillmerized reserve	1,628,985	1,659,986
Qualifying subordinated debt	—	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(1,631)	(532)
Others	(47,264)	32,693
Total amount of risk (B): $\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$	1,924,082	2,078,230
Underwriting risk (R_1)	137,715	139,799
Underwriting risk of third-sector insurance (R_8)	73,864	73,383
Anticipated yield risk (R_2)	398,753	401,939
Minimum guarantee risk (R_7)	10,633	10,285
Investment risk (R_3)	1,461,126	1,610,090
Business management risk (R_4)	41,641	44,709
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	565.5%	567.0%

Notes: 1. The amounts and figures in the table above are calculated based on the provisions of Article 86 and Article 87 of the Ordinance for Enforcement of the Insurance Business Act and the Ministry of Finance Public Notice No.50 of 1996.

2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

12. Status of Separate Accounts for the Six Months Ended September 30, 2012

(1) Balance of Separate Account Assets

(Million Yen)

	As of September 30, 2012	As of March 31, 2012
Individual variable insurance	93,043	101,973
Individual variable annuities	130,480	143,951
Group annuities	856,013	900,761
Separate account total	1,079,538	1,146,686

(2) Policies in Force

1) Individual Variable Insurance

	As of September 30, 2012		As of March 31, 2012	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Variable insurance (defined term type)	2,032	10,194	2,222	11,319
Variable insurance (whole life type)	36,437	557,118	36,782	566,758
Total	38,469	567,313	39,004	578,077

2) Individual Variable Annuities

	As of September 30, 2012		As of March 31, 2012	
	Number of policies	Amount of policies (million yen)	Number of policies	Amount of policies (million yen)
Individual variable annuities	23,305	130,357	24,791	143,946

13. Status of the Company, Subsidiaries, and Affiliates

(1) Selected Financial Data for Major Operations

(100 Million yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Ordinary income	33,464	36,345
Ordinary profit	1,546	2,208
Net surplus	980	1,017
Comprehensive loss	(714)	(2,779)

	As of September 30, 2012	As of March 31, 2012
Total assets	510,419	511,669
Solvency Margin Ratio	583.2%	583.1%

(2) Scope of Consolidation and Application of the Equity Method

	As of September 30, 2012
Number of consolidated subsidiaries	10
Number of subsidiaries not consolidated but accounted for under the equity method	0
Number of affiliates accounted for under the equity method	4

(3) Policies of Presenting the Consolidated Financial Statements for the Six Months Ended September 30, 2012

1) Consolidated subsidiaries

The consolidated financial statements include the accounts of the Company and the Company’s subsidiaries. Consolidated subsidiaries as of September 30, 2012 are listed as follows:

Nissay Computer Co., Ltd. (Japan)
Nissay Asset Management Corporation (Japan)
Nissay Information Technology Co., Ltd. (Japan)
Nissay Capital Co., Ltd. (Japan)
Nissay Leasing Co., Ltd. (Japan)
Nissay Credit Guarantee Co., Ltd. (Japan)
Nippon Life Insurance Company of America (U.S.A.)
NLI Properties West, Inc. (U.S.A.)
NLI Commercial Mortgage Fund, LLC (U.S.A.)
NLI Commercial Mortgage Fund II, LLC (U.S.A.)

The major subsidiaries excluded from consolidation are Nissay Card Service Co., Ltd., Nissay Business Service Co., Ltd., and Nissay Trading Service Co., Ltd.

The respective and aggregate effects of the companies which are excluded from consolidation, based on total assets, revenues, net income, and surplus for the six months ended September 30, 2012 are immaterial. This exclusion from consolidation does not prevent a reasonable judgment of the consolidated financial position of the Company and the Company's subsidiaries and the result of their operations.

2) Affiliates
Affiliates accounted for under the equity method as of September 30, 2012 are listed as follows:

The Master Trust Bank of Japan, Ltd. (Japan)
Corporate-Pension Business Service Co., Ltd. (Japan)
Nissay-Greatwall Life Insurance Co., Ltd. (China)
Reliance Life Insurance Company Limited (India)

The subsidiaries not consolidated (e.g., Nissay Card Service Co., Ltd., Nissay Business Service Co., Ltd., and others), and affiliates other than those listed above, e.g., Bangkok Life Assurance Public Company Limited, are not accounted for under the equity method. The respective and aggregate effects of such companies on consolidated net income and surplus for the six months ended September 30, 2012 are immaterial.

The number of consolidated subsidiaries and affiliates as of September 30, 2012 were as follows:

Consolidated subsidiaries	10
Subsidiaries not consolidated but accounted for under the equity method	0
Affiliates accounted for under the equity method	4

3) Interim closing dates of consolidated subsidiaries
The interim closing date of consolidated overseas subsidiaries is June 30. The midterm consolidated financial statements are prepared using data as of the interim closing date, and necessary adjustments are made to reflect important transactions that occurred between the interim closing date and the consolidated balance sheet date.

