

Financial Results for the Year Ended March 31, 2011

Fukoku Mutual Life Insurance Company (President: Yoshiteru Yoneyama) announces financial results for the year ended March 31, 2011.

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Attached: Supplementary Materials for the Year Ended March 31, 2011

Financial Summary for the Year Ended March 31, 2011

1. Business Highlights

(1) Policies in Force, New Policies and Surrendered and Lapsed Policies.

(i) Policies in Force

	As of March 31, 2010				As of March 31, 2011			
	Number of policies		Amount		Number of policies		Amount	
	(Thousands)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)	(Thousands)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)
Individual insurance	2,965	99.6	285,159	94.3	2,967	100.1	270,750	94.9
Individual annuities	748	101.0	29,802	99.8	755	100.9	29,754	99.8
Subtotal	3,714	99.9	314,962	94.8	3,722	100.2	300,504	95.4
Group insurance	-	-	159,611	104.1	-	-	162,472	101.8
Group annuities	-	-	20,016	100.2	-	-	19,664	98.2

Notes: 1. Policy amounts for individual annuities are equal to (a) the funds to be held at the time annuity payments are to commence for an annuity for which payments have not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced.

2. Policy amount in force for group annuities is equal to the amount of outstanding policy reserve.

(ii) New Policies

Year ended March 31, 2010	Total				New business		Net increase by conversion	
	Number of policies		Amount		Amount		Amount	
	(Thousands)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)
Individual insurance	438	134.7	12,073	74.4	15,432	94.9	(3,358)	-
Individual annuities	39	69.1	1,262	66.1	1,290	67.0	(27)	-
Subtotal	477	125.0	13,336	73.6	16,722	92.0	(3,386)	-
Group insurance	-	-	514	48.4	514	48.4	-	-
Group annuities	-	-	0	109.1	0	109.1	-	-

Year ended March 31, 2011	Total				New business		Net increase by conversion	
	Number of policies		Amount		Amount		Amount	
	(Thousands)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)	(100 millions of yen)	Changes (% YoY)
Individual insurance	411	94.0	11,885	98.4	14,757	95.6	(2,871)	-
Individual annuities	37	95.1	1,209	95.8	1,238	96.0	(29)	-
Subtotal	449	94.1	13,094	98.2	15,995	95.7	(2,901)	-
Group insurance	-	-	529	102.8	529	102.8	-	-
Group annuities	-	-	4	511.9	4	511.9	-	-

Notes: 1. Number of new policies is the sum of new business and policies after conversion.

2. Amount of new policies for individual annuities, both new business and net increase by conversion, is equal to the funds to be held at the time annuity payments are to commence.

3. Amount for group annuities is equal to the initial premium payment.

(iii) Surrendered and Lapsed Policies (Individual Insurance and Individual Annuities)

	Year ended March 31, 2010		Year ended March 31, 2011	
	Amount (100 millions of yen)	Changes(% YoY)	Amount (100 millions of yen)	Changes(% YoY)
Amount of surrender and lapses (100 millions of yen)	19,069	93.8	17,684	92.7
Surrender and lapse ratio(%)	5.74	(0.12)	5.61	(0.13)

Notes: 1. The amount of lapse is not offset by the amount of reinstatement which was once lapsed.

2. The column of "Changes" of surrender and lapse ratio are increase-decrease points over year.

(2) Annualized Premiums

(i) Policies in Force

(100 millions of yen except percentage)

	As of March 31, 2010		As of March 31, 2011	
		Changes (%, YoY)		Changes (%, YoY)
Individual insurance	2,937	96.1	2,848	97.0
Individual annuities	1,252	101.5	1,269	101.4
Total	4,189	97.6	4,118	98.3
Medical coverage and living benefits	1,007	102.1	1,018	101.0

(ii) New Policies

(100 millions of yen except percentage)

	Year ended March 31, 2010		Year ended March 31, 2011	
		Changes (%, YoY)		Changes (%, YoY)
Individual insurance	193	99.9	195	100.6
Individual annuities	58	71.0	55	94.3
Total	252	91.2	250	99.2
Medical coverage and living benefits	87	117.1	76	87.9

Notes: 1. Annualized premiums are calculated by using coefficients based on the premium payment method. (For single premium contracts, the amount is calculated by dividing the premium by the coverage period.)

2. Figures for medical coverage and living benefits represent portion of annualized premium corresponding to the medical benefits (hospitalization benefits and surgery benefits, etc.), living benefits (nursing care benefits, etc.) and premium waiver benefits, in which disability cause is excluded but causes such as specific illness are included.

3. Amounts of new policies include net increase by conversion.

(3) Selected Items of Statements of Operations

(100 millions of yen except percentage)

	Year ended March 31, 2010		Year ended March 31, 2011	
		Changes (%, YoY)		Changes (%, YoY)
Premium and other income	6,237	96.5	6,658	106.7
Investment income	1,477	88.6	1,464	99.1
Claims and other payments	5,642	94.6	6,140	108.8
Investment expenses	702	41.5	500	71.3
Ordinary profits	329	1,522.7	590	179.0

(4) Statements of Surplus

(100 millions of yen except percentage)

	Year ended March 31, 2010		Year ended March 31, 2011	
		Changes (%, YoY)		Changes (%, YoY)
Unappropriated surplus	540	95.4	695	128.6
Reserve for dividends to policyholders	195	109.2	243	125.0
Net surplus	59	54.6	169	285.0
Unappropriated surplus carried forward	286	102.6	282	98.6

Note: Unappropriated surplus for the years ended March 31, 2009 and 2010 included reversal of voluntary surplus reserve of ¥7 million and ¥7 million, respectively.

(5) Total Assets

(100 millions of yen except percentage)

	As of March 31, 2010		As of March 31, 2011	
		Changes (%, YoY)		Changes (%, YoY)
Total assets	56,131	101.8	56,752	101.1

2. Policies in Force by Coverage Type

[As of March 31, 2011]

(Thousands of number, 100 millions of yen)

	Individual insurance		Individual annuities		Group insurance		Total	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Death coverage								
Illness and accident	1,920	205,782	-	1,031	18,651	162,443	20,572	369,256
Accident	1,501	34,352	296	823	2,692	7,107	4,490	42,283
Others	-	-	-	-	0	7	0	7
Survival coverage	1,046	64,968	755	28,723	8	29	1,810	93,720
Hospitalization coverage								
Accident	1,492	87	-	-	1,184	3	2,676	91
Illness	1,488	87	-	-	-	-	1,488	87
Others	1,997	101	-	-	0	0	1,997	101
Injury coverage	1,434	-	4	-	2,170	-	3,609	-
Surgical coverage	3,381	-	-	-	-	-	3,381	-

(Thousands of number, 100 millions of yen)

	Group annuities		Worker's asset formation insurance and annuities		Total	
	Number	Amount	Number	Amount	Number	Amount
Survival coverage	10,407	19,664	18	354	10,425	20,019

(Thousands of number, millions of yen)

	Medical care insurance	
	Number	Amount
Hospitalization coverage	359	129

(Thousands of number, millions of yen)

	Group disability insurance	
	Number	Amount
Disability coverage	6	47

- Notes: 1. Number of group insurance, group annuities, worker's asset formation insurance and annuities, medical care insurance and group disability insurance show the number of insured.
2. Amounts in survival coverage for individual insurance and group insurance (other than annuity rider) show the sum of survival benefits, survival claims and nursing care benefits. Amounts in survival coverage for individual annuities, annuity rider for group insurance, worker's asset formation annuities (other than worker's asset formation funding annuities) show the sum of (a) the funds to be held at the time annuity payments are to commence for an annuity for which annuity payments have not yet commenced, and (b) the amount of policy reserve for an annuity for which payments have commenced. Amounts in survival coverage for group annuities, worker's asset formation insurance and worker's asset formation funding annuities show the amount of outstanding policy reserve.
3. Amounts in hospitalization coverage show daily hospitalization benefits.
4. Amount in hospitalization coverage for medical care insurance shows daily hospitalization benefits due to illness.
5. Amount for group disability insurance shows monthly disability benefits.

3. Investment Activities of General Account Assets

(1) Asset Composition

(Millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	160,004	2.9 %	237,739	4.2 %
Monetary claims bought	1,752	0.0	1,424	0.0
Money held in trust	32,902	0.6	33,169	0.6
Securities	3,710,831	67.2	3,699,745	66.1
Domestic bonds	2,565,977	46.5	2,430,669	43.4
Domestic stocks	473,218	8.6	352,641	6.3
Foreign securities	622,073	11.3	862,075	15.4
Foreign bonds	446,913	8.1	687,834	12.3
Foreign stocks and other securities	175,160	3.2	174,240	3.1
Other securities	49,562	0.9	54,359	1.0
Loans	1,220,945	22.1	1,143,863	20.4
Policy loans	74,186	1.3	71,479	1.3
Ordinary loans	1,146,758	20.8	1,072,383	19.2
Real estate	275,831	5.0	281,288	5.0
Deferred tax assets	62,170	1.1	87,332	1.6
Others	57,421	1.0	112,466	2.0
Allowance for possible loan losses	(2,430)	(0.0)	(2,513)	(0.0)
Total	5,519,429	100.0	5,594,517	100.0
Foreign currency denominated assets	458,695	8.3	696,207	12.4

(2) Changes (Increase/Decrease) in Assets

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, call loans	(46,845)	77,735
Monetary claims bought	(303)	(327)
Money held in trust	(150)	267
Securities	196,948	(11,085)
Domestic bonds	97,150	(135,308)
Domestic stocks	54,328	(120,576)
Foreign securities	47,469	240,002
Foreign bonds	43,521	240,921
Foreign stocks and other securities	3,947	(919)
Other securities	(1,999)	4,796
Loans	(17,259)	(77,082)
Policy loans	(2,781)	(2,706)
Ordinary loans	(14,478)	(74,375)
Real estate	29,611	5,456
Deferred tax assets	(48,252)	25,162
Others	(6,125)	55,045
Allowance for possible loan losses	8,859	(83)
Total	116,482	75,088
Foreign currency denominated assets	16,984	237,512

(3) Investment Income

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Interest, dividends and other income	110,757	111,965
Interest from deposits	493	899
Interest and dividends from securities	70,444	72,789
Interest from loans	24,812	23,883
Income from real estate for rent	14,718	14,141
Other interest and dividends	287	252
Gains from money held in trust, net	-	361
Gains from trading securities, net	165	-
Gains on sales of securities	22,043	30,455
Gains on sales of domestic bonds	14,017	19,211
Gains on sales of domestic stocks	7,664	11,239
Gains on sales of foreign securities	333	4
Others	27	-
Gains on redemption of securities	-	-
Gains from derivative instruments, net	-	3,335
Foreign exchange gains, net	-	-
Other investment income	358	281
Total	133,325	146,400

(4) Investment Expenses

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Interest expenses	1,852	1,525
Losses from money held in trust, net	197	-
Losses from trading securities, net	-	5,069
Losses on sales of securities	41,494	20,418
Losses on sales of domestic bonds	564	908
Losses on sales of domestic stocks	12,771	13,036
Losses on sales of foreign securities	28,158	6,473
Losses on valuation of securities	1,588	5,922
Losses on valuation of domestic stocks	1,313	5,870
Losses on valuation of foreign securities	-	52
Others	274	-
Losses from derivative instruments, net	11,555	-
Foreign exchange losses, net	1,706	2,654
Depreciation of real estate for rent and other assets	5,230	5,732
Other investment expenses	6,618	5,717
Total	70,244	47,040

(5) Net Investment Income

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Net investment income	63,081	99,359

(6) Other Information on Investments

(i) Investment Yield by Asset Categories

(%)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, call loans	0.11	0.15
Monetary claims bought	1.28	1.07
Money held in trust	(0.60)	1.10
Securities	0.92	1.87
Domestic bonds	2.29	2.47
Domestic stocks	(2.00)	0.39
Foreign securities	(2.49)	0.94
Foreign bonds	(1.18)	1.09
Foreign stocks and other securities	(5.53)	0.42
Loans	2.04	2.02
Ordinary loans	1.87	1.86
Real estate	2.02	1.72
Total	1.15	1.80
Overseas investments	(2.45)	0.97

Notes: 1. Investment yield above are calculated by dividing the net investment income by the average daily balance on a book value basis.

2. Overseas investments represent the total of foreign currency denominated assets and yen denominated assets.

(ii) Average Daily Balance

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash, deposits, call loans	179,839	135,624
Monetary claims bought	1,932	1,527
Money held in trust	32,849	32,831
Securities	3,602,585	3,719,895
Domestic bonds	2,505,450	2,478,433
Domestic stocks	410,401	380,203
Foreign securities	631,789	802,968
Foreign bonds	441,214	622,352
Foreign stocks and other securities	190,574	180,616
Loans	1,227,486	1,185,048
Ordinary loans	1,152,196	1,111,885
Real estate	268,005	280,973
Total	5,479,791	5,526,395
Overseas investments	654,472	833,965

(iii) Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	111,220	(1,866)	260,341	(3,640)

Note: The table above includes money held in trust for trading purpose.

