

Non-Consolidated Balance Sheets

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2010	2011	2011
(ASSETS)			
Cash and deposits	¥ 168,804	¥ 230,249	\$ 2,769
Cash	931	880	10
Bank deposits	167,872	229,369	2,758
Call loans	228,800	236,900	2,849
Monetary claims bought	289,885	291,115	3,501
Money held in trust	22,258	21,178	254
Securities	23,987,934	24,294,557	292,177
Government bonds	10,688,290	11,124,813	133,792
Local government bonds	324,082	313,283	3,767
Corporate bonds	2,324,075	2,312,471	27,810
Stocks	3,598,019	2,838,617	34,138
Foreign securities	6,678,934	7,370,161	88,636
Other securities	374,532	335,210	4,031
Loans	3,834,365	3,627,422	43,625
Policy loans	571,443	539,497	6,488
Ordinary loans	3,262,921	3,087,925	37,136
Ordinary loans	3,237,583	3,062,819	36,834
Trust loans	25,337	25,105	301
Tangible fixed assets	1,243,607	1,295,811	15,584
Land	814,807	843,018	10,138
Buildings	408,325	445,549	5,358
Leased assets	642	1,459	17
Construction in progress	15,766	2,219	26
Other tangible fixed assets	4,065	3,565	42
Intangible fixed assets	106,602	105,770	1,272
Software	73,078	72,249	868
Other intangible fixed assets	33,524	33,520	403
Reinsurance receivable	1,309	4,189	50
Other assets	605,642	282,565	3,398
Accounts receivable	293,417	19,216	231
Prepaid expenses	15,251	15,298	183
Accrued revenue	129,893	136,238	1,638
Deposits	43,079	42,697	513
Margin money for futures trading	16,413	21,786	262
Differential account for futures trading	—	2	0
Derivatives	76,141	17,472	210
Suspense payment	15,164	10,811	130
Other assets	16,281	19,042	229
Deferred tax assets	337,687	475,198	5,714
Customers' liabilities for acceptances and guarantees	17,787	17,826	214
Reserve for possible loan losses	(21,095)	(12,900)	(155)
Reserve for possible investment losses	(1,123)	(223)	(2)
Total assets	¥ 30,822,467	¥ 30,869,661	\$ 371,252

	(millions of yen)		(millions of US\$)
	As of March 31,		
	2010	2011	2011
(LIABILITIES)			
Policy reserves and others	¥ 27,803,736	¥ 28,190,891	\$ 339,036
Reserves for outstanding claims	149,682	197,695	2,377
Policy reserves	27,324,838	27,589,524	331,804
Reserve for policyholder dividends	329,214	403,671	4,854
Reinsurance payable	525	588	7
Subordinated bonds	46,510	149,129	1,793
Other liabilities	1,206,894	1,118,137	13,447
Collateral for securities lending transactions	390,728	439,443	5,284
Long-term debt and other borrowings	313,014	363,607	4,372
Corporate income tax payable	571	13,333	160
Accounts payable	282,582	29,100	349
Accrued expenses	36,974	42,089	506
Unearned revenue	1,410	1,163	13
Deposits received	55,342	54,659	657
Guarantee deposits received	34,761	32,489	390
Differential account for futures trading	57	53	0
Derivatives	87,677	132,656	1,595
Lease liabilities	642	1,459	17
Asset retirement obligations	-	4,019	48
Suspense receipt	3,080	3,975	47
Other liabilities	51	86	1
Reserve for employees' retirement benefits	409,639	418,312	5,030
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,307	3,147	37
Reserve for possible reimbursement of prescribed claims	1,100	1,100	13
Allowance for policyholder dividends	92,500	-	-
Reserves under the special laws	115,453	80,453	967
Reserve for price fluctuations	115,453	80,453	967
Deferred tax liabilities for land revaluation	124,706	123,635	1,486
Acceptances and guarantees	17,787	17,826	214
Total liabilities	29,822,160	30,103,223	362,035
(NET ASSETS)			
Accumulated redeemed foundation funds	420,000	-	-
Revaluation reserve	248	-	-
Surplus	184,448	-	-
Reserve for future losses	5,600	-	-
Other surplus	178,848	-	-
Fund for risk allowance	43,139	-	-
Fund for price fluctuation allowance	55,000	-	-
Subsidy fund for social public enterprise	9	-	-
Fund for Public Health Awards	8	-	-
Fund for Environmental Green Design Award	14	-	-
Reserve for tax basis adjustments of real estate	16,420	-	-
Other reserves	100	-	-
Unappropriated net surplus for the period	64,157	-	-
Total of foundation funds and surplus	604,697	-	-
Capital stock	-	210,200	2,527
Capital surplus	-	210,200	2,527
Legal capital surplus	-	210,200	2,527
Retained earnings	-	192,887	2,319
Legal retained earnings	-	5,600	67
Other retained earnings	-	187,287	2,252
Fund for risk allowance	-	43,120	518
Fund for price fluctuation allowance	-	65,000	781
Reserve for tax basis adjustments of real estate	-	17,962	216
Retained earnings brought forward	-	61,205	736
Treasury stock	-	(20,479)	(246)
Total shareholders' equity	-	592,808	7,129
Net unrealized gains (losses) on securities, net of tax	461,158	237,580	2,857
Deferred hedge gains (losses)	(2,008)	1,243	14
Reserve for land revaluation	(63,540)	(65,194)	(784)
Total of valuation and translation adjustments	395,609	173,629	2,088
Total net assets	1,000,307	766,437	9,217
Total liabilities and net assets	¥ 30,822,467	¥ 30,869,661	\$ 371,252

Non-Consolidated Statements of Earnings

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
ORDINARY REVENUES.....	¥ 4,331,560	¥ 4,308,466	\$ 51,815
Premium and other income.....	2,837,251	3,056,555	36,759
Premium income.....	2,836,231	3,055,768	36,750
Reinsurance income.....	1,019	786	9
Investment income.....	1,153,480	922,686	11,096
Interest and dividends.....	708,082	698,159	8,396
Interest from bank deposits.....	2,832	5,229	62
Interest and dividends from securities.....	533,908	529,413	6,366
Interest from loans.....	91,517	86,019	1,034
Rental income.....	70,333	66,814	803
Other interest and dividends.....	9,489	10,682	128
Gains on trading account securities.....	1,336	-	-
Gains on money held in trust.....	3,295	-	-
Gains on sale of securities.....	242,556	212,245	2,552
Gains on redemption of securities.....	4,472	1,533	18
Derivative transaction gains.....	-	9,842	118
Other investment income.....	566	906	10
Gains on investment in separate accounts.....	193,170	-	-
Other ordinary revenues.....	340,828	329,224	3,959
Fund receipt for annuity rider of group insurance.....	1,036	974	11
Fund receipt for claim deposit payment.....	295,673	310,833	3,738
Reversal of reserves for outstanding claims.....	23,257	-	-
Other ordinary revenues.....	20,861	17,416	209
ORDINARY EXPENSES.....	4,137,940	4,229,564	50,866
Benefits and claims.....	2,610,535	2,625,013	31,569
Claims.....	777,001	765,003	9,200
Annuities.....	478,704	515,481	6,199
Benefits.....	533,811	505,918	6,084
Surrender values.....	661,715	636,936	7,660
Other refunds.....	158,160	200,540	2,411
Ceding reinsurance commissions.....	1,141	1,133	13
Provision for policy reserves and others.....	328,262	322,580	3,879
Provision for reserves for outstanding claims.....	-	48,012	577
Provision for policy reserves.....	317,861	264,685	3,183
Provision for interest on policyholder dividends.....	10,401	9,882	118
Investment expenses.....	330,067	429,594	5,166
Interest expenses.....	12,725	13,073	157
Losses on money held in trust.....	-	1,051	12
Losses on sale of securities.....	207,894	120,905	1,454
Losses on valuation of securities.....	10,502	179,621	2,160
Losses on redemption of securities.....	2,470	4,168	50
Derivative transaction losses.....	16,772	-	-
Foreign exchange losses.....	18,528	28,417	341
Provision for reserve for possible loan losses.....	10,288	-	-
Provision for reserve for possible investment losses.....	1,123	-	-
Write-down of loans.....	573	410	4
Depreciation of rented real estate and others.....	15,016	15,207	182
Other investment expenses.....	34,171	34,665	416
Losses on investment in separate accounts.....	-	32,071	385
Operating expenses.....	438,729	424,686	5,107
Other ordinary expenses.....	430,345	427,688	5,143
Claim deposit payments.....	358,828	348,955	4,196
National and local taxes.....	23,592	25,226	303
Depreciation.....	31,563	34,219	411
Provision for reserve for employees' retirement benefits.....	5,976	8,673	104
Other ordinary expenses.....	10,384	10,614	127
NET SURPLUS FROM OPERATIONS/ORDINARY PROFIT.....	¥ 193,620	¥ 78,902	\$ 948

