

Financial Section

Financial Review

Indicators Showing the Main Results over the Last Five Fiscal Years

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FINANCIAL REVIEW

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During fiscal 2011, the Japanese economy experienced declines in exports and capital investments, on the back of a drop in production activities in the wake of the Great East Japan Earthquake. However, as the restoration of the supply chain progressed, production and exports started to improve, while capital investments and consumer spending also started to show signs of recovery.

The number of earthquake insurance contracts and premiums written increased during the year under review, backed by a growing interest in earthquake insurance following the Great East Japan Earthquake. Meanwhile, the number and amount of earthquake insurance payouts reached the highest levels since the establishment of the earthquake insurance system.

As for asset management, earnings from investments declined markedly year on year, reflecting a significant decrease in investment assets, as we continued to sell holding securities to pay reinsurance claims mainly associated with the earthquake.

Administrative expenses remained flat from the previous year as a result of a commitment to achieve efficient business operations and cut costs as operations expanded.

The fiscal year under review was the final year of our second medium-term business plan. In light of changes in the business environment surrounding us, we played an active role in enhancing and developing the earthquake insurance system and took action to ensure that we achieved the plan, such as pursuing a number of initiatives including an examination of inspections and initiatives associated with disasters, verifying the impact on the market and risks from the occurrence of disasters, and a responding to a significant decline in risk reserves in the aftermath of the Great East Japan Earthquake, aiming to develop into a company that will be even more reliable and trustworthy for our stakeholder.

Summary of earthquake insurance results

① Net premiums written and net insurance claims paid
In the fiscal year under review, both the number of insurance contracts and reinsurance premiums written increased. As a result, net premiums written amounted to 83.6 billion yen (up 17.0% year on year). Net insurance claims paid came to 196.6 billion yen (up 18,927.3% year on year), mainly reflecting the effects of the Great East Japan Earthquake.

② Risk reserves and underwriting reserves

Risk reserves added amounted to 43.7 billion yen (up 0.9% year on year), which is the total of net premiums written of 40.5 billion yen, given by deducting assumed reinsurance commissions from net premiums written, and a profit of 3.1 billion yen from investments.

Risk reserves at the end of the fiscal year under review were 331.2 billion yen (down 21.9% year on year), reflecting the reversal of the provision for outstanding claims of 100 billion yen to risk reserves and the drawing from risk reserves in the past year for the payment of ongoing net insurance claims of 196.6 billion yen, loss adjustment expenses of 40.1 billion yen, and advertising and publicity expenses of 0.1 billion yen.

Underwriting reserves at the end of the fiscal year under review totaled 430.4 billion yen (down 16.6% year on year), after adding unearned premium reserves and refunded reserves to the risk reserves.

③ Risk reserves of direct insurance companies

Risk reserves of direct insurance companies were 62.7 billion yen for the fiscal year under review (down 87.2% year on year), obtained by adding net premiums written and profit from investments of 16.6 billion yen (down 42.0% year on year), reversing the provision of outstanding claims of 63 billion yen to risk reserves, drawing 501 billion yen out of reinsurance payments of 503.8 billion yen, publicity expenses of 0.9 billion

yen, as well as drawing 4 billion yen to reflect changes in the average company-wide effective tax rate as a result of the revision of the tax system.

Outline of investments

Medium- to long-term domestic interest rates temporarily rose in April, given concerns over a deterioration in the supply-demand balance, due to the additional issuance of government bonds to finance reconstruction programs from the disaster. However, they later fell significantly, mainly reflecting the attenuation of concerns over the additional issuance of government bonds, following the introduction of a reconstruction tax, as well as growing concerns over a slowdown in the U.S. economy and the escalation of the European sovereign crisis.

The yen remained strong against the euro, against the backdrop of the worsening sovereign crisis in Europe, appreciating about 8 yen compared with that at the end of the previous fiscal year.

In these circumstances, we invested in assets with the top priority placed on safety and liquidity, followed by profitability. As a result, pre-tax profits from investments amounted to 3.5 billion yen in the business account and 2.9 billion yen in the entrusted reserves account. Consequently, investment assets at the end of the year under review stood at 495.4 billion yen.

Profit and loss for the fiscal year under review

Net loss stood at 5 million yen for the fiscal year under review, reflecting a negative impact on income from a decline of 10 million yen in deferred tax assets, due to the lowering of the statutory effective tax rate, as a result of the revision of the tax system.

INDICATORS SHOWING THE MAIN RESULTS OVER THE LAST FIVE FISCAL YEARS

(Unit: Million yen)

Division	Fiscal Year	2007	2008	2009	2010	2011
Net premiums written		64,040	67,126	72,225	71,532	83,671
Percentage change over the previous term		(5.8%)	4.8%	7.6%	(1.0%)	17.0%
Ordinary income		81,290	84,993	99,464	175,903	287,036
Percentage change over the previous term		(10.1%)	4.6%	17.0%	76.9%	63.2%
Ordinary expenses		81,273	84,792	98,512	174,913	286,723
Percentage change over the previous term		(9.9%)	4.3%	16.2%	77.6%	63.9%
Ordinary profit		16	200	951	990	312
Percentage change over the previous term		(88.5%)	1,108.8%	374.2%	4.1%	(68.4%)
Net income (loss)		4	12	5	3	(5)
Percentage change over the previous term		-	184.1%	(58.9%)	(30.2%)	(239.9%)
Common stock		1,000	1,000	1,000	1,000	1,000
Sum of shares issued		2 mil. shares	2 mil. shares	2 mil. shares	2 mil. shares	2 mil. shares
Net assets		1,614	1,617	1,633	1,634	1,631
Total assets		955,968	1,015,053	1,092,272	1,154,108	509,274
Underwriting reserves		515,586	545,255	585,820	515,981	430,477
Percentage change over the previous term		5.0%	5.8%	7.4%	(11.9%)	(16.6%)
Of the balance, risk reserve balance		433,841	460,081	496,708	424,401	331,275
Percentage change over the previous term		5.2%	6.0%	8.0%	(14.6%)	(21.9%)
Loans		-	-	-	-	-
Percentage change over the previous term		-	-	-	-	-
Securities		895,513	953,118	1,006,947	805,223	448,120
Percentage change over the previous term		5.1%	6.4%	5.6%	(20.0%)	(44.3%)
Non-consolidated solvency-margin ratio		185.4%	159.1%	161.6%	124.7%	120.8%
Dividend propensity		-%	-%	-%	-%	-%
No. of employees		24	28	26	25	26

Note:

To achieve the stricter application of risk measurement and meet other goals, laws and regulations associated with the calculation of the non-consolidated solvency-margin ratio have been revised since the end of fiscal 2011 (March 31, 2012). Order to specify divisions, provided for in Paragraph 2, Article 132, Insurance Business Law, our solvency-margin ratio is not supposed to be used as a criterion to enable the administrative authorities to trigger an order for improvement. For details, see p. 38 Conditions of non-consolidated solvency margin ratio.

