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MITSUI SUMITOMO INSURANCE COMPANY LIMITED - NEW ZEALAND BRANCH

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009

MITSUI SUMITOMO INSURANCE COMPANY LIMITED - NEW ZEALAND BRANCH
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FOR THE YEAR ENDED 31 MARCH 2009

The Board of Directors is pleased to present the financial statements of Mitsui Sumitomo Insurance Company Limited - New Zealand Branch, incorporating the auditor's report for the year ended 31 March 2009.

Mitsui Sumitomo Insurance Company Limited - New Zealand Branch
Income Statement
For the year ended 31 March 2009

	Notes	2009 $	2008 $
Total Revenue	1	8,081,379	7,986,588
Gross earned premium	2a	6,802,207	6,716,729
Reinsurance expense	3	(2,257,196)	(2,745,922)
Net Premium revenue		**4,545,011**	**3,970,807**
Claims expense	5	**(1,871,193)**	**(1,355,599)**
Reinsurance recoveries		**559,856**	**362,168**
Net Claims expense		**(1,311,337)**	**(993,431)**
Commissions		(251,992)	(292,923)
Reinsurance commission income		239,074	496,583
Net acquisition costs		**(12,918)**	**203,660**
Underwriting result		**3,220,756**	**3,181,036**
Operating expenses	4	**(1,036,800)**	**(912,500)**
Investment Income	2b	480,241	411,108
Sundry income		446	1,221
Net surplus before tax		**2,664,643**	**2,680,865**
Taxation expense	6	(800,143)	(893,229)
Profit for the period		**1,864,500**	**1,787,636**

The above Income Statement should be read in conjunction with the accompanying notes.

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Mitsui Sumitomo Insurance Company Limited - New Zealand Branch
Statement of Movement in Head Office Account
For the year ended 31 March 2009

	Notes	2009 $	2008 $
Opening Head Office balance		3,385,406	1,597,700
Profit for the period after taxation		1,864,500	1,787,636
Total recognised income and expense for the period		**1,864,500**	**1,787,636**
Movement during the year		**1,864,500**	**1,787,636**
Closing Head Office balance		5,249,906	3,385,406

The above Statement of Movement in Head Office Account should be read in conjunction with the accompanying notes.

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Mitsui Sumitomo Insurance Company Limited - New Zealand Branch
Balance Sheet
As at 31 March 2009

	Notes	2009 $	2008 $
Assets			
Cash and Cash equivalents		6,660,867	4,023,631
Investments	8	525,925	493,182
Premuim receivables		1,879,682	879,844
Due from related parties	17	-	42,159
Taxation receivable		67,444	125,332
Deferred tax asset	14	67,267	15,877
Reinsurance recoveries	18	703,265	314,534
Other current assets	7	397,375	552,173
Property, plant and equipment	9	30,245	8,317
Total assets		10,332,070	6,455,049
Liabilities			
Accounts payable	12	421,815	154,489
Reinsurance payable		116,202	101,148
Other current liabilities	13	143,341	238,801
Outstanding claims liability	10	2,388,400	1,272,984
Unearned premium reserve	11	1,947,095	1,302,221
Due to related parties	17	65,311	-
Total liabilities		5,082,164	3,069,643
Net assets		5,249,906	3,385,406
Head Office Account		5,249,906	3,385,406

The above Balance Sheet should be read in conjunction with the accompanying notes.

For and on behalf of the Board of Directors

Director

6 AUG 2009

Date

Director

6 AUG 2009

Date

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Reporting entity

The financial statements are for Mitsui Sumitomo Insurance Company Limited - New Zealand Branch. The 'Branch' is a branch of Mitsui Sumitomo Insurance Company Limited "the Company", a company incorporated in Japan and an overseas company registered under the Companies Act 1993. The Branch provides insurance both directly to other entities and through reinsurance arrangements. These Branch financial statements should be read in conjunction with the full financial statements of the overseas company.

The financial statements of the Branch are for the year ended 31 March 2009. The financial statements were authorised for issue by the Directors on the 6th of August 2009.

