[Unofficial Translation]

November 14, 2018

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President and Representative Director
Dai-ichi Life Holdings, Inc.
Code: 8750 (TSE First section)

Supplementary Materials for the Six Months Ended September 30, 2018
(The Dai-ichi Frontier Life Insurance Co., Ltd.)

November 14, 2018

Financial Results for the Six Months Ended September 30, 2018

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Masao Taketomi) announces its financial results for the six months ended September 30, 2018.

[Contents]

1. Business Highlights ..... P. 1
2. Investment of General Account Assets ..... P. 3
3. Investment Results of General Account ..... P. 4
4. Non-Consolidated Balance Sheets ..... P. 9
5. Non-Consolidated Statements of Earnings ..... P. 10
6. Non-Consolidated Statements of Changes in Net Assets ..... P. 11
7. Breakdown of Ordinary Profit (Fundamental Profit) ..... P. 16
8. Disclosed Claims Based on Categories of Obligors ..... P. 17
9. Risk-Monitored Loans ..... P. 17
10. Solvency Margin Ratio ..... P. 18
11. Separate Account Status ..... P. 19
12. Consolidated Financial Summary ..... P. 19

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

1. Business Highlights

(1) Annualized Net Premiums

Policies in Force

(millions of yen except percentages)

	As of March 31, 2018	As of September 30, 2018	
			% of March 31, 2017 total
Individual insurance	231,579	275,104	118.8
Individual annuities	498,429	510,381	102.4
Total	730,008	785,485	107.6
Medical and survival benefits	-	-	-

New Policies

(millions of yen except percentages)

	Six months ended September 30, 2017	Six months ended September 30, 2018	
			% of September 30, 2017 total
Individual insurance	23,585	44,921	190.5
Individual annuities	66,549	60,732	91.3
Total	90,135	105,654	117.2
Medical and survival benefits	-	-	-

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

(2) Policies in Force and New Policies

Policies in Force

	As of March 31, 2018		As of September 30, 2018			
	Number of Policiees (thousands)	Amount (millions of yen)	Number of Policies (thousands)	% of March 31, 2018 total	Amount (millions of yen)	% of March 31, 2017 total
Individual insurance	421	2,914,275	496	117.6	3,438,421	118.0
Individual annuities	844	4,704,366	895	106.0	4,939,311	105.0
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-

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

New Policies

	Number of Policies		Amount			
	(thousands)	% of September 30, 2017 total	(millions of yen)	% of September 30,2017 total	New Business	Net increase from conversions
Six months ended September 30, 2018						
Individual insurance	81	204.2	537,669	190.4	537,669	-
Individual annuities	82	143.4	393,508	127.2	393,508	-
Group insurance	-	-	-	-	-	-
Group annuities	-	-	-	-	-	-
Six months ended September 30, 2017						
Individual insurance	39		282,385		282,385	-
Individual annuities	57		309,430		309,430	-
Group insurance	-		-		-	-
Group annuities	-		-		-	-

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

2. Investment of General Account Assets

(1) Investment Environment

· During the six months ended September 30, 2018, the Japanese economy continued to expand because of robust personal consumption against the backdrop of an improvement in the employment and income environment, and increase in capital inventment due to high levels of corporate earnings.
· In the U.S., the economy remained strong. In addition to the effects of tax reductions and increase in expenditures, consumer spending continued to grow as the employment and income environment improved, while capital investment maintained high growth.
· The European economy remained stable, driven by growth in personal consumption against the backdrop of favorable employment and income environment.
· Given the economic environment described above, the investment environment was as follows:

[Domestic interest rates]
The yield on 10-year JGBs was in the range of 0.0% to 0.10% due to the Bank of Japan's quantitative and qualitative monetary easing policy, which operates long-term and short-term interest rates. However, JGB yields has been rising to over 0.10% due to the Bank's decision to strengthen its monetary policy framework.

