

[Unofficial Translation]

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Code: 8750 (TSE First section)

Supplementary Materials for the Six Months Ended September 30, 2017
(The Dai-ichi Frontier Life Insurance Co., Ltd.)

Financial Results for the Six Months Ended September 30, 2017

The Dai-ichi Frontier Life Insurance Co., Ltd. (the "Company"; President: Takashi Kawashima) announces its financial results for the six months ended September 30, 2017.

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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, 2017 | As of September 30, 2017 | |
|-------------------------------|----------------------|--------------------------|---------------------------|
| | | | % of March 31, 2017 total |
| Individual insurance | 185,125 | 208,158 | 112.4 |
| Individual annuities | 527,625 | 526,743 | 99.8 |
| Total | 712,750 | 734,902 | 103.1 |
| Medical and survival benefits | - | - | - |

New Policies

(millions of yen except percentages)

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 | % of September 30, 2016 total |
|-------------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| | | | |
| Individual insurance | 14,409 | 23,585 | 163.7 |
| Individual annuities | 74,777 | 66,549 | 89.0 |
| Total | 89,186 | 90,135 | 101.1 |
| 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, 2017 | | As of September 30, 2017 | | | |
|----------------------|--------------------------------|--------------------------|--------------------------------|---------------------------|--------------------------|---------------------------|
| | Number of Policies (thousands) | Amount (millions of yen) | Number of Policies (thousands) | % of March 31, 2017 total | Amount (millions of yen) | % of March 31, 2016 total |
| Individual insurance | 324 | 2,368,991 | 358 | 110.7 | 2,658,967 | 112.2 |
| Individual annuities | 754 | 4,471,695 | 788 | 104.5 | 4,733,579 | 105.9 |
| 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, 2016 total | (millions of yen) | % of September 30, 2016 total | New Business | Net increase from conversions |
| Six months ended September 30, 2017 | | | | | | |
| Individual insurance | 39 | 156.9 | 282,385 | 144.4 | 282,385 | - |
| Individual annuities | 57 | 115.8 | 309,430 | 103.8 | 309,430 | - |
| Group insurance | - | - | - | - | - | - |
| Group annuities | - | - | - | - | - | - |
| Six months ended September 30, 2016 | | | | | | |
| Individual insurance | 25 | | 195,501 | | 195,501 | - |
| Individual annuities | 50 | | 298,222 | | 298,222 | - |
| Group insurance | - | | - | | - | - |
| Group annuities | - | | - | | - | - |

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

(3) Profit and Loss Items

(millions of yen except percentages)

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 | % of September 30, 2016 total |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------|
| Premium and other income | 540,692 | 637,363 | 117.9 |
| Investment income | 61,591 | 235,547 | 382.4 |
| Benefits and claims | 310,222 | 334,112 | 107.7 |
| Investment expenses | 289,621 | 14,464 | 5.0 |

(4) Total Assets

(millions of yen except percentages)

| | As of March 31, 2017 | As of September 30, 2017 | % of March 31, 2017 total |
|--------------|----------------------|--------------------------|---------------------------|
| Total Assets | 6,742,468 | 7,312,681 | 108.5 |

2. Investment of General Account Assets

(1) Investment Environment

During the six months ended September 30, 2017, the Japanese economy experienced growth higher than the potential growth rate, spurred by domestic demand centered on individual consumption due to continuous improvement in employment and household income.

The U.S. economy continued moderate growth, driven by expanding individual consumption reflecting improvements in employment and household income, as well as strong capital investment backed by increasing corporate profits.

The Australian economy continued moderate recovery supported by individual consumption and government expenditure. Given such economic conditions, the investment environment was as follows.