Basis of preparation

Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with the New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards as appropriate to profit-oriented entities that qualify for and apply differential reporting concessions. The Branch is a profit-orientated entity. The Branch is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The Branch qualifies for differential reporting exemptions as it has no public accountability, and the Branch is governed by its head office. All available reporting exemptions allowed under the Framework for Differential Reporting have been adopted except as stated below.

NZ IAS 12 Income Taxes

Basis of measurement

The financial statements have been prepared on the historical cost basis, as modified by certain exceptions noted in the financial statements, with the principal exception being the measurement of investments at fair value and the measurement of the outstanding claims liability and related reinsurance recoveries as set out below.

Presentation and functional currency

The Branch's functional currency is New Zealand dollars ($). These financial statements are presented in New Zealand dollars ($).

Changes in accounting policies

The accounting policies have been consistently applied to all periods presented in these financial statements.

Insurance contracts

An insurance contract is defined as a contract under which one party (the insurer) accepts significant insurance risk from another party (the policyholder) by agreeing to compensate the policyholder if a specified uncertain insured event adversely affects the policyholder. The insurance activities of the Branch all arise from general insurance contracts.

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Premium revenue

Direct premium comprises amounts charged to the policyholders and reinsurance premium comprises amounts charged to other insurers (inward reinsurance) net of fire service and earthquake levies collected on behalf of the Government. The earned portion of premiums received and receivable, including unclosed business, is recognised as revenue. Premium is earned from the date of attachment of risk, over the contract period based on the pattern of risks underwritten. Unearned premium is determined using the 365ths method.

Outwards reinsurance expense

Premium ceded on reinsurance is recognised as an expense from the date of attachment of risk over the period of idemnity of the reinsurance contract in accordance with the expected pattern of the incidence of risk. A portion of outwards reinsurance premium is treated as deferred reinsurance premium and recognised over the period of reinsurance cover.

Reinsurance premium expense on catastrophe and single risk reinsurance is determined on a straight line basis over the financial year based upon a predetermined level of cover, which is periodically adjusted to reflect the actual level of cover.

Reinsurance commission income

Reinsurance commission income is earned on business ceded to reinsurers. Commission income is recognised as the service is performed.

Claims expense

Claims expense represents payments made on claims and the movement in the outstanding claims liability as described below.

Outstanding claims liability

The central estimate of outstanding claims liabilities is the best estimate of the present value of future projected claims payments and associated claim handling costs in respect of claims reported but not yet paid, claims incurred but not reported ("IBNR") and claims incurred but not enough reported ("IBNER").

Standard actuarial methods are applied to all classes of business to assess the central estimate of outstanding claims liabilities. Features and trends of claims experience including claim frequencies, average claim sizes and individual claim estimates are analysed and assumptions about the future are selected.

A risk margin is added to the central estimate in determining the outstanding claims liabilities. The risk margin is designed to increase the probability of the outstanding claims liabilities proving ultimately to be adequate.

Liability adequacy testing

The reserve for unearned premiums includes premiums received for risks that have not yet expired. Generally the reserve is released over the term of the contract and is recognised as premium income.

A liability adequacy test is performed at each balance sheet date to assess whether there are any deficiencies in the unearned premium reserve due to expected future claims and claims costs. The amount of these expected future claims is estimated using the present value of future claims and expenses plus an additional risk margin to reflect the inherent uncertainty in those estimated cashflows. This is compared to the unearned premium reserve and deferred acquisition costs. Any deficiency is recognised in the Income Statement after first writing down any deferred acquisition costs. Any shortfall after having written down acquisition costs is then recognised in the Income Statement with the corresponding amount recognised in the Balance Sheet as an unexpired risk liability.

The liability adequacy test is performed at the level of a portfolio of contracts that are subject to broadly similar risks and are managed together as a single portfolio. No deficiency was identified as at 31 March 2009 (2008: Nil).