Yield on ten-year government bonds:	April 1, 2018	0.040%
	September 30, 2018	0.120%

[U.S. Interest Rates and Foreign Currency]
1. The ten-year U.S. Treasury Note yield rose, as the Federal Reserve Board repeatedly raised interest rates, buoyed by strong economic growth. With regard to foreign exchange, the US dollar appreciated against the yen, in the wake of the rising short-term interest rate following repeated US interest rate hikes.

Yield on ten-year U.S. government bonds:	April 1, 2018	2.729%
	September 30, 2018	3.061%
yen/U.S. dollar:	April 1, 2018	¥106.30
	September 30, 2018	¥113.57

[Australian Interest Rates and Foreign Currency]
Due to mounting concerns over emerging markets and US-China trade friction, the ten-year Australian government bond yield dropped temporarily to 2.50%, and the Australian dollar depreciated against the yen, at one point dropping to 78.9 yen . Reflecting receding concerns over US-China trade friction, however, the ten-year Australian government bond yield rebounded and the Australian dollar regained its value against the yen.

Yield on ten-year Australian government bonds:	April 1, 2018	2.601%
	September 30, 2018	2.668%
yen/Australian dollar:	April 1, 2018	¥81.76
	September 30, 2018	¥81.83

(2) Investment Policies

In view of the liability characteristics of life insurance policies, assets in the general account are invested in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. As to the yen- and foreign currency-denominated fixed products, those assets are primarily invested in yen-denominated bonds and foreign currency-denominated bonds.
Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

(3) Investment Results

The Company invested primarily in yen-denominated bonds. Foreign-currency denominated insuarance were invested in foreign-currency denominated bonds. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) were also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.
As a result, investment income was 149,448 million yen mainly due to foreign exchange gains (75,352 million yen), interest and dividends (71,932 million yen), and gains on sales of securities (1,475 million yen). Investment expenses were 18,038 million yen mainly due to losses on money held in trust (6,840 million yen), derivative transaction losses(5,880 million yen), and losses on sale of securities (4,716 million yen).

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

	As of March 31, 2018		As of September 30, 2018	
	Carrying value	%	Carrying value	%
Cash, deposits, and call loans	162,743	3.0	175,518	2.8
Securities repurchased under resale agreements	-	-	-	-
Deposit paid for securities borrowing transactions	-	-	-	-
Monetary claims bought	4,024	0.1	3,006	0.0
Trading account securities	-	-	-	-
Money held in trust	464,480	8.5	464,141	7.4
Securities	4,701,518	86.1	5,501,927	87.4
Domestic bonds	1,210,923	22.2	1,296,748	20.6
Domestic stocks	-	-	-	-
Foreign securities	3,291,518	60.3	4,007,247	63.7
Foreign bonds	3,285,168	60.2	4,002,676	63.6
Foreign stocks and other securities	6,349	0.1	4,570	0.1
Other securities	199,077	3.6	197,932	3.1
Loans	-	-	-	-
Real estate	-	-	87	0.0
Deferred tax assets	-	-	-	-
Others	127,435	2.3	147,096	2.3
Reserve for possible loan losses	(5)	(0.0)	(5)	(0.0)
Total	5,460,196	100.0	6,291,771	100.0
Foreign currency-denominated assets	3,552,440	65.1	4,357,622	69.3

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Cash, deposits, and call loans	41,308	12,775
Securities repurchased under resale agreements	-	-
Deposit paid for securities borrowing transactions	-	-
Monetary claims bought	(30)	(1,018)
Trading account securities	-	-
Money held in trust	108,527	(339)
Securities	353,141	800,408
Domestic bonds	28,602	85,824
Domestic stocks	-	-
Foreign securities	326,209	715,729
Foreign bonds	329,166	717,508
Foreign stocks and other securities	(2,956)	(1,779)
Other securities	(1,670)	(1,145)
Loans	-	-
Real estate	-	87
Deferred tax assets	-	-
Others	15,407	19,661
Reserve for possible loan losses	(1)	0
Total	518,352	831,575
Foreign currency-denominated assets	385,874	805,181