SUMMARY OF OPERATIONS

Item: earthquake

① Indicators relating to insurance underwriting

1. Net premiums written

(Unit: Million yen)

Division	Fiscal Year	2009	2010	2011
Premiums written		151,353	152,182	171,223
Return premiums		2,464	2,324	2,504
Assumed net premiums written (A)		148,349	149,634	168,676
Reinsurance premiums ceded (B)		76,123	78,102	85,005
Net premiums written (A-B)		72,225	71,532	83,671

Notes:

- Return premiums: Return premiums of receiving reinsurance.
- Assumed net premiums: Produced by deducting return premiums from premiums written.
- Net premiums written: Produced by deducting paid reinsurance premium ceded from assumed net premiums written.

2. Rate of premiums written by domestic and overseas contracts

Division	Fiscal Year	2009	2010	2011
Domestic contract		100%	100%	100%

3. Net claims paid

(Unit: Million yen)

Division	Fiscal Year	2009	2010	2011
Assumed net claims paid (A)		5,544	1,033	1,240,600
Reinsurance claims recovered (B)		-	-	1,043,975
Net claims paid (A-B)		5,544	1,033	196,625

Notes:

- Assumed net claims paid: Produced by deducting surrender value from ceded insurance claims paid.
- Net claims paid: Produced by deducting reinsurance claims recovered by ceded contract from assumed net claims paid.

4. Loss ratio, net expense ratio and their combined ratio

(Unit: Million yen)

Division \ Fiscal Year	2009	2010	2011
Loss ratio	8.6%	1.8%	282.9%
Underwriting expenses	31,381	31,740	35,677
Insurance related operating, general and administrative expenses	509	503	551
Agency commissions and brokerage fees	30,872	31,236	35,126
Net expense ratio	43.4%	44.4%	42.6%
Combined ratio	52.0%	46.2%	325.5%

Notes:

1. Loss ratio: (Net claims paid + loss adjustment expenses) ÷ net premiums written
2. Net expense ratio: (Agency commissions and brokerage fees + Insurance related operating and general administrative expenses) ÷ net premiums written
3. Combined ratio: Loss ratio + net expense ratio

5. Rate of damage occurrence, the expenses ratio and rate of sum total before ceded insurance deduction

Nothing is to be mentioned.

6. Changes in ordinary income or loss against a rise in the loss rate

There are no changes in ordinary income or loss in earthquake insurance because increases in insurance payments are set off through the reversal of underwriting reserves in accordance of the principle of no loss and no profit.

7. Underwriting profit

(Unit: Million yen)

Division \ Fiscal Year	2009	2010	2011
Underwriting income	79,278	148,490	272,727
Underwriting expenses	77,828	147,002	271,872
Operating and general administrative expenses	509	503	551
Other income and expenses	(941)	(984)	(303)
Underwriting profit	-	-	-

Notes:

1. The above operating, general and administrative expenses are those relating to the underwriting of insurances mentioned in the operating, general and administrative expenses in a statement of profits and losses.
2. Other income and expenses are those equivalent to corporate taxes mentioned in a statement of earthquake insurance profits and losses.

8. No. of reinsurers that ceded insurance contracts and top five reinsurers for ceded reinsurance premiums

Division \ Fiscal Year	2009	2010	2011
No. of reinsurers that ceded insurance contracts	17	15	14
Rate of top five reinsurers' ceded insurance premiums	77.5%	81.9%	81.8%

Note:

The number of reinsurers that ceded insurance contracts is the number who ceded treaty reinsurance contracts of 10 million or more yen.

9. Ratio of ceded insurance premiums by rating

Nothing is to be mentioned.

10. Contractor dividend

Nothing is to be mentioned.

11. Conditions at the end of the current fiscal year (runoff result) of outstanding claims (estimated amount) at the beginning of the term

Not applicable to earthquake insurance.

12. Amount of estimated final damages associated with the elapse of a period from the occurrence of accidents

Not applicable to earthquake insurance.

② Investments

1. Investments policy

Because we have to pay a substantial amount of claims promptly in the event of a natural disaster such as a major earthquake, we put in principle the highest priority on safety and liquidity followed by profitability to increase risk reserves. The risk management division is engaged in monitoring and controlling risks of all kinds, independently of the transactions execution division.

2. Total assets and investments assets

(Unit: Million yen)

Division	Year	As of the end of fiscal 2009		As of the end of fiscal 2010		As of the end of fiscal 2011	
		Amount	Percentage distribution (%)	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Deposits		22,352	2.0	10,409	0.9	17,190	3.4
Call loans		28,254	2.6	319,586	27.7	30,105	5.9
Monetary receivable bought		-	-	-	-	-	-
Money trusts		13,692	1.3	-	-	-	-
Securities		1,006,947	92.2	805,223	69.8	448,120	88.0
Buildings		40	0.0	37	0.0	35	0.0
Total of investments assets		1,071,286	98.1	1,135,256	98.4	495,450	97.3
Total assets		1,092,272	100.0	1,154,108	100.0	509,274	100.0

3. Amount of interest and dividend received and investment assets yield (income yield)

(Unit: Million yen)

Division	Fiscal Year	2009		2010		2011	
		Amount	Yield (%)	Amount	Yield (%)	Amount	Yield (%)
Deposits		219	0.61	169	0.45	83	0.69
Call loans		11	0.07	20	0.06	46	0.05
Monetary receivables bought		-	-	-	-	-	-
Money trusts		86	0.63	50	0.40	-	-
Securities		16,991	1.76	15,734	1.55	6,983	1.43
Buildings		-	-	-	-	-	-
Total		17,309	1.67	15,975	1.46	7,113	1.20

Note:

Investment assets yield (income yield): indicator showing the result of investment assets from a point of income (interest and dividend income) (which has been disclosed)

The numerator is composed of interest and dividend income from investment assets while the denominator is an acquisition cost based assets.

Numerator = Interest and dividend income (including the amount equivalent to interest and dividend income of profit (or loss) from monetary trust operation)

Denominator = Acquisition cost or depreciation based average balance

4. Assets management yield (realized yield)

(Unit: Million yen)

Division	Fiscal Year	2010			2011		
		Amount of numerator	Amount of denominator	Yield on working assets (%)	Amount of numerator	Amount of denominator	Yield on working assets (%)
Deposits		169	37,412	0.45	83	12,074	0.69
Call loans		20	35,101	0.06	46	94,217	0.05
Monetary receivables bought		-	-	-	-	-	-
Money trusts		(218)	12,604	(1.73)	-	-	-
Securities		15,676	1,011,852	1.55	9,127	488,267	1.87
Public and corporate bonds		6,121	589,258	1.04	3,253	273,696	1.19
Stocks		-	-	-	-	-	-
Foreign securities		9,898	419,477	2.36	5,874	214,570	2.74
Other securities		(343)	3,116	(11.01)	-	-	-
Loans		-	-	-	-	-	-
Buildings		-	40	-	-	37	-
Financial derivative		17,035	-	-	8,358	-	-
Others		(19,572)	-	-	(10,599)	-	-
Total		13,112	1,097,011	1.20	7,016	594,596	1.18

Notes:

1. Asset management yield (realized yield): indicator to show the result of managing of assets from the point of contribution to the current profit and loss. The numerator is realized profit and loss while the denominator is an acquisition cost based assets.