(4) Consolidated Balance Sheets

(Million Yen)

	As of September 30, 2012	As of March 31, 2012
Assets:		
Cash and deposits	446,161	479,071
Call loans	114,700	212,300
Receivables under securities borrowing transactions	89,954	211,928
Monetary receivables purchased	853,858	883,070
Investments in securities	37,717,072	37,465,182
Loans	8,543,220	8,639,833
Tangible fixed assets	1,752,766	1,770,412
Intangible fixed assets	185,122	196,386
Reinsurance receivables	257	485
Other assets	790,207	822,252
Deferred tax assets	539,304	476,521
Customers' liability for acceptances and guarantees	21,382	27,037
Allowance for doubtful accounts	(12,073)	(17,569)
Total assets	51,041,935	51,166,914
Liabilities:		
Policy reserves and other reserves:	46,308,950	45,778,374
Reserve for outstanding claims	195,871	208,643
Policy reserves	44,919,354	44,449,394
Reserve for dividends to policyholders	1,193,724	1,120,336
Reinsurance payables	220	360
Other liabilities	1,538,441	1,960,751
Accrued bonuses for directors and corporate auditors	17	53
Accrued retirement benefits	439,569	439,850
Accrued retirement benefits for directors and corporate auditors	4,334	4,681
Reserve for program points	8,908	7,238
Accrued losses from supporting closely related companies	—	397
Reserve for loss on disaster	721	739
Reserve for price fluctuations in investments in securities	350,858	333,710
Deferred tax liabilities	552	50
Deferred tax liabilities for land revaluation	139,503	142,498
Acceptances and guarantees	21,382	27,037
Total liabilities	48,813,461	48,695,744
Net assets:		
Foundation funds	300,000	300,000
Reserve for redemption of foundation funds	950,000	900,000
Reserve for revaluation	651	651
Consolidated surplus	260,060	379,311
Total foundation funds and others	1,510,711	1,579,962
Net unrealized gains on available-for-sale securities, net of tax	839,327	1,022,171
Deferred gains (losses) on derivatives under hedge accounting	4,509	(6,969)
Land revaluation differences	(71,414)	(67,515)
Foreign currency translation adjustments	(67,115)	(68,619)
Total accumulated other comprehensive income	705,306	879,066
Minority interests	12,456	12,141
Total net assets	2,228,474	2,471,169
Total liabilities and net assets	51,041,935	51,166,914

Basis of Presenting the Consolidated Balance Sheet as of September 30, 2012

1. (1) Securities of the Parent Company (including items such as deposits and monetary receivables purchased which are treated as securities based on the “Accounting Standards for Financial Instruments” (ASBJ Statement No. 10) and securities within assets held in trust) are valued as follows:

    1) Trading securities are stated at market value on the balance sheet date. The moving average method is used for calculating cost of sales.

    2) Held-to-maturity debt securities are valued using the moving average method, net of accumulated amortization (straight-line).

    3) Policy-reserve-matching bonds are valued using the moving average method, net of accumulated amortization (straight-line) 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 JICPA.

    4) Investments in subsidiaries and affiliates that are not consolidated nor accounted for by the equity method (stocks issued by subsidiaries prescribed in Article 2, Paragraph 12 of the Insurance Business Act excluding subsidiaries prescribed in Article 13-5-2, Paragraph 3 of the Order for Enforcement of the Insurance Business Act and stocks issued by affiliates prescribed in Article 13-5-2, Paragraph 4 of the Order for Enforcement of the Insurance Business Act) are valued using the moving average method.

    5) Available-for-sale securities

    a. For securities with a market value, stocks (including foreign stocks) are valued by using the average market value during the period of one month before the balance sheet date (cost of sales is calculated by using the moving average method). Other securities with a market value are valued by using the market value on the balance sheet date (cost of sales is calculated by using the moving average method).

    b. For securities of which the market value is extremely difficult to determine, public and corporate bonds (including foreign bonds) for which the difference between the purchase price and face value is due to an interest rate adjustments are valued using the moving average method, net of accumulated amortization (straight-line). Other securities are valued using the moving average method.

   (2) Unrealized gains/losses, net of applicable taxes, are recorded in a separate component of net assets.

2. Securities that are held for the purpose of matching the duration of outstanding liabilities within the sub-groups (insurance type, remaining period, and investment policy) of insurance products, such as individual insurance and annuities, workers' asset-formation insurance and annuities, and group insurance and annuities are classified as 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 JICPA.

3. Derivative financial instruments are stated at market value.

4. (1) 1) Tangible fixed assets are depreciated based on the following methods.

a. Tangible fixed assets of the Parent Company (except for lease assets)

(i) Buildings acquired on or after April 1, 1998 (excluding fixtures and structures)
Straight-line method.

(ii) Assets other than the above
Declining balance method.

b. Lease assets of the Parent Company

(i) The same depreciation method applied to fixed assets owned by the Parent Company.

(ii) Lease assets related to trading financial leases where ownership is not transferred
Straight-line method based on lease period.

c. Tangible fixed assets of consolidated subsidiaries
Depreciated based mainly on the straight-line method.

Following the 2011 Japanese tax reform, the Parent Company and its domestic consolidated subsidiaries adopted the depreciation method in compliance with the revised Corporation Tax Act for tangible fixed assets acquired on or after April 1, 2012 to which the declining balance method is applied, from the six months ended September 30, 2012. As a result, ordinary profit and surplus before income taxes and minority interests increased by ¥120 million in comparison with the previous method.

2) Software, which is included within intangible fixed assets, is amortized using the straight-line method.

(2) The amount of accumulated depreciation of tangible fixed assets was ¥1,158,436 million as of September 30, 2012.