[Domestic interest rates]

The ten-year Japanese government bond (JGB) yield temporarily rose over the 0.1%-line under pressure from U.S. rate hikes and expectations for tapering of quantitative easing by European Central Bank (ECB). Thereafter, the JGB yield reverted and stabilized at a low level supported by quantitative and qualitative easing with yield curve control

| | | |
|-------------------------------------|--------------------|--------|
| Yield on ten-year government bonds: | April 1, 2017 | 0.065% |
| | September 30, 2017 | 0.060% |

[U.S. Interest Rates and Foreign Currency]

The ten-year U.S. Treasury Note yield fell in response to geopolitical risk and concern towards realization of policy measures. The yen appreciated against the dollar but because of factors such as a policy announcement indicating balance sheet reduction by the Federal Reserve Board (FRB), anticipation of a raise in interest rates by the end of 2017 and expectations towards the U.S. tax reform, U.S. interest rates and foreign currency exchange rates were generally the same level as at the beginning of the fiscal year.

| | | |
|------------------------------------------|--------------------|---------|
| Yield on ten-year U.S. government bonds: | April 1, 2017 | 2.319% |
| | September 30, 2017 | 2.334% |
| yen/U.S. dollar: | April 1, 2017 | ¥112.19 |
| | September 30, 2017 | ¥112.73 |

[Australian Interest Rates and Foreign Currency]

Accompanying the steady economic growth of China, a major trading partner of Australia, iron ore prices increased while the ten-year Australian Treasury Note yield rose and the yen depreciated against the Australian dollar.

| | | |
|------------------------------------------------|--------------------|--------|
| Yield on ten-year Australian government bonds: | April 1, 2017 | 2.669% |
| | September 30, 2017 | 2.784% |
| yen/Australian dollar: | April 1, 2017 | ¥84.99 |
| | September 30, 2017 | ¥88.47 |

(2) Investment Policies

In view of the liability characteristics of life insurance policies, assets in the general account are invested in accordance with asset-liability management (ALM) principles with the primary objective of steadily paying annuities, insurance proceeds, and benefits over the long term. General account assets are invested primarily in yen-denominated bonds.

Foreign-currency denominated insurance are invested in foreign-currency denominated bonds. Certain instruments are also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

(3) Investment Results

The Company invested primarily in yen-denominated bonds. Foreign-currency denominated insurance were invested in foreign-currency denominated bonds. Derivative trades attributable to money held in trust and investments in foreign securities (investment trusts) were also used to mitigate the guaranteed minimum benefit risk on individual variable annuities.

As a result, investment income was 149,768 million yen mainly due to foreign exchange gains (82,103 million yen), interest and dividends (58,168 million yen), and derivative transaction gains (5,458 million yen). Investment expenses were 14,464 million yen mainly due to losses on money held in trust (6,631 million yen), losses on investment in trading securities (5,349 million yen), and losses on sale of securities (2,041 million yen).

3. Investment Results of General Account

(1) Asset Composition

(millions of yen except percentages)

| | As of March 31, 2017 | | As of September 30, 2017 | |
|----------------------------------------------------|----------------------|-------|--------------------------|-------|
| | Carrying value | % | Carrying value | % |
| Cash, deposits, and call loans | 102,516 | 2.2 | 143,824 | 2.8 |
| Securities repurchased under resale agreements | - | - | - | - |
| Deposit paid for securities borrowing transactions | - | - | - | - |
| Monetary claims bought | 6,081 | 0.1 | 6,050 | 0.1 |
| Trading account securities | - | - | - | - |
| Money held in trust | 282,919 | 6.1 | 391,447 | 7.6 |
| Securities | 4,094,184 | 88.7 | 4,447,325 | 86.7 |
| Domestic bonds | 1,145,301 | 24.8 | 1,173,903 | 22.9 |
| Domestic stocks | - | - | - | - |
| Foreign securities | 2,747,216 | 59.5 | 3,073,426 | 59.9 |
| Foreign bonds | 2,740,228 | 59.4 | 3,069,395 | 59.8 |
| Foreign stocks and other securities | 6,987 | 0.2 | 4,030 | 0.1 |
| Other securities | 201,666 | 4.4 | 199,995 | 3.9 |
| Loans | - | - | - | - |
| Real estate | - | - | - | - |
| Deferred tax assets | - | - | - | - |
| Others | 127,642 | 2.8 | 143,049 | 2.8 |
| Reserve for possible loan losses | (6) | (0.0) | (7) | (0.0) |
| Total | 4,613,338 | 100.0 | 5,131,690 | 100.0 |
| Foreign currency-denominated assets | 2,900,997 | 62.9 | 3,286,871 | 64.1 |