(iv) Fair Value Information on Securities (with fair value, other than trading securities)

(Millions of yen)

	As of March 31, 2010					As of March 31, 2011				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
				Gains	Losses				Gains	Losses
Held-to-maturity debt securities	430,883	433,717	2,834	5,212	2,377	427,312	436,409	9,096	9,983	886
Domestic bonds	382,130	383,997	1,866	4,110	2,243	378,178	387,523	9,345	9,345	-
Foreign bonds	48,753	49,720	967	1,101	134	49,134	48,885	(249)	637	886
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Policy-reserve-matching bonds	639,749	657,551	17,801	18,125	324	652,180	672,087	19,907	23,872	3,965
Domestic bonds	639,749	657,551	17,801	18,125	324	644,831	664,759	19,928	23,872	3,944
Foreign bonds	-	-	-	-	-	7,349	7,328	(21)	0	21
Investments in subsidiaries and affiliates	1,393	933	(459)	-	459	1,393	868	(524)	-	524
Available-for-sale securities	2,440,492	2,516,197	75,704	121,217	45,512	2,331,356	2,347,024	15,667	76,486	60,818
Domestic bonds	1,530,802	1,544,097	13,294	21,898	8,603	1,389,523	1,407,660	18,136	24,369	6,232
Domestic stocks	362,224	438,734	76,509	91,174	14,665	300,218	317,678	17,460	43,327	25,867
Foreign securities	504,887	492,109	(12,777)	6,589	19,367	593,121	575,527	(17,594)	7,582	25,177
Foreign bonds	323,137	318,842	(4,295)	3,895	8,191	411,835	403,179	(8,656)	4,572	13,228
Foreign stocks and other securities	181,749	173,267	(8,481)	2,693	11,175	181,285	172,347	(8,938)	3,010	11,948
Other securities	42,577	41,256	(1,321)	1,554	2,876	48,491	46,158	(2,333)	1,207	3,541
Money held in trust	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	3,512,519	3,608,400	95,881	144,555	48,674	3,412,242	3,456,389	44,146	110,342	66,195
Domestic bonds	2,552,683	2,585,645	32,962	44,134	11,171	2,412,533	2,459,943	47,410	57,587	10,176
Domestic stocks	362,224	438,734	76,509	91,174	14,665	300,218	317,678	17,460	43,327	25,867
Foreign securities	555,033	542,763	(12,269)	7,691	19,960	650,998	632,608	(18,390)	8,220	26,610
Foreign bonds	371,891	368,562	(3,328)	4,997	8,325	468,319	459,392	(8,927)	5,209	14,136
Foreign stocks and other securities	183,142	174,200	(8,941)	2,693	11,634	182,678	173,215	(9,462)	3,010	12,473
Other securities	42,577	41,256	(1,321)	1,554	2,876	48,491	46,158	(2,333)	1,207	3,541
Money held in trust	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-

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

* Book value of securities whose market value are deemed extremely difficult to obtain are as follows:

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Held-to-maturity debt securities	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliates	26,132	26,616
Available-for-sale securities	17,157	17,047
Unlisted domestic stocks (except over-the-counter stocks)	8,351	8,345
Unlisted foreign stocks (except over-the-counter stocks)	500	500
Unlisted foreign bonds	-	-
Others	8,306	8,201
Total	43,290	43,664

(v) Fair Value Information on Money Held in Trust

(Millions of yen)

	As of March 31, 2010					As of March 31, 2011				
	Carrying value on the balance sheet	Fair value	Gains/losses			Carrying value on the balance sheet	Fair value	Gains/losses		
			Gains	Losses				Gains	Losses	
Money held in trust	32,902	32,902	-	-	-	33,169	33,169	-	-	-

* Money held in trust for trading purpose

(Millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Money held in trust for trading purpose	31,902	0	32,169	(0)

* Money held in trust classified as held-to-maturity, policy-reserve-matching and available-for-sale

(Millions of yen)

	As of March 31, 2010					As of March 31, 2011				
	Book value	Fair value	Gains/losses			Book value	Fair value	Gains/losses		
			Gains	Losses				Gains	Losses	
Money held in trust for held-to-maturity	-	-	-	-	-	-	-	-	-	-
Money held in trust for policy-reserve-matching	-	-	-	-	-	-	-	-	-	-
Money held in trust for available-for-sale	-	-	-	-	-	-	-	-	-	-

(reference) Fair Value Information on Derivative Instruments (General Account)

(i) Gains and Losses on Derivatives

(Millions of yen)

As of March 31, 2010	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	826	(4,832)	—	—	—	(4,006)
Hedge accounting not applied	—	(1,901)	(93)	350	—	(1,644)
Total	826	(6,734)	(93)	350	—	(5,650)
As of March 31, 2011	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	560	(2,290)	—	—	—	(1,730)
Hedge accounting not applied	69	(5,996)	(123)	—	—	(6,049)
Total	629	(8,287)	(123)	—	—	(7,780)

Note: Gains and losses from applying fair value hedge accounting (currency-related, losses of ¥4,832 million as of March 31, 2010 and losses of ¥2,290 million as of March 31, 2011) included in gains and losses with hedge accounting applied, and gains and losses with hedge accounting not applied are reported in the statements of operations.

(ii) Interest-related Transactions

(Millions of yen)

	As of March 31, 2010				As of March 31, 2011			
	Notional amount/ contract value		Fair value	Gains (losses)	Notional amount/ contract value		Fair value	Gains (losses)
		Over 1 year				Over 1 year		
Over-the-counter transactions								
Yen interest rate swap contracts								
Receipt fixed, payment floating	62,309	40,180	857	857	39,863	17,905	560	560
Payment fixed, receipt floating	2,500	-	(30)	(30)	-	-	-	-
Foreign interest rate swap contracts								
Receipt fixed, payment floating	-	-	-	-	-	-	-	-
Payment fixed, receipt floating	-	-	-	-	16,404	16,404	69	69
US dollar	-	-	-	-	16,404	16,404	69	69
Total				826				629

* Interest rate swap contracts by contractual maturity dates

(Millions of yen)

	As of March 31, 2010			As of March 31, 2011		
	1 year or shorter	Over 1 year to 3 years	Over 3 years	1 year or shorter	Over 1 year to 3 years	Over 3 years
Yen interest rate swap contracts						
Notional amount (receipts fixed, payments floating)	22,129	27,070	13,110	21,958	17,000	905
Average fixed rate (receipt)	1.14%	1.40%	1.70%	1.35%	1.64%	2.28%
Average floating rate (payment)	0.55%	0.59%	0.79%	0.45%	0.62%	1.25%
Notional amount (receipts floating, payments fixed)	2,500	-	-	-	-	-
Average floating rate (receipt)	0.67%	-	-	-	-	-
Average fixed rate (payment)	1.84%	-	-	-	-	-
Foreign interest rate swap contracts						
Notional amount (receipts fixed, payments floating)	-	-	-	-	-	-
Average fixed rate (receipt)	-	-	-	-	-	-
Average floating rate (payment)	-	-	-	-	-	-
Notional amount (receipts floating, payments fixed)	-	-	-	-	-	16,404
Average floating rate (receipt)	-	-	-	-	-	0.31%
US dollar	-	-	-	-	-	0.31%
Average fixed rate (payment)	-	-	-	-	-	3.49%
US dollar	-	-	-	-	-	3.49%

(iii) Currency-related Transactions

(Millions of yen)

	As of March 31, 2010				As of March 31, 2011			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)
Over-the-counter transactions								
Currency forward contracts								
Sold	223,264	-	229,606	(6,342)	342,733	-	351,020	(8,287)
US dollar	141,925	-	146,495	(4,569)	188,104	-	189,857	(1,752)
Euro	65,329	-	66,203	(874)	55,921	-	58,346	(2,425)
Australian dollar	16,008	-	16,907	(898)	48,035	-	50,617	(2,582)
Canadian dollar	-	-	-	-	38,861	-	40,168	(1,306)
British Pound	-	-	-	-	11,809	-	12,030	(220)
Bought	-	-	-	-	-	-	-	-
Currency Options								
Sold								
Calls	17,302	-	-	-	-	-	-	-
Euro	[173]	-	211	(38)	[-]	-	-	-
US dollar	[12,600]	-	131	9	[-]	-	-	-
Australian dollar	[4,702]	-	79	(47)	[-]	-	-	-
Puts	[-]	-	-	-	[-]	-	-	-
Bought								
Calls	-	-	-	-	-	-	-	-
US dollar	[40,365]	-	53	(322)	[-]	-	-	-
Euro	[22,310]	-	13	(151)	[-]	-	-	-
Australian dollar	[18,055]	-	39	(171)	[-]	-	-	-
Puts	[-]	-	-	-	[-]	-	-	-
Currency swap contracts								
Australian dollar	4,000	-	(31)	(31)	-	-	-	-
Total				(6,734)				(8,287)

Notes: 1. Figures in [] are option premiums which are included in balance sheet.

2. Forward exchange rates are used for exchange rates as of the end of fiscal year.

3. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheet, those currency forward contracts are excluded from the table above.

(iv) Stock-related Transactions

(Millions of yen)

	As of March 31, 2010				As of March 31, 2011			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)
Exchange-traded transactions								
Yen stock index futures								
Sold	-	-	-	-	9,636	-	9,760	(123)
Bought	-	-	-	-	-	-	-	-
Yen stock index options								
Sold								
Calls	-	-	-	-	-	-	-	-
Puts	[-]	-	-	-	[-]	-	-	-
Bought								
Calls	-	-	-	-	-	-	-	-
Puts	[9,500]	-	0	(93)	[-]	-	-	-
Total				(93)				(123)

Note: Figures in [] are option premiums which are included in balance sheet.

(v) Bond-related Transactions

(Millions of yen)

	As of March 31, 2010				As of March 31, 2011			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)
Exchange-traded transactions								
Yen bond futures								
Sold	90,193	-	89,843	350	-	-	-	-
Bought	-	-	-	-	-	-	-	-
Total				350				-

(reference) Fair Value of Real Estate (Land and Leaseholds)

(Millions of yen)

As of March 31, 2010			As of March 31, 2011		
Carrying value on the balance sheet	Fair value	Gains(losses)	Carrying value on the balance sheet	Fair value	Gains(losses)
162,335	247,781	85,445	163,749	230,903	67,153

- Notes: 1. As of March 31, 2010, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2010 and the road rate as of January 1, 2009.
2. As of March 31, 2011, fair value is based on the appraisal value by the real-estate appraiser, the appraisal value for property tax as of January 1, 2011 and the road rate as of January 1, 2010.

4. Non-consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011		As of March 31, 2010	As of March 31, 2011
Assets:			Liabilities:		
Cash and deposits	69,110	237,823	Policy reserves	5,225,501	5,216,576
Cash	164	156	Reserve for outstanding claims	25,342	31,053
Bank deposits	68,945	237,667	Policy reserve	5,145,399	5,132,317
Call loans	91,000	-	Reserve for dividends to policyholders	54,759	53,205
Monetary claims bought	1,752	1,424	Reinsurance payables	117	86
Money held in trust	32,902	33,169	Subordinated bonds	37,406	35,214
Securities	3,800,984	3,778,639	Other liabilities	41,921	125,256
Government bonds	1,887,071	1,695,927	Corporate income tax payable	1,291	10,850
Local government bonds	124,642	149,399	Accounts payable	3,290	72,288
Corporate bonds	588,041	615,051	Accrued expenses	10,434	9,989
Stocks	505,012	379,416	Unearned income	452	435
Foreign securities	646,118	884,029	Deposits received	5,016	5,637
Other securities	50,097	54,814	Guarantee deposits received	12,893	13,402
Loans	1,220,945	1,143,863	Differential account for futures trading	337	-
Policy loans	74,186	71,479	Derivatives	6,867	8,661
Ordinary loans	1,146,758	1,072,383	Asset retirement obligations	-	2,846
Tangible fixed assets	279,476	284,670	Suspense receipts	1,338	1,143
Land	162,160	163,574	Reserve for employees' retirement benefits	49,776	50,109
Buildings	96,661	116,548	Reserve for price fluctuation of securities	26,451	33,432
Lease assets	31	47	Deferred tax liabilities for revaluation reserve for land	19,983	19,936
Construction in progress	17,009	1,165	Total liabilities	5,401,158	5,480,612
Other tangible fixed assets	3,613	3,334	Net assets:		
Intangible fixed assets	7,454	8,765	Foundation funds	40,000	40,000
Software	7,007	8,318	Accumulated foundation funds redeemed	46,000	46,000
Other intangible fixed assets	447	447	Reserve for revaluation	112	112
Reinsurance receivables	279	170	Surplus	76,229	96,763
Other assets	49,460	101,867	Legal reserve for future losses	2,187	2,249
Accounts receivable	12,284	63,859	Other surplus	74,042	94,513
Prepaid expenses	2,051	1,653	Reserve for redemption of foundation funds	15,000	20,000
Accrued income	22,040	23,444	Reserve for dividend allowances	3,895	3,895
Deposits	2,228	2,145	Reserve for advanced depreciation of real estate for tax purpose	303	296
Differential account for futures trading	-	73	Other reserves	767	767
Derivatives	1,216	881	Unappropriated surplus	54,075	69,554
Suspense payments	5,430	4,740	Total foundation funds, surplus and others	162,341	182,875
Other assets	4,207	5,070	Net unrealized gains (losses) on available-for-sale securities, net of tax	48,291	9,994
Deferred tax assets	62,170	87,332	Deferred valuation gains (losses) under hedge accounting	538	365
Allowance for possible loan losses	(2,430)	(2,513)	Revaluation reserve for land, net of tax	773	1,366
			Total valuation and translation adjustments	49,604	11,726
			Total net assets	211,946	194,601
Total assets	5,613,104	5,675,214	Total liabilities and net assets	5,613,104	5,675,214

5. Non-consolidated Statements of Operations

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Ordinary revenues:		
Premium and other income	623,778	665,844
Premium income	623,490	665,618
Reinsurance income	288	226
Investment income	147,754	146,400
Interest, dividends and other income	110,757	111,965
Interest on deposits	493	899
Interest and dividends on securities	70,444	72,789
Interest on loans	24,812	23,883
Income from real estate for rent	14,718	14,141
Other interest and dividends	287	252
Gains from money held in trust, net	-	361
Gains from trading securities, net	165	-
Gains on sales of securities	22,043	30,455
Gains from derivative instruments, net	-	3,335
Other investment income	358	281
Gains from separate accounts, net	14,428	-
Other ordinary revenues	15,984	24,671
Fund receipt from annuity rider	777	842
Fund receipt from deposit of claims paid	10,120	8,295
Reversal of reserve for outstanding claims	2,878	-
Reversal of policy reserve	-	13,081
Others	2,208	2,452
Total ordinary revenues	787,517	836,916
Ordinary expenditures:		
Claims and other payments	564,214	614,005
Claims	178,959	176,286
Annuities	88,092	91,536
Benefits	146,378	185,770
Surrenders	114,050	130,881
Other payments	36,396	29,194
Reinsurance premiums	336	335
Provision for policy reserve and others	9,643	5,828
Provision for reserve for outstanding claims	-	5,711
Provision for policy reserve	9,485	-
Interest on accumulated dividends to policyholders	157	116
Investment expenses	70,244	50,074
Interest expenses	1,852	1,525
Losses from money held in trust, net	197	-
Losses from trading securities, net	-	5,069
Losses on sales of securities	41,494	20,418
Losses on valuation of securities	1,588	5,922
Losses from derivative instruments, net	11,555	-
Foreign exchange losses, net	1,706	2,654
Depreciation of real estate for rent and other assets	5,230	5,732
Other investment expenses	6,618	5,717
Losses from separate accounts, net	-	3,034
Operating expenses	87,658	86,511
Other ordinary expenditures	22,799	21,490
Claim deposit payments	11,551	10,421
Taxes	4,916	4,793
Depreciation	5,430	5,413
Provision for reserve for employees' retirement benefits	483	332
Others	417	530
Total ordinary expenditures	754,558	777,909
Ordinary profits	32,958	59,006
Extraordinary gains:		
Gains on disposal of fixed assets	326	16
Reversal of allowance for possible loan losses	606	899
Total extraordinary gains	933	915
Extraordinary losses:		
Losses on disposal of fixed assets	685	96
Impairment losses	865	318
Provision for reserve for price fluctuation of securities	1,829	6,981
Effect of applying the accounting standard for asset retirement obligations	-	966
Total extraordinary losses	3,380	8,362
Surplus before income taxes	30,511	51,559
Income taxes - current	3,746	13,406
Income taxes - deferred	629	(3,370)
Total of income taxes	4,375	10,035
Net surplus for the year	26,135	41,524

Notes to the Non-consolidated Financial Statements

I. Presentation of the Non-consolidated Financial Statements

1. Basis of Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the "Company") in accordance with the provisions set forth in the Insurance Business Law of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the non-consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been eliminated. As a result, total in yen shown herein do not necessarily agree with the sum of the individual amounts.

II. Notes to Balance Sheets

1. Significant Accounting Policies

(1) Valuation Methods of Securities

The valuation of securities, including bank deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:

- i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
- ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
- iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No.21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).
- iv) Investments in subsidiaries and affiliates are stated at cost, cost being determined by the moving average method.
- v) Available-for-sale securities with fair market value are stated at fair market value based on the market prices at the end of fiscal year. Costs of their sales are determined by the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.

Available-for-sale securities whose fair market values are deemed extremely difficult to obtain are stated at cost, cost being determined by the moving average method, except for public and corporate bonds including foreign bonds, of which the difference between acquisition cost and face value is considered to be an adjustment of interest. Such bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method.