5. Revaluation of land used in the operations of the Parent Company is performed based on the Act on Revaluation of Land. The tax effect on the amount related to the valuation difference between the previous and the revalued amount for land revaluation is recognized as deferred tax liabilities within the liability section. The valuation differences, excluding tax, are recognized as land revaluation differences within the net assets

section.

Revaluation Date	March 31, 2002
Revaluation Methodology	The amount is rationally calculated by using the land listed value and road rate as prescribed by Article 2, Items 1 and 4, respectively, of the Order for Enforcement of the Act on Revaluation of Land.

6. Assets and liabilities denominated in foreign currencies are translated into Japanese yen using the “Accounting Standards for Foreign Currency Transactions” (Business Accounting Council).
   Foreign currency-denominated available-for-sale securities of the Parent Company, with exchange rates of which have significantly fluctuated and where recovery is not expected, are converted to Japanese yen using either the rate on the balance sheet date or the average one month rate prior to the balance sheet date, whichever indicates a weaker yen. This translation difference is recorded as a loss on valuation of securities.

7. (1) An allowance for doubtful accounts of the Parent Company is recognized in accordance with the Company’s internal Asset Valuation Regulation and Write-Off/Provision Rule.
   1) The allowance for loans from borrowers who are legally or substantially bankrupt, such as being bankrupt or being in the process of civil rehabilitation proceedings, is recognized based on the amount of credit remaining after directly deducting amounts expected to be collected through disposal of collateral or execution of guarantees from the balance of loans (as mentioned at (4) below).
   2) The allowance for loans from borrowers who are not currently legally bankrupt but have a significant possibility of bankruptcy is recognized at the amounts deemed necessary considering an assessment of the borrowers’ overall solvency and the amounts remaining after deduction of amounts expected to be collected through the disposal of collateral or the execution of guarantees.
   3) The allowance for loans from borrowers other than the above is provided based on the borrowers’ balance multiplied by the historical average (of a certain period) percentage of bad debt.

   (2) All credits of the Parent Company are assessed by responsible sections in accordance with the Company’s internal Asset Valuation Regulation. The assessments are verified by the independent Asset Auditing Dept. The results of the assessments are reflected in the calculation of the allowance for doubtful accounts.

   (3) For consolidated subsidiaries, the Parent Company records amounts deemed necessary in accordance mainly with the Company’s internal Asset Valuation Regulation and Write-Off/Provision Rule.

   (4) The estimated uncollectible amount calculated by subtracting the amount of collateral value or the amount collectible by the execution of guarantees from the balance of loans is directly deducted from the balance of loans (including loans with credits secured and/or guaranteed) made to legally or substantially

bankrupt borrowers. The estimated uncollectible amount was ¥2,355 million (including ¥1,510 million of credits secured and/or guaranteed) as of September 30, 2012.

8. Accrued bonuses for directors and corporate auditors are recognized based on amounts estimated to be paid.

9. Accrued retirement benefits of the Parent Company are recognized in the amount of the deemed obligations on September 30, 2012 based on the estimated amount of projected benefit obligations in excess of the market value of pension plan assets for future severance payments to employees on the balance sheet date of the current fiscal year.

10. Accrued retirement benefits for directors and corporate auditors are recognized based on estimated payment amounts under internal rules.

11. Reserve for program points is recognized based on the amount projected to be incurred for expenses from the use of points granted to policyholders.

12. Reserve for loss on disaster is recognized based on estimated expenditures associated with the Great East Japan Earthquake, such as expenditures for the repair of tangible fixed assets.

13. Reserve for price fluctuations in investments in securities is recognized based on Article 115 of the Insurance Business Act.

14. Financial leases, other than from the transfer of ownership, are capitalized based on the “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13). Financial leases where the Company is the lessee, ownership is not transferred, and the lease start date is March 31, 2008 or prior, are accounted for under the accounting treatment applied to ordinary operating leases.
    For financial leases where the Parent Company or a consolidated subsidiary is the lessor, and ownership is not transferred, if any, the Parent Company recognizes the sales amount and cost of sales at the time of receiving the lease fee.

15. Hedge accounting of the Parent Company is applied based on the following method:
    1) The Parent Company mainly applies the mark-to-market method of hedge accounting and deferred hedge accounting for hedging activities related to foreign exchange rate fluctuation exposures on certain bonds denominated in foreign currencies. The Parent Company also applies the exceptional accounting treatment (*“Tokurei-shori”*) for interest rate swaps to hedge the cash flow volatility of certain loans and applies designated hedge accounting (*“Furiate-shori”*) for foreign exchange forward contracts and currency swaps for certain financial assets denominated in foreign currencies.

2) Effectiveness of hedging activities is mainly evaluated by performing a ratio analysis of market value movement comparisons based on the hedging instruments and hedging methods taken, which is in accordance with the Parent Company's internal risk management policies.

16. Consumption taxes and local consumption taxes of the Parent Company are accounted for by the tax exclusion method. However, consumption taxes paid on certain asset transactions, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Consumption Tax Act, are deferred as prepaid expenses and amortized over a 5 year period on a straight-line basis. Consumption taxes other than deferred consumption taxes are expensed as incurred as of September 30, 2012.

17. Policy reserves of the Parent Company are reserves set forth in accordance with Article 116 of the Insurance Business Act. Policy reserves are recognized based on the following methodology. In accordance with Article 69, Paragraph 5 of the Ordinance for Enforcement of the Insurance Business Act, policy reserves include those that are reserved for a portion of the individual annuity policyholders.
    1) Reserves for contracts subject to the standard policy reserve are computed in accordance with the method prescribed by the Prime Minister (Ordinance No. 48 issued by the Ministry of Finance in 1996).
    2) Reserves for other contracts are computed based on the net level premium method.