(2) Changes (Increase/Decrease) in Assets

(millions of yen)

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|----------------------------------------------------|----------------------------------------|----------------------------------------|
| Cash, deposits, and call loans | (15,456) | 41,308 |
| Securities repurchased under resale agreements | - | - |
| Deposit paid for securities borrowing transactions | - | - |
| Monetary claims bought | 15 | (30) |
| Trading account securities | - | - |
| Money held in trust | 187,356 | 108,527 |
| Securities | (11,983) | 353,141 |
| Domestic bonds | (3,129) | 28,602 |
| Domestic stocks | - | - |
| Foreign securities | 41,125 | 326,209 |
| Foreign bonds | 39,593 | 329,166 |
| Foreign stocks and other securities | 1,531 | (2,956) |
| Other securities | (49,979) | (1,670) |
| Loans | - | - |
| Real estate | - | - |
| Deferred tax assets | - | - |
| Others | (8,840) | 15,407 |
| Reserve for possible loan losses | (0) | (1) |
| Total | 151,090 | 518,352 |
| Foreign currency-denominated assets | 35,370 | 385,874 |

(3) Investment Income

(millions of yen)

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|----------------------------------------------|----------------------------------------|----------------------------------------|
| Interest and dividends | 49,817 | 58,168 |
| Interest from bank deposits | 140 | 196 |
| Interest and dividends from securities | 49,562 | 57,788 |
| Interest from loans | - | - |
| Rental income | - | - |
| Other interest and dividends | 114 | 183 |
| Gains on trading account securities | - | - |
| Gains on money held in trust | 1,362 | - |
| Gains on investment in trading securities | 1,531 | - |
| Gains on sale of securities | 8,453 | 2,650 |
| Gains on sale of domestic bonds | 7,217 | 1,241 |
| Gains on sale of domestic stocks | - | - |
| Gains on sale of foreign securities | 1,236 | 1,409 |
| Others | - | - |
| Gains on redemption of securities | 426 | 1,387 |
| Derivative transaction gains | - | 5,458 |
| Foreign exchange gains | - | 82,103 |
| Reversal of reserve for possible loan losses | - | - |
| Other investment income | - | - |
| Total | 61,591 | 149,768 |

(4) Investment Expenses

(millions of yen)

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|------------------------------------------------|----------------------------------------|----------------------------------------|
| Interest expenses | 1 | 1 |
| Losses on trading account securities | - | - |
| Losses on money held in trust | - | 6,631 |
| Losses on investment in trading securities | - | 5,349 |
| Losses on sale of securities | 1,514 | 2,041 |
| Losses on sale of domestic bonds | - | 41 |
| Losses on sale of domestic stocks | - | - |
| Losses on sale of foreign securities | 1,514 | 2,000 |
| 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 | 45 | 0 |
| Derivative transaction losses | 8,436 | - |
| Foreign exchange losses | 249,971 | - |
| Provision for reserve for possible loan losses | 0 | 1 |
| Write-down of loans | - | - |
| Depreciation of rented real estate and others | - | - |
| Other investment expenses | 393 | 438 |
| Total | 260,364 | 14,464 |

(5) Valuation Gains and Losses on Trading Securities

(millions of yen)

| | As of March 31, 2017 | | As of September 30, 2017 | |
|--------------------|-------------------------------------------|-------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------------------|
| | 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 | 289,907 | (22,424) | 395,478 | (11,980) |