(2) Valuation Methods of Derivative Instruments

Derivative instruments are stated at fair market value.

(3) Revaluation of Land

The Company revalued the land for business purposes based on the Law for Revaluation of Land (Law No.34 promulgated on March 31, 1998). The difference between fair value and book value

resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for revaluation reserve for land.

- Date of revaluation: March 31, 2002
- Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Law:

Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Law for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.

(4) Depreciation of Tangible Fixed Assets

Depreciation of tangible fixed assets is calculated by the following methods.

- Buildings (excluding lease assets)
 - i) Acquired on or before March 31, 1998: Previous declining-balance method
 - ii) Acquired on or after April 1, 1998 but on or before March 31, 2007: Previous straight-line method
 - iii) Acquired on or after April 1, 2007: Straight-line method
- Assets other than buildings (excluding lease assets)
 - i) Acquired on or before March 31, 2007: Previous declining-balance method
 - ii) Acquired on or after April 1, 2007: Declining-balance method
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term

Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.

(5) Foreign Currency Translation

Foreign currency-denominated assets and liabilities, except for investments in subsidiaries and affiliates, are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date. Investments in subsidiaries and affiliates are translated into Japanese yen at the exchange rate on the date of acquisition.

(6) Allowance for Possible Loan Losses

Allowance for possible loan losses is provided in accordance with the Company's standards of self-assessment and write-offs and reserves on credit quality:

- i) For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter called "substantially bankrupt borrowers"), the Company provides the remaining amount of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
- ii) For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy, the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
- iii) For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers' balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department,

which is independent of business-related divisions. Subsequently, the allowance for possible loan losses are provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees is written-off directly from the borrower's balance as the estimated uncollectible amounts. The amount written-off as of March 31, 2011 was ¥260 million.

(7) Reserve for Employees' Retirement Benefits

The Company adopts accounting standards for employees' retirement benefits (Business Accounting Council dated June 16, 1998) and accounts for the reserve for employees' retirement benefits based on the projected benefit obligation and plan assets at the balance sheet date.

(8) Reserve for Price Fluctuation of Securities

Reserve for price fluctuation of securities is calculated in accordance with Article 115 of the Insurance Business Law.

(9) Lease Transactions as a Lessee

Finance lease transactions that do not transfer ownership to the lessee whose commencement day was on or before March 31, 2008 continued to be accounted for in a manner similar to accounting treatment for ordinary rental transactions.

(10) Lease Transactions as a Lessor

As for the finance lease transactions where the Company is a lessor, the lease fee is recorded in "interest, dividends and other income" at the time of receiving lease fee. The corresponding cost of the lease transactions is recorded in "other investment expenses", which is calculated by deducting an amount equivalent to the interest allocated over the lease term from the lease fee received.

(11) Accounting for Hedge Activities

Hedge accounting is based on "Accounting Standards for Financial Instruments" (ASBJ Statement No.10 issued by the Accounting Standards Board of Japan on August 11, 2006).

For the foreign currency forward contracts against the exchange rate fluctuations in the value of foreign currency-denominated bonds classified as available-for-sale securities, which qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, valuation gains and losses on the foreign currency forward contracts are recorded in the statements of operations.

For the interest rate swaps against the interest rate fluctuations regarding loans, which qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, valuation gains and losses on the interest rate swaps are deferred until the maturity of the hedged transactions.

Deposits denominated in foreign currencies for which forward foreign exchange contracts are used to hedge the foreign currency fluctuations are translated at the contract rates if the forward contracts qualify for specific hedge accounting. In this case, exchange differences between the exchange rate on the trade date and the forward contract rate are allocated to each fiscal year from the date contracted to the date settled.

For judging the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mostly applied.

(12) Accounting for Consumption Taxes

The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Law, are deferred as prepaid expenses and amortized equally over five

years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.

(13) Policy Reserve

Policy reserve is based on Article 116 of the Insurance Business Law, and the premium reserve at the end of fiscal year is calculated by the following method:

In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.

(14) Software

The software for internal use is amortized based on straight-line method over the estimated useful lives.

(15) Deferred Assets

Discount on bonds is amortized equally over the period for which interest on bonds is fixed. This amount is deducted from bonds.

(16) Policy-reserve-matching Bonds

Of the bonds corresponding to the sub-groups of individual insurance and annuities which are set by insurance types and investment policies, the bonds that are held to match the duration of liabilities are classified as policy-reserve-matching bonds in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No.21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

2. Change in Accounting Policy

Effective for the year ended March 31, 2011, the Company adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 issued by the Accounting Standards Board of Japan on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 issued by the Accounting Standards Board of Japan on March 31, 2008). As a result, tangible fixed assets increased by ¥1,722 million and the amount of asset retirement obligations recorded in balance sheet was ¥2,846 million. Ordinary profit decreased by ¥157 million and surplus before income taxes decreased by ¥1,124 million.

3. Financial Instruments

Asset management of the general accounts other than the separate accounts stipulated in Article 118 Paragraph 1 of the Insurance Business Law is conducted on the principle of prudent and profitable investments, considering public and social responsibilities of the insurance business. Based on this policy, the Company allocates the fund, securing its liquidity, from the medium-to-long term viewpoints. The Company is diversifying investments in assets such as foreign securities and equity securities within the acceptable range of risk in order to enhance the profitability, although yen-denominated interest bearing assets including debt securities such as Japanese government bonds and loans are the cores of the portfolios. Derivatives are mainly used to mitigate the market risk regarding the securities and loans. Major financial instruments including securities, loans and derivatives are exposed to market risk and credit risk.

The Company manages its asset management risk by establishing internal control systems including various rules pursuant to the "Basic Policy for Risk Management" established by the Board of Directors. Specifically, the Company eliminates excessive risk deviating from the basic principle and secures the safety of the assets by utilizing control functions of the Financial and Investment Risk Management Department towards the asset management sections, monitoring the status of market risk and credit risk periodically on a daily or monthly basis. In addition, the Company quantifies the

market risk and credit risk using value-at-risk (VaR) method in order to control the possible maximum losses which may arise from the holding assets within a certain range of risk buffers.

The carrying amounts, fair values and their related differences of major financial assets and liabilities as of March 31, 2011 were as follows:

	Carrying amount	Fair value	Difference
(Millions of yen)			
Deposits:			
Deposits not treated as securities	¥ 237,583	¥ 237,583	¥
Total deposits	237,583	237,583	
Call loans			
Monetary claims bought:			
Claims treated as loans	1,424	1,424	0
Total monetary claims bought	1,424	1,424	0
Money held in trust:			
Trading securities.....	32,169	32,169	
Total money held in trust.....	32,169	32,169	
Securities:			
Trading securities.....	228,171	228,171	
Held-to-maturity debt securities.....	427,312	436,409	9,096
Policy-reserve-matching bonds	652,180	672,087	19,907
Investments in subsidiaries and affiliates	1,393	868	(524)
Available-for-sale securities	2,347,024	2,347,024	
Total securities	3,656,081	3,684,560	28,478
Loans:			
Policy loans.....	71,479	71,479	(0)
Ordinary loans	1,072,383	1,099,281	26,897
Total loans.....	1,143,863	1,170,761	26,897
Derivative instruments:			
Hedge accounting not applied.....	(6,049)	(6,049)	
Hedge accounting applied	(1,730)	(1,730)	
Total derivative instruments	(7,780)	(7,780)	

- (1) Deposits excluding those which are treated as securities based on “Accounting Standards for Financial Instruments” (ASBJ Statement No.10) and call loans:

The fair values of deposits and call loans are based on their book values since fair values approximate book values due to their short maturities.

- (2) Securities including deposits and monetary claims bought which are treated as securities based on “Accounting Standards for Financial Instruments” (ASBJ Statement No.10) and securities managed as trust assets in money held in trust:

The fair values of marketable securities are measured at the quoted market price at the end of fiscal year. The fair values of other securities without the quoted market price are based on the prices reasonably calculated such as the prices offered by the information vendors or counterparty financial institutions.

Investments in subsidiaries and affiliates, unlisted stocks and investments in partnerships whereby partnership assets consist of unlisted stocks whose fair values are deemed extremely difficult to obtain, are excluded from above securities. The carrying amounts of investments in subsidiaries and affiliates, unlisted stocks and investments in partnerships as of March 31, 2011 were ¥26,616 million, ¥8,845 million and ¥8,201 million, respectively.

(3) Loans and monetary claims bought treated as loans:

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadline have not been set up due to the characteristics that the loan is limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans and monetary claims bought treated as loans approximate the book values because the market interest rates are reflected in future cash flows in a short period. Therefore, the fair values of floating interest rate loans and monetary claims bought treated as loans are based on their book values. The fair values of fixed interest rate loans are measured by discounting the future cash flows to the present values.

The fair values of loans receivable from legally bankrupt borrowers, substantially bankrupt borrowers and borrowers who are not currently bankrupt but have a high possibility of bankruptcy and monetary claims bought treated as loans are computed by deducting the amount of the allowance for doubtful accounts from the book values before direct write-offs.

(4) Derivative instruments:

- i) The fair values of the futures and options traded at the exchange are measured at the settlement price of the exchange.
- ii) The fair values of options and swaps traded over the counter are based on the quoted prices offered by counterparty financial institutions.
- iii) The fair values of foreign currency forward contracts are determined based on the spot exchange rate and forward contract rate.

4. Investment and Rental Property

The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amount and the fair value of these investment and rental properties as of March 31, 2011 were ¥233,921 million and ¥284,059 million, respectively. The fair value is mainly based on the value calculated by the Company in accordance with real estate appraisal standards which includes some adjustments using the reference prices.

The amount corresponding to asset retirement obligations included in the carrying amount of investment and rental properties was ¥1,434 million as of March 31, 2011.

5. Loans Receivable

The amounts of credits to bankrupt borrowers, delinquent loans and restructured loans, which were included in loans, were ¥297 million, ¥774 million and ¥2,236 million, respectively and their total amounts were ¥3,308 million as of March 31, 2011. There was no balance of delinquent loans past 3 months or more as of March 31, 2011

The direct write-offs related to loans decreased credits to bankrupt borrowers by ¥1 million and delinquent loans by ¥258 million as of March 31, 2011.

Credits to bankrupt borrowers represent loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96 Paragraph 1 Item 3 and 4 of the Enforcement Regulations of the Corporate Tax Law. Moreover, accruing interest on these loans is not recorded as income after determining that principal or interest on these loans is unlikely to be collected due to the significant delay in repayment of principal or interest payment or for some other reasons.

Delinquent loans are credits whose accruing interest is not recorded as income due to the same reasons as described above, and exclude credits to bankrupt borrowers and loans for which interest payments have been suspended and rescheduled to assist and support the borrowers in the restructuring of their business.

Delinquent loans past 3 months or more are loans for which interest payment or repayment of principal are delinquent for 3 months or more from the due date under the terms of the related loan agreements, excluding those loans classified as credits to bankrupt borrowers and delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemptions, rescheduling of due date of principal or interest payment, waiver of

claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans and delinquent loans past 3 months or more.

6. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets totaled to ¥137,343 million as of March 31, 2011.

7. Separate Accounts

Total assets in separate accounts provided for in Article 118 of the Insurance Business Law were ¥83,280 million as of March 31, 2011. The amount of separate account liabilities was the same as separate account assets.

8. Receivables from/Payables to Subsidiaries

The total amounts of receivables from/payables to subsidiaries were ¥2,675 million and ¥1,855 million as of March 31, 2011, respectively.

9. Monetary Claims to Directors

Monetary claims to directors as of March 31, 2011 were ¥6 million.

10. Income Taxes

Deferred tax assets and deferred tax liabilities as of March 31, 2011 were ¥98,663 million and ¥8,191 million, respectively. Valuation allowance for deferred tax assets was ¥3,139 million.

Major components of deferred tax assets were ¥58,929 million of policy reserves, ¥18,144 million of reserve for employees' retirement benefits and ¥12,105 million of reserve for price fluctuation of securities as of March 31, 2011. Major component of deferred tax liabilities was ¥5,673 million of net unrealized gains on available-for-sale securities as of March 31, 2011.

The statutory tax rate and the actual effective tax rate for the year ended March 31, 2011 were 36.2% and 19.5%, respectively. The major difference between the statutory tax rate and the actual effective tax rate was (17.1%) of reserve for dividends to policyholders.

11. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the year ended March 31, 2011 were as follows:

	(Millions of yen)
Balance at the end of previous fiscal year.....	¥ 54,759
Transfer from surplus in previous fiscal year	19,505
Dividends paid in the current fiscal year.....	(21,176)
Increase in interest	116
Balance at the end of current fiscal year	<u>¥ 53,205</u>

12. Stocks of Subsidiaries

The amount of stocks of subsidiaries the Company held as of March 31, 2011 was ¥28,009 million.

13. Pledged Assets and Secured Debts

Assets pledged as collateral as of March 31, 2011 were ¥23,633 million of securities. Secured debts as of March 31, 2011 were ¥4,629 million.

14. Policy Reserves for the Reinsurance Contracts

Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Law (hereinafter called "reserve for outstanding claims for ceded reinsurance") was ¥42 million as of March 31, 2011.

Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Law (hereinafter called "policy reserve for ceded reinsurance") was ¥31 million as of March 31, 2011.

15. Adjustment Items for Redemption of Foundation Funds and Appropriation of Net Surplus

The total amount of adjustment items for redemption of foundation funds and appropriation of net surplus defined in Article 30 Paragraph 2 of the Enforcement Regulation of the Insurance Business Law was ¥11,838 million as of March 31, 2011.

16. Commitment Line

As of March 31, 2011, there were unused commitment line agreements under which the Company is the lender of ¥4,056 million.

17. Subordinated Bonds

Repayments of subordinated bonds are subordinated to other obligations.

18. Assets Denominated in Foreign Currencies

Assets denominated in foreign currencies as of March 31, 2011 totaled to ¥718,304 million. The principal foreign currency asset amounts as of March 31, 2011 were 1,799 million euros and US\$4,169 million.

Liabilities denominated in foreign currencies as of March 31, 2011 totaled to ¥36,075 million. The foreign currency liability amount as of March 31, 2011 was 306 million euros.

19. Contribution to Policyholders Protection Corporation

The future contribution to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law was estimated at ¥10,770 million as of March 31, 2011. The contribution was charged as operating expenses in the year in which it was paid.

20. Reserve for Employees' Retirement Benefits

(1) The reserve for employees' retirement benefits as of March 31, 2011 was calculated as follows:

	(Millions of yen)
a. Projected benefit obligation	¥ (71,742)
b. Fair value of pension plan assets	15,728
c. Unfunded benefit obligation (a+b)	<u>(56,014)</u>
d. Unrecognized actuarial differences	5,802
e. Unrecognized prior service cost	102
f. Reserve for employees' retirement benefits (c+d+e).....	<u><u>¥ (50,109)</u></u>

(2) Gross amount of retirement benefit expenses for the year ended March 31, 2011 was as follows:

	(Millions of yen)
Service cost	¥ 3,096
Interest cost	1,430
Expected return on pension plan assets	(480)
Amortization of actuarial differences.....	1,171
Amortization of prior service cost.....	34
	¥ 5,252

(3) The assumptions used in calculation of the above information were as follows:

• Method of attributing the projected benefits to periods of service.....	Straight-line basis
• Discount rate	2.0%
• Expected rate of return on pension plan assets.....	3.0%
• Amortization period of actuarial differences	10 years
• Amortization period of prior service cost	10 years

III. Notes to Statements of Operations

1. Transactions with Subsidiaries

The total amounts of revenues and expenditures in connection with subsidiaries were ¥998 million and ¥7,576 million for the year ended March 31, 2011.