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
EXTRAORDINARY GAINS	¥ 329	¥ 40,101	\$ 482
Gains on disposal of fixed assets	159	3,348	40
Reversal of reserve for possible loan losses	-	1,065	12
Reversal of reserve for possible investment	-	498	5
Gains on collection of loans and claims written off	169	189	2
Reversal of reserve for price fluctuations	-	35,000	420
EXTRAORDINARY LOSSES	116,509	11,828	142
Losses on disposal of fixed assets	1,833	4,415	53
Impairment losses on fixed assets	4,897	3,338	40
Provision for allowance for policyholder dividends	92,500	-	-
Provision for reserve for price fluctuations	14,000	-	-
Losses on accelerated redemption of foundation funds	2,372	-	-
Effect of initial application of accounting standard for asset retirement obligations	-	4,074	48
Subsidy for social public enterprise	826	-	-
Public Health Awards	36	-	-
Environmental Green Design Award	44	-	-
Provision for reserve for policyholder dividends	-	78,500	944
Net surplus before income taxes	77,439	-	-
Income before income taxes	-	28,675	344
Corporate income taxes-current	317	25,956	312
Corporate income tax-deferred	16,315	(14,217)	(170)
Total of corporate income taxes	16,632	11,739	141
Net surplus for the year	¥ 60,807	-	-
Net income for the year	-	¥ 16,936	\$ 203

Non-Consolidated Statements of Changes in Net Assets

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
Foundation funds and surplus			
Foundation funds			
Balance at the end of the previous year	¥ 120,000	-	-
Changes for the year			
Redemption of foundation funds	(120,000)	-	-
Total changes for the year	(120,000)	-	-
Balance at the end of the year	-	-	-
Accumulated redeemed foundation funds			
Balance at the end of the previous year	300,000	-	-
Changes for the year			
Transfer to accumulated redeemed foundation funds	120,000	-	-
Total changes for the year	120,000	-	-
Balance at the end of the year	420,000	-	-
Revaluation reserve			
Balance at the end of the previous year	248	-	-
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	248	-	-
Surplus			
Reserve for future losses			
Balance at the end of the previous year	5,400	-	-
Changes for the year			
Transfer to reserve for future losses	200	-	-
Total changes for the year	200	-	-
Balance at the end of the year	5,600	-	-
Other surplus			
Reserve for redemption of foundation funds			
Balance at the end of the previous year	81,300	-	-
Changes for the year			
Transfer to accumulated redeemed foundation funds	(120,000)	-	-
Transfer to reserve for redemption of foundation funds	38,700	-	-
Total changes for the year	(81,300)	-	-
Balance at the end of the year	-	-	-
Reserve for interest payment for foundation funds			
Balance at the end of the previous year	-	-	-
Changes for the year			
Transfer to reserve for interest payment for foundation funds ..	1,263	-	-
Transfer from reserve for interest payment for foundation funds ..	(1,263)	-	-
Total changes for the year	-	-	-
Balance at the end of the year	-	-	-
Fund for risk allowance			
Balance at the end of the previous year	43,139	-	-
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	43,139	-	-
Fund for price fluctuation allowance			
Balance at the end of the previous year	30,000	-	-
Changes for the year			
Transfer to fund for price fluctuation allowance	25,000	-	-
Total changes for the year	25,000	-	-
Balance at the end of the year	55,000	-	-
Subsidy fund for social public enterprise			
Balance at the end of the previous year	9	-	-
Changes for the year			
Transfer to subsidy fund for social public enterprise	826	-	-
Transfer from subsidy fund for social public enterprise	(826)	-	-
Total changes for the year	-	-	-
Balance at the end of the year	¥ 9	-	-

	(millions of yen)	(millions of US\$)
	Year ended March 31,	
	2010	2011
Fund for Public Health Awards		
Balance at the end of the previous year	¥ 4	-
Changes for the year		
Transfer to fund for Public Health Awards	40	-
Transfer from fund for Public Health Awards	(36)	-
Total changes for the year	3	-
Balance at the end of the year	8	-
Fund for Environmental Green Design Award		
Balance at the end of the previous year	9	-
Changes for the year		
Transfer to fund for Environmental Green Design Award	50	-
Transfer from fund for Environmental Green Design Award	(44)	-
Total changes for the year	5	-
Balance at the end of the year	14	-
Reserve for tax basis adjustments of real estate		
Balance at the end of the previous year	15,961	-
Changes for the year		
Transfer to reserve for tax basis adjustments of real estate ⁽¹⁾ ..	540	-
Transfer to reserve for tax basis adjustments of real estate ⁽²⁾ ..	200	-
Transfer from reserve for tax basis adjustments of real estate ⁽¹⁾ ..	(145)	-
Transfer from reserve for tax basis adjustments of real estate ⁽²⁾ ..	(137)	-
Total changes for the year	458	-
Balance at the end of the year	16,420	-
Other reserves		
Balance at the end of the previous year	100	-
Changes for the year		
Total changes for the year	-	-
Balance at the end of the year	100	-
Unappropriated net surplus for the year		
Balance at the end of the previous year	133,766	-
Changes for the year		
Transfer to reserve for policyholder dividends	(64,963)	-
Transfer to reserve for future losses	(200)	-
Interest payment for foundation funds	(2,328)	-
Net surplus for the year	60,807	-
Transfer to reserve for redemption of foundation funds	(38,700)	-
Transfer to reserve for interest payment for foundation funds ..	(1,263)	-
Transfer from reserve for interest payment for foundation funds ..	1,263	-
Transfer to fund for price fluctuation allowance	(25,000)	-
Transfer to subsidy fund for social public enterprise	(826)	-
Transfer from subsidy fund for social public enterprise	826	-
Transfer to fund for Public Health Awards	(40)	-
Transfer from fund for Public Health Awards	36	-
Transfer to fund for Environmental Green Design Award	(50)	-
Transfer from fund for Environmental Green Design Award	44	-
Transfer to reserve for tax basis adjustments of real estate ⁽¹⁾ ..	(540)	-
Transfer to reserve for tax basis adjustments of real estate ⁽²⁾ ..	(200)	-
Transfer from reserve for tax basis adjustments of real estate ⁽¹⁾ ..	145	-
Transfer from reserve for tax basis adjustments of real estate ⁽²⁾ ..	137	-
Transfer from reserve for land revaluation	1,242	-
Total changes for the year	(69,609)	-
Balance at the end of the year	¥ 64,157	-

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
Total of surplus			
Balance at the end of the previous year	¥ 309,690	-	-
Changes for the year			
Transfer to reserve for policyholder dividends	(64,963)	-	-
Transfer to accumulated redeemed foundation funds	(120,000)	-	-
Interest payment for foundation funds	(2,328)	-	-
Net surplus for the year	60,807	-	-
Transfer from reserve for land revaluation	1,242	-	-
Total changes for the year	(125,241)	-	-
Balance at the end of the year	184,448	-	-
Total of foundation funds and surplus			
Balance at the end of the previous year	729,938	-	-
Changes for the year			
Transfer to reserve for policyholder dividends	(64,963)	-	-
Interest payment for foundation funds	(2,328)	-	-
Net surplus for the year	60,807	-	-
Redemption of foundation funds	(120,000)	-	-
Transfer from reserve for land revaluation	1,242	-	-
Total changes for the year	(125,241)	-	-
Balance at the end of the year	¥ 604,697	-	-
Shareholders' equity			
Capital stock			
Balance at the beginning of the year	-	¥ 210,200	\$ 2,527
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	-	210,200	2,527
Capital surplus			
Legal capital surplus			
Balance at the beginning of the year	-	210,200	2,527
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	-	210,200	2,527
Total capital surplus			
Balance at the beginning of the year	-	210,200	2,527
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	-	210,200	2,527
Retained earnings			
Legal retained earnings			
Balance at the beginning of the year	-	5,600	67
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	-	5,600	67
Other retained earnings			
Fund for risk allowance			
Balance at the beginning of the year	-	43,120	518
Changes for the year			
Total changes for the year	-	-	-
Balance at the end of the year	-	43,120	518
Fund for price fluctuation allowance			
Balance at the beginning of the year	-	55,000	661
Changes for the year			
Transfer to fund for price fluctuation allowance	-	10,000	120
Total changes for the year	-	10,000	120
Balance at the end of the year	-	¥ 65,000	\$ 781