(3) Investment Income

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Interest and dividends	58,168	71,932
Interest from bank deposits	196	502
Interest and dividends from securities	57,788	71,287
Interest from loans	-	-
Rental income	-	-
Other interest and dividends	183	142
Gains on trading account securities	-	-
Gains on money held in trust	-	-
Gains on investment in trading securities	-	-
Gains on sale of securities	2,650	1,475
Gains on sale of domestic bonds	1,241	1,475
Gains on sale of domestic stocks	-	-
Gains on sale of foreign securities	1,409	-
Others	-	-
Gains on redemption of securities	1,387	687
Derivative transaction gains	7,305	-
Foreign exchange gains	80,256	75,352
Reversal of reserve for possible loan losses	-	0
Other investment income	-	-
Total	149,768	149,448

(4) Investment Expenses

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
Interest expenses	1	2
Losses on trading account securities	-	-
Losses on money held in trust	6,631	6,840
Losses on investment in trading securities	5,349	4,716
Losses on sale of securities	2,041	74
Losses on sale of domestic bonds	41	-
Losses on sale of domestic stocks	-	-
Losses on sale of foreign securities	2,000	74
Others	-	-
Losses on valuation of securities	-	-
Losses on valuation of domestic bonds	-	-
Losses on valuation of domestic stocks	-	-
Losses on valuation of foreign securities	-	-
Others	-	-
Losses on redemption of securities	0	103
Derivative transaction losses	-	5,880
Foreign exchange losses	-	-
Provision for reserve for possible loan losses	1	-
Write-down of loans	-	-
Depreciation of rented real estate and others	-	-
Other investment expenses	438	419
Total	14,464	18,038

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

	As of March 31, 2018		As of September 30, 2018	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statement of earnings
Trading securities	470,830	(16,139)	468,771	(11,557)

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

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

(millions of yen)

	Book value	Fair value	Gains (losses)		
				Gains	Losses
As of September 30, 2018					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	4,394,116	4,476,265	82,149	122,246	40,097
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,085,711	1,106,246	20,535	31,275	10,740
Domestic bonds	296,189	305,996	9,806	11,061	1,255
Domestic stocks	-	-	-	-	-
Foreign securities	597,221	599,312	2,090	11,498	9,407
Foreign bonds	597,221	599,312	2,090	11,498	9,407
Foreign stocks and other securities	-	-	-	-	-
Other securities	189,300	197,932	8,631	8,708	77
Monetary claims bought	3,000	3,006	6	6	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	5,479,827	5,582,511	102,684	153,521	50,837
Domestic bonds	1,286,941	1,342,514	55,573	63,159	7,586
Domestic stocks	-	-	-	-	-
Foreign securities	4,000,585	4,039,058	38,473	81,647	43,173
Foreign bonds	4,000,585	4,039,058	38,473	81,647	43,173
Foreign stocks and other securities	-	-	-	-	-
Other securities	189,300	197,932	8,631	8,708	77
Monetary claims bought	3,000	3,006	6	6	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
As of March 31, 2018					
Bonds held to maturity	-	-	-	-	-
Policy-reserve-matching bonds	3,654,359	3,769,152	114,792	134,863	20,071
Stocks of subsidiaries and affiliates	-	-	-	-	-
Securities available for sale	1,014,320	1,044,833	30,513	36,623	6,109
Domestic bonds	311,958	325,496	13,537	14,243	706
Domestic stocks	-	-	-	-	-
Foreign securities	509,060	516,235	7,175	12,490	5,315
Foreign bonds	509,060	516,235	7,175	12,490	5,315
Foreign stocks and other securities	-	-	-	-	-
Other securities	189,300	199,077	9,776	9,863	87
Monetary claims bought	4,000	4,024	24	24	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-
Total	4,668,679	4,813,985	145,305	171,486	26,181
Domestic bonds	1,197,386	1,271,024	73,638	76,847	3,208
Domestic stocks	-	-	-	-	-
Foreign securities	3,277,993	3,339,858	61,865	84,750	22,884
Foreign bonds	3,277,993	3,339,858	61,865	84,750	22,884
Foreign stocks and other securities	-	-	-	-	-
Other securities	189,300	199,077	9,776	9,863	87
Monetary claims bought	4,000	4,024	24	24	-
Certificates of deposit	-	-	-	-	-
Others	-	-	-	-	-

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

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

Not applicable.