2. Gains on Sales of Securities

Major items of gains on sales of securities for the year ended March 31, 2011 were as follows:

	(Millions of yen)
Domestic bonds	¥ 19,211
Domestic stocks and others.....	11,239
Foreign securities	4

3. Losses on Sales of Securities

Major items of losses on sales of securities for the year ended March 31, 2011 were as follows:

	(Millions of yen)
Domestic bonds	¥ 908
Domestic stocks and others.....	13,036
Foreign securities	6,473

4. Losses on Valuation of Securities

Major items of losses on valuation of securities for the year ended March 31, 2011 were as follows:

	(Millions of yen)
Domestic stocks and others.....	¥ 5,870
Foreign securities	52

5. Policy Reserves for the Reinsurance Contracts

For the year ended March 31, 2011, provision for reserve for outstanding claims for ceded reinsurance considered in calculation of provision for reserve for outstanding claims was ¥9 million and provision

for policy reserve for ceded reinsurance considered in calculation of reversal of policy reserve was ¥1 million.

6. Losses from Trading Securities

Major items of losses from trading securities for the year ended March 31, 2011 were as follows:

	(Millions of yen)
Interest, dividends and other income.....	¥ 6,814
Gains (Losses) on sales of trading securities.....	(8,234)
Gains (Losses) on valuation of trading securities.....	(3,640)

7. Gains from Money Held in Trust

Gains from money held in trust for the year ended March 31, 2011 included valuation losses of ¥0 million.

8. Gains from Derivative Instruments

Gains from derivative instruments for the year ended March 31, 2011 included valuation losses of ¥4,346 million.

6. Breakdown of Ordinary Profits (Fundamental Profit)

(Millions of yen)

		Year ended March 31, 2010	Year ended March 31, 2011
Fundamental profit	A	70,506	66,367
Capital gains		22,043	33,932
Gains from money held in trust, net		-	141
Gains from trading securities, net		-	-
Gains on sales of securities		22,043	30,455
Gains from derivative instruments, net		-	3,335
Foreign exchange gains, net		-	-
Other capital gains		-	-
Capital losses		59,093	40,879
Losses from money held in trust, net		387	-
Losses from trading securities, net		2,361	11,884
Losses on sales of securities		41,494	20,418
Losses on valuation of securities		1,588	5,922
Losses from derivative instruments, net		11,555	-
Foreign exchange losses, net		1,706	2,654
Other capital losses		-	-
Net capital gains (losses)	B	(37,050)	(6,947)
Fundamental profit plus net capital gains (losses)	A+B	33,456	59,419
Other one-time gains		-	-
Reinsurance income		-	-
Reversal of contingency reserve		-	-
Others		-	-
Other one-time losses		498	413
Reinsurance premiums		-	-
Provision for contingency reserve		498	413
Provision for specific allowance for possible loan losses		-	-
Allowance for specified overseas loans		-	-
Write-off of loans		-	-
Others		-	-
Other one-time gains (losses)	C	(498)	(413)
Ordinary profits	A+B+C	32,958	59,006

Notes: 1. The following amounts in respect of gains / losses from money held in trust have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥189 million in respect of the year ended March 31, 2010 and ¥220 million in respect of the year ended March 31, 2011.

2. The following amounts in respect of gains / losses from trading securities have been excluded from capital gains / losses and included in fundamental profit due to their income nature (being interest and dividend income): ¥2,527 million in respect of the year ended March 31, 2010 and ¥6,814 million in respect of the year ended March 31, 2011.

Breakdown of Fundamental Profit

(100 millions of yen)

		Year ended March 31, 2010	Year ended March 31, 2011
Fundamental profit		705	663
Loading profit		76	56
Mortality and morbidity profit		778	691
Negative spread		(149)	(83)

7. Non-consolidated Statements of Changes in Net Assets

(Millions of yen)

	For the year ended March 31, 2010	For the year ended March 31, 2011
Foundation funds, surplus and others		
Foundation funds		
Balance at the end of previous fiscal year	40,000	40,000
Changes in the current fiscal year		
Financing of additional foundation funds	15,000	-
Redemption of foundation funds	(15,000)	-
Total changes in the current fiscal year	-	-
Balance at the end of current fiscal year	40,000	40,000
Accumulated foundation funds redeemed		
Balance at the end of previous fiscal year	31,000	46,000
Changes in the current fiscal year		
Additions to accumulated foundation funds redeemed	15,000	-
Total changes in the current fiscal year	15,000	-
Balance at the end of current fiscal year	46,000	46,000
Reserve for revaluation		
Balance at the end of previous fiscal year	112	112
Changes in the current fiscal year		
Total changes in the current fiscal year	-	-
Balance at the end of current fiscal year	112	112
Surplus		
Legal reserve for future losses		
Balance at the end of previous fiscal year	1,987	2,187
Changes in the current fiscal year		
Additions to legal reserve for future losses	200	62
Total changes in the current fiscal year	200	62
Balance at the end of current fiscal year	2,187	2,249
Other surplus		
Reserve for redemption of foundation funds		
Balance at the end of previous fiscal year	20,000	15,000
Changes in the current fiscal year		
Additions to reserve for redemption of foundation funds	10,000	5,000
Reversal of reserve for redemption of foundation funds	(15,000)	-
Total changes in the current fiscal year	(5,000)	5,000
Balance at the end of current fiscal year	15,000	20,000
Reserve for dividend allowances		
Balance at the end of previous fiscal year	3,895	3,895
Changes in the current fiscal year		
Total changes in the current fiscal year	-	-
Balance at the end of current fiscal year	3,895	3,895
Reserve for advanced depreciation of real estate for tax purpose		
Balance at the end of previous fiscal year	311	303
Changes in the current fiscal year		
Reversal of reserve for advanced depreciation of real estate for tax purpose	(7)	(7)
Total changes in the current fiscal year	(7)	(7)
Balance at the end of current fiscal year	303	296
Other reserves		
Balance at the end of previous fiscal year	767	767
Changes in the current fiscal year		
Total changes in the current fiscal year	-	-
Balance at the end of current fiscal year	767	767
Unappropriated surplus		
Balance at the end of previous fiscal year	56,660	54,075
Changes in the current fiscal year		
Additions to reserve for dividends to policyholders	(17,856)	(19,505)
Additions to legal reserve for future losses	(200)	(62)
Payment of interest on foundation funds	(716)	(892)
Net surplus for the year	26,135	41,524
Additions to reserve for redemption of foundation funds	(10,000)	(5,000)
Reversal of reserve for advanced depreciation of real estate for tax purpose	7	7
Reversal of revaluation reserve for land	44	(592)
Total changes in the current fiscal year	(2,584)	15,479
Balance at the end of current fiscal year	54,075	69,554

7. Non-consolidated Statements of Changes in Net Assets (Continued)

(Millions of yen)

	For the year ended March 31, 2010	For the year ended March 31, 2011
Total surplus		
Balance at the end of previous fiscal year	83,621	76,229
Changes in the current fiscal year		
Additions to reserve for dividends to policyholders	(17,856)	(19,505)
Payment of interest on foundation funds	(716)	(892)
Net surplus for the year	26,135	41,524
Reversal of reserve for redemption of foundation funds	(15,000)	-
Reversal of revaluation reserve for land	44	(592)
Total changes in the current fiscal year	(7,392)	20,533
Balance at the end of current fiscal year	76,229	96,763
Total foundation funds, surplus and others		
Balance at the end of previous fiscal year	154,733	162,341
Changes in the current fiscal year		
Financing of additional foundation funds	15,000	-
Additions to reserve for dividends to policyholders	(17,856)	(19,505)
Additions to accumulated foundation funds redeemed	15,000	-
Payment of interest on foundation funds	(716)	(892)
Net surplus for the year	26,135	41,524
Redemption of foundation funds	(15,000)	-
Reversal of reserve for redemption of foundation funds	(15,000)	-
Reversal of revaluation reserve for land	44	(592)
Total changes in the current fiscal year	7,607	20,533
Balance at the end of current fiscal year	162,341	182,875
Valuation and translation adjustments		
Net unrealized gains (losses) on available-for-sale securities, net of tax		
Balance at the end of previous fiscal year	(35,474)	48,291
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	83,766	(38,297)
Total changes in the current fiscal year	83,766	(38,297)
Balance at the end of current fiscal year	48,291	9,994
Deferred valuation gains (losses) under hedge accounting		
Balance at the end of previous fiscal year	479	538
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	59	(173)
Total changes in the current fiscal year	59	(173)
Balance at the end of current fiscal year	538	365
Revaluation reserve for land, net of tax		
Balance at the end of previous fiscal year	814	773
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	(40)	592
Total changes in the current fiscal year	(40)	592
Balance at the end of current fiscal year	773	1,366
Total valuation and translation adjustments		
Balance at the end of previous fiscal year	(34,180)	49,604
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	83,785	(37,878)
Total changes in the current fiscal year	83,785	(37,878)
Balance at the end of current fiscal year	49,604	11,726
Total net assets		
Balance at the end of previous fiscal year	120,553	211,946
Changes in the current fiscal year		
Financing of additional foundation funds	15,000	-
Additions to reserve for dividends to policyholders	(17,856)	(19,505)
Additions to accumulated foundation funds redeemed	15,000	-
Payment of interest on foundation funds	(716)	(892)
Net surplus for the year	26,135	41,524
Redemption of foundation funds	(15,000)	-
Reversal of reserve for redemption of foundation funds	(15,000)	-
Reversal of revaluation reserve for land	44	(592)
Net changes, excluding foundation funds, surplus and others	83,785	(37,878)
Total changes in the current fiscal year	91,393	(17,344)
Balance at the end of current fiscal year	211,946	194,601

8. Non-consolidated Statements of Surplus

(Millions of Yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Unappropriated surplus	54,075	69,554
Reversal of voluntary surplus reserve	7	7
Reversal of reserve for advanced depreciation of real estate for tax purpose	7	7
Total	54,083	69,561
Appropriation of surplus	25,460	41,350
Reserve for dividends to policyholders	19,505	24,381
Net surplus	5,954	16,968
Legal reserve for future losses	62	76
Interest payment for foundation funds	892	892
Voluntary surplus reserve	5,000	16,000
Reserve for redemption of foundation funds	5,000	5,000
Accumulated fund for price fluctuation	-	11,000
Unappropriated surplus carried forward	28,622	28,211

Note: Net surplus is calculated by deducting reserve for dividends to policyholders from the sum of unappropriated surplus and reversal of voluntary surplus reserve.

9. Disclosed Claims Based on Categories of Obligors

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Claims against bankrupt and quasi-bankrupt obligors	819	491
Claims with collection risk	1,660	589
Claims for special attention	166	2,236
Subtotal	2,646	3,317
[Percentage of total]	[0.22%]	[0.29%]
Claims against normal obligors	1,224,154	1,145,795
Total	1,226,801	1,149,112

- Notes: 1. Claims against bankrupt and quasi-bankrupt obligors are loans to borrowers who are subject to bankruptcy, corporate reorganisation 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 favour 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.

10. Risk-monitored Loans

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Credits to bankrupt borrowers	352	297
Delinquent loans	2,119	774
Delinquent loans past three months or more	-	-
Restructured loans	166	2,236
Total	2,638	3,308
[Percentage of total loans]	[0.22%]	[0.29%]

- Notes: 1. For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees is written-off directly from the borrower's balance as the estimated uncollectible amounts. The amounts written-off related to credits to bankrupt borrowers were ¥8,097 million as of March 31, 2010 and ¥1 million as of March 31, 2011. The amounts written-off related to delinquent loans were ¥938 million as of March 31, 2010 and ¥258 million as of March 31, 2011.
2. Credits to bankrupt borrowers represent loans which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accruing interest of these loans is not recorded as income after determining that principal or interest on these loans is unlikely to be collected due to the significant delay in repayment of principal or interest payment or for some other reasons.
3. Delinquent loans are credits whose accruing interest is not recorded as income due to the same reasons as described in note 2 above, and exclude credits to bankrupt borrowers and loans for which interest payments have been suspended and rescheduled to assist and support the borrowers in the restructuring of their business.
4. Delinquent loans past three months or more are loans for which interest payment or repayment of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as credits to bankrupt borrowers and delinquent loans.
5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemptions, rescheduling of due date of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans and delinquent loans past three months or more.

11. Solvency Margin Ratio

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Total solvency margin (A)	628,750	593,497
Foundation funds and surplus	141,571	156,224
Reserve for price fluctuation of securities	26,451	33,432
Contingency reserve	145,658	146,071
Allowance for possible loan losses	2,000	1,957
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)	68,134	14,101
Net unrealized gains on real estate x 85%	88,973	73,176
Excess amount of policy reserve based on full-time Zillmer method	97,609	103,984
Qualifying subordinated debt	37,406	35,214
Deductible items	(10,000)	(10,000)
Others	30,944	39,334
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	111,510	109,064
Insurance risk R_1	29,032	28,485
3rd sector insurance risk R_8	9,433	9,443
Assumed investment yield risk R_2	18,793	18,528
Investment risk R_3	82,868	80,783
Business risk R_4	2,802	2,745
Minimum guarantee risk R_7	12	11
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,127.6%	1,088.3%

Notes: 1. Above figures are calculated based on Articles 86 and 87 of the Enforcement Regulation of the Insurance Business Law and Ministry of Finance Ordinance No. 50, 1996. ("Excess amount of policy reserve based on full-time Zillmer method" is calculated based on Article 1 Paragraph 3-1 of Ordinance No.50.)

2. "Deductible items" represent the capital increase to the subsidiary, Fukokushinrai Life Insurance Co., Ltd.

3. "Minimum guarantee risk" is calculated by standard method.

(reference) Solvency Margin Ratio under the New Standards

(Millions of yen)

		As of March 31, 2011
Total solvency margin	(A)	581,306
Foundation funds and surplus		156,224
Reserve for price fluctuation of securities		33,432
Contingency reserve		146,071
Allowance for possible loan losses		1,957
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)		14,101
Net unrealized gains on real estate x 85%		73,176
Excess amount of policy reserve based on full-time Zillmer method		103,984
Qualifying subordinated debt		35,214
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin		-
Deductible items		(10,000)
Others		27,143
Total amount of risk	$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	173,928
Insurance risk	R_1	28,485
3rd sector insurance risk	R_8	9,443
Assumed investment yield risk	R_2	42,760
Investment risk	R_3	122,801
Business risk	R_4	4,069
Minimum guarantee risk	R_7	7
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	668.4%

- Notes: 1. In accordance with Cabinet Office Ordinance No.23, 2010 and Financial Services Agency Ordinance No.48, 2010, the standards for the calculation of total solvency margin and total amount of risk are planned to be revised to tighten margin calculation and tighten and refine risk measurements. The revised standards will be officially applied at the end of fiscal year ending March 31, 2012. The above figures are calculated by applying the revised standards to the financial results as of March 31, 2011.
2. "Excess amount of policy reserve based on full-time Zillmer method" represent the amount prescribed in Article 1, paragraph 1, item 1 of Financial Services Agency Ordinance No.25, 2011. "Qualifying subordinated debt" represent the amount prescribed in Article 1, paragraph 1, item 2 of the said Ordinance. "The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin" represent the amount prescribed in Article 1, paragraph 1, item 3 of the said Ordinance.
3. "Deductible items" represent the capital increase to the subsidiary, Fukokushinrai Life Insurance Co., Ltd.
4. "Minimum guarantee risk" is calculated by standard method.