Numerator = profit from asset management + investment income on savings premiums – expenses of assets management

Denominator = acquisition cost or writing-off cost based average balance

2. Profit and loss from financial derivatives principally involve foreign exchange forward contracts with the remainder primarily involving currency exchange of foreign currency-denominated bonds. JER deals in foreign exchange forward contracts and other transactions for the purpose of hedging risks associated with foreign currency-denominated bonds.

5. Market-price based overall yield (for reference)

(Unit: Million yen)

Division	Fiscal Year	2010			2011		
		Amount of numerator	Amount of denominator	Yield on working assets (%)	Amount of numerator	Amount of denominator	Yield on working assets (%)
Deposits		169	37,412	0.45	83	12,074	0.69
Call loans		20	35,101	0.06	46	94,217	0.05
Monetary receivables bought		-	-	-	-	-	-
Money trusts		(160)	12,546	(1.28)	-	-	-
Securities		7,870	1,028,090	0.77	5,349	496,699	1.08
Public and corporate bonds		3,563	595,176	0.60	1,821	277,057	0.66
Stocks		-	-	-	-	-	-
Foreign securities		4,385	430,061	1.02	3,527	219,641	1.61
Other securities		(78)	2,852	(2.77)	-	-	-
Loans		-	-	-	-	-	-
Buildings		-	40	-	-	37	-
Financial derivative		17,035	-	-	8,358	-	-
Others		(19,572)	-	-	(10,599)	-	-
Total		5,364	1,113,191	0.48	3,237	603,029	0.54

Notes:

1. *Market-price based overall yield*: indicator showing the efficiency of operation on a market price basis. The numerator reflects realized profit and loss and fluctuations in market price appraisal while the denominator is market-price based assets.

Numerator = (income from operated assets management + investment income on savings premium – expenses for assets management) + (after-tax unrealized gain for the year – after-tax unrealized gain for previous year)* + fluctuation in deferred hedge profit and loss

Denominator = acquisition cost or write-off based average balance + after-tax unrealized gain for previous year of other securities + profit and loss for the previous year related to securities for transaction

* Based on the amount before tax effect deduction

2. Profit and loss from financial derivatives principally involve foreign exchange forward contracts with the remainder primarily involving currency exchange of foreign currency-denominated bonds. JER deals in foreign exchange forward contracts and other transactions for the purpose of hedging risks associated with foreign currency-denominated bonds.

6. Balance, percentage distribution and yield of Foreign Loans & Investments

(Unit: Million yen)

Division	Year	As of the end of fiscal 2009		As of the end of fiscal 2010		As of the end of fiscal 2011	
		Percentage distribution (%)	Percentage distribution (%)	Percentage distribution (%)	Percentage distribution (%)		
Foreign currency denominated							
Foreign public and corporate bonds		270,894	63.6	152,723	48.4	55,435	35.1
Yen denominated							
Foreign public and corporate bonds		154,918	36.4	162,901	51.6	102,638	64.9
Total		425,813	100.0	315,624	100.0	158,073	100.0
Yield on foreign loans & investments							
Investment assets yield (income yield)		2.80%		2.41%		2.19%	
Assets management (realized yield)		2.88%		2.36%		2.74%	
Market-price based overall yield (for reference)		5.30%		1.02%		1.61%	

Note:

Of the yield on foreign loans & investments, the investment assets yield was calculated in the same manner as 3., Amount of interest and dividend received and yield on investment assets (income yield) in connection with the assets involving foreign investments.

③ Conditions of non-consolidated solvency-margin ratio

(Unit: Million yen)

Division	Year	As of the end of fiscal 2010 (Previous standards)	As of the end of fiscal 2011 (Current standards)	(Reference) As of the end of fiscal 2010 (Current standards)
Total amount of non-consolidated solvency-margin		430,847	336,562	430,847
Common stock, etc.		1,620	1,615	1,620
Price fluctuation reserves		5	6	5
Risk reserves		-	-	-
Catastrophe reserves		424,401	331,275	424,401
Reserves for ordinary bad debts		-	-	-
Unrealized gain / loss on available-for-sale securities (excluded deductions for Tax Consequences)		4,464	3,390	4,464
Unrealized gain and loss included land holdings		-	-	-
Surplus such as premium reserves		-	-	-
Funding instruments with a debt-like nature		-	-	-
Surplus such as premium reserves and funding instruments with a debt-like nature that are not included in the margin		-	-	-
Items deductible		-	-	-
Others		354	275	354
Total amount of non-consolidated risk $\sqrt{(R1 + R2)^2 + (R3 + R4)^2} + R5 + R6$		690,852	557,215	700,369
General underwriting risk (R1)		-	-	-
Underwriting risk in third-area insurance (R2)		-	-	-
Anticipated rate of return risk (R3)		-	-	-
Investment risk (R4)		8,692	9,839	18,022
Management risk (R5)		13,546	10,925	13,732
Catastrophe risk (R6)		668,614	536,450	668,614
Non-consolidated solvency-margin ratio $\frac{(A)}{\{(B) \times 1 / 2\}} \times 100$		124.7%	120.8%	123.0%

Note:

The amounts and figures above are calculated based on the provisions of Article 86 and Article 87 of the Enforcement Rules of the Insurance Business Act and the Ministry of Finance Official Notification No. 50 in 1996. Figures under the "Current standards" reflected the revisions in the Cabinet Ordinance No. 23, 2010, the Cabinet Ordinance No. 11, 2011, the Notification of the Financial Services Agency No. 48, 2010, the Notification of the Financial Services Agency No. 24, 2011, and the Notification of the Financial Services Agency No. 33, 2012 (applicable from March 31, 2012), and those under "Previous standards" are those before the revisions were taken into account.

Non-consolidated solvency-margin ratio

The non-life insurance companies deposit reserves in case that they pay insurance money for any insurance accident that occurred or refund depository insurance at maturity. It is also necessary for them to maintain a satisfactory ability to make payments or solvency even in case of unusual, unforeseeable risk, including a huge disaster or sharp drop in price of such assets as owned by them.

The rate of "Non-life insurance company's ability to make payments by owned assets and reserves (A in the above table) over any risk unforeseeable (B in the above table)" is indicated as the non-consolidated solvency-margin ratio (C in the above table) which is calculated according to the pertinent rules, including the Insurance Business Law.

[Unforeseeable risk] (Total of risks): Sum of 1-5

- 1. General underwriting risk:** risk associated with an insurance accident rate that is higher than normally predictable (other than the risk associated with a huge disaster).
- 2. Anticipated ratio of Return Risk:** risk that might arise when actual yields from operation are lower than original at the time of calculating premiums of a depository insurance
- 3. Investment risk:** management risk that might arise when the value of assets owned including securities changes in an unforeseeable manner.
- 4. Management risk:** risk that might arise on business management in an unforeseeable manner, other than 1-3 and 5.
- 5. Catastrophe risk:** risk that might arise with a huge disaster (such as the Great Kanto Earthquake) which is normally unforeseeable.

Capability of payment by non-life insurance company owned capital and reserves (total amount of non-consolidated solvency-margin) is the total of capital owned by a non-life insurance company, various reserves (price fluctuation reserve, catastrophe reserve, etc.), part of latent profit from land, and so on.