18. The corporate tax, inhabitant tax, and income tax adjustments of the Parent Company for the six months ended September 30, 2012 are calculated based on the assumption of accumulations and reversals of the reserve for reduction entry of real estate and the reserve for dividends to policyholders due to appropriation of surplus in the current fiscal year.

19. (1) Balance sheet amounts and market values of major financial instruments and their differences are as follows:

(Million Yen)

	Balance sheet amount (*1)	Market value (*2)	Difference
Cash and deposits (negotiable certificates of deposit)	264,998	264,998	—
Available-for-sale securities	264,998	264,998	—
Monetary receivables purchased	853,858	902,760	48,902
Policy-reserve-matching bonds	759,467	808,369	48,902
Available-for-sale securities	94,390	94,390	—
Securities	36,549,581	37,966,636	1,417,055
Trading securities	954,500	954,500	—
Held-to-maturity debt securities	46,302	46,720	418
Policy-reserve-matching bonds	17,890,591	19,290,324	1,399,732
Investments in subsidiaries and affiliates	7,711	24,615	16,903
Available-for-sale securities	17,650,475	17,650,475	—
Loans (*3)	8,534,154	8,789,356	255,201
Policy loans	863,644	863,644	—
Industrial and consumer loans	7,670,510	7,925,711	255,201
Derivative financial instruments (*4)	38,838	38,838	—
Hedge accounting not applied	4,954	4,954	—
Hedge accounting applied	33,884	33,884	—
Cash received as collateral under securities lending transactions (*5)	[861,826]	[861,826]	—

(*1) For transactions for which an allowance for doubtful accounts was recorded, the amount of the allowance is deducted.

(*2) For securities for which impairment losses were recognized in the six months ended September 30, 2012, the market value is the balance sheet amount after the impairment losses are deducted.

(*3) The market values of derivative financial instruments that are interest rate swaps under exceptional accounting treatment (*"Tokurei-shori"*) or currency swaps under designated hedge accounting (*"Furiate-shori"*) are included in the market values of loans because they are accounted for as an integral part of the loans that are the hedged items.

(*4) Assets and liabilities generated by derivative financial instruments are offset and presented net. Net liabilities in total are presented in brackets.

(*5) Cash received as collateral under securities lending transactions is recorded in liabilities and presented in brackets.

(2) Market value measurement methods for the Parent Company's major financial instruments are as follows:

1) Securities, deposits, and monetary receivables purchased treated as securities based on the "Accounting Standards for Financial Instruments" (ASBJ Statement No. 10)

a. Items with a market price

Market value is measured based on the closing market price on the balance sheet date. However, the market values of available-for-sale domestic and foreign equity securities are based on the average market price over a one-month period prior to the balance sheet date.

b. Items without a market price

Market value is measured mainly by discounting future cash flows to the present value.

2) Loans

a. Policy loans

Market value is deemed to approximate book value, due to no repayment deadlines based on characteristics such as limiting loans to the surrender benefit range, expected reimbursement periods and interest rate requirements, and others. Thus, the book value is used as the market value of the policy loans.

b. Industrial and consumer loans

Market value of variable interest rate loans is deemed to approximate book value because market interest rates are reflected in future cash flows over the short term. Thus, the book value is used as the market value of the variable interest rate loans.

Market value of fixed interest rate loans is measured mainly by discounting future cash flows to the present value.

Loans from legally or substantially bankrupt borrowers or borrowers who are not currently legally bankrupt but have a high probability of bankruptcy are measured by deducting the estimated uncollectable amount from the book value directly prior to the decrease.

3) Derivative financial instruments

a. Market value of futures and other market transactions is measured by the liquidation value or closing market price on the balance sheet date.

b. Market value of stock option transactions is measured by the price obtained from financial institutions that are the counterparties in such transactions.

c. Market value of exchange contracts and currency options is measured based on theoretical values calculated by the Parent Company using Telegraphic Transfer Middle rates (TTM) and discount rates obtained from financial institutions that are the counterparties in such transactions.

d. Market value of interest rate swaps and currency swaps is measured based on theoretical present values calculated by discounting future cash flows using published market interest rates, and others.

4) Cash received as collateral under securities lending transactions

The book value is used as market value due to their short-term settlement.

(3) Unlisted equity securities, investments in partnerships whereby partnership assets consist of unlisted equity securities, and other items without market value are not included in the securities in the table in (1). Balance sheet amounts by holding purpose were ¥145,935 million for stocks of subsidiaries and affiliates, and ¥1,021,554 million for available-for-sale securities as of September 30, 2012.

(4) Matters regarding securities, and others by holding purpose are as follows:

1) Trading securities

Investment in securities for separate accounts are classified as trading securities.

Valuation differences included in profit were losses of ¥36,533 million for securities related to separate accounts.