12. Status of Separate Account

(1) Separate Account Assets by Products

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
	Amount	Amount
Individual variable insurance	-	-
Individual variable annuities	640	538
Group annuities	94,567	82,742
Total	95,207	83,280

(2) Individual Variable Insurance (Separate Account)

The company has not sold the individual variable insurance.

(3) Individual Variable Annuities (Separate Account)

(i) Policies in Force

(Millions of yen except number of policies)

	As of March 31, 2010		As of March 31, 2011	
	Number of policies	Amount	Number of policies	Amount
Individual variable annuities	196	667	185	594

(ii) Breakdown of Separate Account Assets for Individual Variable Annuities

(Millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Amount	Percentage	Amount	Percentage
Cash, deposits, call loans	105	16.4	82	15.4
Securities	534	83.6	455	84.6
Domestic bonds	-	-	-	-
Domestic stocks	-	-	-	-
Foreign securities	-	-	-	-
Foreign bonds	-	-	-	-
Foreign stocks and other securities	-	-	-	-
Other securities	534	83.6	455	84.6
Loans	-	-	-	-
Others	-	-	-	-
Allowance for possible loan losses	-	-	-	-
Total	640	100.0	538	100.0

(iii) Investment Income and Expenses of Separate Account for Individual Variable Annuities

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
	Amount	Amount
Interest, dividends and other income	0	1
Gains on sales of securities	-	-
Gains of redemption of securities	-	-
Gains on valuation of securities	123	30
Foreign exchange gains, net	-	-
Gains from derivative instruments	-	-
Other investment income	-	-
Losses on sales of securities	4	3
Losses on redemption of securities	-	-
Losses on valuation of securities	22	57
Foreign exchange losses, net	-	-
Losses from derivative instruments	-	-
Other investment expenses	-	-
Net investment income	98	(28)

(iv) Fair Value Information on Securities in Separate Account for Individual Variable Annuities

* Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on the balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	534	101	455	(26)

Note: The company has no balances of money held in trust and derivative instruments.

(reference) Fair Value Information on Securities (Total of General Account and Separate Account)

Net Valuation Gains/Losses on Trading Securities

(Millions of yen)

	As of March 31, 2010		As of March 31, 2011	
	Carrying value on balance sheet	Net valuation gains/losses included in the statement of operations	Carrying value on balance sheet	Net valuation gains/losses included in the statement of operations
Trading securities	201,372	18,639	339,235	(4,697)

Note: The table above includes money held in trust for trading purpose.

Fair Value Information on Securities (with fair value, other than trading securities)

(Millions of yen)

	As of March 31, 2010					As of March 31, 2011				
	Book value	Fair value	Gains/losses		Book value	Fair value	Gains/losses			
			Gains	Losses			Gains	Losses		
Held-to-maturity debt securities	430,883	433,717	2,834	5,212	2,377	427,312	436,409	9,096	9,983	886
Domestic bonds	382,130	383,997	1,866	4,110	2,243	378,178	387,523	9,345	9,345	-
Foreign bonds	48,753	49,720	967	1,101	134	49,134	48,885	(249)	637	886
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Policy-reserve-matching bonds	639,749	657,551	17,801	18,125	324	652,180	672,087	19,907	23,872	3,965
Domestic bonds	639,749	657,551	17,801	18,125	324	644,831	664,759	19,928	23,872	3,944
Foreign bonds	-	-	-	-	-	7,349	7,328	(21)	0	21
Investments in subsidiaries and affiliates	1,393	933	(459)	-	459	1,393	868	(524)	-	524
Available-for-sale securities	2,440,492	2,516,197	75,704	121,217	45,512	2,331,356	2,347,024	15,667	76,486	60,818
Domestic bonds	1,530,802	1,544,097	13,294	21,898	8,603	1,389,523	1,407,660	18,136	24,369	6,232
Domestic stocks	362,224	438,734	76,509	91,174	14,665	300,218	317,678	17,460	43,327	25,867
Foreign securities	504,887	492,109	(12,777)	6,589	19,367	593,121	575,527	(17,594)	7,582	25,177
Foreign bonds	323,137	318,842	(4,295)	3,895	8,191	411,835	403,179	(8,656)	4,572	13,228
Foreign stocks and other securities	181,749	173,267	(8,481)	2,693	11,175	181,285	172,347	(8,938)	3,010	11,948
Other securities	42,577	41,256	(1,321)	1,554	2,876	48,491	46,158	(2,333)	1,207	3,541
Money held in trust	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-
Total	3,512,519	3,608,400	95,881	144,555	48,674	3,412,242	3,456,389	44,146	110,342	66,195
Domestic bonds	2,552,683	2,585,645	32,962	44,134	11,171	2,412,533	2,459,943	47,410	57,587	10,176
Domestic stocks	362,224	438,734	76,509	91,174	14,665	300,218	317,678	17,460	43,327	25,867
Foreign securities	555,033	542,763	(12,269)	7,691	19,960	650,998	632,608	(18,390)	8,220	26,610
Foreign bonds	371,891	368,562	(3,328)	4,997	8,325	468,319	459,392	(8,927)	5,209	14,136
Foreign stocks and other securities	183,142	174,200	(8,941)	2,693	11,634	182,678	173,215	(9,462)	3,010	12,473
Other securities	42,577	41,256	(1,321)	1,554	2,876	48,491	46,158	(2,333)	1,207	3,541
Money held in trust	-	-	-	-	-	-	-	-	-	-
Monetary claims bought	-	-	-	-	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-

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

· Held-to-maturity Debt Securities

(Millions of yen)

	As of March 31, 2010			As of March 31, 2011		
	Carrying value on the balance sheet	Fair value	Differences	Carrying value on the balance sheet	Fair value	Differences
Securities whose fair value exceeds the carrying value on the balance sheet	133,237	138,449	5,212	402,605	412,589	9,983
Domestic bonds	92,709	96,820	4,110	378,178	387,523	9,345
Foreign bonds	40,527	41,629	1,101	24,427	25,065	637
Money claims bought	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
Securities whose fair value does not exceed the carrying value on the balance sheet	297,646	295,268	(2,377)	24,706	23,819	(886)
Domestic bonds	289,420	287,177	(2,243)	-	-	-
Foreign bonds	8,225	8,091	(134)	24,706	23,819	(886)
Money claims bought	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-

· Policy-reserve-matching Bonds

(Millions of yen)

	As of March 31, 2010			As of March 31, 2011		
	Carrying value on the balance sheet	Fair value	Differences	Carrying value on the balance sheet	Fair value	Differences
Bonds whose fair value exceeds the carrying value on the balance sheet	613,468	631,594	18,125	533,017	556,889	23,872
Domestic bonds	613,468	631,594	18,125	532,817	556,689	23,872
Foreign bonds	-	-	-	200	200	0
Others	-	-	-	-	-	-
Bonds whose fair value does not exceed the carrying value on the balance sheet	26,280	25,956	(324)	119,163	115,198	(3,965)
Domestic bonds	26,280	25,956	(324)	112,013	108,069	(3,944)
Foreign bonds	-	-	-	7,149	7,128	(21)
Others	-	-	-	-	-	-

· Available-for-sale Securities

(Millions of yen)

	As of March 31, 2010			As of March 31, 2011		
	Book value	Carrying value on the balance sheet	Differences	Book value	Carrying value on the balance sheet	Differences
Securities whose carrying value on the balance sheet exceeds the book value	1,249,403	1,370,621	121,217	1,288,501	1,364,988	76,486
Domestic bonds	744,823	766,721	21,898	878,177	902,546	24,369
Domestic stocks	230,605	321,780	91,174	154,257	197,585	43,327
Foreign securities	256,161	262,750	6,589	238,266	245,848	7,582
Foreign bonds	172,238	176,134	3,895	173,763	178,335	4,572
Foreign stocks	83,922	86,615	2,693	64,502	67,513	3,010
Other securities	17,813	19,368	1,554	17,800	19,007	1,207
Money held in trust	-	-	-	-	-	-
Money claims bought	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-
Securities whose carrying value on the balance sheet does not exceed the book value	1,191,088	1,145,576	(45,512)	1,042,854	982,035	(60,818)
Domestic bonds	785,979	777,375	(8,603)	511,346	505,113	(6,232)
Domestic stocks	131,619	116,953	(14,665)	145,960	120,093	(25,867)
Foreign securities	248,725	229,358	(19,367)	354,855	329,678	(25,177)
Foreign bonds	150,899	142,707	(8,191)	238,072	224,843	(13,228)
Foreign stocks	97,826	86,651	(11,175)	116,783	104,834	(11,948)
Other securities	24,764	21,888	(2,876)	30,691	27,150	(3,541)
Money held in trust	-	-	-	-	-	-
Money claims bought	-	-	-	-	-	-
Negotiable certificate of deposits	-	-	-	-	-	-
Others	-	-	-	-	-	-

* Book value of securities whose market value are deemed extremely difficult to obtain are as follows:

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Held-to-maturity bonds	-	-
Unlisted foreign bonds	-	-
Others	-	-
Policy-reserve-matching bonds	-	-
Investments in subsidiaries and affiliates	26,132	26,616
Available-for-sale securities	17,157	17,047
Unlisted domestic stocks (except over-the-counter stocks)	8,351	8,345
Unlisted foreign stocks (except over-the-counter stocks)	500	500
Unlisted foreign bonds	-	-
Others	8,306	8,201
Total	43,290	43,664

(reference) Fair Value Information on Derivative Instruments (Total of General Account and Separate Account)

(i) Gains and Losses on Derivatives

(Millions of yen)

As of March 31, 2010	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	826	(4,832)	—	—	—	(4,006)
Hedge accounting not applied	—	(1,901)	(93)	350	—	(1,644)
Total	826	(6,734)	(93)	350	—	(5,650)
As of March 31, 2011	Interest-related	Currency-related	Stock-related	Bond-related	Others	Total
Hedge accounting applied	560	(2,290)	—	—	—	(1,730)
Hedge accounting not applied	69	(5,996)	(123)	—	—	(6,049)
Total	629	(8,287)	(123)	—	—	(7,780)

Note: Gains and losses from applying fair value hedge accounting (currency-related, losses of ¥4,832 million as of March 31, 2010 and losses of ¥2,290 million as of March 31, 2011) included in gains and losses with hedge accounting applied, and gains and losses with hedge accounting not applied are reported in the statements of operations.

(ii) Hedge Accounting not Applied

· Interest-related Transactions

(Millions of yen)

	As of March 31, 2010			As of March 31, 2011		
	Notional amount/ contract value	Fair value	Gains (losses)	Notional amount/ contract value	Fair value	Gains (losses)
	Over 1 year			Over 1 year		
Over-the-counter transactions						
Foreign interest rate swap contracts						
Receipt fixed, payment floating	-	-	-	-	-	-
Payment fixed, receipt floating	-	-	-	16,404	69	69
US dollar	-	-	-	16,404	69	69
Total						69

* Interest rate swap contracts by contractual maturity dates

(Millions of yen)

	As of March 31, 2010			As of March 31, 2011		
	1 year or shorter	Over 1 year to 3 years	Over 3 years	1 year or shorter	Over 1 year to 3 years	Over 3 years
Foreign interest rate swap contracts						
Notional amount (receipts fixed, payments floating)	-	-	-	-	-	-
Average fixed rate (receipt)	-	-	-	-	-	-
Average floating rate (payment)	-	-	-	-	-	-
Notional amount (receipts floating, payments fixed)	-	-	-	-	-	16,404
Average floating rate (receipt)	-	-	-	-	-	0.31%
US dollar	-	-	-	-	-	0.31%
Average fixed rate (payment)	-	-	-	-	-	3.49%
US dollar	-	-	-	-	-	3.49%

Note: No ending balance of Yen interest rate swap contracts as of March 31, 2010 and 2011.

· Currency-related Transactions

(Millions of yen)

	As of March 31, 2010				As of March 31, 2011			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)
Over-the-counter transactions								
Currency forward contracts								
Sold	76,897	-	78,406	(1,509)	212,028	-	218,024	(5,996)
US dollar	39,835	-	40,932	(1,096)	93,515	-	94,762	(1,247)
Australian dollar	-	-	-	-	39,798	-	42,087	(2,289)
Canadian dollar	-	-	-	-	38,861	-	40,168	(1,306)
Euro	37,061	-	37,473	(412)	28,042	-	28,975	(932)
British pound	-	-	-	-	11,809	-	12,030	(220)
Singapore dollar	-	-	-	-	0	-	0	(0)
Bought	-	-	-	-	-	-	-	-
Currency Options								
Sold								
Calls	17,302	-	-	-	-	-	-	-
Euro	[173]	-	211	(38)	[-]	-	-	-
US dollar	[141]	-	131	9	[-]	-	-	-
Puts	4,702	-	79	(47)	-	-	-	-
Euro	[32]	-	-	-	[-]	-	-	-
US dollar	[-]	-	-	-	[-]	-	-	-
Bought								
Calls	-	-	-	-	-	-	-	-
Puts	40,365	-	-	-	-	-	-	-
Euro	[375]	-	53	(322)	[-]	-	-	-
US dollar	[22,310]	-	13	(151)	[-]	-	-	-
Euro	[164]	-	39	(171)	[-]	-	-	-
US dollar	[18,055]	-	-	-	[-]	-	-	-
Euro	[211]	-	-	-	[-]	-	-	-
Currency swap contracts								
Australian dollar	4,000	-	(31)	(31)	-	-	-	-
Australian dollar	4,000	-	(31)	(31)	-	-	-	-
Total				(1,901)				(5,996)

Notes: 1. Figures in [] are option premiums which are included in balance sheet.
2. Forward exchange rates are used for exchange rates as of the end of fiscal year.

· Stock-related Transactions

(Millions of yen)

	As of March 31, 2010				As of March 31, 2011			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)
Exchange-traded transactions								
Yen stock index futures								
Sold	-	-	-	-	9,636	-	9,760	(123)
Bought	-	-	-	-	-	-	-	-
Yen stock index options								
Sold								
Calls	-	-	-	-	-	-	-	-
Puts	[-]	-	-	-	[-]	-	-	-
Bought								
Calls	-	-	-	-	-	-	-	-
Puts	[9,500]	-	0	(93)	[-]	-	-	-
Puts	[93]	-	-	-	[-]	-	-	-
Total				(93)				(123)

Note: Figures in [] are option premiums which are included in balance sheet.