(7) Fair Value Information on Money Held in Trust

(millions of yen)

	Carrying value on the balance sheet	Fair value	Gains (losses)		
				Gains	Losses
As of September 30, 2018	464,141	464,141	(6,840)	2,074	8,914
As of March 31, 2018	464,480	464,480	(10,467)	3,805	14,272

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

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

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

(millions of yen)

	As of March 31, 2018		As of September 30, 2018	
	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings	Carrying value on the balance sheet	Valuation gains (losses) included in the statements of earnings
Money held in trust for investment purposes	464,480	(10,467)	464,141	(6,840)

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

Not applicable.

4. Non-Consolidated Balance Sheets

(millions of yen)

	As of March 31, 2018 (Summarized)	As of September 30, 2018 (Summarized)
	Amount	Amount
(ASSETS)		
Cash and deposits	171,963	188,305
Monetary claims bought	4,024	3,006
Money held in trust	464,480	464,141
Securities	6,765,295	7,448,763
[Government bonds]	[561,774]	[536,796]
[Local government bonds]	[11,349]	[12,983]
[Corporate bonds]	[637,799]	[746,968]
[Foreign securities]	[3,305,183]	[4,020,205]
Tangible fixed assets	281	320
Intangible fixed assets	5,503	6,578
Reinsurance receivables	56,274	61,220
Other assets	66,871	82,123
Reserve for possible loan losses	(5)	(5)
Total assets	7,534,687	8,254,454

(millions of yen)

	As of March 31, 2018 (Summarized)	As of September 30, 2018 (Summarized)
	Amount	Amount
(LIABILITIES)		
Policy reserves and others	7,110,390	7,808,136
Reserves for outstanding claims	12,524	15,997
Policy reserves	7,097,865	7,792,139
Reinsurance payable	166,033	164,833
Other liabilities	83,312	107,639
Corporate income tax payable	5,692	930
Lease liabilities	127	100
Other liabilities	77,493	106,608
executive officers and corporate auditors	-	-
Reserve for price fluctuations	14,340	16,802
Deferred tax liabilities	8,568	5,771
Total liabilities	7,382,645	8,103,182
(NET ASSETS)		
Capital stock	117,500	117,500
Capital surplus	67,500	67,500
Legal capital surplus	67,500	67,500
Retained earnings	(54,903)	(48,492)
Other retained earnings	(54,903)	(48,492)
Retained earnings brought forward	(54,903)	(48,492)
Total shareholders' equity	130,096	136,507
Net unrealized gains on securities, net of tax	21,944	14,763
Total of valuation and translation adjustments	21,944	14,763
Total net assets	152,041	151,271
Total liabilities and net assets	7,534,687	8,254,454

5. Non-Consolidated Statements of Earnings

(millions of yen)

	Six months ended September 30, 2017	Six months ended September 30, 2018
	Amount	Amount
ORDINARY REVENUES	872,915	1,105,154
Premium and other income	637,363	914,117
[Premium income]	[555,882]	[868,235]
Investment income	235,547	191,031
[Interest and dividends]	[58,168]	[71,932]
[Gains on sale of securities]	[2,650]	[1,475]
[Derivative transaction gains]	[7,305]	[-]
[Gains on investment in separate accounts]	[85,779]	[41,583]
Other ordinary revenues	4	4
ORDINARY EXPENSES	846,493	1,090,862
Benefits and claims	334,112	331,898
[Claims]	[20,664]	[29,002]
[Annuities]	[72,687]	[150,058]
[Benefits]	[27,270]	[29,930]
[Surrender values]	[71,175]	[67,214]
[Other refunds]	[2,686]	[2,943]
Provision for policy reserves and others	469,398	697,746
Provision for reserves for outstanding claims	1,244	3,472
Provision for policy reserve	468,153	694,273
Investment expenses	14,464	18,038
[Interest expenses]	[1]	[2]
[Losses on money held in trust]	[6,631]	[6,840]
[Losses on investment in trading securities]	[5,349]	[4,716]
[Losses on sale of securities]	[2,041]	[74]
[Derivative transaction losses]	[-]	[5,880]
Operating expenses	25,110	37,733
Other ordinary expenses	3,408	5,445
ORDINARY GAIN (LOSS)	26,422	14,291
EXTRAORDINARY LOSSES	1,920	2,462
Gain (loss) before income taxes	24,502	11,829
Corporate income taxes - current	9,269	5,418
Total of corporate income taxes	9,269	5,418
Net income (loss) for the period	15,232	6,411