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)

| | | | (millions of yen) | | | | |
|-------------------------------------|---------------------------------------|-----------------|-------------------|-----------|---------|--------|-------|
| | Book value | Fair value | Gains (losses) | | | | |
| | | | Gains | Losses | | | |
| As of September 30, 2017 | | | | | | | |
| | Bonds held to maturity | - | - | - | - | | |
| | Policy-reserve-matching bonds | 3,373,127 | 3,478,397 | 105,270 | 123,895 | 18,625 | |
| | Stocks of subsidiaries and affiliates | - | - | - | - | - | |
| | Securities available for sale | 1,048,980 | 1,076,218 | 27,237 | 35,187 | 7,949 | |
| | Domestic bonds | 308,106 | 323,248 | 15,141 | 15,586 | 444 | |
| | Domestic stocks | - | - | - | - | - | |
| | Foreign securities | 543,905 | 546,923 | 3,017 | 10,494 | 7,476 | |
| | Foreign bonds | 543,905 | 546,923 | 3,017 | 10,494 | 7,476 | |
| | Foreign stocks and other securities | - | - | - | - | - | |
| | Other securities | 190,968 | 199,995 | 9,027 | 9,055 | 27 | |
| | Monetary claims bought | 6,000 | 6,050 | 50 | 50 | - | |
| | Certificates of deposit | - | - | - | - | - | |
| | Others | - | - | - | - | - | |
| | Total | 4,422,107 | 4,554,615 | 132,507 | 159,083 | 26,575 | |
| | | Domestic bonds | 1,158,762 | 1,232,042 | 73,280 | 75,302 | 2,021 |
| | | Domestic stocks | - | - | - | - | - |
| Foreign securities | | 3,066,377 | 3,116,526 | 50,148 | 74,674 | 24,525 | |
| Foreign bonds | | 3,066,377 | 3,116,526 | 50,148 | 74,674 | 24,525 | |
| Foreign stocks and other securities | | - | - | - | - | - | |
| Other securities | | 190,968 | 199,995 | 9,027 | 9,055 | 27 | |
| Monetary claims bought | | 6,000 | 6,050 | 50 | 50 | - | |
| Certificates of deposit | | - | - | - | - | - | |
| Others | | - | - | - | - | - | |
| As of March 31, 2017 | | | | | | | |
| | Bonds held to maturity | - | - | - | - | - | |
| | Policy-reserve-matching bonds | 3,031,803 | 3,131,521 | 99,718 | 118,995 | 19,276 | |
| | Stocks of subsidiaries and affiliates | - | - | - | - | - | |
| | Securities available for sale | 1,037,399 | 1,061,474 | 24,074 | 35,385 | 11,310 | |
| | Domestic bonds | 301,841 | 318,513 | 16,672 | 17,118 | 445 | |
| | Domestic stocks | - | - | - | - | - | |
| | Foreign securities | 536,859 | 535,212 | (1,646) | 9,126 | 10,772 | |
| | Foreign bonds | 536,859 | 535,212 | (1,646) | 9,126 | 10,772 | |
| | Foreign stocks and other securities | - | - | - | - | - | |
| | Other securities | 192,699 | 201,666 | 8,967 | 9,059 | 92 | |
| | Monetary claims bought | 6,000 | 6,081 | 81 | 81 | - | |
| | Certificates of deposit | - | - | - | - | - | |
| | Others | - | - | - | - | - | |
| | Total | 4,069,203 | 4,192,996 | 123,793 | 154,380 | 30,587 | |
| | | Domestic bonds | 1,128,628 | 1,198,646 | 70,017 | 72,681 | 2,664 |
| | | Domestic stocks | - | - | - | - | - |
| Foreign securities | | 2,741,875 | 2,786,602 | 44,727 | 72,558 | 27,830 | |
| Foreign bonds | | 2,741,875 | 2,786,602 | 44,727 | 72,558 | 27,830 | |
| Foreign stocks and other securities | | - | - | - | - | - | |
| Other securities | | 192,699 | 201,666 | 8,967 | 9,059 | 92 | |
| Monetary claims bought | | 6,000 | 6,081 | 81 | 81 | - | |
| 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, 2017 | 391,447 | 391,447 | (6,631) | 5,906 | 12,538 |
| As of March 31, 2017 | 282,919 | 282,919 | (16,443) | 4,128 | 20,572 |