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
Reserve for tax basis adjustments of real estate			
Balance at the beginning of the year	–	¥ 16,420	\$ 197
Changes for the year			
Transfer to reserve for tax basis adjustments of real estate.....	–	1,673	20
Transfer from reserve for tax basis adjustments of real estate....	–	(132)	(1)
Total changes for the year	–	1,541	18
Balance at the end of the year	–	17,962	216
Retained earnings brought forward			
Balance at the beginning of the year	–	64,157	771
Changes for the year			
Dividends	–	(10,000)	(120)
Net income for the year	–	16,936	203
Transfer to fund for price fluctuation allowance	–	(10,000)	(120)
Transfer to reserve for tax basis adjustments of real estate.....	–	(1,673)	(20)
Transfer from reserve for tax basis adjustments of real estate....	–	132	1
Transfer from reserve for land revaluation	–	1,653	19
Total changes for the year	–	(2,951)	(35)
Balance at the end of the year	–	61,205	736
Total retained earnings			
Balance at the beginning of the year	–	184,297	2,216
Changes for the year			
Dividends	–	(10,000)	(120)
Net income for the year	–	16,936	203
Transfer from reserve for land revaluation	–	1,653	19
Total changes for the year	–	8,590	103
Balance at the end of the year	–	192,887	2,319
Treasury stock			
Balance at the beginning of the year	–	–	–
Changes for the year			
Purchase of treasury stock	–	(20,479)	(246)
Total changes for the year	–	(20,479)	(246)
Balance at the end of the year	–	(20,479)	(246)
Total shareholders' equity			
Balance at the beginning of the year	–	604,697	7,272
Changes for the year			
Dividends	–	(10,000)	(120)
Net income for the year	–	16,936	203
Purchase of treasury stock	–	(20,479)	(246)
Transfer from reserve for land revaluation	–	1,653	19
Total changes for the year	–	(11,889)	(142)
Balance at the end of the year	–	592,808	7,129
Valuation and translation adjustments			
Net unrealized gains (losses) on securities, net of tax			
Balance at the beginning of the year	¥ (47,456)	461,158	5,546
Changes for the year			
Net changes of items other than foundation funds and surplus	508,614	–	–
Net changes of items other than shareholders' equity	–	(223,577)	(2,688)
Total changes for the year	508,614	(223,577)	(2,688)
Balance at the end of the year	461,158	237,580	2,857
Deferred hedge gains (losses)			
Balance at the beginning of the year	(357)	(2,008)	(24)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,651)	–	–
Net changes of items other than shareholders' equity	–	3,251	39
Total changes for the year	(1,651)	3,251	39
Balance at the end of the year	¥ (2,008)	¥ 1,243	\$ 14

	(millions of yen)		(millions of US\$)
	Year ended March 31,		
	2010	2011	2011
Reserve for land revaluation			
Balance at the beginning of the year	¥ (62,297)	¥ (63,540)	\$ (764)
Changes for the year			
Net changes of items other than foundation funds and surplus	(1,242)	–	–
Net changes of items other than shareholders' equity	–	(1,653)	(19)
Total changes for the year	(1,242)	(1,653)	(19)
Balance at the end of the year	(63,540)	(65,194)	(784)
Total of valuation and translation adjustments			
Balance at the beginning of the year	(110,111)	395,609	4,757
Changes for the year			
Net changes of items other than foundation funds and surplus	505,721	–	–
Net changes of items other than shareholders' equity	–	(221,979)	(2,669)
Total changes for the year	505,721	(221,979)	(2,669)
Balance at the end of the year	395,609	173,629	2,088
Total net assets			
Balance at the beginning of the year	619,827	1,000,307	12,030
Changes for the year			
Transfer to reserve for policyholder dividends	(64,963)	–	–
Interest payment for foundation funds	(2,328)	–	–
Net surplus for the year	60,807	–	–
Redemption of foundation funds	(120,000)	–	–
Dividends	–	(10,000)	(120)
Net income for the year	–	16,936	203
Purchase of treasury stock	–	(20,479)	(246)
Transfer from reserve for land revaluation	1,242	1,653	19
Net changes of items other than foundation funds and surplus	505,721	–	–
Net changes of items other than shareholders' equity	–	(221,979)	(2,669)
Total changes for the year	380,479	(233,869)	(2,812)
Balance at the end of the year	¥ 1,000,307	¥ 766,437	\$ 9,217

NOTES TO THE NON-CONSOLIDATED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED MARCH 31, 2010 AND 2011

I. PRESENTATION OF FINANCIAL STATEMENTS

1. Basis for Presentation

The accompanying non-consolidated financial statements have been prepared from the accounts maintained by The Dai-ichi Mutual Life Insurance Company, or The Dai-ichi Life Insurance Company, Limited after April 1, 2010, ("DL", the "Company" or the "Parent Company") in accordance with the provisions set forth in the Financial Instruments and Exchange Act, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP") which are different in certain respects from the application and disclosure requirements of International Financial Reporting Standards.

Certain items presented in the non-consolidated financial statements are reclassified for the convenience of readers outside Japan. The notes to the non-consolidated financial statements include information which is not required under Japanese GAAP but is presented herein as additional information.

The amounts indicated in millions of yen are rounded down by truncating the figures below one million. Totals may not add up exactly because of such truncation. Amounts in U.S. dollars are included solely for the convenience of readers outside Japan. The rate of ¥83.15=US\$1.00, the foreign exchange rate on March 31, 2011, has been used for translation. The inclusion of such amounts is not intended to imply that Japanese yen has been or could be readily converted, realized or settled into U.S. dollars at that rate or any other rate.

II. NOTES TO NON-CONSOLIDATED BALANCE SHEETS

1. Valuation Methods of Securities

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

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

(1) Trading Securities

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

(2) Held-to-maturity Securities

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

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

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

(4) Stocks of Subsidiaries and Affiliated Companies

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

(5) Available-for-sale Securities

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

i. Available-for-sale Securities with Market Value

Available-for-sale securities which have market value are valued at fair value at the end of the fiscal year (for domestic stocks, the average value during March), with cost determined by the moving average method.

However, a certain domestic stock with market value was valued at fair value as of March 31, 2011, due to the factors including the significant differences between their average value during March 2011 and their fair value as of March 31, 2011.

ii. Available-for-sale Securities Whose Market Values Are Extremely Difficult to Be Recognized

a. Government/Corporate Bonds (including Foreign Bonds), Whose Premium or Discount Represents the Interest Adjustment

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

b. Others

All others are valued at cost using the moving average method.

2. Policy-reserve-matching Bonds

(1) Book Value and Market Value

The book value of policy-reserve-matching bonds as of March 31, 2010 and 2011 amounted to ¥5,766,069 million and ¥6,870,639 million (US\$82,629 million), respectively. The market value of these bonds as of March 31, 2010 and 2011 was ¥5,889,306 million and ¥7,092,066 million (US\$85,292 million), respectively.

(2) Risk Management Policy

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

- individual life insurance and annuities,
- financial insurance and annuities, and
- group annuities,

with the exception of certain types.

(3) Changes in Classification

Effective the fiscal year ended March 31, 2010, in order to achieve integrated duration control, and thus promote more sophisticated ALM, DL added (a) defined benefit corporate pension insurance, (b) employees' pension fund insurance (with the exception of certain types), and (c) new corporate pension insurance (with the exception of certain types) to the sub-group of employee-funded corporate pension contracts, and renamed it to "group annuities." This redefinition did not have any impact on profits and losses of DL for the fiscal year ended March 31, 2010.