6. Non-Consolidated Statement of Changes in Net Assets

Six months ended September 30, 2018

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(54,903)	130,096
Changes for the period				
Net income (loss) for the period			6,411	6,411
Net changes of items other than shareholders' equity				
Total changes for the period	-	-	6,411	6,411
Balance at the end of the period	117,500	67,500	(48,492)	136,507

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	21,944	21,944	152,041
Changes for the period			
Net income (loss) for the period			6,411
Net changes of items other than shareholders' equity	(7,181)	(7,181)	(7,181)
Total changes for the period	(7,181)	(7,181)	(770)
Balance at the end of the period	14,763	14,763	151,271

Six months ended September 30, 2017

(millions of yen)

	Shareholders' equity			
	Capital stock	Capital surplus	Retained earnings	Total shareholders' equity
		Legal capital surplus	Other retained earnings	
			Retained earnings brought forward	
Balance at the beginning of the year	117,500	67,500	(91,987)	93,012
Changes for the period				
Net income (loss) for the period			15,232	15,232
Net changes of items other than shareholders' equity				
Total changes for the period	-	-	15,232	15,232
Balance at the end of the period	117,500	67,500	(76,754)	108,245

	Valuation and translation adjustments		Total net assets
	Net unrealized gains on securities, net of tax	Total valuation and translation adjustments	
Balance at the beginning of the year	17,307	17,307	110,320
Changes for the period			
Net income (loss) for the period			15,232
Net changes of items other than shareholders' equity	2,295	2,295	2,295
Total changes for the period	2,295	2,295	17,528
Balance at the end of the period	19,603	19,603	127,848

Notes to the Non-Consolidated Balance Sheet

As of September 30, 2018

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

2 Risk management policies regarding policy-reserve matching bonds are as follows:
The Company categorizes its insurance products into sub-groups by the attributes of each product and, in order to manage risks properly, formulates its policy on investments and resource allocation based on the balance of the sub-groups. Moreover, the Company periodically checks that the duration gap between policy-reserve-matching bonds and policy reserves stays within a certain range. The sub-groups are:
(a) Individual insurance and annuities (JP yen-denominated)
(b) Individual insurance and annuities (US dollar-denominated)
(c) Individual insurance and annuities (AUS dollar-denominated)
(d) Individual insurance and annuities (NZ dollar-denominated)
with the exception of certain types and policies.

(Additional Information)
Effective from the first quarter ended June 30, 2018, the sub-groups of individual insurance and annuities (JP yen-denominated, short term) and individual insurance and annuities (JP yen-denominated, long term) have been integrated and categorized as individual insurance and annuities (JP yen-denominated). This integration has been conducted for the purpose of carrying out appropriate duration control in terms of efficient ALM, following the shortened policy reserve duration, in accordance with the sales discontinuation of the insurance products categorized as individual insurance and annuities (JP yen-denominated, short term).
This change has no effect on gains or losses.

3 Derivative transactions (including those attributable to money held in trust and foreign securities (investment trusts)) are reported at fair value.