2) Held-to-maturity debt securities

Balance sheet amounts, market values, and their differences by type are as follows:

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount	Domestic bonds	31,645	31,803	158
	Foreign securities	9,801	10,081	280
	Subtotal	41,447	41,885	438
Market value does not exceed the balance sheet amount	Domestic bonds	3,304	3,291	(13)
	Foreign securities	1,550	1,543	(7)
	Subtotal	4,854	4,834	(20)
Total		46,302	46,720	418

3) Policy-reserve-matching bonds

Balance sheet amounts, market values, and their differences by type are as follows:

(Million Yen)

	Type	Balance sheet amount	Market value	Difference
Market value exceeds the balance sheet amount	Monetary receivables purchased	688,757	738,197	49,439
	Domestic bonds	17,550,349	18,962,259	1,411,909
	Foreign securities	76,004	79,401	3,397
	Subtotal	18,315,111	19,779,858	1,464,746
Market value does not exceed the balance sheet amount	Monetary receivables purchased	70,709	70,172	(537)
	Domestic bonds	258,233	242,861	(15,372)
	Foreign securities	6,003	5,802	(201)
	Subtotal	334,947	318,835	(16,111)
Total		18,650,058	20,098,693	1,448,635

4) Available-for-sale securities

Acquisition cost or amortized cost, balance sheet amounts, and their differences by type are as follows:

(Million Yen)

	Type	Acquisition cost or amortized cost	Balance sheet amount	Difference
Balance sheet amount exceeds acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	10,000	10,000	0
	Domestic bonds	1,785,418	1,859,408	73,990
	Domestic stocks	2,159,111	3,197,539	1,038,428
	Foreign securities	8,794,465	9,582,564	788,099
	Other securities	163,306	170,611	7,304
	Subtotal	12,912,301	14,820,124	1,907,822
Balance sheet amount does not exceed acquisition cost or amortized cost	Cash and deposits (negotiable certificates of deposit)	255,000	254,997	(2)
	Monetary receivables purchased	94,405	94,390	(15)
	Domestic bonds	60,203	55,108	(5,095)
	Domestic stocks	2,178,198	1,625,386	(552,812)
	Foreign securities	1,153,036	1,070,728	(82,307)
	Other securities	107,005	89,128	(17,877)
	Subtotal	3,847,851	3,189,740	(658,110)
Total		16,760,152	18,009,864	1,249,711

* Items with ¥1,021,554 million whose market value is extremely difficult to determine are not included.

¥300,292 million in impairment losses was recognized for items with a market value during the six months ended September 30, 2012.

Regarding stocks (including foreign stocks) with market value of the Parent Company, impairment losses are recognized for stocks whose market value has fallen significantly from the acquisition price based on the average market value in the month preceding the balance sheet date, in principle. However, in the case of a security that meets certain criteria, such as those for which the market value falls substantially and the fall in the market value in the month preceding the balance sheet date is substantial, impairment losses are recognized based on the market value on the balance sheet date.

The criteria by which the market value of a stock is judged to have fallen significantly is as follows:

a. A security for which the ratio of the average market value in the month preceding the balance sheet date to the acquisition cost is 50% or less.

b. A security that meets both of the following criteria:

1. Average market value in the month preceding the balance sheet date is between 50% and 70% of its acquisition cost.
2. The historical market value, the business condition of the issuing company and other aspects are subject to certain requirements.

20. As of September 30, 2012, there were no significant changes in the balance sheet amounts and market values of investment and rental properties from the end of the previous fiscal year.

21. (1) The total amount of loans to bankrupt borrowers, delinquent loans, loans that are delinquent for over three months and restructured loans, which were included in loans, was ¥45,590 million as of September 30, 2012.

1) The balances of loans to bankrupt borrowers and delinquent loans were ¥2,926 million and ¥36,853 million, respectively, as of September 30, 2012.

Loans to bankrupt borrowers are loans for which interest is not accrued as income, except for a portion of loans written off, and to which any event specified in Article 96, Paragraph 1, Item 3 (a) to (e) or Item 4 of the Order for Enforcement of the Corporation Tax Act has occurred. Interest is not accrued as income since the recovery of principal or interest on the loans is unlikely due to the fact that principal repayments and interest payments are overdue for a significant period of time or for other reasons.

Delinquent loans are loans with interest not accrued and exclude loans to bankrupt borrowers and loans with interest payments extended with the objective of restructuring or supporting the borrowers.

2) There were no loans delinquent for over three months as of September 30, 2012.
Loans that are delinquent for over three months are loans with principal or interest unpaid for over three months beginning one day after the due date based on the loan agreement. These loans exclude loans classified as loans to bankrupt borrowers and delinquent loans.

3) The balance of restructured loans was ¥5,809 million as of September 30, 2012.
Restructured loans are loans that provide certain concessions favorable to borrowers with the intent of supporting the borrowers' restructuring, such as by reducing or exempting interest, postponing principal or interest payments, releasing credits, or providing other benefits to the borrowers. These loans exclude loans classified as loans to bankrupt borrowers, delinquent loans, and loans delinquent for over three months.

(2) Direct write-offs of loans decreased the balances of loans to bankrupt borrowers and delinquent loans by ¥584 million and ¥1,770 million, respectively, as of September 30, 2012.

22. Separate account assets as provided for in Article 118, Paragraph 1 of the Insurance Business Act were ¥1,079,538 million as of September 30, 2012 and a corresponding liability was recorded in the same amount.