3. Derivative Transactions

Derivative transactions are reported at fair value.

4. Revaluation of Land

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

- Date of revaluation: March 31, 2001
- Method stipulated in Article 3 Paragraph 3 of the Law for Revaluation of Land
The fair value was determined based on the appraisal value publicly announced for tax assessment purposes with certain reasonable adjustments in accordance with Article 2-1 and 2-4 of the Enforcement Ordinance relating to the Law for Revaluation of Land.
- The excess of the new book value of the land over the fair value after revaluation in accordance with Article 10 of the Law for Revaluation of Land as of March 31, 2010 and 2011 was ¥8,994 million and ¥55,701 million (US\$669 million), respectively.

5. Depreciation of Depreciable Assets

(1) Depreciation of Tangible Fixed Assets Excluding Leased Assets

Depreciation of tangible fixed assets excluding leased assets is calculated by the following method:

i. Buildings (excluding leasehold improvements and structures)

a. Buildings (excluding leasehold improvements and structures)

- Acquired on or before March 31, 2007
Calculated by the previous straight-line method.
- Acquired on or after April 1, 2007
Calculated by the straight-line method.

b. Assets Other than Buildings

- Acquired on or before March 31, 2007
Calculated by the previous declining balance method.
- Acquired on or after April 1, 2007
Calculated by the declining balance method.

Estimated useful lives of major assets are as follows:

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

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

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

(2) Amortization of Intangible Fixed Assets Excluding Leased Assets

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

(3) Depreciation of Leased Assets

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

Finance leases, which commenced on or before March 31, 2008, are accounted for in the same manner applicable to ordinary operating leases.

(4) Accumulated Depreciation of Tangible Fixed Assets

Accumulated depreciation of tangible fixed assets as of March 31, 2010 and 2011 was ¥644,389 million and ¥658,245 million (US\$7,916 million), respectively.

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

DL translated foreign currency-denominated assets and liabilities (excluding stocks of its subsidiaries and affiliated companies) into yen at the prevailing exchange rates at the end of the year. Stocks of non-consolidated subsidiaries and affiliated companies are translated into yen at the exchange rates on the dates of acquisition.

7. Reserve for Possible Loan Losses

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

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

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

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

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

For loans and claims to bankrupt and substantially bankrupt obligors, the unrecoverable amount is calculated by deducting the amount deemed recoverable from collateral and guarantees from the amount of the loans and claims and is directly written off from the amount of the loans and claims. The amounts written off during the years ended March 31, 2010 and 2011 were ¥4,206 million and ¥3,832 million (US\$46 million), respectively.

8. Accounting of Beneficial Interests in Securitized Mortgage Loans

As of March 31, 2010 and 2011, the trust beneficial interests, mostly obtained in the securitization of mortgage loans originated by DL in August 2000, amounted to ¥25,337 million and, ¥25,105 million (US\$301 million) respectively, and are included as loans in the consolidated balance sheets. The reserve for possible loan losses for these particular beneficial interests is calculated based on the balance of the underlying loans. The balances of the underlying loans in the trust as of March 31, 2010 and 2011 were ¥53,995 million and, ¥44,268 million (US\$532 million) respectively.

9. Reserve for Employees’ Retirement Benefits

For the reserve for employees’ retirement benefits, the amount calculated in accordance with the accounting standards for retirement benefits (“Statement on Establishing Accounting Standards for Retirement Benefits” issued on June 16, 1998 by the Business Accounting Council) is provided.

Gains/losses on plan amendments are amortized by the straight-line method through a certain period of 7 years, which is within the employees’ average remaining service period.

Actuarial differences are amortized by the straight-line method through a certain period of 7 years starting from the following year, which is within the employees’ average remaining service period.

Effective the fiscal year ended March 31, 2010, DL adopted the “Partial Amendments to Accounting Standard for Retirement Benefits (Part3)” issued on July 31, 2008 by the Accounting Standards Board of Japan (ASBJ). This change did not have any impact on profits and losses of DL.

10. Reserve for Possible Investment Losses

In order to provide for future investment losses, a reserve for possible investment losses of DL is established for securities whose market values are extremely difficult to be recognized. It is calculated based on the internal rules for self-assessment, write-offs, and reserves on assets.

11. Reserve for Price Fluctuations

A reserve for price fluctuations is calculated based on the book value of stocks and other securities at the end of the year in accordance with the provisions of Article 115 of the Insurance Business Act.

12. Lease Transactions

Finance Leases (As lessee)

(1) Acquisition cost, accumulated depreciation and net carrying amount of finance leases as of March 31, 2010 were as follows:

	Acquisition cost	Accumulated depreciation	Net carrying amount
		(millions of yen)	
Tangible fixed assets	¥ 12,450	¥ 10,808	¥ 1,641
Total	¥ 12,450	¥ 10,808	¥ 1,641

Acquisition cost, accumulated depreciation and net carrying amount of finance leases as of March 31, 2011 were as follows:

	Acquisition cost	Accumulated depreciation	Net carrying amount	Acquisition cost	Accumulated depreciation	Net carrying amount
		(millions of yen)			(millions of US\$)	
Tangible fixed assets	¥ 2,102	¥ 1,628	¥ 473	\$ 25	\$ 19	\$ 5
Total	¥ 2,102	¥ 1,628	¥ 473	\$ 25	\$ 19	\$ 5

Note:

1. Acquisition cost is calculated by the interest-payable-including-method, as the obligations under finance leases represent a low percentage of tangible fixed assets.

(2) Obligations under finance leases as of March 31, 2010 and 2011 were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Due within one year	¥ 1,167	¥ 340	\$ 4
Due after one year	474	133	1
Total	¥ 1,641	¥ 473	\$ 5

Note:

1. Obligations under finance leases are calculated by the interest-payable-including-method, as the obligations under finance leases represent a low percentage of tangible fixed assets.

(3) Total payments for finance leases and depreciation for years ended March 31, 2010 and 2011 were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Total payments for finance leases	¥ 2,496	¥ 425	\$ 5
Depreciation	2,496	425	5

Depreciation for leased assets is calculated over the lease term by the straight-line method assuming zero salvage value.

Operating Lease (As Lessee)

Future minimum lease payments under noncancellable operating leases as of March 31, 2010 and 2011 were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Due within one year	¥ 2,257	¥ 625	\$ 7
Due after one year	6,909	6,315	75
Total	¥ 9,167	¥ 6,940	\$ 83

13. Methods for Hedge Accounting

(1) Methods for Hedge Accounting

Hedging transactions are accounted for in accordance with the “Accounting Standards for Financial Instruments” issued on March 10, 2008 by the Accounting Standards Board of Japan. Primarily, (1) special hedge accounting for interest rate swaps and the deferral hedge method are used for cash flow hedges of certain ordinary loans, government and corporate bonds, and loans and bonds payable; (2) the currency allotment method and deferral hedge method are used for cash flow hedges by foreign currency swaps and foreign currency forward contracts against exchange rate fluctuations in certain foreign currency-denominated loans, loans payable, bonds payable, term deposits and stocks (forecasted transaction); and (3) the fair value hedge method by currency options and foreign currency forward contracts is used for hedges against exchange rate fluctuations in the value of certain foreign currency-denominated bonds.

(2) Hedging Instruments and Hedged Instruments

Year Ended March 31, 2010

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

Year Ended March 31, 2011

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

(3) Hedging Policies

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

(4) Assessment of Hedge Effectiveness

Hedge effectiveness is assessed primarily by a comparison of fluctuations in cash flows or fair values of hedged and hedging instruments.

14. Calculation of National and Local Consumption Tax

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

15. Policy Reserves

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

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

For whole life insurance contracts acquired on or before March 31, 1996, premium payments for which were already completed (including lump-sum payment), additional policy reserves are provided in accordance with Article 69, Paragraph 5 of the Enforcement Regulation of the Insurance Business Act and will be provided in the following nine years. As a result, additional provisions for policy reserves for the year ended March 31, 2010 and 2011 were ¥96,154 million and ¥112,631 million (US\$1,354 million), respectively.