The solvency-margin ratio is one of the indicators used when the administrative authorities check insurance companies to determine the soundness of management for supervisory purposes. When the rate is 200% or more, the insurance company is deemed satisfactory in terms of its ability to make insurance and other payouts.

© JER has entered into a reinsurance contract with the government of Japan for earthquake insurance in accordance with Law concerning Earthquake Insurance. The law stipulates in addition that the government takes responsibility for support and for lending funds for the payment of insurance money. Because this is a form of special business, JER's solvency-margin ratio is not usable as a figure to enable the administrative authorities to trigger an order for improvement, irrespective of the above solvency-margin ratio, as provided for in Paragraph 4, Article 3, Order to specify the division stated in Paragraph 2, Article 132, Insurance Business Law.

Note: The article is as follows.

[In the event that an insurance company has entered into a reinsurance contract with the government as stated in Paragraph 1, Article 3, Law concerning Earthquake Insurance (law No. 73, 1966), any order to be issued according to the listed division in Section 1 of the Article applicable to the insurance company shall be issued in accordance with the list of inapplicable division.]

ACCOUNTING CONCEPTS

① Financial Statements

1. Balance sheets

(ASSETS)

Item	(Unit: Million yen)			
	2010 (As of March 31, 2011)		2011 (As of March 31, 2012)	
	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Cash & deposits	10,409	0.9	17,190	3.4
Deposits	10,409		17,190	
Call loans	319,586	27.7	30,105	5.9
Securities	805,223	69.8	448,120	88.0
Government bonds	414,095		248,634	
Corporate bonds	75,503		41,411	
Foreign securities	315,624		158,073	
Tangible fixed assets	52	0.0	43	0.0
Buildings	37		35	
Other tangible fixed assets	14		8	
Intangible fixed assets	253	0.0	175	0.0
Software	253		175	
Other intangible fixed assets	0		0	
Other assets	18,512	1.6	13,563	2.7
Reinsurance balance receivable	8,416		9,671	
Accounts receivable	3,720		170	
Uncollected income	3,662		1,563	
Deposits	52		52	
Suspense payment	73		26	
Financial derivative	2,466		2,051	
Other assets	119		28	
Deferred tax assets	71	0.0	75	0.0
Total assets	1,154,108	100.0	509,274	100.0

(LIABILITIES)

Item	(Unit: Million yen)			
	2010 (As of March 31, 2011)		2011 (As of March 31, 2012)	
	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Underwriting funds	630,899	54.7	445,372	87.5
Outstanding claims	114,918		14,895	
Underwriting reserves	515,981		430,477	
Entrusted reserves	500,250	43.3	49,065	9.6
Other liabilities	12,772	1.1	8,429	1.7
Reinsurance balance payable	5,632		6,406	
Corporate taxes payable	601		127	
Deposits payable	3		4	
Accrued amounts payable	999		758	
Financial derivative	5,535		1,130	
Accrued severance benefits	102	0.0	104	0.0
Reserves for directors' retirement benefit	15	0.0	15	0.0
Reserves for bonus payment	17	0.0	19	0.0
Reserves under the special law	5	0.0	6	0.0
Price fluctuation reserves	5		6	
Net unrealized gains on available-for-sale securities of earthquake insurance	8,410	0.7	4,630	0.9
Total liabilities	1,152,474	99.9	507,643	99.7

(NET ASSETS)

Item	(Unit: Million yen)			
	2010 (As of March 31, 2011)		2011 (As of March 31, 2012)	
	Amount	Percentage distribution (%)	Amount	Percentage distribution (%)
Common stock	1,000	0.1	1,000	0.2
Retained earnings	625	0.1	620	0.1
Legal reserve of retained earnings	1		1	
Other legal reserve of retained earnings	624		619	
Special reserves	17		17	
Special price fluctuation reserves	39		39	
Retained earnings brought forward	568		563	
Treasury Stock	(5)	(0.0)	(5)	(0.0)
Total shareholders' equity	1,620	0.1	1,615	0.3
Net unrealized gain on available-for-sale securities	14	0.0	16	0.0
Total valuation and translation adjustments	14	0.0	16	0.0
Total net assets	1,634	0.1	1,631	0.3
Total liabilities and net assets	1,154,108	100.0	509,274	100.0

Notes for fiscal 2011

- Appraisal standards and method of securities, and method of indication
 - Of available-for-sale securities, those to which the market price is applicable is appraised according to the market price at term end.
 - Of available-for-sale securities, those to which the market price is not applicable is appraised based on cost or write-off cost price using the moving-average method.
 - With respect to the unrealized gain of assets corresponding to the underwriting reserves and entrusted reserves of earthquake insurance, the amount before tax effect deduction is shown as an Net unrealized gains on other securities of earthquake insurance in Liabilities, according to the pertinent Enforcement Rules of Insurance Business Act. For other unrealized gains, the amount after tax effect deduction is processed entirely according to the direct capital injection method and indicated in Shareholders' Equity. The calculation of the sales price is based on the moving average method.
- The appraisal of derivatives is done on the basis of market price.
- Although depreciation of tangible fixed assets is calculated using the declining balance method, buildings (excluding equipment attached to buildings) that were acquired on and after April 1, 1998 were depreciated using the straight-line method.

4. Software for in-house use that is recorded as an intangible fixed asset is amortized using the straight-line method over the usable life (five years).
5. The conversion of foreign currency assets and liabilities into Japanese currency is processed according to the accounting standards for foreign currency transactions.

6. Writing standards of reserves

(1) Reserve for bad debts

Reserves for bad debts are written as follows against losses from bad debts in accordance with the self-appraisal standard of assets and depreciation and reserve standards.

In connection with claims against debtors who have gone bankrupt legally and formally, including bankruptcy, special liquidation or disposition by suspension of business at a clearing house, or debtors who are effectively bankrupt, the rest of any of the claims deducting an estimated amount of disposable mortgage and a deductible amount by guarantee was appropriated for such reserves.

In connection with the other claims, the rate of bad debts calculated according to past bad debts and other factors is multiplied by the amount of claims to appropriate for reserves.

In addition, all claims are written after the finance department appraises the assets, and the result is audited by the management department independent of the finance department to appropriate the appraisal for reserves.

There are no assets in the current term that are to be appropriated for reserves, and no reserve is required.

(2) Reserves for employees' retirement

For employees' retirement and severance benefits, reserves is appropriated according to the retirement allowance liabilities at the end of the term and the estimated amount of pension assets. The retirement allowance liabilities is calculated using a simple method on the basis of the allowance to be supplied at the end of the term for any employee who retires for his/her own reasons.

(3) Reserves for directors' retirement benefit

For reserves for directors' retirement benefits, the benefits to be paid at the end of the term are recorded according to the relevant in-house rules.

(4) Accrued bonuses for employees

Accrued bonuses for employees' bonus is calculated according to the standards of estimated bonus payable.

(5) Reserves for price fluctuation

To prepare for a loss from price changes of shares and others, reserves are appropriated according to Article 115, Insurance Business Law.

7. For finance leases commencing before April 1 2008, other than those in which the ownership rights of the leased property are deemed to transfer to the lessee, an accounting method similar to that used for ordinary rental transactions is used.