Reinsurance recoveries

Reinsurance recoveries are recognised when due and measured on initial recognition at the fair value of the consideration receivable. Subsequent to initial recognition, reinsurance recoveries are measured at cost less impairment. A reinsurance asset is impaired if there is objective evidence as a result of an event that occurred after initial recognition of the asset that the amounts due may not be received and the amount can be reliably measured. Any impairment is recognised in the Income Statement.

Acquisition costs

Acquisition costs incurred in obtaining and recording insurance contracts are deferred and recognised as assets where they can be reliably measured and where it is probable that they will give rise to revenue that will be recognised in the Income Statment in subsequent reporting periods. Deferred acquisation costs are measured at the lower of cost and recoverable amount. Deferred acquisation costs are amortised in accordance with expected pattern of incidence of risk under the insurance contract to which they relate.

Tax

Income tax expense comprises current and deferred tax and is recognised in the Income Statement. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Goods and services tax (GST)

The Income Statement has been prepared so that all components are stated exclusive of GST. All items in the Balance Sheet are stated net of GST, with the exception of receivables and payables, which include GST invoiced.

Foreign currency transactions

Transactions in foreign currencies that are settled in the accounting period are translated at the settlement rate. Transactions in foreign currency that are not settled in the accounting period, resulting in monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated to NZD at the foreign exchange rate ruling at that date. Foreign exchange differences arising on their translation are recognised in the Income Statement.

Cash and cash equivalents

Cash and cash equivalents comprises cash balances on call at bank and cash deposits with an orginal maturity of ninety days or less.

Financial Assets

Financial assets have been classified as follows;

Asset	NZ IAS 39 Classification	Measurement basis
Investments	Designated Fair Value through Profit or Loss	Measured at fair value with changes recognised through the Income Statement.
Premium receivable	Loans and receivable	Amortised cost less impairment
Reinsurance recoveries	Loans and receivable	Amortised cost less impairment
Due from related parties	Loans and receivable	Amortised cost less impairment
Cash and cash equivalents	Loans and receivable	Amortised cost less impairment

Financial instruments are recognised when the Branch becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Branch's contractual rights to the cash flows from the financial assets expire or if the Branch transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset.

Both investments and deposits have been designated at fair value through profit and loss as they are held to match the average duration of a corresponding insurance liability as assets backing general insurance liabilities. Fair value of government stock is established by reference to quoted bid prices. Interest income is recognised in the Income Statement using the effective interest rate method.

Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and impairment losses. Depreciation is charged to the Income Statement and is recognised on a straight line basis over the useful life of the asset at the following rates:

Motor vehicles	22%
Office equipment	36%

The carrying value of assets are assessed annually for indications of impairment.

Premium receivables

Premium receivables are recognised in the Balance Sheet at their estimated realisable value after providing for non-payment of premiums in respect of those policies expected to lapse. The collectability of debtors is assessed and provision is made with regard to past experience.

Financial Liabilities

Financial Liabilities comprise trade and other payables. Financial liabilities are measured at amortised cost.

Impairment

The carrying amounts of the Branch's assets are reviewed at each balance date to determine whether there is any objective evidence of impairment. If any such indication exists, the assets recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses directly reduce the carrying amount of assets and are recognised in the Income Statement. The estimated recoverable amount of receivables is the present value of estimated future cash flows discounted at the original effective interest rate.

Estimated recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. Value in use is determined by estimating future cash flows from the use and ultimate disposal of the asset and discounting these to their present value using a pre-tax discount rate that reflects current market rates and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Head Office Account

The Branch equity in the form of a Head Office Account represents accumulated retained earnings. As a Branch there are no externally imposed capital restrictions to which the Branch must adhere.