16. Application of “Accounting Standard for Asset Retirement Obligations”

Effective the fiscal year ended March 31, 2011, DL applied “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18 issued on March 31, 2008) and “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21 issued on March 31, 2008). As a result, ordinary profit and income before income taxes for the fiscal year ended March 31, 2011 decreased by ¥497 million (US\$5 million) and ¥4,572 million (US\$54 million), respectively, compared to the corresponding figures calculated by the previous method. The amount of change in asset retirement obligations incurred due to the initial application of the accounting standard for the fiscal year was ¥3,247 million (US\$39 million).

(1) Overview of Asset Retirement Obligation

DL recognized statutory or similar obligations associated with some of its real estate for rent and business use with regard to the removal of (1) tangible fixed assets and (2) certain harmful substances in the tangible fixed assets and so recorded the asset retirement obligation.

(2) Calculation of Asset Retirement Obligation

DL calculated the asset retirement obligation by (1) estimating the period of service of each building between 0 and 37 years based on its contract term and useful life and (2) applying discount rates ranging from 0.144% to 2.293%.

(3) Increase and Decrease in Asset Retirement Obligation

The following table shows the increase and decrease in asset retirement obligations for the fiscal year ended March 31, 2011:

	(millions of yen)	(millions of US\$)
Beginning balance	¥ 3,247	\$ 39
Time progress adjustments	43	0
Others	728	8
Ending balance	¥ 4,019	\$ 48

Note:

The “Beginning balance” in the above table represents the amount of asset retirement obligations as of April 1, 2010 instead of that of March 31, 2010, as DL applied the standard effective the fiscal year ended March 31, 2011.

17. Presentation of Net Assets

Due to DL’s demutualization on April 1, 2010, net assets in its balance sheet as of March 31, 2011 were reported in a joint stock corporation format, while those of March 31, 2010 were reported in a mutual company format.

18. Introduction of Stock Granting Trust (J-ESOP)

Effective the fiscal year ended March 31, 2011, DL introduced Stock Granting Trust (J-ESOP). J-ESOP is an incentive program granting middle managements who fulfill requirements under its Stock Granting Regulations shares of common stock to motivate them to improve corporate value and financial results and, thus, stock prices by (1) linking their retirement benefits to the stock price and financial results of DL and (2) sharing economic benefits with stockholders.

DL vests points to each managerial level employee based on her/his contribution to DL and grants stocks of DL based on her/his total points at retirement. Such stocks, including stocks to be granted in the future, are purchased by money held in the J-ESOP trust, managed separately from DL.

Taking into consideration the economic reality of the J-ESOP trust, assets, including stocks of DL, and liabilities of the J-ESOP trust are recorded in DL’s balance sheet as of March 31, 2011 and statement of earnings and statement of changes in net assets for the fiscal year ended March 31, 2011.

The J-ESOP trust owned 45 thousand shares of common stock of DL as of March 31, 2011.

19. Introduction of Trust-type Employee Shareholding Incentive Plan (E-Ship®)

Effective the fiscal year ended March 31, 2011, DL introduced a Trust-type Employee Shareholding Incentive Plan (E-Ship®). E-Ship® is an incentive program for employees who are members of the Dai-ichi Life Insurance Employee Stock Holding Partnership Plan (the “Plan”). In the E-Ship®, DL sets up the E-Ship trust at a trust bank. The E-ship trust estimates the number of shares of common stock of DL which the Plan is to acquire in the next five years after the setup of the E-Ship trust and purchases the shares in advance. The Plan buys shares of DL from the E-Ship trust periodically. At the end of the trust period, the Plan’s retained earnings, accumulation of net gains on sales of shares of DL, are to be distributed to the members, who fulfill the requirements for eligible beneficiaries. On the other hand, DL will compensate outstanding debt at the end of the period due to accumulation of net losses on shares as DL guarantees the debt of the E-Ship trust for share purchases.

Taking into consideration the economic reality of the E-Ship trust, assets, including stocks of DL, and liabilities of the E-ship trust are recorded in DL’s balance sheet as of March 31, 2011 and statement of earnings and statement of changes in net assets for the fiscal year ended March 31, 2011.

The E-ship trust owned 93 thousand shares of common stock of DL as of March 31, 2011.

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

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

21. Reserve for Possible Reimbursement of Prescribed Claims

To prepare for the reimbursement of claims for which prescription periods had run out in the previous years, DL provided for reserve for possible reimbursement of prescribed claims an estimated amount based on past reimbursement experience.

22. Allowance for Policyholder Dividends

Allowance for policyholder dividends is provided for paying out policyholder dividends deemed appropriate after demutualization of DL.

Transfers to reserve for policyholder (member) dividends by mutual life insurance companies constitute dispositions of net surplus. On the other hand, the equivalent of such transfer in the case of life insurance companies that are joint stock corporations is the allowance for policyholder dividends, which is reflected as a separate expense in the statement of earnings.

As DL reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, DL recorded the allowance for policyholder dividends as a reserve to prepare for paying out policyholder dividends after the demutualization to its policyholders.

However, DL's reserve for policyholder dividends, effective the fiscal year ending March 31, 2011, represents a combined amount of its allowance for policyholder dividends and reserve for policyholder dividends.

23. Securities Lending

Securities lent under lending agreements are included in the non-consolidated balance sheets. The total balance of securities lent as of March 31, 2010 and 2011 was ¥436,743 million and ¥482,741 million (US\$5,805 million), respectively.

24. Problem Loans

As of March 31, 2010 and 2011, the total amounts of credits to bankrupt borrowers, delinquent loans, loans past due for three months or more, and restructured loans, which were included in loans, were ¥35,981 million and ¥25,639 million (US\$308 million), respectively. As of March 31, 2010, the amount of credits to bankrupt borrowers was ¥5,259 million, the amount of delinquent loans was ¥28,338 million, DL held no amount of loans past due for three months or more, and the amount of restructured loans was ¥2,383 million. As of March 31, 2011, the amount of credits to bankrupt borrowers was ¥5,034 million (US\$60 million), the amount of delinquent loans was ¥17,349 million (US\$208 million), DL held no amount of loans past due for three months or more, and the amount of restructured loans was ¥3,255 million (US\$39 million).

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

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

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

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

As a result of the direct write-off of loans, credits to bankrupt borrowers and delinquent loans decreased by ¥736 million and ¥3,469 million respectively, in the year ended March 31, 2010, and ¥739 million (US\$8 million) and ¥3,093 million (US\$37 million), respectively, in the year ended March 31, 2011.

25. Assets and Liabilities Held in Separate Accounts

The total amounts of assets held in separate accounts defined in Article 118, Paragraph 1 of the Insurance Business Act as of March 31, 2010 and 2011 were ¥1,292,250 million and ¥1,176,136 million (US\$14,144 million), respectively. Separate account liabilities were the same amount as separate account assets.

26. Receivables and Payables to Subsidiaries

The total amounts of receivables and payables to subsidiaries and affiliated companies were ¥33,048 million and ¥4,418 million as of March 31, 2010, and ¥4,567 million (US\$54 million) and ¥4,589 million (US\$55 million) as of March 31, 2011, respectively.