8. Financial instruments and fair values of financial instruments

(1) Situation of financial instruments

The Company carries out asset management in preparation for the payment of reinsurance claims, primarily considering soundness, namely, low price fluctuation risks, credit risks, and liquidity risks, and also taking profitability into account. As a result, the financial assets that the Company owns consist primarily of domestic and foreign, high-rated, medium-term bonds. The Company regularly obtains and manages information on fair values and credit information in association with each risk.

Trading in derivatives principally involves foreign exchange forward contracts used to hedge the risks arising from possible changes in exchange rates for bonds in foreign currencies and is kept within the scope of actual demand.

(2) Fair values of financial instruments

The table below shows the balance sheet amounts and fair values of financial instruments and the differences between them as of March 31, 2012.

(Unit: Million yen)

	Balance sheet amount	Fair value	Difference
(i) Cash & deposits	17,190	17,190	-
(ii) Call loans	30,105	30,105	-
(iii) Securities	448,120	448,120	-
Available-for-sale securities			
(iv) Derivatives*	921	921	-

* Derivatives recorded in other assets and other liabilities.
Net receivables or net payables generated from derivatives trading are shown.

Note: Methods for calculating the fair values of financial instruments

- (i) Cash & deposits
Fair values of cash & deposits are deemed equal to their carrying values as their fair values and carrying values are similar.
- (ii) Call loans
Call loans are settled in the short term, and their fair values are therefore deemed equal to their carrying values.
- (iii) Securities
In principle, the fair values of securities are based on their market prices, which are reference prices in the trading statistics of the Japan Securities Dealers Association or market prices obtained from outside vendors or brokers.
- (iv) Derivatives
The fair values of derivatives are determined by prices offered by correspondent financial institutions.

9. Taxes are excluded when preparing accounts for consumption tax and other items. However, taxes are included when recording loss adjustment expenses and operating, general and administrative expenses. Consumption taxes and other items for assets that are not subject to deductions are recorded as suspense payments and written down by an equal amount over five years.

10. The risk reserves contained in the underwriting reserves have been deposited based on instructions for the calculation of liability reserves by accumulating the amounts that result from subtracting an amount equivalent to corporate taxes from the net premiums written and profit from operating the assets. As a result of the issuance of the Partial Amendments to the Enforcement Regulations of the Law Concerning Earthquake Insurance (the Ordinance of the Ministry of Finance No. 37, March 31, 2012), loss adjustment expenses incurred for finalizing the amount of insurance claims were withdrawn from risk reserves.

11. The accumulated depreciation of tangible fixed assets is 155 million yen.

12. See below for a breakdown of outstanding claims.

(Unit: Million yen)	
Outstanding claims (before the deduction of outstanding reinsurance claims)	26,366
Outstanding reinsurance claims related to the above claims	11,471
Net outstanding claims	14,895

13. Total deferred tax assets amount to 88 million yen, while total deferred tax liabilities come to 7 million yen. The amount deducted from deferred tax assets as a valuation reserve is 4 million yen. The breakdown of deferred tax assets reveals unpaid business taxes of 24 million yen, unpaid special local corporate tax of 18 million yen, a retirement benefit reserve of 32 million yen, a bonus reserve of 6 million yen and price fluctuation reserve of 1 million yen. The deferred tax liabilities result primarily from an unrealized gain of 7 million yen on securities.

14. Amendments to deferred tax assets, deferred tax liabilities, and other items as a result of changes in corporate tax rates are as follows.

Starting from the fiscal years which begin on or after April 1, 2012, corporate tax rates will be lowered and special reconstruction corporate taxes will be applied, following the issuance of a corpo-

rate tax law partial amendment to develop a tax system that responds to changes in the structure of economic society (Statute no. 114 of 2011) and a reconstruction funding law in the aftermath of the Great East Japan Earthquake (Statute no. 117 of 2011) on December 2, 2011.

As a result, legal effective tax rates that are used to calculate deferred tax assets and deferred tax liabilities will be 33.33% for temporary differences that are expected to be eliminated during each of the fiscal years starting between April 1, 2012 and April 1, 2014, and 30.78% for temporary differences that are expected to be eliminated in each of the fiscal years starting from April 1, 2015, compared with the current 36.21%. As a result of these changes in tax rates, deferred tax assets (after the deduction of deferred tax liabilities) fell 8 million yen, and income taxes – deferred increased 10 million yen, while net income declined 10 million yen.

15. Net assets per share are 820.30 yen. The basis for this calculation is that net assets are 1,631 million yen, net assets accrued from ordinary shares are 1,631 million yen and the number of ordinary shares at the end of the term is 1.988 million.

16. No events that could significantly affect assets or income or loss for the next fiscal years and beyond have taken place since the last day of the fiscal year under review.

17. Additional information

The Company has applied the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24; December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24; December 4, 2009) as a result of accounting changes and error corrections executed from the beginning of the fiscal year under review.

18. Each amount is rounded down to the nearest whole unit.

2. Statements of income

Item	(Unit: Million yen)	
	Fiscal Year	2010 (from April 1, 2010 to March 31, 2011)
	Amount	Amount
Ordinary income	175,903	287,036
Underwriting income	148,490	272,727
Net premiums written	71,532	83,671
Investment income on savings premiums	7,118	3,528
Reversal of outstanding claims	-	100,023
Reversal of underwriting reserves	69,839	85,503
Investment income	27,413	14,309
Interest and dividend income	15,924	7,113
Investment gains on money trust	50	-
Gains on sales of securities	1,501	2,364
Gains on derivatives	17,035	8,358
Other investment income	19	1
Transfer of profit from Investment income on savings premiums	(7,118)	(3,528)
Other ordinary income	0	-
Ordinary expenses	174,913	286,723
Underwriting expenses	147,002	271,872
Net claims paid	1,033	196,625
Loss adjustment expenses	235	40,121
Agency commissions and brokerage fees	31,236	35,126
Provision for outstanding claims	114,497	-
Investment expenses	21,419	10,821
Investment losses on money trust	268	-
Losses on sales of securities	1,558	220
Foreign exchange losses	19,523	10,553
Other investment expenses	68	48
Operating, general and administrative expenses	1,013	1,074
Other ordinary expenses	5,477	2,954
Interest paid	5,477	2,954
Ordinary profit	990	312
Extraordinary income	1	-
Reversal of price fluctuation reserves	1	-
Extraordinary losses	-	0
Losses on disposal fixed assets	-	0
Provision for price fluctuation reserves	-	0
Income before taxes	992	312
Income taxes - current	982	320
Income taxes - deferred	6	(3)
Total income taxes	988	317
Net income (loss)	3	(5)

Notes for fiscal 2011

- See below for the net premiums written by breakdown.

(Unit: Million yen)	
Premiums written:	168,676
Reinsurance premiums ceded:	85,005
Net premiums written:	83,671

- See below for a breakdown of net claims paid.

(Unit: Million yen)	
Claims paid:	1,240,600
Claims recovered:	1,043,975
Net claims paid:	196,625

- See below for a breakdown of provisions for outstanding claims (figures in parentheses are the reversal of outstanding claims).