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, 2017 | | As of September 30, 2017 | |
|---------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------|-------------------------------------------|-----------------------------------------------------------------------|
| | 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 | 282,919 | (16,443) | 391,447 | (6,631) |

*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, 2017 (Summarized) | As of September 30, 2017 (Summarized) |
|----------------------------------|--------------------------------------|------------------------------------------|
| | Amount | Amount |
| (ASSETS) | | |
| Cash and deposits | 109,844 | 151,938 |
| Monetary claims bought | 6,081 | 6,050 |
| Money held in trust | 282,919 | 391,447 |
| Securities | 6,214,999 | 6,618,686 |
| [Government bonds] | [585,775] | [572,404] |
| [Local government bonds] | [12,257] | [11,363] |
| [Corporate bonds] | [547,268] | [590,136] |
| [Foreign securities] | [2,762,780] | [3,087,855] |
| Tangible fixed assets | 238 | 202 |
| Intangible fixed assets | 4,009 | 4,466 |
| Reinsurance receivables | 61,104 | 60,309 |
| Other assets | 63,276 | 79,587 |
| Reserve for possible loan losses | (6) | (7) |
| Total assets | 6,742,468 | 7,312,681 |

(millions of yen)

| | As of March 31, 2017 (Summarized) | As of September 30, 2017 (Summarized) |
|------------------------------------------------|--------------------------------------|------------------------------------------|
| | Amount | Amount |
| (LIABILITIES) | | |
| Policy reserves and others | 6,419,066 | 6,888,465 |
| Reserves for outstanding claims | 9,176 | 10,421 |
| Policy reserves | 6,409,889 | 6,878,043 |
| Reinsurance payable | 156,167 | 199,953 |
| Other liabilities | 39,930 | 76,643 |
| Corporate income tax payable | 3,203 | 5,911 |
| Lease liabilities | 182 | 154 |
| Other liabilities | 36,545 | 70,577 |
| Reserve for price fluctuations | 10,216 | 12,136 |
| Deferred tax liabilities | 6,766 | 7,634 |
| Total liabilities | 6,632,147 | 7,184,832 |
| (NET ASSETS) | | |
| Capital stock | 117,500 | 117,500 |
| Capital surplus | 67,500 | 67,500 |
| Legal capital surplus | 67,500 | 67,500 |
| Retained earnings | (91,987) | (76,754) |
| Other retained earnings | (91,987) | (76,754) |
| Retained earnings brought forward | (91,987) | (76,754) |
| Total shareholders' equity | 93,012 | 108,245 |
| Net unrealized gains on securities, net of tax | 17,307 | 19,603 |
| Total of valuation and translation adjustments | 17,307 | 19,603 |
| Total net assets | 110,320 | 127,848 |
| Total liabilities and net assets | 6,742,468 | 7,312,681 |

5. Non-Consolidated Statements of Earnings

(millions of yen)