27. Deferred Tax Accounting

(1) Major components of deferred tax assets and liabilities as of March 31, 2010

	(millions of yen)
Deferred tax assets:	
Insurance policy reserve	¥ 349,598
Reserve for employees' retirement benefits	178,872
Reserve for price fluctuations	41,655
Losses on valuation of securities	29,059
Tax losses carried forward	27,510
Others.....	40,286
Subtotal.....	¥ 666,982
Valuation allowances.....	(34,666)
Total	¥ 632,316
Deferred tax liabilities:	
Net unrealized gains on securities, net of tax	¥ (263,647)
Reserve for tax basis adjustments of real estate	(9,268)
Dividend receivables from stocks	(8,867)
Others.....	(12,844)
Total	¥ (294,628)
Net deferred tax assets	¥ 337,687

(2) Major components of deferred tax assets and liabilities as of March 31, 2011

	(millions of yen)	(millions of US\$)
Deferred tax assets:		
Insurance policy reserve	¥ 377,833	\$ 4,543
Reserve for employees' retirement benefits	182,001	2,188
Losses on valuation of securities	62,787	755
Reserve for price fluctuations	29,027	349
Impairment losses	7,561	90
Others.....	32,814	394
Subtotal.....	¥ 692,026	\$ 8,322
Valuation allowances.....	(34,994)	(420)
Total	¥ 657,032	\$ 7,901
Deferred tax liabilities:		
Net unrealized gains on securities, net of tax	¥ (147,455)	\$ (1,773)
Reserve for tax basis adjustments of real estate	(10,138)	(121)
Dividend receivables from stocks	(7,675)	(92)
Others.....	(16,563)	(199)
Total	¥ (181,833)	\$ (2,186)
Net deferred tax assets	¥ 475,198	\$ 5,714

(3) Difference Between the Statutory Tax rate and Actual Effective Tax Rate after Considering Deferred Taxes

- i. The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2010

Statutory tax rate	36.08%
(Adjustments)	
Increase (decrease) in valuation allowances	(15.44)%
Others	0.84%
Actual effective tax rate after considering deferred taxes	21.48%

- ii. The principal reasons for the difference between the statutory tax rate and actual effective tax rate after considering deferred taxes as of March 31, 2011

Statutory tax rate	36.08%
(Adjustments)	
Nondeductible expenses including entertainment expenses	3.11%
Others	1.75%
Actual effective tax rate after considering deferred taxes	40.94%

28. Changes in Reserve for Policyholder Dividends

Changes in reserve for policyholder dividends were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Balance at the end of the previous year	¥ 347,658	¥ 329,214	\$ 3,959
Transfer from allowance for policyholder dividends	—	92,500	1,112
Transfer from surplus in the previous year	64,963	—	—
Dividends paid in the year	(93,808)	(106,426)	(1,279)
Interest accrual in the year	10,401	9,882	118
Provision for reserve for policyholder dividends	—	78,500	944
Balance at the end of the year	¥ 329,214	¥ 403,671	\$ 4,854

29. Stocks of Subsidiaries

The amounts of stocks of subsidiaries DL held as of March 31, 2010 and 2011 were ¥220,111 million and ¥222,961 million (US\$2,681 million), respectively.

30. Assets Pledged as Collateral / Secured Liabilities

The amounts of securities and cash/deposits pledged as collateral were as follows.

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Securities (Government bonds)	¥ 390,274	¥ 442,335	\$ 5,319
Securities (Foreign securities)	8,791	7,347	88
Cash/deposits	86	86	1
Securities and cash/deposits pledged as collateral	¥ 399,153	¥ 449,770	\$ 5,409

The amounts of secured liabilities were as follows:

	As of March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Cash collateral for securities lending transactions	¥ 390,728	¥ 439,443	\$ 5,284
Loan	14	10	0
Secured liabilities	¥ 390,743	¥ 439,454	\$ 5,285

Among the amounts, "Securities (Government bonds)" for securities lending transactions as of March 31, 2010 and 2011 were ¥389,085 million and ¥436,425 million (US\$5,248 million), respectively.

31. Reinsurance

As of March 31, 2010 and 2011, reserves for outstanding claims for reinsured parts defined in Article 71, Paragraph 1 of the Enforcement Regulations of the Insurance Business Act, which is referred to in Article 73, Paragraph 3 of the Regulations (hereinafter, "reserves for outstanding claims reinsured") were ¥12 million and ¥10 million (US\$0 million), respectively.

As of March 31, 2010 and 2011, the amounts of policy reserves provided for reinsured parts defined in Article 71, Paragraph 1 of the Regulations (hereinafter, "policy reserves reinsured") were ¥0 million and ¥0 million (US\$0 million), respectively.

32. Organizational Change Surplus

As of March 31, 2011, the amount of DL's organizational change surplus stipulated in Article 91 of the Insurance Business Act was ¥117,776 million (US\$1,416 million).

33. 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 as of March 31, 2010, defined in Article 30, Paragraph 2 of the Enforcement Regulations of the Insurance Business Act, were ¥459,398 million.

In accordance with the Plan for Demutualization approved at the 108th general meeting of representative policyholders, in preparation for demutualization DL redeemed the whole unredeemed balance of its foundation funds amounting to ¥100,000 million (¥40,000 million of the unredeemed portion, at that point, of ¥60,000 million foundation fund issued in the year ended March 31, 2005 and the whole ¥60,000 million foundation fund issued in the year ended March 31, 2007) on March 26, 2010, before their maturity dates, in accordance with Article 89 of the Insurance Business Act.

In the year ended March 31, 2010, due to the redemption of foundation funds of ¥120,000 million (including foundation fund of ¥20,000 million redeemed in August 2009), DL provided the same amount as accumulated redeemed foundation funds, in accordance with Article 56 of the Insurance Business Act.

34. Securities Borrowing

Securities borrowed under borrowing agreements can be sold or pledged as collateral. As of March 31, 2011, the market value of the securities borrowed which were not sold or pledged was ¥1,301 million (US\$15 million), among which no securities were pledged as collateral.

35. Commitment Line

As of March 31, 2010 and 2011, there were unused commitment line agreements under which DL is the lender of ¥6,529 million and ¥5,300 million (US\$63 million), respectively.

36. Subordinated Debt

As of March 31, 2010 and 2011, long-term debt and other borrowings included subordinated debt of ¥313,000 million and ¥350,000 million (US\$4,209 million), respectively, the repayment of which is subordinated to other obligations.

37. Subordinated Bonds

Subordinated bonds of ¥46,510 million and ¥149,129 million (US\$1,793 million) shown in liabilities as of March 31, 2010 and 2011 were foreign currency-denominated subordinated bonds, the repayment of which is subordinated to other obligations.

38. Assets Denominated in Foreign Currencies

Assets of DL denominated in foreign currencies as of March 31, 2010 totaled ¥5,382,291 million. The principal foreign currency asset amounts as of March 31, 2010 were US\$27,224 million and €17,327 million, respectively.

39. Securities

Fiscal Year Ended March 31, 2010

(1) Stocks of DL's subsidiaries and affiliates with market value

	As of March 31, 2010		
	Carrying Amount	Market Value	Unrealized Gains (Losses)
		(millions of yen)	
Stocks of subsidiaries and affiliates with market value	¥ 17,208	¥ 24,415	¥ 7,206

Note:

The table above does not include stocks of DL's subsidiaries and affiliates whose market values are extremely difficult to be recognized. Carrying amounts of such stocks are as follows:

	As of March 31, 2010	
	Carrying Amount	
		(millions of yen)
Subsidiaries	¥ 178,359	
Affiliates	24,543	

Fiscal Year Ended March 31, 2011

(1) Stocks of DL's subsidiaries and affiliates

	As of March 31, 2011					
	Carrying Amount	Market Value	Unrealized Gains (Losses)	Carrying Amount	Market Value	Unrealized Gains (Losses)
		(millions of yen)			(millions of US\$)	
Stocks of subsidiaries and affiliates	¥ 20,774	¥ 42,999	¥ 22,224	\$ 249	\$ 517	\$ 267

Note:

The table above does not include stocks of DL's subsidiaries and affiliates whose market values are extremely difficult to be recognized. Carrying amounts of such stocks are as follows:

	As of March 31, 2011	
	Carrying Amount	Carrying Amount
	(millions of yen)	(millions of US\$)
Subsidiaries	¥ 178,359	\$ 2,145
Affiliates	23,827	286

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

The estimated future obligations of DL to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act as of March 31, 2010 and 2011 were ¥61,661 million and ¥60,531 million (US\$727 million), respectively. These obligations will be recognized as operating expenses in the years in which they are paid.

III. NOTES TO NON-CONSOLIDATED STATEMENTS OF EARNINGS

1. Revenues and Expenses from Transactions with Subsidiaries

The total amounts of revenues and expenses from transactions with subsidiaries and affiliated companies were ¥7,754 million and ¥23,899 million, respectively in the fiscal year ended March 31, 2010, and ¥9,783 million (US\$117 million) and ¥25,303 million (US\$304 million), respectively, in the fiscal year ended March 31, 2011.

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

Gains on sale of securities included gains on sales of domestic bonds, domestic stocks and foreign securities of ¥16,603 million, ¥109,425 million and ¥116,528 million, respectively, in the fiscal year ended March 31, 2010, and ¥69,746 million (US\$838 million), ¥79,808 million (US\$959 million) and ¥62,689 million (US\$753 million), respectively, in the fiscal year ended March 31, 2011.