· Bond-related Transactions

(Millions of yen)

	As of March 31, 2010				As of March 31, 2011			
	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)	Notional amount/ contract value	Over 1 year	Fair value	Gains (losses)
Exchange-traded transactions								
Yen bond futures								
Sold	90,193	-	89,843	350	-	-	-	-
Bought	-	-	-	-	-	-	-	-
Total				350				-

(iii) Hedge Accounting Applied

· Interest-related Transactions

[As of March 31, 2010]

(Millions of yen)

Method of hedge accounting	Hedging instruments	Hedged items	Notional amount / contract value		Fair value
				Over 1 year	
Deferral hedge method	Yen interest rate swap contracts	Loans			
	Receipt fixed, payment floating		62,309	40,180	857
	Payment fixed, receipt floating		2,500	-	(30)
Total					

* Interest rate swap contracts by contractual maturity dates

(Millions of yen)

	1 year or shorter	Over 1 year to 3 years	Over 3 years
Notional amount (receipts fixed, payments floating)	22,129	27,070	13,110
Average fixed rate (receipt)	1.14%	1.40%	1.70%
Average floating rate (payment)	0.55%	0.59%	0.79%
Notional amount (receipts floating, payments fixed)	2,500	-	-
Average floating rate (receipt)	0.67%	-	-
Average fixed rate (payment)	1.84%	-	-

[As of March 31, 2011]

(Millions of yen)

Method of hedge accounting	Hedging instruments	Hedged items	Notional amount / contract value		Fair value
				Over 1 year	
Deferral hedge method	Yen interest rate swap contracts	Loans			
	Receipt fixed, payment floating		39,863	17,905	560
	Payment fixed, receipt floating		-	-	-
Total					

* Interest rate swap contracts by contractual maturity dates

(Millions of yen)

	1 year or shorter	Over 1 year to 3 years	Over 3 years
Notional amount (receipts fixed, payments floating)	21,958	17,000	905
Average fixed rate (receipt)	1.35%	1.64%	2.28%
Average floating rate (payment)	0.45%	0.62%	1.25%
Notional amount (receipts floating, payments fixed)	-	-	-
Average floating rate (receipt)	-	-	-
Average fixed rate (payment)	-	-	-

Note: No ending balance of foreign interest rate swap contracts as of March 31, 2010 and 2011.

· Currency-related Transactions

[As of March 31, 2010]

(Millions of yen)

Method of hedge accounting	Hedging instruments	Hedged items	Notional amount / contract value		Fair Value
				Over 1 year	
Fair value hedge method	Currency forward contracts	Foreign currency-denominated bonds			
	Sold		146,367	-	151,199
	US dollar		102,089	-	105,562
	Euro		28,268	-	28,730
	Australian dollar		16,008	-	16,907
	Bought		-	-	-
Total					

[As of March 31, 2011]

(Millions of yen)

Method of hedge accounting	Hedging instruments	Hedged items	Notional amount / contract value		Fair Value
				Over 1 year	
Fair value hedge method	Currency forward contracts	Foreign currency-denominated bonds			
	Sold		130,705	-	132,995
	US dollar		94,589	-	95,095
	Euro		27,878	-	29,370
	Australian dollar		8,237	-	8,530
	Bought		-	-	-
Total					

Notes 1. Forward exchange rates are used for exchange rates as of the end of fiscal year.

2. Regarding assets and liabilities which are denominated in foreign currencies but have fixed settlement in yen under currency forward contracts and are reported in yen amounts in the balance sheet, those currency forward contracts are excluded from the table above.

· Stock-related Transactions

No ending balance as of March 31, 2010 and 2011.

· Bond-related Transactions

No ending balance as of March 31, 2010 and 2011.

13. Status of the Company, Subsidiaries and Affiliates

(1) Selected Financial Data

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Ordinary revenues	1,089,963	1,382,635
Ordinary profits	34,470	61,318
Net surplus for the year	27,182	42,199
Comprehensive income	-	4,006

	As of March 31, 2010	As of March 31, 2011
Total assets	6,088,061	6,670,346

(2) Scope of consolidation and application of equity method

Number of consolidated subsidiaries: 6

Number of unconsolidated subsidiaries accounted for under the equity method: 0

Number of affiliates accounted for under the equity method: 0

(3) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011		As of March 31, 2010	As of March 31, 2011
Assets:			Liabilities:		
Cash and deposits	83,557	314,392	Policy reserves	5,694,057	6,202,567
Call loans	91,000	-	Reserve for outstanding claims	26,407	32,792
Monetary claims bought	1,752	1,424	Policy reserve	5,612,304	6,115,914
Money held in trust	32,902	33,169	Reserve for dividends to policyholders	54,759	53,205
Securities	4,248,119	4,681,280	Reserve for dividends to policyholders (subsidiary)	585	654
Loans	1,223,402	1,146,719	Agency payables	1,872	1,685
Tangible fixed assets	279,694	284,863	Reinsurance payables	140	100
Land	162,160	163,574	Subordinated bonds	37,406	35,214
Buildings	96,764	116,647	Other liabilities	43,681	129,127
Lease assets	31	47	Reserve for employees' retirement benefits	49,803	50,153
Construction in progress	17,009	1,165	Reserve for price fluctuation of securities	26,697	33,865
Other tangible fixed assets	3,728	3,427	Deferred tax liabilities for revaluation reserve for land	19,983	19,936
Intangible fixed assets	14,384	15,712	Total liabilities	5,873,642	6,472,650
Software	7,626	8,750	Net assets:		
Goodwill	6,304	5,520	Foundation funds	40,000	40,000
Lease assets	-	987	Accumulated foundation funds redeemed	46,000	46,000
Other intangible fixed assets	454	453	Reserve for revaluation	112	112
Agency receivables	1	4	Consolidated surplus	77,020	98,228
Reinsurance receivables	281	174	Total foundation funds, surplus and others	163,132	184,340
Other assets	52,243	106,524	Net unrealized gains (losses) on available-for-sale securities, net of tax	48,045	10,006
Deferred tax assets	63,308	88,745	Deferred valuation gains (losses) under hedge accounting	538	365
Allowance for possible loan losses	(2,586)	(2,665)	Revaluation reserve for land, net of tax	773	1,366
			Foreign currency translation adjustment	(583)	(761)
			Total accumulated other comprehensive income	48,774	10,977
			Minority interests	2,513	2,378
			Total net assets	214,419	197,696
Total assets	6,088,061	6,670,346	Total liabilities and net assets	6,088,061	6,670,346

(4) Consolidated Statements of Operations and Comprehensive Income

[Consolidated Statements of Operations]

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Ordinary revenues:		
Premium and other income	920,125	1,210,851
Investment income	153,424	159,276
Interest, dividends and other income	116,073	124,544
Gains from money held in trust, net	-	361
Gains from trading securities, net	165	-
Gains on sales of securities	22,398	30,678
Gains from derivative instruments, net	-	3,335
Other investment income	358	354
Gains from separate accounts, net	14,428	-
Other ordinary revenues	16,412	12,507
Total ordinary revenues	1,089,963	1,382,635
Ordinary expenditures:		
Claims and other payments	573,769	627,832
Claims	181,213	178,210
Annuities	88,245	91,729
Benefits	147,812	189,273
Surrenders	119,422	138,695
Other payments	37,075	29,923
Provision for policy reserve and others	285,188	510,113
Provision for reserve for outstanding claims	-	6,385
Provision for policy reserve	285,029	503,609
Interest on accumulated dividends to policyholders	157	116
Interest on accumulated dividends to policyholders (subsidiary)	1	0
Investment expenses	70,070	49,704
Interest expenses	1,852	1,540
Losses from money held in trust, net	197	-
Losses from trading securities, net	-	5,069
Losses on sales of securities	41,753	20,511
Losses on valuation of securities	1,676	5,922
Losses from derivative instruments, net	11,555	-
Foreign exchange losses, net	1,711	2,654
Write-off of loans	0	-
Depreciation of real estate for rent and other assets	5,230	5,732
Other investment expenses	6,093	5,238
Losses from separate accounts, net	-	3,034
Operating expenses	102,349	109,797
Other ordinary expenditures	24,114	23,869
Total ordinary expenditures	1,055,492	1,321,317
Ordinary profits	34,470	61,318
Extraordinary gains:		
Gains on disposal of fixed assets	326	16
Reversal of allowance for possible loan losses	527	957
Other extraordinary gains	-	6
Total extraordinary gains	853	980
Extraordinary losses:		
Losses on disposal of fixed assets	696	111
Impairment losses	865	318
Provision for reserve for price fluctuation of securities	1,924	7,167
Effect of applying the accounting standard for asset retirement obligations	-	967
Total extraordinary losses	3,486	8,564
Provision for reserve for dividends to policyholders (subsidiary)	397	456
Surplus before income taxes	31,439	53,277
Income taxes - current	4,379	14,719
Income taxes - deferred	(350)	(3,809)
Total of income taxes	4,029	10,909
Net surplus before minority interests	-	42,367
Minority interests	227	168
Net surplus for the year	27,182	42,199

[Consolidated Statement of Comprehensive Income]

(Millions of yen)

	Year ended March 31, 2011
Net surplus before minority interests	42,367
Other comprehensive income	(38,360)
Net unrealized gains (losses) on available-for-sale securities, net of tax	(38,009)
Deferred valuation gains (losses) under hedge accounting	(173)
Foreign currency translation adjustment	(177)
Comprehensive income	4,006
Comprehensive income attributable to parent company	3,809
Comprehensive income attributable to minority interests	196

(5) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flows from operating activities:		
Surplus before income taxes	31,439	53,277
Depreciation of real estate for rent and others	5,230	5,732
Depreciation	5,622	5,841
Impairment losses	865	318
Amortization of goodwill	783	793
Increase (Decrease) in reserve for outstanding claims	(2,448)	6,385
Increase (Decrease) in policy reserve	285,029	503,609
Interest on accumulated dividends to policyholders	157	116
Interest on accumulated dividends to policyholders (subsidiary)	1	0
Provision for reserve for dividends to policyholders (subsidiary)	397	456
Increase (Decrease) in allowance for possible loan losses	(8,849)	78
Increase (Decrease) in reserve for employees' retirement benefits	490	349
Increase (Decrease) in reserve for price fluctuation of securities	1,924	7,167
Interest, dividends and other income	(116,073)	(124,544)
(Gains) Losses on securities	18,190	161
Interest expenses	1,852	1,540
Foreign exchange (gains) losses, net	1,711	2,654
(Gains) Losses on tangible fixed assets	370	1,041
(Increase) Decrease in agency receivables	0	(2)
(Increase) Decrease in reinsurance receivables	(153)	106
(Increase) Decrease in other assets except from investing and financing activities	(2,064)	(929)
Increase (Decrease) in agency payables	663	(187)
Increase (Decrease) in reinsurance payables	27	(39)
Increase (Decrease) in other liabilities except from investing and financing activities	1,815	985
Others	31,101	18,819
Subtotal	258,083	483,734
Interest, dividends and other income received	118,875	129,665
Interest paid	(1,851)	(1,556)
Dividends to policyholders paid	(20,571)	(21,176)
Dividends to policyholders paid (subsidiary)	(346)	(388)
Corporate income tax (paid) refunded	3,601	(4,563)
Net cash provided by (used in) operating activities (I)	357,790	585,713
Cash flows from investing activities:		
(Increase) Decrease in deposits	29	160
Proceeds from sales and redemption of monetary claims bought	303	327
Payments for increase in money held in trust	(7,000)	(3,500)
Proceeds from decrease in money held in trust	6,950	3,581
Payments for purchase of securities	(2,095,137)	(2,011,445)
Proceeds from sales and redemption of securities	1,720,166	1,505,910
Payments for additions to loans	(155,444)	(124,767)
Proceeds from collections of loans	148,816	189,114
Proceeds from settlement of derivatives	(11,775)	7,271
Others	(1,395)	5,654
Subtotal (IIa)	(394,485)	(427,690)
(I+IIa)	(36,695)	158,023
Payments for purchase of tangible fixed assets	(38,458)	(13,047)
Proceeds from sales of tangible fixed assets	753	116
Payments for purchase of intangible fixed assets	(2,156)	(2,737)
Payments for additional acquisition of shares of consolidated subsidiary	-	(326)
Net cash provided by (used in) investing activities	(434,346)	(443,686)

(5) Consolidated Statements of Cash Flows (Continued)

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Cash flows from financing activities:		
Financing of additional foundation funds	15,000	-
Redemption of foundation funds	(15,000)	-
Interest payment for foundation funds	(716)	(892)
Dividends paid to minority interests	(23)	(15)
Payments for lease obligations	-	(222)
Net cash provided by (used in) financing activities	(739)	(1,130)
Effect of exchange rate changes on cash and cash equivalents	(445)	(842)
Net increase (decrease) in cash and cash equivalents	(77,740)	140,053
Cash and cash equivalents at the beginning of the year	215,626	173,885
Cash and cash equivalents at the end of the year	173,885	313,939

(6) Consolidated Statements of Changes in Net Assets

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Foundation funds, surplus and others		
Foundation funds		
Balance at the end of previous fiscal year	40,000	40,000
Changes in the current fiscal year		
Financing of additional foundation funds	15,000	-
Redemption of foundation funds	(15,000)	-
Total changes in the current fiscal year	-	-
Balance at the end of current fiscal year	40,000	40,000
Accumulated foundation funds redeemed		
Balance at the end of previous fiscal year	31,000	46,000
Changes in the current fiscal year		
Additions to accumulated foundation funds redeemed	15,000	-
Total changes in the current fiscal year	15,000	-
Balance at the end of current fiscal year	46,000	46,000
Reserve for revaluation		
Balance at the end of previous fiscal year	112	112
Changes in the current fiscal year		
Total changes in the current fiscal year	-	-
Balance at the end of current fiscal year	112	112
Consolidated surplus		
Balance at the end of previous fiscal year	83,365	77,020
Changes in the current fiscal year		
Additions to reserve for dividends to policyholders	(17,856)	(19,505)
Payment of interest on foundation funds	(716)	(892)
Net surplus for the year	27,182	42,199
Reversal of reserve for redemption of foundation funds	(15,000)	-
Reversal of revaluation reserve for land	44	(592)
Total changes in the current fiscal year	(6,345)	21,208
Balance at the end of current fiscal year	77,020	98,228
Total foundation funds, surplus and others		
Balance at the end of previous fiscal year	154,477	163,132
Changes in the current fiscal year		
Financing of additional foundation funds	15,000	-
Additions to reserve for dividends to policyholders	(17,856)	(19,505)
Additions to accumulated foundation funds redeemed	15,000	-
Payment of interest on foundation funds	(716)	(892)
Net surplus for the year	27,182	42,199
Redemption of foundation funds	(15,000)	-
Reversal of reserve for redemption of foundation funds	(15,000)	-
Reversal of revaluation reserve for land	44	(592)
Total changes in the current fiscal year	8,654	21,208
Balance at the end of current fiscal year	163,132	184,340

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

(Millions of yen)

	Year ended March 31, 2010	Year ended March 31, 2011
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities, net of tax		
Balance at the end of previous fiscal year	(36,210)	48,045
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	84,255	(38,038)
Total changes in the current fiscal year	84,255	(38,038)
Balance at the end of current fiscal year	48,045	10,006
Deferred valuation gains (losses) under hedge accounting		
Balance at the end of previous fiscal year	479	538
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	59	(173)
Total changes in the current fiscal year	59	(173)
Balance at the end of current fiscal year	538	365
Revaluation reserve for land, net of tax		
Balance at the end of previous fiscal year	814	773
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	(40)	592
Total changes in the current fiscal year	(40)	592
Balance at the end of current fiscal year	773	1,366
Foreign currency translation adjustment		
Balance at the end of previous fiscal year	(667)	(583)
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	83	(177)
Total changes in the current fiscal year	83	(177)
Balance at the end of current fiscal year	(583)	(761)
Total accumulated other comprehensive income		
Balance at the end of previous fiscal year	(35,584)	48,774
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	84,358	(37,796)
Total changes in the current fiscal year	84,358	(37,796)
Balance at the end of current fiscal year	48,774	10,977
Minority interests		
Balance at the end of previous fiscal year	2,254	2,513
Changes in the current fiscal year		
Net changes, excluding foundation funds, surplus and others	258	(134)
Total changes in the current fiscal year	258	(134)
Balance at the end of current fiscal year	2,513	2,378
Total net assets		
Balance at the end of previous fiscal year	121,147	214,419
Changes in the current fiscal year		
Financing of additional foundation funds	15,000	-
Additions to reserve for dividends to policyholders	(17,856)	(19,505)
Additions to accumulated foundation funds redeemed	15,000	-
Payment of interest on foundation funds	(716)	(892)
Net surplus for the year	27,182	42,199
Redemption of foundation funds	(15,000)	-
Reversal of reserve for redemption of foundation funds	(15,000)	-
Reversal of revaluation reserve for land	44	(592)
Net changes, excluding foundation funds, surplus and others	84,617	(37,931)
Total changes in the current fiscal year	93,271	(16,723)
Balance at the end of current fiscal year	214,419	197,696

Notes to the Consolidated Financial Statements

I. Presentation of the Consolidated Financial Statements

1. Basis of Presentation

The accompanying consolidated financial statements have been prepared from the accounts maintained by Fukoku Mutual Life Insurance Company (the "Company") and its consolidated subsidiaries in accordance with the provisions set forth in the Insurance Business Law of Japan and its related rules and regulations and in conformity with accounting principles generally accepted in Japan, which are different in certain respects from accounting principles generally accepted in countries and jurisdictions other than Japan.