(Unit: Million yen)	
Provisions for outstanding claims (before the deduction of outstanding reinsurance claims)	(211,604)
Provision for outstanding reinsurance claims related to the above claims	(111,581)
Net provision for outstanding claims	(100,023)

- The interest and dividend income are given below by category:

(Unit: Million yen)	
Deposits:	83
Call loans:	46
Securities:	6,983
Total:	7,113

- Paper profit/loss involved in the gains on derivatives is a profit of 921 million yen.

- The net loss per share is 2.52 yen.

The basis for this calculation is such that the net loss is 5 million yen, the net loss accrued from ordinary shares is 5 million yen and the term average No. of ordinary shares amount to 1.988 million.

- The legal effective tax rate at the end of the term is 36.21%, and the corporate tax burden after applying the tax effect is 101.61%. The difference is explained by the following breakdown: the non-deductible amount of the taxable provision of risk reserves is 76.09%, the amount of the write-off carried from publicity expenses related to risk reserves is (14.21%).

- Each amount is rounded down to the nearest whole unit.

3. Statements of cash flow

(Unit: Million yen)

Item	Fiscal Year	
	2010 (from April 1, 2010 to March 31, 2011)	2011 (from April 1, 2011 to March 31, 2012)
	Amount	Amount
Cash flow from operating activities		
Net income before income taxes	992	312
Depreciation	96	95
Changes in outstanding claims	114,497	(100,023)
Changes in underwriting reserves	(69,839)	(85,503)
Changes in entrusted reserves	27,043	(451,185)
Changes in reserves for employees' retirement and severance benefits	(7)	2
Changes in directors' retirement benefit reserves	2	(0)
Changes in accrued bonuses for employees	(1)	1
Changes in reserve for price fluctuation	(1)	0
Interest and dividend income	(15,924)	(7,113)
Losses on investment in securities	57	(2,143)
Foreign exchange losses	666	(2,262)
Losses on tangible fixed assets	-	0
Decrease in other assets (other than investment and financial activities related)	(3,453)	2,342
Increase in other liabilities (other than investment and financial activities related)	(18)	534
Others	2,255	(3,955)
Subtotal	56,363	(648,897)
Interest and dividends received	17,526	9,331
Income taxes paid	(1,326)	(828)
Net cash provided by operating activities	72,562	(640,394)
Cash flow from investing activities		
Net decrease in deposits at bank	12,800	(8,000)
Proceeds from Decrease in Money Held in Trust	13,750	-
Purchase of securities	(443,199)	(237,033)
Proceeds from sales and redemption of securities	636,394	594,644
Others	(119)	91
Total investment assets activities	219,626	349,702
Total operating activities and investment assets activities	292,189	(290,691)
Acquisition of tangible fixed assets	-	(4)
Others	-	(4)
Net cash provided by investing activities	219,626	349,693
Cash flow in financing activities		
	-	-
Effect of exchange rate changes on cash and cash equivalents		
	-	-
Net change in cash and cash equivalents	292,189	(290,700)
Cash and cash equivalents at the beginning of the year	30,306	322,495
Cash and cash equivalents at the end of the year	322,495	31,795

Notes

1. Relationship of cash and cash equivalents at the end of the year with the amounts mentioned in the relevant balance sheet item.

(Unit: Million yen)

Item	Fiscal Year	
	2010 (from April 1, 2010 to March 31, 2011)	2011 (from April 1, 2011 to March 31, 2012)
	Amount	Amount
Shareholder's equity		
Common stock		
Balance at the start of the period	1,000	1,000
Changes during the period	-	-
Issuance of new stocks	-	-
Total changes	-	-
Balance at the end of the period	1,000	1,000
Retained earnings		
Legal reserve of retained earnings		
Balance at the start of the period	1	1
Changes during the period	-	-
Dividends of surplus	-	-
Total changes	-	-
Balance at the end of the period	1	1
Other legal reserve of retained earnings		
Special reserves		
Balance at the start of the period	17	17
Changes during the period	-	-
Total changes	-	-
Balance at the end of the period	17	17
Special price fluctuation reserves		
Balance at the start of the period	39	39
Changes during the period	-	-
Total changes	-	-
Balance at the end of the period	39	39
Retained earnings brought forward		
Balance at the start of the period	564	568
Changes during the period	-	-
Dividends of surplus	-	-
Net income (loss)	3	(5)
Total changes	3	(5)
Balance at the end of the period	568	563

2. Cash flow in investing activities includes cash flow from the investment assets operations in the insurance business.

4. Statement of Changes in Shareholders' Equity

(Unit: Million yen)

Item	Fiscal Year	
	2010 (from April 1, 2010 to March 31, 2011)	2011 (from April 1, 2011 to March 31, 2012)
	Amount	Amount
Shareholder's equity		
Common stock		
Balance at the start of the period	1,000	1,000
Changes during the period	-	-
Issuance of new stocks	-	-
Total changes	-	-
Balance at the end of the period	1,000	1,000
Retained earnings		
Legal reserve of retained earnings		
Balance at the start of the period	1	1
Changes during the period	-	-
Dividends of surplus	-	-
Total changes	-	-
Balance at the end of the period	1	1
Other legal reserve of retained earnings		
Special reserves		
Balance at the start of the period	17	17
Changes during the period	-	-
Total changes	-	-
Balance at the end of the period	17	17
Special price fluctuation reserves		
Balance at the start of the period	39	39
Changes during the period	-	-
Total changes	-	-
Balance at the end of the period	39	39
Retained earnings brought forward		
Balance at the start of the period	564	568
Changes during the period	-	-
Dividends of surplus	-	-
Net income (loss)	3	(5)
Total changes	3	(5)
Balance at the end of the period	568	563

(Unit: Million yen)

Item	Fiscal Year	2010	2011
		(from April 1, 2010 to March 31, 2011)	(from April 1, 2011 to March 31, 2012)
		Amount	Amount
Total retained earnings			
Balance at the start of the period		622	625
Changes during the period			
Dividends of surplus		-	-
Net income (loss)		3	(5)
Total changes		3	(5)
Balance at the end of the period		625	620
Treasury stock			
Balance at the start of the period		(5)	(5)
Changes during the period			
Disposal of treasury stock		-	-
Total changes		-	-
Balance at the end of the period		(5)	(5)
Total shareholders' equity			
Balance at the start of the period		1,616	1,620
Changes during the period			
Issuance of new stocks		-	-
Dividends of surplus		-	-
Net income (loss)		3	(5)
Disposal of treasury stock		-	-
Total changes		3	(5)
Balance at the end of the period		1,620	1,615
Valuation and translation adjustments			
Net unrealized gains on available-for-sale securities			
Balance at the start of the period		16	14
Changes during the period			
Net changes other than shareholders' equity		(2)	2
Total changes		(2)	2
Balance at the end of the period		14	16
Total valuation and translation adjustments			
Balance at the start of the period		16	14
Changes during the period			
Net changes other than shareholders' equity		(2)	2
Total changes		(2)	2
Balance at the end of the period		14	16
Total net assets			
Balance at the start of the period		1,633	1,634
Changes during the period			
Issuance of new stocks		-	-
Dividends of surplus		-	-
Net income (loss)		3	(5)
Disposal of treasury stock		-	-
Net changes other than shareholders' equity		(2)	2
Total changes		0	(3)
Balance at the end of the period		1,634	1,631