23. Changes in the reserve for dividends to policyholders included in policy reserves for the six months ended September 30, 2012 were as follows:

	Million Yen
	As of September 30, 2012
a. Balance at the beginning of the current fiscal year	¥1,120,336
b. Transfer to reserve from consolidated surplus in the previous fiscal year	¥167,313
c. Dividends to policyholders paid out in the current six-month period	¥107,016
d. Increase in interest	¥13,091
e. Balance at the end of the current six-month period (a+b-c+d)	¥1,193,724

24. Assets pledged as collateral by securities, leases, land, and buildings as of September 30, 2012 were ¥1,055,031 million, ¥12,812 million, ¥2,952 million, and ¥267 million, respectively. The total amount of loans covered by the aforementioned assets was ¥871,429 million as of September 30, 2012.
The amount of assets pledged as collateral by securities included ¥956,274 million of securities deposited and the amount of loans covered by the aforementioned assets included ¥861,847 million of cash received as collateral under the securities lending transactions secured by cash as of September 30, 2012.

25. ¥50,000 million of foundation funds were offered pursuant to Article 60 of the Insurance Business Act during the six months ended September 30, 2012.

26. The Company redeemed ¥50,000 million of foundation funds and credited the same amount to the reserve for redemption of foundation funds prescribed in Article 56 of the Insurance Business Act as of September 30, 2012.

27. On October 18, 2012, the Parent Company issued notes as described below.

    1) Notes issued
       US dollar-denominated subordinated notes due 2042 with interest deferral options
    2) Issue price
       100% of face value
    3) Aggregate issue amount
       2,000 million US dollars
    4) Interest rate
       Until October 2022: 5.00% per annum (fixed rate)
       From October 2022 onwards: floating interest rate (with step up)
    5) Maturity date
       October 2042 (provided, however, that the notes shall be redeemable at the Parent Company's discretion on any interest payment dates from October 2022 onwards, subject to advance approval by the supervising authorities and others.)
    6) Details of collateral and guarantees
       No collateral or guarantees are provided against these notes; nor are any particular assets reserved as security for them.
    7) Use of funds
       Funds for general business operations

28. The total amount of stocks and investments in non-consolidated subsidiaries and affiliates was ¥153,647 million as of September 30, 2012.

29. The amount of securities lent under lending agreements was ¥2,434,087 million as of September 30, 2012.

30. Assets that can be sold or re-secured are marketable securities lent under lending agreements. These assets were being held without disposal totaling ¥256,068 million at market value as of September 30, 2012.

31. The amount of commitments related to loans and loans outstanding was ¥131,015 million as of September 30, 2012.

32. Of the maximum borrowing amount from the Life Insurance Policyholders Protection Corporation of Japan, which is provided for in Article 37-4 of the Order for Enforcement of the Insurance Business Act, the amount applied to the Parent Company is estimated to be ¥86,176 million as of September 30, 2012.
The amount contributed to the said corporation is recorded within operating expenses.

(5) Consolidated Statements of Income and Consolidated Statements of Comprehensive Loss

[Consolidated Statements of Income]

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Ordinary income:	3,346,492	3,634,517
Revenues from insurance and reinsurance	2,570,905	2,762,774
Investment income:	655,956	715,228
Interest, dividends, and other income	603,815	616,105
Gain from assets held in trust, net	0	9
Gain on sales of securities	28,765	94,883
Gain on derivative financial instruments, net	10,068	—
Other ordinary income	119,629	156,515
Ordinary expenses:	3,191,820	3,413,665
Benefits and other payments:	1,781,575	1,930,274
Death and other claims	543,186	586,831
Annuity payments	323,732	304,942
Health and other benefits	408,894	398,119
Surrender benefits	416,406	506,388
Other refunds	88,887	133,498
Provision for policy reserves:	483,803	713,905
Provision for policy reserves	470,712	700,225
Provision for interest on reserve for dividends to policyholders	13,091	13,680
Investment expenses:	444,185	286,818
Interest expenses	1,347	1,741
Loss on sales of securities	21,121	65,230
Loss on valuation of securities	348,000	100,584
Loss on derivative financial instruments, net	—	4,719
Loss from separate accounts, net	37,628	80,353
Operating expenses	289,175	289,613
Other ordinary expenses	193,081	193,052
Ordinary profit	154,671	220,852
Extraordinary gains:	3,942	271
Gain on disposals of fixed assets	3,554	27
Reversal of reserve for loss on disaster	—	150
Other extraordinary gains	388	92
Extraordinary losses:	36,880	111,680
Loss on disposals of fixed assets	9,871	2,540
Impairment losses	8,669	3,110
Provision for reserve for price fluctuations in investments in securities	17,148	104,842
Contributions for assisting social public welfare	1,188	1,188
Loss on disaster	4	—
Surplus before income taxes and minority interests	121,733	109,443
Income taxes - current	1,174	28,493
Income taxes - deferred	22,094	(21,213)
Total income taxes	23,269	7,280
Surplus before minority interests	98,464	102,163
Minority interests	370	460
Net surplus	98,094	101,703

Notes to the Consolidated Statement of Income for the six months ended September 30, 2012

1. Impairment losses are as follows:
   1) Method for grouping the assets

      Leased property and idle property are classified as one asset group per structure. Assets utilized for insurance business operations are classified into one asset group.

   2) Circumstances causing impairment losses

      The Company observed a marked decrease in profitability or market value in some of the fixed asset groups. The book value of fixed assets was reduced to the recoverable amount and impairment losses were recognized as extraordinary losses.