In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

Amounts of less than one million yen have been eliminated. As a result, total in yen shown herein do not necessarily agree with the sum of the individual amounts.

2. Principles of Consolidation

(1) Scope of Consolidation

Consolidated subsidiaries for the year ended March 31, 2011 are listed below:

- Fukoku Shinyo Hoshō Company Limited
- Fukoku Capital Management, Inc.
- Fukokushinrai Life Insurance Company
- Fukoku Information Systems Co., Ltd.
- Fukoku Life International (U.K.) Limited
- Fukoku Life International (America) Inc.

Major unconsolidated subsidiary is Fukoku Seimei Building Company Limited.

Seven subsidiaries are excluded from the scope of consolidation, as each one of them is small in its total assets, amount of sales, net surplus for the year and surplus and is sufficiently insignificant to reasonable judgement on its impact on the financial position and results of operation of the Company's group.

(2) Application of Equity Method

Unconsolidated subsidiaries (such as Fukoku Seimei building Company Limited, etc.) are insignificant in their impact on net surplus and surplus, and also immaterial as a whole, therefore, application of equity method is withheld.

There are no affiliates for the year ended March 31, 2011.

(3) Fiscal Year of Consolidated Subsidiaries

Among the subsidiaries to be consolidated, fiscal year-end of overseas subsidiaries is December 31. For the preparation of consolidated financial statements, financial statements as of that date are used and concerning any important transaction taking place in between December 31 and the consolidated closing date, necessary adjustments for consolidation are made.

(4) Amortization of Goodwill

Goodwill was amortized by the straight-line method over a period of 10 years and in case of the immaterial amount of goodwill, such amount is fully charged to operating expenses when incurred.

(5) Valuation of Subsidiary's Assets and Liabilities on Acquisition

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair value.

II. Notes to Balance Sheets

1. Significant Accounting Policies

(1) Valuation Methods of Securities

The valuation of securities, including bank deposits and monetary claims bought which are equivalent to securities, and securities managed as trust assets in money held in trust, is as follows:

- i) Trading securities are stated at fair market value. Costs of their sales are determined by the moving average method.
- ii) Held-to-maturity debt securities are stated at amortized cost under the straight-line method, cost being determined by the moving average method.
- iii) Policy-reserve-matching bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No.21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).
- iv) Investments in unconsolidated subsidiaries and affiliates which are not accounted for under the equity method are stated at cost, cost being determined by the moving average method.
- v) Available-for-sale securities with fair market value are stated at fair market value based on the market prices at the end of fiscal year. Costs of their sales are determined by the moving average method. Net unrealized gains or losses on these available-for-sale securities, net of taxes, are recorded as a separate component of net assets.

Available-for-sale securities whose fair market values are deemed extremely difficult to obtain are stated at cost, cost being determined by the moving average method, except for public and corporate bonds including foreign bonds, of which the difference between acquisition cost and face value is considered to be an adjustment of interest. Such bonds are stated at amortized cost under the straight-line method, cost being determined by the moving average method.

(2) Valuation Methods of Derivative Instruments

Derivative instruments are stated at fair market value.

(3) Revaluation of Land

The Company revalued the land for business purposes based on the Law for Revaluation of Land (Law No.34 promulgated on March 31, 1998). The difference between fair value and book value resulting from the revaluation, net of related taxes, is recorded as revaluation reserve for land as a separate component of net assets and the related tax is recorded as deferred tax liabilities for revaluation reserve for land.

- Date of revaluation: March 31, 2002
- Method of revaluation as prescribed for in Article 3 Paragraph 3 of the said Law:

Calculation is based on the appraisal value for property tax set forth in Article 2 item 3 of the Enforcement Ordinance of the Law for Revaluation of Land (Government Ordinance No.119 promulgated on March 31, 1998) and the road rate set forth in Article 2 item 4 of the said Ordinance with certain reasonable adjustments.

(4) Depreciation of Tangible Fixed Assets

Depreciation of the Company's tangible fixed assets is calculated by the following methods.

- Buildings (excluding lease assets)
 - i) Acquired on or before March 31, 1998: Previous declining-balance method
 - ii) Acquired on or after April 1, 1998 but on or before March 31, 2007: Previous straight-line method

- iii) Acquired on or after April 1, 2007: Straight-line method
- Assets other than buildings (excluding lease assets)
 - i) Acquired on or before March 31, 2007: Previous declining-balance method
 - ii) Acquired on or after April 1, 2007: Declining-balance method
- Lease assets related to finance lease transactions that do not transfer ownership: Straight-line method over the lease term

Other tangible fixed assets acquired for ¥100,000 or more but less than ¥200,000 are depreciated equally over three years.

(5) Foreign Currency Translation

Foreign currency-denominated assets and liabilities are translated into Japanese yen at the effective exchange rate prevailing at the balance sheet date.

(6) Allowance for Possible Loan Losses

Allowance for possible loan losses is provided in accordance with the Company's standards of self-assessment and write-offs and reserves on credit quality:

- i) For the credits of borrowers who are legally bankrupt such as being in the proceedings of bankruptcy or civil rehabilitation (hereinafter called "legally bankrupt borrowers") and who are substantially bankrupt (hereinafter called "substantially bankrupt borrowers"), the Company provides the remaining amount of credits after the direct write-off described below and the deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
- ii) For the credits of borrowers who are not currently bankrupt but have a high possibility of bankruptcy, the Company provides the amounts deemed as necessary considering the borrowers' ability to pay, within the amounts after deductions of the amount expected to be collected through the disposal of collateral or the execution of guarantees.
- iii) For the credits of borrowers other than the above, the Company provides the amounts calculated by multiplying the borrowers' balance by the actual ratio of bad debt losses on defaults during a certain past period.

All credits are assessed by the relevant departments in accordance with the Company's standards of self-assessment on credit quality. The results of the assessment are reviewed by the audit department, which is independent of business-related divisions. Subsequently, the allowance for possible loan losses are provided based on the results of these assessments.

For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees is written-off directly from the borrower's balance as the estimated uncollectible amounts. The amount written-off as of March 31, 2011 was ¥287 million.

(7) Reserve for Employees' Retirement Benefits

The Company and its consolidated subsidiaries adopt accounting standards for employees' retirement benefits (Business Accounting Council dated June 16, 1998) and account for the reserve for employees' retirement benefits based on the projected benefit obligation and plan assets at the balance sheet date.

(8) Reserve for Price Fluctuation of Securities

Reserve for price fluctuation of securities is calculated in accordance with Article 115 of the Insurance Business Law.

(9) Lease Transactions as a Lessee

Finance lease transactions that do not transfer ownership to the lessee whose commencement day was on or before March 31, 2008 continued to be accounted for in a manner similar to accounting treatment for ordinary rental transactions.

(10) Lease Transactions as a Lessor

As for the finance lease transactions where the Company is a lessor, the lease fee is recorded in "interest, dividends and other income" at the time of receiving lease fee. The corresponding cost of the lease transactions is recorded in "other investment expenses", which is calculated by deducting an amount equivalent to the interest allocated over the lease term from the lease fee received.

(11) Accounting for Hedge Activities

Hedge accounting is based on "Accounting Standards for Financial Instruments" (ASBJ Statement No.10 issued by the Accounting Standards Board of Japan on August 11, 2006).

For the foreign currency forward contracts against the exchange rate fluctuations in the value of foreign currency-denominated bonds classified as available-for-sale securities, which qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, valuation gains and losses on the foreign currency forward contracts are recorded in the statements of operations.

For the interest rate swaps against the interest rate fluctuations regarding loans, which qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, valuation gains and losses on the interest rate swaps are deferred until the maturity of the hedged transactions.

Deposits denominated in foreign currencies for which forward foreign exchange contracts are used to hedge the foreign currency fluctuations are translated at the contract rates if the forward contracts qualify for specific hedge accounting. In this case, exchange differences between the exchange rate on the trade date and the forward contract rate are allocated to each fiscal year from the date contracted to the date settled.

For judging the effectiveness of hedge used, ratio analysis of comparing the fluctuations in the fair value or cash flows of hedged items and hedging instruments is mostly applied.

(12) Accounting for Consumption Taxes

The Company accounts for consumption taxes by the tax-exclusion method. The consumption taxes on certain assets, which are not deductible from consumption taxes withheld and that are stipulated to be deferred under the Tax Law, are deferred as prepaid expenses and amortized equally over five years. Consumption taxes other than deferred consumption taxes are recognized as an expense when incurred.

(13) Policy Reserve

Policy reserve is based on Article 116 of the Insurance Business Law, and the premium reserve at the end of fiscal year is calculated by the following method:

In regard to the policies subject to the standard policy reserve, the method as prescribed by the Commissioner of Financial Services Agency (Ministry of Finance Ordinance No. 48, 1996) is applied.

In regard to the policies not subject to the standard policy reserve, the net level premium method is applied.

(14) Amortization Method for Intangible Fixed Assets

Intangible assets are amortized as follows:

- i) Software for internal use is amortized based on a straight-line method over the estimated useful lives.
- ii) Lease assets are amortized based on a straight-line method over the lease terms.

(15) Deferred Assets

Discount on bonds is amortized equally over the period for which interest on bonds is fixed. This amount is deducted from bonds.

(16) Policy-reserve-matching Bonds

Of the bonds corresponding to the sub-groups of individual insurance and annuities which are set by insurance types and investment policies, the bonds that are held to match the duration of liabilities are classified as policy-reserve-matching bonds in accordance with "Temporary Treatment of Accounting and Auditing Concerning Policy-reserve-matching Bonds in Insurance Industry" (Industry Audit Committee Report No.21 issued by the Japanese Institute of Certified Public Accountants on November 16, 2000).

2. Change in Accounting Policy

Effective for the year ended March 31, 2011, the Company and its consolidated subsidiaries adopted "Accounting Standard for Asset Retirement Obligations" (ASBJ Statement No.18 issued by the Accounting Standards Board of Japan on March 31, 2008) and "Guidance on Accounting Standard for Asset Retirement Obligations" (ASBJ Guidance No.21 issued by the Accounting Standards Board of Japan on March 31, 2008). As a result, tangible fixed assets increased by ¥1,725 million and the amount of asset retirement obligations recorded in balance sheet was ¥2,849 million. Ordinary profit decreased by ¥157 million and surplus before income taxes decreased by ¥1,124 million.

3. Financial Instruments

Asset management of the Company's general accounts other than the separate accounts stipulated in Article 118 Paragraph 1 of the Insurance Business Law is conducted on the principle of prudent and profitable investments, considering public and social responsibilities of the insurance business. Based on this policy, the Company allocates the fund, securing its liquidity, from the medium-to-long term viewpoints. The Company is diversifying investments in assets such as foreign securities and equity securities within the acceptable range of risk in order to enhance the profitability, although yen-denominated interest bearing assets including debt securities such as Japanese government bonds and loans are the cores of the portfolios. Derivatives are mainly used to mitigate the market risk regarding the securities and loans. Major financial instruments including securities, loans and derivatives are exposed to market risk and credit risk.

The Company manages its asset management risk by establishing internal control systems including various rules pursuant to the "Basic Policy for Risk Management" established by the Board of Directors. Specifically, the Company eliminates excessive risk deviating from the basic principle and secures the safety of the assets by utilizing control functions of the Financial and Investment Risk Management Department towards the asset management sections, monitoring the status of market risk and credit risk periodically on a daily or monthly basis. In addition, the Company quantifies the market risk and credit risk using value-at-risk (VaR) method in order to control the possible maximum losses which may arise from the holding assets within a certain range of risk buffers.

The carrying amounts, fair values and their related differences of major financial assets and liabilities as of March 31, 2011 were as follows:

	Carrying amount	Fair value	Difference
			(Millions of yen)
Monetary claims bought:			
Claims treated as loans	1,424	1,424	0
Total monetary claims bought	1,424	1,424	0
Money held in trust:			
Trading securities.....	32,169	32,169	
Total money held in trust.....	32,169	32,169	
Securities:			
Trading securities.....	228,171	228,171	
Held-to-maturity debt securities.....	685,249	691,061	5,811
Policy-reserve-matching bonds	1,270,781	1,291,435	20,654
Available-for-sale securities	2,400,737	2,400,737	
Total securities	4,584,939	4,611,406	26,466
Loans:			
Policy loans.....	74,357	74,357	(0)
Ordinary loans	1,072,361	1,099,209	26,847
Total loans.....	1,146,719	1,173,566	26,846
Derivative instruments:			
Hedge accounting not applied	(6,049)	(6,049)	
Hedge accounting applied	(1,730)	(1,730)	
Total derivative instruments	(7,780)	(7,780)	

- (1) Securities including deposits and monetary claims bought which are treated as securities based on "Accounting Standards for Financial Instruments" (ASBJ Statement No.10) and securities managed as trust assets in money held in trust:

The fair values of marketable securities are measured at the quoted market price at the end of fiscal year. The fair values of other securities without the quoted market price are based on the prices reasonably calculated such as the prices offered by the information vendors or counterparty financial institutions.

Investments in unconsolidated subsidiaries and affiliates, unlisted stocks and investments in partnerships whereby partnership assets consist of unlisted stocks whose fair values are deemed extremely difficult to obtain, are excluded from above securities. The carrying amounts of investments in unconsolidated subsidiaries and affiliates, unlisted stocks and investments in partnerships as of March 31, 2011 were ¥398 million, ¥8,847 million and ¥8,201 million, respectively.