4 Depreciation of tangible fixed assets is as follows:
(a) Tangible fixed assets (excluding leased assets)
Annual amount of depreciation estimated by declining balance method (straight-line method being applied to buildings, with the exception of those buildings and accompanying facilities acquired prior to March 31, 2016), is reported pro rata in accordance with the life. Declining balance method is applied. However, o ther tangible fixed assets that were acquired for 100,000 yen or more but less than 200,000 yen are depreciated in an equal installment over three years.
(b) Leased assets
Depreciation of leased assets with regard to finance leases whose ownership does not transfer to the lessees is computed under the straight-line method assuming zero residual value and with the lease period being deemed as useful life .

5 Amortization of intangible fixed assets is calculated by the straight-line method. Amortization of software for internal use is based on the estimated useful life.

6 Foreign currency-denominated assets and liabilities are translated into the yen at market exchange rates as of the book closing date. Changes in market values of bonds included in foreign currency-denominated other securities are divided into two, and the portion attributable to changes in the securities' nominal market prices in their local currencies is included in "valuation difference" on other securities, and the rest in "foreign exchange gains/losses. "

7 Reserve for possible loan losses is calculated by multiplying the value of loan claims by the historical loan loss rates calculated from actual losses, pursuant rules on the self-assessment of assets as well as rules on the write-offs on and provisioning of reserves for assets. Relevant departments assess all loan claims based on the self-assessment rules, and an independent department responsible for auditing assets audits the assessment results. Provisions to the reserve for possible loan losses are determined based on the assessment results.

8 Reserve for price fluctuations is calculated pursuant to Article 115 of the Insurance Business Act.

9 National and local consumption taxes are recorded with the tax-exclusion method. Non-recoverable consumption tax on certain assets is capitalized as a prepaid expense and amortized equally over five years in accord with corporate taxation law, and such taxes other than deferred consumption tax are recognized as an expense in the year in which they are incurred.

10 Policy reserves are those reserves set aside in accord with Article 116 of the Insurance Business Act. Insurance premium reserve is calculated as follows:
(a) For policies subject to the Standard Policy Reserve Method: Method stipulated by the Financial Services Agency Commissioner (Ministry of Finance Notification No. 48, 1996)
(b) For policies not subject to the Standard Policy Reserve Method: Net level premium reserve method

11 Among the derivative transactions, currency swap gains or losses, realized at the time of the settlement, used to be reported as foreign exchange losses or gains. However, these currency swap losses or gains have now been changed to be reported as derivative transaction gains or losses. This change has been made in order to report our operating results in a more appropriate manner by means of changing the main purposes of currency swap transactions so as to better respond to market changes. As a result, 1,846 million yen reported as “Foreign exchange gains” under the heading of “Investment income” in the interim statements of earnings of the Financial Results for the Six Months ended September 30, 2017, has now been restated as “Derivative transaction gains.

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

(millions of yen)

	Carrying amount on balance sheet	Fair value	Difference
(1) Cash and deposits	188,305	188,305	-
(2) Monetary claims bought	3,006	3,006	-
(3) Money held in trust	464,141	464,141	-
(4) Securities	7,448,763	7,530,912	82,149
(a) Trading securities	1,951,406	1,951,406	-
(b) Policy-reserve-matching bonds	4,394,116	4,476,265	82,149
(c) Other securities	1,103,240	1,103,240	-
Assets total	8,104,216	8,186,365	82,149
Derivative transactions			
(a) Derivative transactions to which hedge accounting is not applied	(19,358)	(19,358)	-
Derivative transactions total	(19,358)	(19,358)	-

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

Fair values of financial instruments are calculated as follows:
(a) Cash and deposits
Deposits are recorded at book value as all deposits have no maturities and their book values approximate their fair values.
(b) Monetary claims bought
Fair value of monetary claims bought is based on the reasonably calculated price.
(c) Money held in trust
Information on securities appears below in "(d) Securities". Information on derivative transactions appears below in "(e) Derivative transactions".
(d) Securities
Fair value of bonds is based on the price on stock exchanges. Fair value of mutual funds is based on unit price.
(e) Derivative transactions
For foreign exchange forward contracts, futures market prices on the book closing date are used as fair value.
For currency swap contracts and interest rate swap contracts, amounts discounted to present value are used as fair value.
For total return swap contracts, amounts calculated by using indices on the book closing date are used as fair value. For futures transactions and other market traded instruments, securities exchange market closing prices are used as fair value.