   3) Breakdown of asset groups that recognized impairment losses for the six months ended September 30, 2012 is as follows:

	Million Yen			
Purpose of use	Land	Land lease rights	Buildings	Total
Leased property	¥3,174	¥1,105	¥1,719	¥5,999
Idle property	¥1,364	¥28	¥1,277	¥2,669
Total	¥4,538	¥1,133	¥2,996	¥8,669

   4) Calculation method of recoverable amount

      The recoverable amount used in the measurement of impairment losses is based on the net realizable value upon sales of the assets or the discounted future cash flows.

      The discount rate used in the calculation of future cash flows is in principle 4.0%. Net realizable values are determined based on appraisals performed in accordance with the “Real Estate Appraisal Standards” or posted land prices.

2. Other extraordinary gains include reversals of accrued losses at the Parent Company from supporting closely related companies.

[Consolidated Statements of Comprehensive Loss]

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Surplus before minority interests	98,464	102,163
Other comprehensive loss:	(169,866)	(380,071)
Net unrealized gains on available-for-sale securities, net of tax	(182,915)	(384,193)
Deferred gains (losses) on derivatives under hedge accounting	11,478	3,619
Land revaluation differences	(0)	—
Foreign currency translation adjustments	5,704	423
Share of other comprehensive (loss) income of associates accounted for under the equity method	(4,133)	79
Comprehensive loss:	(71,401)	(277,907)
Comprehensive loss attributable to the Parent Company	(71,767)	(278,305)
Comprehensive income attributable to minority interests	365	397

(6) Consolidated Statements of Cash Flows

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
I. Cash flows from operating activities:		
Surplus before income taxes and minority interests	121,733	109,443
Depreciation of rental real estate and other assets	12,330	12,263
Depreciation	29,522	24,372
Impairment losses	8,669	3,110
Net (decrease) in reserve for outstanding claims	(12,809)	(48,523)
Net increase in policy reserves	469,933	700,065
Provision for interest on reserve for dividends to policyholders	13,091	13,680
Net (decrease) in allowance for doubtful accounts	(5,594)	(2,284)
Net (decrease) in accrued bonuses for directors and corporate auditors	(35)	(40)
Net (decrease) increase in accrued retirement benefits	(280)	1,178
Net (decrease) in accrued retirement benefits for directors and corporate auditors	(346)	(726)
Net increase in reserve for price fluctuations in investments in securities	17,148	104,842
Interest, dividends, and other income	(603,815)	(616,105)
Net losses on investments in securities	352,867	76,018
Interest expenses	1,347	1,741
Net losses on tangible fixed assets	4,178	2,206
Loss from separate accounts, net	37,628	80,353
Others, net	(42,018)	92,943
Subtotal	403,549	554,538
Interest, dividends, and other income received	626,785	633,691
Interest paid	(868)	(1,331)
Dividends to policyholders paid	(99,791)	(104,364)
Others, net	(4,711)	(5,009)
Income taxes refund (paid)	24,469	(109,291)
Net cash provided by operating activities	949,433	968,232

(6) Consolidated Statements of Cash Flows (Continued)

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
II. Cash flows from investing activities:		
Net decrease (increase) in deposits	499	(2,000)
Purchases of monetary receivables purchased	(12,000)	(8,000)
Proceeds from sales and redemptions of monetary receivables purchased	44,089	49,130
Purchases of securities	(4,254,056)	(6,916,074)
Proceeds from sales and redemptions of securities	3,036,371	6,115,057
Disbursements for loans	(562,524)	(774,662)
Proceeds from collections of loans	574,176	600,178
Others, net	149,503	(127,609)
①Total investment activities	(1,023,940)	(1,063,978)
[I + II①]	[(74,506)]	[(95,746)]
Purchases of tangible fixed assets	(25,224)	(12,050)
Proceeds from sales of tangible fixed assets	19,696	585
Others, net	(9,074)	(17,282)
Net cash (used in) investing activities	(1,038,542)	(1,092,726)
III. Cash flows from financing activities:		
Proceeds from debt borrowing	108,600	114,100
Repayments of debt	(107,131)	(119,096)
Proceeds from issuance of foundation funds	50,000	100,000
Redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,930)	(3,508)
Others, net	1,265	2,301
Net cash (used in) provided by financing activities	(1,195)	43,797
IV. Effect of exchange rate changes on cash and cash equivalents	3,079	(4,179)
V. Net (decrease) in cash and cash equivalents	(87,226)	(84,876)
VI. Cash and cash equivalents at the beginning of the year	707,424	736,931
VII. Cash and cash equivalents at the end of the period	620,197	652,054

Basis of Presenting the Consolidated Statement of Cash Flows for the six months ended September 30, 2012

Cash and cash equivalents

Cash and cash equivalents, for the purpose of reporting consolidated cash flows, are composed of cash in hand, deposits held at call with banks and all highly liquid short-term investments with a maturity of three months or less when purchased, which are readily convertible into cash and present insignificant risk of change in value.