Notes:

1. Matters related to the types and total number of stocks outstanding and the types and number of treasury stock

(Unit: Stock)

Item	Type	Balance as of the end of fiscal 2010	Increase in fiscal 2011	Decrease in fiscal 2011	Balance as of the end of fiscal 2011
		Issued stock	Ordinary stock	2,000,000	-
	Total	2,000,000	-	-	2,000,000
Treasury stock	Ordinary stock	11,400	-	-	11,400
	Total	11,400	-	-	11,400

2. Matters related to stock options or own stock options
Not applicable.

3. Matters related to dividends
Not applicable.

5. Dividend per stock and total assets per employee

(Unit: Million yen)

Division	Fiscal Year		
	2009	2010	2011
Dividend per stock	-	-	-
Net income (loss) per stock	2.58 yen	1.80 yen	(2.52 yen)
Dividend propensity	-	-	-
Net assets per stock	821.32 yen	821.81 yen	820.30 yen
Total assets per employee	42,010	46,164	19,587

Notes:

1. Net income per share comes from net income / term average No. of stocks
2. The number of treasury stock is deducted from producing information per stock
3. The total assets per employee come from the total assets at the end of the term / No. of employees at the end of the term.

② Details of Assets and Liabilities

1. Deposits

(Unit: Million yen)				
Year	As of the end of fiscal 2009	As of the end of fiscal 2010	As of the end of fiscal 2011	
Division				
Deposits	22,352	10,409	17,190	
Ordinary deposits	2,052	2,909	1,690	
Time deposits	20,300	7,500	15,500	

2. Average balance and trading amount of commodity securities

There are no notes.

3. Balance of securities by category and percentage distribution

(Unit: Million yen)						
Year	As of the end of fiscal 2009	As of the end of fiscal 2010	As of the end of fiscal 2011			
Division	Percentage distribution (%)	Percentage distribution (%)	Percentage distribution (%)			
Government bonds	457,324	45.4	414,095	51.4	248,634	55.5
Municipal bonds	80	0.0	-	-	-	-
Corporate bonds	120,593	12.0	75,503	9.4	41,411	9.2
Stocks	-	-	-	-	-	-
Foreign securities	425,813	42.3	315,624	39.2	158,073	35.3
Other securities	3,135	0.3	-	-	-	-
Loan receivable in securities	-	-	-	-	-	-
Total	1,006,947	100.0	805,223	100.0	448,120	100.0

4. Yield on securities held

(Unit: %)				
Division	Fiscal Year	2009	2010	2011
Investment assets yield (income yield)				
Public & corporate bonds		0.99	0.95	0.83
Stocks		-	-	-
Foreign securities		2.80	2.41	2.19
Other securities		-	-	-
Total		1.76	1.55	1.43
Assets management yield (realized yield)				
Public & corporate bond		0.99	1.04	1.19
Stocks		-	-	-
Foreign securities		2.88	2.36	2.74
Other securities		(3.60)	(11.01)	-
Total		1.76	1.55	1.87
Market-price based overall yield (for reference)				
Public & Corporate bonds		1.49	0.60	0.66
Stocks		-	-	-
Foreign securities		5.30	1.02	1.61
Other securities		(2.73)	(2.77)	-
Total		3.08	0.77	1.08

Note:

Public & corporate bonds include government bonds, municipal bonds, and corporate bonds.

5. Balance Current Maturity of securities by category

As of the end of fiscal 2010

(Unit: Million yen)							
Division	Up to 1 year	1 over up to 3 years	3 over up to 5 years	5 over up to 7 years	7 over up to 10 years	Over 10 years	Total
Government bonds	196,002	128,689	41,261	5,614	40,503	2,024	414,095
Municipal bonds	-	-	-	-	-	-	-
Corporate bonds	29,698	43,870	415	1,518	-	-	75,503
Stocks	-	-	-	-	-	-	-
Foreign securities	72,255	151,415	59,386	20,300	12,266	-	315,624
Other securities	-	-	-	-	-	-	-
Loan receivable in securities	-	-	-	-	-	-	-
Total	297,957	323,974	101,063	27,433	52,769	2,024	805,223

As of the end of fiscal 2011

(Unit: Million yen)							
Division	Up to 1 year	1 over up to 3 years	3 over up to 5 years	5 over up to 7 years	7 over up to 10 years	Over 10 years	Total
Government bonds	150,938	32,443	23,374	16,351	24,495	1,031	248,634
Municipal bonds	-	-	-	-	-	-	-
Corporate bonds	21,647	18,153	104	1,506	-	-	41,411
Stocks	-	-	-	-	-	-	-
Foreign securities	45,197	64,219	36,307	12,350	-	-	158,073
Other securities	-	-	-	-	-	-	-
Loan receivable in securities	-	-	-	-	-	-	-
Total	217,783	114,815	59,786	30,208	24,495	1,031	448,120

6. Amount of stocks held by type of business

There are no stocks.

7. Loans

There are no notes with the following items; amount of stocks held by type of business, balance current maturity of loan by remaining life, balance of loans by type of collateral secured, balance and percentage distribution of loan by designated use, balance of loan by industry and its ratio to the total, and balance of amortization of loans.

8. Risk management credits

There are no notes.

9. Present conditions of loans involving trust with contact for replacement of losses

No notes are required.

10. Self-appraisal of assets

The Company categorizes assets in accordance with the level of risk associated with collection and the level of risk of a loss in the value by carrying out self-appraisal and individually examining holding assets. There were no category assets (II through IV categories) as at the end of March 2012.

11. Tangible fixed assets by category

(Unit: Million yen)

Division	Year	As of the end of fiscal 2009	As of the end of fiscal 2010	As of the end of fiscal 2011
Land		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Buildings		40	37	35
for underwriting		40	37	35
for investment		-	-	-
Construction in progress		-	-	-
for underwriting		-	-	-
for investment		-	-	-
Total of property		40	37	35
for underwriting		40	37	35
for investment		-	-	-
Other tangible fixed assets		26	14	8
Total		67	52	43

12. Unearned claims paid

There are no notes.

13. Special account

Nothing is to be mentioned.

14. Amounts of outstanding claims and underwriting reserves

(Unit: Million yen)

Division	Year	As of the end of fiscal 2009	As of the end of fiscal 2010	As of the end of fiscal 2011
Outstanding claims		420	114,918	14,895
Underwriting reserves		585,820	515,981	430,477
Risk reserves		496,708	424,401	331,275
Unearned premium reserves		87,453	90,054	97,686
Repayment reserves		1,659	1,524	1,514
Total		586,241	630,899	445,372

15. Level of underwriting reserves

There is no target contact.