- (2) Loans and monetary claims bought treated as loans:

The fair values of policy loans are deemed to approximate book values, considering estimated repayment period and interest rate conditions since their repayment deadline have not been set up due to the characteristics that the loan is limited to the amount of cash surrender values. Therefore, the book values are used as the fair values of policy loans.

The fair values of floating interest rate loans among the ordinary loans and monetary claims bought treated as loans approximate the book values because the market interest rates are reflected in future cash flows in a short period. Therefore, the fair values of floating interest rate loans and monetary claims bought treated as loans are based on their book values. The fair values of fixed interest rate loans are measured by discounting the future cash flows to the present values.

The fair values of loans receivable from legally bankrupt borrowers, substantially bankrupt borrowers and borrowers who are not currently bankrupt but have a high possibility of bankruptcy

and monetary claims bought treated as loans are computed by deducting the amount of the allowance for doubtful accounts from the book values before direct write-offs.

(3) Derivative instruments:

- i) The fair values of the futures and options traded at the exchange are measured at the settlement price of the exchange.
- ii) The fair values of options and swaps traded over the counter are based on the quoted prices offered by counterparty financial institutions.
- iii) The fair values of foreign currency forward contracts are determined based on the spot exchange rate and forward contract rate.

4. Investment and Rental Property

The Company holds investment and rental properties such as office buildings in Tokyo and other areas. The carrying amount and the fair value of these investment and rental properties as of March 31, 2011 were ¥230,127 million and ¥280,297 million, respectively. The fair value is mainly based on the value calculated by the Company in accordance with real estate appraisal standards which includes some adjustments using the reference prices.

The amount corresponding to asset retirement obligations included in the carrying amount of investment and rental properties was ¥1,411 million as of March 31, 2011.

5. Loans Receivable

The amounts of credits to bankrupt borrowers, delinquent loans and restructured loans, which were included in loans, were ¥280 million, ¥770 million and ¥2,237 million, respectively and their total amounts were ¥3,288 million as of March 31, 2011. There was no balance of delinquent loans past 3 months or more as of March 31, 2011

The direct write-offs related to loans decreased credits to bankrupt borrowers by ¥19 million and delinquent loans by ¥262 million as of March 31, 2011.

Credits to bankrupt borrowers represent loans, excluding the balances already written-off, which meet the conditions prescribed in Article 96 Paragraph 1 Item 3 and 4 of the Enforcement Regulations of the Corporate Tax Law. Moreover, accruing interest on these loans is not recorded as income after determining that principal of or interest on these loans is unlikely to be collected due to the significant delay in repayment of principal or interest payment or for some other reasons.

Delinquent loans are credits whose accruing interest is not recorded as income due to the same reasons as described above, and exclude credits to bankrupt borrowers and loans for which interest payments have been suspended and rescheduled to assist and support the borrowers in the restructuring of their business.

Delinquent loans past 3 months or more are loans for which interest payment or repayment of principal are delinquent for 3 months or more from the due date under the terms of the related loan agreements, excluding those loans classified as credits to bankrupt borrowers and delinquent loans.

Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemptions, rescheduling of due date of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans and delinquent loans past 3 months or more.

6. Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets totaled to ¥137,605 million as of March 31, 2011.

7. Separate Accounts

Total assets in separate accounts provided for in Article 118 of the Insurance Business Law were ¥83,280 million as of March 31, 2011. The amount of separate account liabilities was the same as separate account assets.

8. Receivables from/Payables to Unconsolidated Subsidiaries

The total amounts of receivables from/payables to unconsolidated subsidiaries were ¥2,508 million and ¥171 million as of March 31, 2011, respectively.

9. Monetary Claims to Directors

Monetary claims to directors of the Company as of March 31, 2011 were ¥6 million.

10. Income Taxes

Deferred tax assets and deferred tax liabilities as of March 31, 2011 were ¥100,383 million and ¥8,381 million, respectively. Valuation allowance for deferred tax assets was ¥3,257 million.

Major components of deferred tax assets were ¥59,538 million of policy reserves, ¥18,161 million of reserve for employees' retirement benefits and ¥12,262 million of reserve for price fluctuation of securities as of March 31, 2011. Major component of deferred tax liabilities was ¥5,859 million of net unrealized gains on available-for-sale securities as of March 31, 2011.

For the year ended March 31, 2011, the Company's statutory tax rate was 36.2%. The major difference between the statutory tax rate and 20.5% of the actual effective tax rate was (16.6%) of reserve for dividends to policyholders.

11. Reserve for Dividends to Policyholders

Changes in reserve for dividends to policyholders for the year ended March 31, 2011 were as follows:

	(Millions of yen)
Balance at the end of previous fiscal year.....	¥ 54,759
Transfer from surplus in previous fiscal year.....	19,505
Dividends paid in the current fiscal year.....	(21,176)
Increase in interest	116
Balance at the end of current fiscal year	<u>¥ 53,205</u>

12. Reserve for Dividends to Policyholders (Fukokushinrai Life Insurance Company)

Changes in reserve for dividends to policyholders for the year ended March 31, 2011 were as follows:

	(Millions of yen)
Balance at the end of previous fiscal year.....	¥ 585
Dividends paid in the current fiscal year.....	(388)
Increase in interest	0
Provision for reserve for dividends to policyholders ...	456
Balance at the end of current fiscal year	<u>¥ 654</u>

13. Stocks of Unconsolidated Subsidiaries

The amount of stocks of unconsolidated subsidiaries the Company held as of March 31, 2011 was ¥398 million.

14. Pledged Assets and Secured Debts

Assets pledged as collateral as of March 31, 2011 were ¥23,633 million of securities. Secured debts as of March 31, 2011 were ¥4,629 million.

15. Policy Reserves for the Reinsurance Contracts

Reserve for outstanding claims for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Law (hereinafter called "reserve for outstanding claims for ceded reinsurance") was ¥42 million as of March 31, 2011.

Policy reserve for the reinsurance contracts provided in accordance with Article 71 Paragraph 1 of the Enforcement Regulation of the Insurance Business Law (hereinafter called "policy reserve for ceded reinsurance") was ¥55 million as of March 31, 2011.

16. Commitment Line

As of March 31, 2011, there were unused commitment line agreements under which the Company is the lender of ¥4,056 million.

17. Subordinated Bonds

Repayments of subordinated bonds are subordinated to other obligations.

18. Contribution to Policyholders Protection Corporation

The future contribution to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Law was estimated at ¥11,285 million as of March 31, 2011. The contribution was charged as operating expenses in the year in which it was paid.

19. Reserve for Employees' Retirement Benefits

(1) The reserve for employees' retirement benefits as of March 31, 2011 was calculated as follows:

	(Millions of yen)
a. Projected benefit obligation	¥ (71,786)
b. Fair value of pension plan assets	15,728
c. Unfunded benefit obligation (a+b)	(56,058)
d. Unrecognized actuarial differences	5,802
e. Unrecognized prior service cost	102
f. Reserve for employees' retirement benefits (c+d+e).....	¥ (50,153)

(2) Gross amount of retirement benefit expenses for the year ended March 31, 2011 was as follows:

	(Millions of yen)
Service cost	¥ 3,114
Interest cost	1,430
Expected return on pension plan assets	(480)
Amortization of actuarial differences.....	1,171
Amortization of prior service cost.....	34
	¥ 5,270

(3) The assumptions used in calculation of the above information were as follows:

• Method of attributing the projected benefits to periods of service.....	Straight-line basis
• Discount rate	2.0%
• Expected rate of return on pension plan assets.....	3.0%
• Amortization period of actuarial differences	10 years
• Amortization period of prior service cost	10 years

III. Notes to Statements of Operations

1. Net Surplus before Minority Interests

Net surplus before minority interests is presented in the consolidated statement of operations for the year ended March 31, 2011 in accordance with the revision of the Enforcement Rule of the Insurance Business Law based on "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 issued by the Accounting Standards Board of Japan on December 26, 2008).

2. Transactions with Unconsolidated Subsidiaries

The total amounts of revenues and expenditures in connection with unconsolidated subsidiaries were ¥108 million and ¥2,884 million for the year ended March 31, 2011.

3. Policy Reserves for the Reinsurance Contracts

For the year ended March 31, 2011, provision for reserve for outstanding claims for ceded reinsurance considered in calculation of provision for reserve for outstanding claims was ¥9 million and reversal of policy reserve for ceded reinsurance considered in calculation of provision for policy reserve was ¥0 million.

IV. Notes to Statement of Comprehensive Income

1. Comprehensive Income for Previous Fiscal Year

Total comprehensive income for previous fiscal year was as follows:

	(Millions of yen)
Total comprehensive income attributable to:	
Parent company	¥111,585
Minority interests	281
Total comprehensive income	<u>¥ 111,867</u>

2. Other Comprehensive Income for Previous Fiscal Year

Other comprehensive income for previous fiscal year consisted of the following:

	(Millions of yen)
Other comprehensive income:	
Net unrealized gains on available-for-sale securities, net of tax	¥84,310
Deferred valuation gains under hedge accounting	59
Revaluation reserve for land, net of tax	3
Foreign currency translation adjustment	83
Total other comprehensive income	<u>¥ 84,457</u>

V. Notes to Statements of Cash Flows

1. Scope of Cash and Cash Equivalents

Cash and cash equivalents as of March 31, 2011 consist of "Cash", "Deposits in transfer account", "Current deposits", "Ordinary deposits", "Notice deposits", "Time deposits maturing within 3 months of the date of acquisition", "Foreign currency deposits maturing within 3 months of the date of acquisition", "Negotiable certificate of deposits maturing within 3 months of the date of acquisition", "Call loans" and "Monetary claims bought maturing within 3 months of the date of acquisition".

2. Reconciliations of Cash and Cash Equivalents

Reconciliations of cash and cash equivalents in the consolidated statements of cash flows to the consolidated balance sheets accounts as of March 31, 2011 were as follows:

	(Millions of yen)
Cash and deposits	¥314,392
Call loans	
Monetary claims bought.....	1,424
Time deposits maturing over 3 months of the date of acquisition	(200)
Foreign currency deposits maturing over 3 months of the date of acquisition ...	(252)
Monetary claims bought maturing over 3 months of the date of acquisition	(1,424)
Cash and cash equivalents.....	<u>¥ 313,939</u>

(7) Risk-monitored Loans

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Credits to bankrupt borrowers	300	280
Delinquent loans	2,119	770
Delinquent loans past three months or more	-	-
Restructured loans	166	2,237
Total	2,586	3,288
[Percentage of total loans]	[0.21%]	[0.29%]

- Notes: 1. For the credits of legally bankrupt borrowers and substantially bankrupt borrowers, the amounts remaining after deductions of collateral value or the amounts collectible through the execution of guarantees is written-off directly from the borrower's balance as the estimated uncollectible amounts. The amounts written-off related to credits to bankrupt borrowers were ¥8,149 million as of March 31, 2010 and ¥19 million as of March 31, 2011. The amounts written-off related to delinquent loans were ¥938 million as of March 31, 2010 and ¥262 million as of March 31, 2011.
2. Credits to bankrupt borrowers represent loans which are subject to bankruptcy, corporate reorganization or rehabilitation or other similar, including but not limited to foreign, proceedings. Accruing interest of these loans is not recorded as income after determining that principal or interest on these loans is unlikely to be collected due to the significant delay in repayment of principal or interest payment or for some other reasons.
3. Delinquent loans are credits whose accruing interest is not recorded as income due to the same reasons as described in note 2 above, and exclude credits to bankrupt borrowers and loans for which interest payments have been suspended and rescheduled to assist and support the borrowers in the restructuring of their business.
4. Delinquent loans past three months or more are loans for which interest payment or repayment of principal are delinquent for three months or more from the due date under the terms of the related loan agreements, excluding those loans classified as credits to bankrupt borrowers and delinquent loans.
5. Restructured loans are loans for which certain concessions favorable to borrowers, such as interest reduction or exemptions, rescheduling of due date of principal or interest payment, waiver of claim or other terms, have been negotiated for the purpose of assisting and supporting the borrowers in the restructuring of their business. This category excludes loans classified as credits to bankrupt borrowers, delinquent loans and delinquent loans past three months or more.

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

Fukokushinrai Life Insurance Company

(Millions of yen)

	As of March 31, 2010	As of March 31, 2011
Total solvency margin (A)	23,145	24,872
Common stock and others	18,556	19,915
Reserve for price fluctuation of securities	246	433
Contingency reserve	1,056	1,218
Allowance for possible loan losses	-	0
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)	57	463
Net unrealized gains on real estate x 85%	-	-
Excess amount of policy reserve based on full-time Zillmer method	2,985	2,571
Qualifying subordinated debt	-	-
Deductible items	-	-
Others	242	270
Total amount of risk $\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	3,763	7,199
Insurance risk R_1	619	609
3rd sector insurance risk R_8	125	123
Assumed investment yield risk R_2	100	171
Investment risk R_3	3,456	6,759
Business risk R_4	129	229
Minimum guarantee risk R_7	-	-
Solvency margin ratio $\frac{(A)}{(1/2) \times (B)} \times 100$	1,230.1%	690.9%

Note: Above figures are calculated based on Articles 86 and 87 of the Enforcement Regulation of the Insurance Business Law and Ministry of Finance Ordinance No. 50, 1996. ("Excess amount of policy reserve based on full-time Zillmer method" is calculated based on Article 1 Paragraph 3-1 of Ordinance No.50.)

(reference) Solvency Margin Ratio under the New Standards

Fukokushinrai Life Insurance Company

(Millions of yen)

		As of March 31, 2011
Total solvency margin	(A)	24,644
Common stock and others		19,915
Reserve for price fluctuation of securities		433
Contingency reserve		1,218
Allowance for possible loan losses		0
Net unrealized gains on available - for - sale securities x 90% (multiplied by 100% if losses)		463
Net unrealized gains on real estate x 85%		-
Excess amount of policy reserve based on full-time Zillmer method		2,571
Qualifying subordinated debt		-
The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin		-
Deductible items		-
Others		42
Total amount of risk	$\sqrt{(R_1 + R_8)^2 + (R_2 + R_3 + R_7)^2} + R_4$ (B)	9,905
Insurance risk	R_1	609
3rd sector insurance risk	R_8	123
Assumed investment yield risk	R_2	310
Investment risk	R_3	9,258
Business risk	R_4	309
Minimum guarantee risk	R_7	-
Solvency margin ratio	$\frac{(A)}{(1/2) \times (B)} \times 100$	497.5%

Notes: 1. In accordance with Cabinet Office Ordinance No.23, 2010 and Financial Services Agency Ordinance No.48, 2010, the standards for the calculation of total solvency margin and total amount of risk are planned to be revised to tighten margin calculation and tighten and refine risk measurements. The revised standards will be officially applied at the end of fiscal year ending March 31, 2012. The above figures are calculated by applying the revised standards to the financial results as of March 31, 2011.

2. "Excess amount of policy reserve based on full-time Zillmer method" represent the amount prescribed in Article 1, paragraph 1, item 1 of Financial Services Agency Ordinance No.25, 2011. "The amount of "excess amount of policy reserve based on full-time Zillmer method" and "qualifying subordinated debt" excluded from the calculation of solvency margin" represent the amount prescribed in Article 1, paragraph 1, item 3 of the said Ordinance.