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|-----------------------------------------------|----------------------------------------|----------------------------------------|
| | Amount | Amount |
| ORDINARY REVENUES | 635,571 | 872,915 |
| Premium and other income | 540,692 | 637,363 |
| [Premium income] | [474,200] | [555,882] |
| Investment income | 61,591 | 235,547 |
| [Interest and dividends] | [49,817] | [58,168] |
| [Gains on money held in trust] | [1,362] | [-] |
| [Gains on investment in trading securities] | [1,531] | [-] |
| [Gains on sale of securities] | [8,453] | [2,650] |
| [Derivative transaction gains] | [-] | [5,458] |
| [Gains on investment in separate accounts] | [-] | [85,779] |
| Other ordinary revenues | 33,287 | 4 |
| [Reversal of policy reserve] | [33,283] | [-] |
| ORDINARY EXPENSES | 635,776 | 846,493 |
| Benefits and claims | 310,222 | 334,112 |
| [Claims] | [14,608] | [20,664] |
| [Annuities] | [10,542] | [72,687] |
| [Benefits] | [22,915] | [27,270] |
| [Surrender values] | [86,917] | [71,175] |
| [Other refunds] | [1,467] | [2,686] |
| Provision for policy reserves and others | 612 | 469,398 |
| Provision for reserves for outstanding claims | 612 | 1,244 |
| Provision for policy reserve | - | 468,153 |
| Investment expenses | 289,621 | 14,464 |
| [Interest expenses] | [1] | [1] |
| [Losses on money held in trust] | [-] | [6,631] |
| [Losses on investment in trading securities] | [-] | [5,349] |
| [Losses on sale of securities] | [1,514] | [2,041] |
| [Derivative transaction losses] | [8,436] | [-] |
| [Losses on investment in separate accounts] | [29,257] | [-] |
| Operating expenses | 31,915 | 25,110 |
| Other ordinary expenses | 3,405 | 3,408 |
| ORDINARY GAIN (LOSS) | (205) | 26,422 |
| EXTRAORDINARY LOSSES | 1,511 | 1,920 |
| Gain (loss) before income taxes | (1,717) | 24,502 |
| Corporate income taxes - current | 4 | 9,269 |
| Total of corporate income taxes | 4 | 9,269 |
| Net income (loss) for the period | (1,721) | 15,232 |

6. Non-Consolidated Statement of Changes in Net Assets

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 |

Six months ended September 30, 2016

(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 | (142,234) | 42,765 |
| Changes for the period | | | | |
| Net income (loss) for the period | | | (1,721) | (1,721) |
| Net changes of items other than shareholders' equity | | | | |
| Total changes for the period | - | - | (1,721) | (1,721) |
| Balance at the end of the period | 117,500 | 67,500 | (143,956) | 41,043 |

| | 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 | 43,155 | 43,155 | 85,920 |
| Changes for the period | | | |
| Net income (loss) for the period | | | (1,721) |
| Net changes of items other than shareholders' equity | 5,128 | 5,128 | 5,128 |
| Total changes for the period | 5,128 | 5,128 | 3,406 |
| Balance at the end of the period | 48,283 | 48,283 | 89,326 |

As of September 30, 2017

- 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, short term)
 - (b) Individual insurance and annuities (JP yen-denominated, long term)
 - (c) Individual insurance and annuities (US dollar-denominated)
 - (d) Individual insurance and annuities (AUS dollar-denominated)
 - (e) Individual insurance and annuities (NZ dollar-denominated)
 with the exception of certain types and policies.
- 3 Derivative transactions (including those attributable to money held in trust and foreign securities (investment trusts)) are reported at fair value.
- 4 Depreciation of tangible fixed assets is as follows:
 - (a) Tangible fixed assets (excluding leased assets)
Declining balance method is applied. However, other 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 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 | 151,938 | 151,938 | - |
| (2) Monetary claims bought | 6,050 | 6,050 | - |
| (3) Money held in trust | 391,447 | 391,447 | - |
| (4) Securities | 6,618,686 | 6,723,956 | 105,270 |
| (a) Trading securities | 2,175,391 | 2,175,391 | - |
| (b) Policy-reserve-matching bonds | 3,373,127 | 3,478,397 | 105,270 |
| (c) Other securities | 1,070,167 | 1,070,167 | - |
| Assets total | 7,168,122 | 7,273,392 | 105,270 |
| Derivative transactions | | | |
| (a) Derivative transactions to which hedge accounting is not applied | 2,757 | 2,757 | - |
| Derivative transactions total | 2,757 | 2,757 | - |

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.