Losses on sale of securities included losses on sales of domestic bonds, domestic stocks and foreign securities of ¥19,655 million, ¥51,171 million and ¥137,067 million, respectively, in the fiscal year ended March 31, 2010, and ¥4,461 million (US\$53 million), ¥34,035 million (US\$409 million) and ¥82,407 million (US\$991 million), respectively, in the fiscal year ended March 31, 2011.

Losses on valuation of securities included losses on valuation of domestic stocks and foreign securities of ¥7,121 million and ¥3,380 million, respectively, in the fiscal year ended March 31, 2010, and those on domestic stocks, foreign securities and other securities of ¥174,022 million (US\$2,092 million), ¥5,595 million (US\$67 million) and ¥3 million (US\$0 million), respectively, in the fiscal year ended March 31, 2011.

3. Reinsurance

In calculating a reversal of reserves for outstanding claims for the fiscal year ended March 31, 2010, ¥12 million was added to a provision for reserves for outstanding claims reinsured as an adjustment. In calculating a provision for reserves for outstanding claims for the fiscal year ended March 31, 2011, ¥2 million (US\$0 million) was added to a reversal of reserves for outstanding claims reinsured as an adjustment.

In calculating a provision for policy reserves, a reversal of policy reserves reinsured of ¥0 million was added back in the fiscal year ended March 31, 2010. In calculating a provision for policy reserves, a provision for policy reserves reinsured of ¥0 million (US\$0 million) was deducted in the fiscal year ended March 31, 2011.

4. Gains/Losses on Trading Account Securities

Gains on trading account securities included interest and dividends, gains on the sale of securities and losses on the valuation of securities of ¥531 million, ¥906 million, and ¥94 million, respectively, in the fiscal year ended March 31, 2010.

5. Gains/Losses on Money Held in Trust

Gains/losses on money held in trust included losses on valuation of securities of ¥3,303 million in the fiscal year ended March 31, 2010, and losses on valuation of securities of ¥1,049 million (US\$12 million) in the fiscal year ended March 31, 2011.

6. Derivative Transaction Gains/Losses

Derivative transaction gains (losses) included valuation gains of ¥9,182 million in the fiscal year ended March 31, 2010 and ¥4,872 million (US\$58 million) in the fiscal year ended March 31, 2011.

7. Gains on Disposal of Fixed Assets

Details of gains on disposal of fixed assets for the years ended March 31, 2010 and 2011 were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Land	¥ 134	¥ 3,122	\$ 37
Buildings	25	187	2
Other tangible assets	–	27	0
Other assets	–	10	0
Total	¥ 159	¥ 3,348	\$ 40

8. Losses on Disposal of Fixed Assets

Details of losses on disposal of fixed assets for the years ended March 31, 2010 and 2011 were as follows:

	Years Ended March 31,		
	2010	2011	2011
	(millions of yen)		(millions of US\$)
Land	¥ 102	¥ 530	\$ 6
Buildings	999	2,515	30
Leased assets	21	–	–
Other tangible assets	95	173	2
Software	150	79	0
Other intangible assets	266	–	–
Money on deposit	0	–	–
Other assets	197	1,114	13
Total	¥ 1,833	¥ 4,415	\$ 53

9. Impairment Losses on Fixed Assets

Details of impairment losses on fixed assets for the year ended March 31, 2010 and 2011 were as follows:

(1) Method of Grouping Assets

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

(2) Background for Recognition of Impairment Losses

As a result of significant declines in profitability or market value in some asset groups, DL wrote down the book value of these assets to the recoverable value, and reported the reduced amount as impairment losses in extraordinary losses.

(3) Breakdown of Impairment Losses

Impairment losses by asset group for the year ended March 31, 2010 were as follows:

Asset Group	Place	Number	Impairment Losses			
			Land	Land Leasing Rights	Buildings	Total
			(millions of yen)			
Real estate for rent	Assets including Yao City, Osaka Prefecture	6	¥ 341	¥ 200	¥ 605	¥ 1,147
Real estate not in use	Assets including Hiroshima City, Hiroshima Prefecture	56	2,733	–	1,016	3,749
Total		62	¥ 3,074	¥ 200	¥ 1,621	¥ 4,897

Impairment losses by asset group for the year ended March 31, 2011 were as follows:

Asset Group	Place	Number	Impairment Losses					
			Land	Buildings	Total	Land	Buildings	Total
			(millions of yen)			(millions of US\$)		
Real estate for rent	Assets including Iwaki City, Fukushima Prefecture	4	¥ 132	¥ 169	¥ 302	\$ 1	\$ 2	\$ 3
Real estate not in use	Assets including Himeji City, Hyogo Prefecture	64	2,082	953	3,036	25	11	36
Total		68	¥ 2,215	¥ 1,123	¥ 3,338	\$ 26	\$ 13	\$ 40

(4) Calculation of Recoverable Value

Value in use or net sale value is used as the recoverable value of real estate for rent, and net sale value is used as the recoverable value of real estate not in use. Discount rates of 2.96% and 2.89% for the years ended March 31, 2010 and 2011, respectively, were applied for discounting future cash flows in the calculation of value in use. Estimated disposal value, appraisal value based on real estate appraisal standards, or appraisal value based on publicly assessed land value is used as the net sale value.

IV. NOTES TO NON-CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

1. Transfer to reserve for tax basis adjustments of real estate ⁽¹⁾ and Transfer from reserve for tax basis adjustments of real estate ⁽¹⁾
The general meeting of representative policyholders of DL before demutualization approved the surplus appropriation of those items.
2. Transfer to reserve for tax basis adjustments of real estate ⁽²⁾ and Transfer from reserve for tax basis adjustments of real estate ⁽²⁾
Until the fiscal year ended March 31, 2009, those items were appropriated at the general meeting of representative policyholders, as is the case for mutual companies. However, in light of DL's demutualization on April 1, 2010, they were recorded in and after the fiscal year ended March 31, 2010, as is the case for stock companies.

3. Treasury Stock

	(thousands of shares)
Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2011 ⁽¹⁾	—
Increase in treasury stock.....	139 ⁽²⁾
Decrease in treasury stock.....	—
Number of treasury stock outstanding at the end of the fiscal year ended March 31, 2011.....	139

(⁽¹⁾) The "Number of treasury stock outstanding at the beginning of the fiscal year ended March 31, 2011" was presented in the above table instead of that at the end of the fiscal year as DL was a mutual company at the end of the previous fiscal year ended March 31, 2010.

(⁽²⁾) Increase in treasury stock represents the sum of shares of common stock of DL purchased by (1) the J-ESOP trust and (2) the E-ship trust.

4. Basis of Presentation

As DL was a mutual company at the end of the fiscal year ended March 31, 2010, its statements of changes in net assets for the fiscal year ended March 31, 2011 reported "balance at the beginning of the year" instead of "balance at the end of the previous year."

5. Amount of Net Assets

DL reorganized from a mutual life insurance company to a joint stock corporation as of April 1, 2010, in accordance with Article 85 of the Insurance Business Act. Based on its plan for demutualization, in accordance with Article 86 of the Insurance Business Act, DL realigned presentation of net assets in the non-consolidated balance sheet as follows:

As of March 31, 2010		As of April 1, 2010	
		(millions of yen)	
Accumulated redeemed foundation funds	¥ 420,000	Capital stock	¥ 210,200
Revaluation reserve	248	Capital surplus	210,200
Surplus	184,448	Legal capital surplus	210,200
Reserve for future losses	5,600	Retained earnings	184,297
Other surplus	178,848	Legal retained earnings	5,600
Fund for risk allowance	43,139	Other retained earnings	178,697
Fund for price fluctuation allowance	55,000	Fund for risk allowance	43,120
Subsidy fund for social public enterprise	9	Fund for price fluctuation allowance	55,000
Fund for Public Health Awards	8	Reserve for tax basis adjustments of real estate ..	16,420
Fund for Environmental Green Design Award	14	Retained earnings brought forward	64,157
Reserve for tax basis adjustments of real estate ..	16,420	Shareholders' equity	604,697
Other reserves	100	Net unrealized gains (losses) on securities, net of tax ..	461,158
Unappropriated net surplus for the period	64,157	Deferred hedge gains (losses)	(2,008)
Total of foundation funds and surplus	604,697	Reserve for land revaluation	(63,540)
Net unrealized gains (losses) on securities, net of tax ..	461,158	Valuation and translation adjustments	395,609
Deferred hedge gains (losses)	(2,008)		
Reserve for land revaluation	(63,540)		
Valuation and translation adjustments	395,609		
Total net assets	¥ 1,000,307	Total net assets	¥ 1,000,307