1 Total Revenue	2009 $	2008 $
This comprises:		
Gross written premium	7,447,081	6,565,474
Change in unearned premium provision	(644,874)	151,255
Gross earned premium	6,802,207	6,716,729
Reinsurance commission income	239,074	496,583
Reinsurance and other recoveries	559,857	362,168
Reinsurance income	798,931	858,751
Investment income	480,241	411,108
Total Revenue	8,081,379	7,986,588

	2009 $	2008 $
2(a) Premium revenue		
Direct	6,223,839	6,145,586
Reinsurance	578,368	571,143
Total gross earned premium	6,802,207	6,716,729
2(b) Investment Income		
Interest Income	447,498	406,076
Change in fair value	32,743	5,032
	480,241	411,108

3 Reinsurance expense	2009 $	2008 $
Outward reinsurance premium expense	(2,069,121)	(2,668,066)
Change in unearned reinsurance premium provision	(188,075)	(77,856)
	(2,257,196)	(2,745,922)

4 Operating expenses	2009 $	2008 $
Management fee	653,679	553,412
Fees paid to auditors:		
audit	32,500	49,072
non-audit	10,065	17,990
Depreciation	8,287	8,814
Other expenses	332,270	283,212
Total operating expenses	1,036,800	912,500

5 Claims expense	2009 $	2008 $
Direct	1,869,963	1,319,290
Reinsurance	1,230	36,309
	1,871,193	1,355,599

Current year claims relate to risks borne in the current financial year. Prior year claims relate to a reassessment of the risks borne in all previous financial years.

	2009		
	Current Year $	Prior Years $	Total $
Gross claims incurred	1,264,000	607,193	1,871,193
Reinsurance recoveries	(254,000)	(305,856)	(559,856)
Net claims incurred	1,010,000	301,337	1,311,337

	2008		
	Current Year $	Prior Years $	Total $
Gross claims incurred	1,433,483	(77,884)	1,355,599
Reinsurance recoveries	(368,169)	6,001	(362,168)
Net claims incurred	1,065,314	(71,883)	993,431

	2009 $	2008 $
Outstanding claims liability at 1 April	1,272,984	3,147,156
Claims reassessed	607,193	(77,884)
Claims paid	(693,779)	(3,229,771)
New claims	1,202,002	1,433,483
Outstanding claims liability at 31 March	2,388,400	1,272,984

The outstanding claims liability is based on best available information at the time the financial statements are signed. Subsequent information or action can affect the amount ultimately settled on a claim.

The reassessment of prior years claims in 2008 and 2009 resulted in a net debit to the Income Statement.

6 Taxation expense	2009 $	2008 $
Current tax expense		
Current period	851,534	843,638
Adjustment for prior periods	-	8,102
Deferred tax expense		
Origination and reversal of timing differences	(51,391)	41,489
Total income tax expense	800,143	893,229
Reconciliation of effective tax rate		
Profit before tax	2,664,643	2,680,865
Income tax at Branch tax rate (30%)	799,393	884,685
Under/ (over) provided in prior years	-	8,102
Non deductible expenses	750	442
Total income tax expense	800,143	893,229

7 Other current assets	2009 $	2008 $
Accrued income	36,315	57,913
Deferred acquisition costs	148,775	97,080
Prepaid reinsurance premium	192,265	380,340
Prepaid expenses	20,020	16,840
	397,375	552,173

	2009 $	2008 $
Deferred acquisition costs at 1 April	97,080	123,512
Acquisition costs deferred	355,032	282,828
Amortisation charged to Income Statement	(303,337)	(309,260)
Deferred acquisition costs at 31 March	148,775	97,080

8 Investments	2009 $	2008 $
Fixed income securities - New Zealand Government Stock	525,925	493,182

9 Property, plant and equipment

	Motor Vehicles $	Office equipment $	Total $
Cost			
Balance at 1 April 2007	32,589	4,930	37,519
Additions	-	-	-
Disposals	-	-	-
Balance at 31 March 2008	32,589	4,930	37,519
Balance at 1 April 2008	32,589	4,930	37,519
Additions	-	30,215	30,215
Balance at 31 March 2009	32,589	35,145	67,734

	Motor Vehicles $	Office equipment $	Total $
Accumulated depreciation			
Balance at 1 April 2007	19,944	444	20,388
Charge for the year	7,039	1,775	8,814
Disposals	-	-	-
Balance at 31 March 2008	26,983	2,219	29,202
Balance at 1 April 2008	26,983	2,219	29,202
Charge for the year	5,606	2,681	8,287
Disposals	-	-	-
Balance at 31 March 2009	32,589	4,900	37,489
Carrying amounts			
At 1 April 2007	12,645	4,486	17,131
At 31 March 2008	5,606	2,711	8,317
At 1 April 2008	5,606	2,711	8,317
At 31 March 2009	-	30,245	30,245