- 12 Accumulated depreciation on tangible fixed assets is 178,422 million yen.
- 13 Assets in separate accounts, as defined by Article 118 of the Insurance Business Act, total 2,181,184 million yen. Liabilities in separate accounts, total the same amount.
- 14 Accumulated depreciation on tangible fixed assets is 70,159 million yen. The amounts of secured liabilities were 12,199 million yen.
- 15 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 59,667 million yen as of September 30, 2017, and we have no assets pledged as a re-collateral.
- 16 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 130 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 280,292 million yen.
- 17 As of September 30, 2017, the Company estimated that it would be required to contribute 8,695 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.
- 18 As of September 30, 2017, undepreciated balance of the fee of the reinsurance contract, which is defined in announcement No.50, 1-5, Ministry of Finance, 1996, is 71,181 million yen.

Notes to the Non-Consolidated Statement of Earnings

| Six months ended September 30, 2017 | |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | Gains on sale of securities included gains on sales of domestic bonds and foreign securities of 1,241 million yen and 1,409 million yen, respectively. |
| 2 | Losses on sale of securities included losses on sales of domestic bonds and foreign securities of 41 million yen and 2,000 million yen, respectively. |
| 3 | In calculating the provision for reserves for outstanding claims, a provision for reserves for outstanding claims reinsured of 17 million yen was deducted as an adjustment. In calculating the reversal of policy reserves, a provision for policy reserves reinsured of 51,565 million yen was added. |
| 4 | The details of Interest and dividends are as follows: Interest on deposits : 196 million yen Interest and dividends from securities : 57,788 million yen Other interest and dividends : 183 million yen Total : 58,168 million yen |
| 5 | Net loss per share for the six months ended September 30, 2017 was 8,234,006.70 yen. |
| 6 | Premium and other income includes the increase of 2,653 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 5,818 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, 2017 | | | | |
|-------------------------------------|---------------------------------------|---------------------------------|---------------------------------|----------------------------------------|
| 1 | Number of outstanding shares by class | | | |
| | | | | (shares) |
| | No. shares as of April 1, 2017 | Increase in number of shares | Decrease in number of shares | No. shares as of September 30, 2017 |
| Outstanding shares | | | | |
| Common stock | 1,850 | - | - | 1,850 |

7. Breakdown of Ordinary Profit (Fundamental Profit)

(millions of yen)

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|-------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Fundamental profit A | (8,505) | 48,310 |
| Capital gains | 283,300 | 90,212 |
| Gains on money held in trust | 1,362 | - |
| Gains on investment in trading securities | 1,531 | - |
| Gains on sale of securities | 8,453 | 2,650 |
| Derivative transaction gains | - | 5,458 |
| Foreign exchange gains | - | 82,103 |
| Others | 271,953 | - |
| Capital losses | 275,229 | 106,638 |
| Losses on money held in trust | - | 6,631 |
| Losses on investment in trading securities | - | 5,349 |
| Losses on sale of securities | 1,514 | 2,041 |
| Losses on valuation of securities | - | - |
| Derivative transaction losses | 8,436 | - |
| Foreign exchange losses | 249,971 | - |
| Others | 15,307 | 92,616 |
| Net capital gains (losses) B | 8,070 | (16,425) |
| Fundamental profit plus net capital gains (losses) A + B | (434) | 31,884 |
| Other one-time gains | 229 | - |
| Reinsurance income | - | - |
| Reversal of contingency reserve | 229 | - |
| Reversal of specific reserve for possible loan losses | - | - |
| Others | - | - |
| Other one-time losses | - | 5,462 |
| Ceding reinsurance commissions | - | - |
| Provision for contingency reserve | - | 5,462 |
| 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 | 229 | (5,462) |
| Ordinary profit (loss) A + B + C | (205) | 26,422 |

Note: 1. Fundamental profit includes the amount below.