V. PER SHARE INFORMATION

Net assets per share as of March 31, 2011: ¥77,727.54 (US\$934.78)

Notes:

1. Net assets per share as of March 31, 2010 was omitted as DL was a mutual company.
2. Reconciliation of the net assets per share as of March 31, 2011 was as follows:

	As of March 31, 2011	
	(millions of yen)	(millions of US\$)
Net assets	¥ 766,437	\$ 9,217
Adjustments	—	—
Net assets attributable to common stocks	¥ 766,437	\$ 9,217
Number of common stocks outstanding:	9,860 thousand	

Note:

1. "Number of common stock outstanding" in the above table excludes shares held by Stock Granting Trust (J-ESOP) or Trust-type Employee Shareholding Incentive Plan (E-Ship®).

Net income per share for the year ended March 31, 2011: ¥1,696.72 (US\$20.40)

Notes:

1. Net income per share for the year ended March 31, 2010 was omitted as DL was a mutual company.
2. Information on diluted net income per share is omitted as there were no potential diluting shares of DL.
3. Reconciliation of the net income per share was as follows:

	As of March 31, 2011	
	(millions of yen)	(millions of US\$)
Net income per share	¥ 16,936	\$ 203
Net income attributable to other than shareholders of common stocks	—	—
Net income attributable to shareholders of common stocks	¥ 16,936	\$ 203
Average number of common stocks outstanding:	9,981 thousand	

Note:

1. "Average number of common shares outstanding" in the above table excludes shares held by Stock Granting Trust (J-ESOP) or Trust-type Employee Shareholding Incentive Plan (E-Ship®).

VI. SUPPLEMENTAL TABLES

1. Details of Operating Expenses

	Year Ended March 31, 2011	
	(millions of yen)	(millions of US\$)
Sales activity expenses	¥ 165,852	\$ 1,994
Related to sales representatives	162,223	1,950
Related to sales agencies	2,177	26
Related to selection of policyholders	1,461	17
Sales management expenses	70,369	846
Related to management of sales representatives	67,385	810
Related to advertisement	2,984	35
General management expenses	188,454	2,266
Personal expenses	85,639	1,029
Property expenses	96,765	1,163
(Donation, co-sponsoring and membership fees)	1,524	18
Obligation expenses	6,049	72
Total	¥ 424,686	\$ 5,107

Note:

1. Property expenses listed in the above table include expenses associated with (1) receiving premium payments from policyholders, (2) information systems and (3) maintaining office.
2. Obligation expenses represent obligations to the Life Insurance Policyholders Protection Corporation of Japan under Article 259 of the Insurance Business Act.

2. Details of Tangible Fixed Assets for the Fiscal Year Ended March 31, 2011

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(millions of yen)							
Tangible fixed assets							
Land	¥ 814,807	¥ 32,966	¥ 4,755	¥ 843,018	¥ –	¥ –	¥ 843,018
			[2,215]				
Buildings	1,031,183	64,661	13,738	1,082,105	636,555	22,476	445,549
			[1,123]				
Leased assets	732	1,067	–	1,799	340	250	1,459
Construction in progress	15,766	83,365	96,912	2,219	–	–	2,219
Others	25,507	1,262	1,855	24,914	21,349	1,575	3,565
Total	¥ 1,887,996	¥ 183,322	¥ 117,262	¥ 1,954,057	¥ 658,245	¥ 24,302	¥ 1,295,811
			[3,338]				
Intangible fixed assets							
Software	–	–	–	127,733	55,483	22,872	72,249
Others	–	–	–	33,558	38	5	33,520
Total	–	–	–	¥ 161,292	¥ 55,522	¥ 22,878	¥ 105,770
Long-term prepaid expenses	–	–	–	–	–	–	–
Deferred assets							
Bond issue expenses	–	1,485	1,485	–	–	1,485	–
Total of deferred assets ..	–	1,485	1,485	–	–	1,485	–

	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation at the end of period	Depreciation for the period	Ending balance (net)
(millions of US\$)							
Tangible fixed assets							
Land	\$ 9,799	\$ 396	\$ 57	\$ 10,138	\$ -	\$ -	\$ 10,138
			[26]				
Buildings	12,401	777	165	13,013	7,655	270	5,358
			[13]				
Leased assets	8	12	-	21	4	3	17
Construction in progress	189	1,002	1,165	26	-	-	26
Others	306	15	22	299	256	18	42
Total	\$ 22,705	\$ 2,204	\$ 1,410	\$ 23,500	\$ 7,916	\$ 292	\$ 15,584
			[40]				
Intangible fixed assets							
Software	-	-	-	1,536	667	275	868
Others	-	-	-	403	0	0	403
Total	-	-	-	\$ 1,939	\$ 667	\$ 275	\$ 1,272
Long-term prepaid expenses	-	-	-	-	-	-	-
Deferred assets							
Bond issue expenses	-	17	17	-	-	17	-
Total of deferred assets ..	-	17	17	-	-	17	-

Note:

1. Figures in [] represents impairment losses.

2. Some figures associated with intangible fixed assets are omitted as intangible fixed assets accounts for less than 1% of DL's total assets.

3. Details of Reserves and Allowances for the Fiscal Year Ended March 31, 2011

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(millions of yen)					
Reserve for possible loan losses	¥ 21,095	¥ 12,900	¥ 7,126	¥ 13,968	¥ 12,900
General purpose	4,853	4,480	-	4,853	4,480
Set aside for particular companies	16,241	8,419	7,126	9,114	8,419
Reserve for possible investment losses	1,123	223	401	721	223
Reserve for retirement benefits of directors, executive officers and corporate auditors	3,307	40	199	-	3,147
Reserve for possible reimbursement of prescribed claims	1,100	418	418	-	1,100
Allowance for policyholder dividends	92,500	-	92,500	-	-
Reserve for price fluctuation	115,453	14,000	49,000	-	80,453

	Beginning balance	Increase	Amount used for original purposes	Decrease for other reasons	Ending balance
(millions of US\$)					
Reserve for possible loan losses	\$ 253	\$ 155	\$ 85	\$ 167	\$ 155
General purpose	58	53	-	58	53
Set aside for particular companies	195	101	85	109	101
Reserve for possible investment losses	13	2	4	8	2
Reserve for retirement benefits of directors, executive officers and corporate auditors	39	0	2	-	37
Reserve for possible reimbursement of prescribed claims	13	5	5	-	13
Allowance for policyholder dividends	1,112	-	1,112	-	-
Reserve for price fluctuation	1,388	168	589	-	967

Note:

1. Decrease of reserve for possible loan losses (general purpose) for other reasons represents adding back the credited reserve amount in full to renew the reserve.

2. Decrease of reserve for possible loan losses (set aside for particular companies) for other reasons represents adding back the credited reserve amount in full to renew the reserve.

3. Decrease of reserve for possible investment losses for other reasons represents adding back the credited reserve amount in full to renew the reserve.

Report of Independent Auditors



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Report of Independent Auditors

The Board of Directors
The Dai-ichi Life Insurance Company, Limited

We have audited the accompanying non-consolidated balance sheets of The Dai-ichi Life Insurance Company, Limited (formerly The Dai-ichi Mutual Life Insurance Company for the fiscal year ended March 31, 2010) as of March 31, 2010 and 2011, and the related non-consolidated statements of earnings, and changes in net assets for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the non-consolidated financial position of The Dai-ichi Life Insurance Company, Limited (formerly The Dai-ichi Mutual Life Insurance Company for the fiscal year ended March 31, 2010) at March 31, 2010 and 2011, and the non-consolidated results of their operations for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying non-consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note I.1.

Ernst & Young ShinNihon LLC

June 27, 2011

A member firm of Ernst & Young Global Limited