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10 Outstanding claims liability	2009 $	2008 $
Central estimate of outstanding claims liabilities	1,978,400	1,037,984
Risk margin	319,000	201,000
Claims handling expense	91,000	34,000
	2,388,400	1,272,984

No discounting has been applied as the weighted average expected term to settlement of outstanding claims is estimated to be less than one year.

The risk margin takes into account uncertainty within the estimates of outstanding claims for each type of risk insured and applying an allowance for diversification across the portfolio.

Insurance contract assumptions

The risk margin adopted in determining the outstanding claims liability is $319,000.00 (2008: $201,000.00). This is intended to achieve a provision which will have a 75% probability of adequacy. (2008 75%)

11 Unearned premium reserve	2009 $	2008 $
Unearned premium liability	1,947,095	1,302,221

	2009 $	2008 $
Unearned premium liability at 1 April	1,302,221	1,453,476
Deferral of premium on contracts written at year end	1,947,095	1,302,221
Prior year premium earned	(1,302,221)	(1,453,476)
Unearned premium liability at 31 March	1,947,095	1,302,221

Liability adequacy test

A liability adequacy test was performed as at 31 March 2009 and 31 March 2008. Both tests identified a surplus. The tests were based on the following assumptions:

	2009 $	2008 $
Premuim available to meet expected claims cost	1,390,000	678,000
Expected claims cost	781,000	575,000
The percentage risk margin adopted in determining the present value of expected future cashflows (%)	9%	7%
The probability of adequacy intended to be achieved through adoption of the risk margin (%)	75%	75%

The risk margin takes into account uncertainty within the estimates of outstanding claims for each type of risk insured and applying an allowance for diversification across the portfolio.

12 Accounts payable	2009 $	2008 $
GST payable	98,976	20,129
Trade creditors and accruals	182,521	100,795
Government levies	140,319	33,565
	421,816	154,489

13 Other current liabilities	2009 $	2008 $
Unearned reinsurance commission	40,051	91,396
Non-resident withholding tax	103,290	147,405
	143,341	238,801

14 Deferred tax

Deferred tax assets and liabilities are attributable to the following:

	Assets $	Liabilities $	Total $
2009			
Provisions	147,900	36,000	111,900
Other items	-	44,633	(44,633)
Total	147,900	80,633	67,267

	Assets $	Liabilities $	Total $
2008			
Provisions	57,601	12,600	45,001
Other Items	-	29,124	(29,124)
Total	57,601	41,724	15,877

All deferred tax is recognised in the Income Statement.
There are no deferred tax assets that have not been recognised.

15 Financial reporting by segments

The branch operates as a fire and general insurer and reinsurer within New Zealand.

16 Capital commitments

There are no captial commitments at balance date (2008: Nil).

17 Related party information

The Branch has a related party relationship with its parent entity, other group entities and its directors and executive officers. The Branch has had a number of transactions during the year with the Head Office of the Company. These transactions relate to the outward reinsurance of certain business written in New Zealand, including reinsurance premiums, reinsurance claims and reinsurance commission earned.

	2009 $	2008 $
Transactions with head office:		
Reinsurance premiums	177,542	1,107,309
Reinsurance recoveries	(12,842)	(2,032,132)
Reinsurance commission earned	(52,831)	(347,057)
Other expense paid/ recharged	(4,400)	(36,020)
	107,469	(1,307,900)
Transactions with other group entities:		
Mutsui Sumitomo Insurance - Singapore		
Reinsurance premiums	-	21,802
Outstanding balance with head office:		
Due to Head Office	65,311	-
Due from Head Office	-	42,159

18 Credit rating

Mitsui Sumitomo Insurance Company Limited – New Zealand Branch has received an AA credit rating from Standard and Poors dated 23 April 2009. The credit rating is an indication of the Branch's current and future claims paying ability.