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA) | 15,307 | 1,397 |
| Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies | (271,953) | 91,219 |

2. Other capital gains include the amount below.

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies | 271,953 | - |

3. Other capital losses include the amount below.

| | Six months ended September 30, 2016 | Six months ended September 30, 2017 |
|-------------------------------------------------------------------------------------------------------------|----------------------------------------|----------------------------------------|
| Impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA) | 15,307 | 1,397 |
| Impact from market rate fluctuations of foreign exchange on foreign-currency denominated insurance policies | - | 91,219 |

4. 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.

5. Effective from the fiscal year ending March 31, 2018, the reporting method of the breakdown of ordinary profit has been changed, reflecting the impact from increase or decrease in surrender values in accordance with Market Value Adjustment (MVA). The figures for the first quarter of the preceding fiscal year ended March 2017 have also been recalculated and restated accordingly. Consequently, fundamental profit for the first quarter of the preceding fiscal year increased by 15,307 million yen, while net capital losses decreased by 15,307 million yen compared to those before the change.

8. Disclosed Claims Based on Categories of Obligors

(millions of yen)

| | As of March 31, 2017 | As of September 30, 2017 |
|-----------------------------------------------------|-------------------------|-----------------------------|
| Claims against bankrupt and quasi-bankrupt obligors | - | - |
| Claims with collection risk | - | - |
| Claims for special attention | - | - |
| Subtotal | - | - |
| [Percentage] | [-] | [-] |
| Claims against normal obligors | 286,164 | 178,436 |
| Total | 286,164 | 178,436 |

- 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, 2016 | As of September 30, 2017 |
|-------------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|
| Total solvency margin (A) | 421,078 | 461,552 |
| Common stock, etc | 93,012 | 108,245 |
| Reserve for price fluctuations | 10,216 | 12,136 |
| Contingency reserve | 114,970 | 120,433 |
| General reserve for possible loan losses | 6 | 7 |
| (Net unrealized gains (losses) on securities (before tax) and deferred hedge gains (losses) (before tax)) × 90% * | 21,667 | 24,513 |
| Net unrealized gains (losses) on real estate × 85%* | - | - |
| Policy reserves in excess of surrender values | 207,553 | 201,024 |
| Qualifying subordinated debt | - | - |
| Excluded portion of policy reserves in excess of surrender values and qualifying subordinated debt | (21,188) | - |
| Excluded items | (5,160) | (4,808) |
| Others | - | - |
| Total Risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B) | 146,034 | 153,042 |
| Insurance risk R_1 | 66 | 71 |
| 3rd sector insurance risk R_8 | - | - |
| Assumed investment yield risk R_2 | 31,404 | 35,672 |
| Guaranteed minimum benefit risk R_7 | 21,955 | 22,097 |
| Investment risk R_3 | 88,419 | 90,813 |
| Business risk R_4 | 4,255 | 4,459 |
| Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$ | 576.6% | 603.1% |

* 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, 2017 | As of September 30, 2017 |
|-------------------------------|----------------------|--------------------------|
| Individual variable insurance | 63,438 | 73,651 |
| Individual variable annuities | 2,066,212 | 2,107,532 |
| Group annuities | - | - |
| Separate account total | 2,129,651 | 2,181,184 |

(2) Policies in Force

A. Individual Variable Insurance

(millions of yen except number of policies)

| | As of March 31, 2017 | | As of September 30, 2017 | |
|----------------------------------------|--------------------------------|---------|--------------------------------|---------|
| | Number of policies (thousands) | Amount | Number of policies (thousands) | Amount |
| Variable insurance (defined term type) | - | - | - | - |
| Variable insurance (whole life type) | 54 | 427,003 | 58 | 478,170 |
| Total | 54 | 427,003 | 58 | 478,170 |

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, 2017 | | As of September 30, 2017 | |
|-------------------------------|----------------------|-----------|--------------------------|-----------|
| | Number of policies | Amount | Number of policies | Amount |
| Individual variable annuities | 617 | 3,742,986 | 625 | 3,843,513 |

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.