13 Accumulated depreciation on tangible fixed assets is 168,174 million yen.

As of September 30, 2018

14 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 1,962,798 million yen. Liabilities in separate accounts, total the same amount.

15 Accumulated depreciation on tangible fixed assets is 73,179 million yen.The amounts of secured liabilities were 12,440 million yen.

16 Assets for which rights held can be freely disposed of by means of sale or collateralization are available-for-sale securities that have been accepted as collateral of reinsurance dealings, and in this period ownership was maintained for total market value of 75,042 million yen as of September 30, 2018, and we have no assets pledged as a re-collateral.

17 Reserves for outstanding claims attributable to the portion of reinsurance specified in Article 71, paragraph 1, of the Ordinance for Enforcement of the Insurance Business Act, applied under Article 73, paragraph 3, of said Ordinance ("reserves for outstanding ceding insurance claims"), amount to 123 million yen. Policy reserves attributable to the portion of reinsurance specified in Article 71, paragraph 1, of said Ordinance ("ceding reinsurance policy reserves") amount to 270,286 million yen.

18 As of September 30, 2018, the Company estimated that it would be required to contribute 10,976 million yen to the Life Insurance Policyholders Protection Corporation of Japan pursuant to Article 259 of the Insurance Business Act. Contributions are expensed as an operating expense in the first half of the year in which they are incurred.

19 As of September 30, 2018, undepreciated balance of the fee of the reinsurance contract, which is defined in announcement No.50, 1-5, Ministry of Finance, 1996, is 66,581 million yen.

Notes to the Non-Consolidated Statement of Earnings

Six months ended September 30, 2018

1 Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 1,475 million yen, respectively.

2 Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 74 million yen, respectively.

3 In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of 2 million yen was deducted as an adjustment. In calculating the reversal of policy reserves, a provision for polcy reserves reinsured of 9,615 million yen was added.

4 The details of Interest and dividends are as follows:

Interest on deposits :	502 million yen
Interest and dividends from securities :	71,287 million yen
Other interest and dividends :	142 million yen
Total :	71,932 million yen

5 Net loss per share for the six months ended September 30, 2018 was 3,465,445.02 yen.

6 Premium and other income includes the increase of 8,644 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.

7 Benefits and claims includes the decrease of 4,862 million yen of the fee of the reinsurance contract which is defined in announcement No.50, 1-5, Ministry of Finance, 1996.

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

Six months ended September 30, 2018

1 Number of outstanding shares by class

(shares)

	No. shares as of April 1, 2018	Increase in number of shares	Decrease in number of shares	No. shares as of September 30, 2018
Outstanding shares				
Common stock	1,850	-	-	1,850

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

		Six months ended September 30, 2017	Six months ended September 30, 2018
Fundamental profit	A	48,310	39,178
Capital gains		90,212	76,827
Gains on money held in trust		-	-
Gains on investment in trading securities		-	-
Gains on sale of securities		2,650	1,475
Derivative transaction gains		7,305	-
Foreign exchange gains		80,256	75,352
Others		-	-
Capital losses		106,638	96,188
Losses on money held in trust		6,631	6,840
Losses on investment in trading securities		5,349	4,716
Losses on sale of securities		2,041	74
Losses on valuation of securities		-	-
Derivative transaction losses		-	5,880
Foreign exchange losses		-	-
Others		92,616	78,675
Net capital gains (losses)	B	(16,425)	(19,360)
Fundamental profit plus net capital gains (losses)	A + B	31,884	19,817
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Reversal of specific reserve for possible loan losses		-	-
Others		-	-
Other one-time losses		5,462	5,525
Ceding reinsurance commissions		-	-
Provision for contingency reserve		5,462	5,525
Provision for specific reserve for possible loan losses		-	-
Provision for specific reserve for loans to refinancing countries		-	-
Write-down of loans		-	-
Others		-	-
Other one-time profits (losses)	C	(5,462)	(5,525)
Ordinary profit (loss)	A + B + C	26,422	14,291

Note: 1. Fundamental profit includes the amount below.