16. Detailed listing of liability reserves

As of the end of Fiscal 2010

(Unit: Million yen)

Division	Balance as of the end of fiscal 2009	Increase in fiscal 2010	Decrease in fiscal 2010	Balance as of the end of fiscal 2010
Reserve for ordinary bad debts	-	-	-	-
Reserve for individual bad debts	-	-	-	-
Reserve for specific foreign securities	-	-	-	-
Accrued severance benefits	110	20	28	102
Reserve for directors' retirement allowances	13	4	2	15
Reserve for bonus payments	18	17	18	17
Reserve for price fluctuation	7	-	1	5
Total	150	42	50	141

As of the end of Fiscal 2011

(Unit: Million yen)

Division	Balance as of the end of fiscal 2010	Increase in fiscal 2011	Decrease in fiscal 2011	Balance as of the end of fiscal 2011
Reserve for ordinary bad debts	-	-	-	-
Reserve for individual bad debts	-	-	-	-
Reserve for specific foreign securities	-	-	-	-
Accrued severance benefits	102	18	15	104
Reserve for directors' retirement allowances	15	4	4	15
Reserve for bonus payments	17	19	17	19
Reserve for price fluctuation	5	0	-	6
Total	141	41	37	146

17. Detailed listing of shareholders' equity

Please refer to the statement of changes in shareholders' equity on page 43.

③ Income and loss details

1. Gains on sales of securities by category

(Unit: Million yen)

Division	Fiscal Year	2009	2010	2011
Government bonds		7	1,092	1,116
Foreign securities		574	408	1,247
Total		582	1,501	2,364

2. Losses on sales of securities by category

(Unit: Million yen)

Division	Fiscal Year	2009	2010	2011
Government bonds		329	920	145
Foreign securities		232	638	75
Total		562	1,558	220

3. Securities appraisal loss by category

Not applicable.

4. Gains on disposal of fixed assets

Not applicable.

5. Losses on disposal of fixed assets

(Unit: Million yen)

Division	Fiscal Year	2009	2010	2011
Land		-	-	-
Buildings		0	-	-
Other tangible fixed assets		-	-	0
Total		0	-	0

6. Business expenses (inclusive of loss adjustment)

(Unit: Million yen)

Division	Fiscal Year	2009	2010	2011
Personnel expenses		378	350	11,636
Non personnel expenses		1,085	702	29,330
Taxes		197	196	228
Agency commissions and brokerage fees		30,872	31,236	35,126
Total		32,534	32,485	76,322

Note:

Business expenses are the total of loss adjustment expense, operating, general and administrative expenses, agency commissions and brokerage fees as shown in the income statement.

7. Depreciation expenses by category

As of the end of Fiscal 2010

(Unit: Million yen)

Type of asset	Acquisition cost	Depreciation in fiscal 2010	Aggregated depreciations	Balance as the end of fiscal 2010	Rate of aggregated depreciations %
Tangible fixed assets					
Buildings	101	2	63	37	62.7
for underwriting	101	2	63	37	62.7
for investment	-	-	-	-	-
Others	94	11	80	14	84.6
Total	196	14	143	52	73.4
Intangible fixed assets					
Software	407	81	153	253	37.8
Other intangible fixed assets	0	0	0	0	91.9
Total	407	81	154	253	37.9
Grand total	603	96	298	305	49.4

As of the end of Fiscal 2011

(Unit: Million yen)

Type of asset	Acquisition cost	Depreciation in fiscal 2011	Aggregated depreciations	Balance as the end of fiscal 2011	Rate of aggregated depreciations %
Tangible fixed assets					
Buildings	101	2	65	35	65.0
for underwriting	101	2	65	35	65.0
for investment	-	-	-	-	-
Others	94	10	89	8	91.6
Total	196	13	155	43	78.1
Intangible fixed assets					
Software	407	82	236	175	57.3
Other intangible fixed assets	0	0	0	0	95.6
Total	407	82	236	175	57.4
Grand total	603	95	391	219	64.1

4 Information about fair values, etc.

1. Matters related to financial instruments

For matters related to the status of financial instruments and matters related to the fair values of financial instruments, please refer to Note 8 to the balance sheet (page 40).

2. Securities

(i) Securities held for trading purposes

Not applicable.

(ii) Securities to be held to maturity

Not applicable.

(iii) Available-for-sale securities

At the end of fiscal 2010

(Unit: Million yen)

Division	Type	Acquisition cost	Book value	Difference
Securities with acquisition cost higher than that posted on the balance sheet	Public & corporate bonds	379,451	383,236	3,785
	Stocks	-	-	-
	Foreign securities	190,400	194,537	4,136
	Others	-	-	-
	Subtotal	569,852	577,773	7,921
Securities with acquisition cost not higher than that posted on the balance sheet	Public & corporate bonds	106,786	106,362	(423)
	Stocks	-	-	-
	Foreign securities	133,378	121,087	(12,291)
	Others	-	-	-
	Subtotal	240,164	227,449	(12,714)
Total		810,016	805,223	(4,793)

At the end of fiscal 2011

(Unit: Million yen)

Division	Type	Acquisition cost	Book value	Difference
Securities with acquisition cost higher than that posted on the balance sheet	Public & corporate bonds	194,534	196,554	2,020
	Stocks	-	-	-
	Foreign securities	93,178	94,842	1,663
	Others	-	-	-
	Subtotal	287,712	291,396	3,683
Securities with acquisition cost not higher than that posted on the balance sheet	Public & corporate bonds	93,582	93,491	(90)
	Stocks	-	-	-
	Foreign securities	73,135	63,231	(9,903)
	Others	-	-	-
	Subtotal	166,717	156,723	(9,994)
Total		454,430	448,120	(6,310)

(iv) Available-for-sale securities sold at the term

(Unit: Million yen)

Type	Fiscal 2010			Fiscal 2011		
	Sales price	Total of profit on sale	Total of loss on sale	Sales price	Total of profit on sale	Total of loss on sale
Total	243,308	1,501	1,558	273,998	2,364	220

3. Money trust

Not applicable

4. Derivative transactions

(i) Derivatives transactions to which hedge accounting is not applied

(a) Currency related

At the end of fiscal 2010

(Unit: Million yen)

Type	Contract amount		Market price	Appraisal profit and loss
		1 year or longer ones		
Over-the-counter transactions				
Forward foreign exchange contracts				
Short positions				
US dollar	-	-	-	-
Euro	142,439	27,931	(2,938)	(2,938)
Total			(2,938)	(2,938)

At the end of fiscal 2011

(Unit: Million yen)

Type	Contract amount		Market price	Appraisal profit and loss
		1 year or longer ones		
Over-the-counter transactions				
Forward foreign exchange contracts				
Short positions				
US dollar	394	-	(15)	(15)
Euro	53,410	8,600	979	979
Total			963	963

Notes:

1. Currency related derivatives transactions other than the above are omitted as there is no applicable item.
2. Calculating a market price: Foreign exchange rates depend on futures quotations.

(b) Credit related

At the end of fiscal 2010

(Unit: Million yen)

Type	Contract amount		Market price	Appraisal profit and loss
		1 year or longer ones		
Over-the-counter transactions				
Long position in credit derivatives transactions	7,994	7,994	(130)	(130)
Total	7,994	7,994	(130)	(130)

At the end of fiscal 2011

(Unit: Million yen)

Type	Contract amount		Market price	Appraisal profit and loss
		1 year or longer ones		
Over-the-counter transactions				
Long position in credit derivatives transactions	3,952	3,952	(42)	(42)
Total	3,952	3,952	(42)	(42)

Note:

Calculating a market price: Based on values presented by relationship financial institution.

(ii) Derivatives transactions to which hedge accounting is applied

Not applicable