(7) Consolidated Statements of Changes in Net Assets

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Foundation funds and others:		
Foundation funds:		
Beginning balance	300,000	250,000
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Redemption of foundation funds	(50,000)	(50,000)
Net change	—	50,000
Ending balance	300,000	300,000
Reserve for redemption of foundation funds:		
Beginning balance	900,000	850,000
Increase/Decrease:		
Additions to reserve for redemption of foundation funds	50,000	50,000
Net change	50,000	50,000
Ending balance	950,000	900,000
Reserve for revaluation:		
Beginning balance	651	651
Increase/Decrease:		
Net change	—	—
Ending balance	651	651
Consolidated surplus:		
Beginning balance	379,311	380,448
Increase/Decrease:		
Additions to reserve for dividends to policyholders	(167,313)	(175,513)
Additions to reserve for redemption of foundation funds	(50,000)	(50,000)
Interest on foundation funds	(3,930)	(3,508)
Net surplus	98,094	101,703
Reversal of land revaluation differences	3,898	(258)
Net change	(119,250)	(127,577)
Ending balance	260,060	252,871
Total foundation funds and others:		
Beginning balance	1,579,962	1,481,099
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(167,313)	(175,513)
Interest on foundation funds	(3,930)	(3,508)
Net surplus	98,094	101,703
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	3,898	(258)
Net change	(69,250)	(27,577)
Ending balance	1,510,711	1,453,522

(7) Consolidated Statements of Changes in Net Assets (Continued)

(Million Yen)

	Six months ended September 30, 2012	Six months ended September 30, 2011
Accumulated other comprehensive income (loss):		
Net unrealized gains on available-for-sale securities, net of tax:		
Beginning balance	1,022,171	745,362
Increase/Decrease:		
Net change, excluding foundation funds and others	(182,843)	(384,140)
Net change	(182,843)	(384,140)
Ending balance	839,327	361,221
Deferred gains (losses) on derivatives under hedge accounting:		
Beginning balance	(6,969)	6,832
Increase/Decrease:		
Net change, excluding foundation funds and others	11,478	3,619
Net change	11,478	3,619
Ending balance	4,509	10,452
Land revaluation differences:		
Beginning balance	(67,515)	(89,985)
Increase/Decrease:		
Net change, excluding foundation funds and others	(3,898)	258
Net change	(3,898)	258
Ending balance	(71,414)	(89,726)
Foreign currency translation adjustments:		
Beginning balance	(68,619)	(67,197)
Increase/Decrease:		
Net change, excluding foundation funds and others	1,503	512
Net change	1,503	512
Ending balance	(67,115)	(66,684)
Total accumulated other comprehensive income:		
Beginning balance	879,066	595,012
Increase/Decrease:		
Net change, excluding foundation funds and others	(173,760)	(379,750)
Net change	(173,760)	(379,750)
Ending balance	705,306	215,262
Minority interests:		
Beginning balance	12,141	11,395
Increase/Decrease:		
Net change, excluding foundation funds and others	315	356
Net change	315	356
Ending balance	12,456	11,751
Total net assets:		
Beginning balance	2,471,169	2,087,507
Increase/Decrease:		
Issuance of foundation funds	50,000	100,000
Additions to reserve for dividends to policyholders	(167,313)	(175,513)
Interest on foundation funds	(3,930)	(3,508)
Net surplus	98,094	101,703
Redemption of foundation funds	(50,000)	(50,000)
Reversal of land revaluation differences	3,898	(258)
Net change, excluding foundation funds and others	(173,444)	(379,393)
Net change	(242,695)	(406,970)
Ending balance	2,228,474	1,680,536

(8) Consolidated Solvency Margin Ratio

(Million Yen)

	As of September 30, 2012	As of March 31, 2012
Solvency margin gross amount (A):	5,418,740	5,883,034
Foundation funds (kikin) and other reserve funds:	2,798,330	2,882,927
Foundation funds and others	1,530,031	1,427,666
Reserve for price fluctuations in investments in securities	350,858	333,710
Contingency reserve	575,841	775,654
Extraordinary contingency reserves	—	—
General allowance for doubtful accounts	7,998	12,295
Others	333,600	333,600
Net unrealized gains on available-for-sale securities × 90%	1,116,211	1,364,200
Net unrealized gains on real estate × 85%	17,256	16,958
Excess of continued Zillmerized reserve	1,628,985	1,659,986
Qualifying subordinated debt	—	—
Excess of continued Zillmerized reserve and qualifying subordinated debt not included in margin calculations	—	—
Deduction clause	(94,754)	(73,732)
Others	(47,289)	32,693
Total amount of risk: $\sqrt{(\sqrt{R_1^2+R_5^2}+R_8+R_9)^2+(R_2+R_3+R_7)^2}+R_4+R_6$ (B):	1,858,104	2,017,780
Underwriting risk (R_1)	137,715	139,799
General underwriting risk (R_5)	—	—
Huge disaster risk (R_6)	—	—
Underwriting risk of third-sector insurance (R_8)	75,353	74,872
Underwriting risk related to small amount and short-term insurance providers (R_9)	—	—
Anticipated yield risk (R_2)	398,753	401,939
Minimum guarantee risk (R_7)	10,633	10,285
Investment risk (R_3)	1,395,821	1,550,305
Business management risk (R_4)	40,365	43,544
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$	583.2%	583.1%

Notes: 1. The amounts and figures in the table above are calculated based on Article 86-2 and Article 88 of the Ordinance for Enforcement of the Insurance Business Act and Financial Services Agency Public Notice No. 23 of 2011.
2. The standard method is used for the calculation of the amount equivalent to minimum guarantee risk.

(9) Segment Information

For the six months ended September 30, 2012, the Company and the Company's consolidated subsidiaries engaged in insurance and insurance-related businesses (including asset management-related business and general administration-related business) in Japan and overseas. Segment information and its related information are omitted because there are no other significant segments to report.