	Six months ended September 30, 2017	Six months ended September 30, 2018
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	1,397	6,101
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	91,219	72,574

2. Other capital losses include the amount below.

	Six months ended September 30, 2017	Six months ended September 30, 2018
Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA)	1,397	6,101
Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies	91,219	72,574

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

4. Among the derivative transactions, currency swap gains or losses, realized at the time of the settlement, used to be reported as foreign exchange losses or gains. However, these currency swap losses or gains have now been changed to be reported as derivative transaction gains or losses. As a result, 1,846 million yen reported as “Foreign exchange gains” under the heading of “Capital gains” in the interim statements of earnings of the Financial Results for the Six Months ended September 30, 2017, has now been restated as “Derivative transaction gains”.

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Claims against bankrupt and quasi-bankrupt obligors	-	-
Claims with collection risk	-	-
Claims for special attention	-	-
Subtotal	-	-
[Percentage]	[-]	[-]
Claims against normal obligors	170,227	168,190
Total	170,227	168,190

Note: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganization or rehabilitation or other similar proceedings and other borrowers in serious financial difficulties.

2. Claims with collection risk are loans to obligors (other than bankrupt and quasi-bankrupt obligors) with deteriorated financial condition and results of operations from which it is unlikely that the principal and interest on the loans will be recovered.

3. Claims for special attention are loans on which principal and/or interest are past due for three months or more and loans with a concessionary interest rate, as well as loans with renegotiated conditions in favor of the borrower, including renegotiated schedule and/or waivers, in each case, other than the loans described in note 1. or 2. above.

4. Claims against normal obligors are all other loans.

9. Risk-Monitored Loans

Not applicable.

10. Solvency Margin Ratio

(millions of yen)

		As of March 31, 2018	As of September 30, 2018
Total solvency margin	(A)	472,720	474,448
Common stock, etc		130,096	136,507
Reserve for price fluctuations		14,340	16,802
Contingency reserve		121,982	127,507
General reserve for possible loan losses		5	5
(Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% *		27,461	18,481
Net unrealized gains (losses) on real estate × 85%*		-	-
Policy reserves in excess of surrender values		183,277	179,228
Qualifying subordinated debt		-	-
Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt		-	-
Excluded items		(4,443)	(4,085)
Others		-	-
Total Risk	$\sqrt{(R_1+R_8)^2+(R_2+R_3+R_7)^2}+R_4$ (B)	164,541	184,636
Insurance risk	R_1	79	78
3rd sector insurance risk	R_8	-	-
Assumed investment yield risk	R_2	39,633	50,271
Guaranteed minimum benefit risk	R_7	19,145	17,174
Investment risk	R_3	100,967	111,809
Business risk	R_4	4,794	5,380
Solvency margin ratio $\frac{(A)}{(1/2)\times(B)}\times 100$		574.5%	513.9%

* Multiplied by 100% if losses.

Note: 1. The figures are calculated based on Articles 86 and 87 of the Enforcement Regulations of Insurance Business Act, and Announcement No.50, Ministry of Finance, 1996.

2. Guaranteed minimum benefit risk is calculated by standard method.

11. Separate Account Status

(1) Separate Account Assets by Product

(millions of yen)

	As of March 31, 2018	As of September 30, 2018
Individual variable insurance	56,994	60,719
Individual variable annuities	2,017,819	1,902,079
Group annuities	-	-
Separate account total	2,074,814	1,962,798

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

	As of March 31, 2018		As of September 30, 2018	
	Number of policies (thousands)	Amount	Number of policies (thousands)	Amount
Variable insurance (defined term type)	-	-	-	-
Variable insurance (whole life type)	54	441,301	54	453,429
Total	54	441,301	54	453,429

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

B. Individual Variable Annuities

(millions of yen except number of policies)

	As of March 31, 2018		As of September 30, 2018	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	624	3,663,591	611	3,591,602

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

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

12. Consolidated Financial Summary

Not applicable.