19 Reinsurance recoveries

	2009 $	2008 $
Reinsurance recoveries arising from claims	703,265	314,534
	703,265	314,534

	2009 $	2008 $
Reinsurance and other recoveries receivable at 1 April	314,534	2,256,875
Recoveries on claims reassessed	305,856	(6,001)
Recoveries received	(109,126)	(2,304,509)
Recoveries on new claims	192,001	368,169
Reinsurance and other recoveries receivable at 31 March	703,265	314,534

Reinsurance is purchased to make the Branch's results more predictable by reducing the effect that individual large claims, and catastrophic events that lead to multiple claims, have on results. The majority of reinsurance is arranged using a combination of facultative or excess of loss treaty arrangements.

20 Solvency

The Branch retains a level of funds which enables it to maintain a solvency margin sufficient to retain a 'very strong' claims paying ability.

21 Events Occurring After Reporting Date

Post Balance Sheet management received an updated loss adjusters report dated 16 June 2009 in connection with a loss event arising in December 2007. The recommended gross outstanding claims liability in respect of this claim, based upon the updated report, is $1.6 million, versus a gross outstanding claims liability as at 31 March 2009 of $1 million. The adverse claims development of $0.6 million will be recorded post Balance Sheet date, the adjustment being booked in the period that the information was received by the Branch in accordance with NZ IFRS4 "Insurance Contracts". As the Branch has purchased facultative reinsurance in respect of the underlying risk, the net impact on the Branch will be a $0.3 million debit to the Income Statement post Balance Sheet date.

There are no other matters past Balance Sheet date that has significantly affected, or may significantly affect the Branch's operations, the results of these operations for the year ended 31 March 2009 or the Branch's financial position as at 31 March 2009.

22 Risk management

Insurance related balances
Insurance risk

The Branch has insurance contracts which transfer insurance risk from the policyholder to the Branch. These risks are summarised below.
The insurance risk taken on by the Branch is the possibility that an insured event occurs, when that event will occur and the uncertainty surrounding the amount of any resulting claim. These risks are unpredictable. The Branch has estimated in these financial statements the likely amounts which are expected to be paid out both in respect of claims incurred and expected future claims. The Branch is therefore at risk that the carrying amounts of insurance liabilities and assets recognised in the financial statements will be exceeded by the amount of the actual claim. This could occur when there are more claims than expected or where a claim is of a greater severity than expected.

The profit and loss is not sensitive to changes in the weighted average term to settlement, inflation rate, nor discount rate due to the short term nature of the business written. More detail on variables which impact the Branch's estimates can be found in note 10.

Other risks

Credit risk

The Branch's maximum exposure to credit risk on insurance business is represented by the carrying amount of each insurance related asset. Management has a credit risk procedure in place to manage the exposure to insurance contract related credit risk which is monitored on an ongoing basis.

Interest rate risk

Whilst the Branch does discount its liability for outstanding claims given the short-tail nature of the business written, funds held to pay outstanding claims are invested in fixed interest securities and cash deposits. Movements in market interest rates affect the value of fixed interest securities and deposits.

23 Actuarial Assumptions and Methods

1. Incurred claim settlement patterns

The outstanding claims liability has been determined using the Bornhuetter-Fergusson (incurred claims) methodology. It has been assumed that incurred claims patterns for each group of business will continue to follow observed historic patterns.

Overall, the average weighted term to settlement of claims (of all types, net of reinsurance) is about 6 months (2008: 8 months).

2. *Inflation and discount rates*

Insurance costs are subject to inflationary pressures over time. However, the period between the valuation date and the settlement of most claims is short, and the valuation implicitly allows for past levels of inflation to continue in the future. Therefore, the impact on outstanding claims due to increases in claims costs as a result of inflation is limited. Also due to the short settlement periods the effect of discounting expected future payments is also limited and therefore the estimates are not discounted for the time value of money.

3. Reinsurance

Outstanding claims estimates have been calculated on both a gross and net of reinsurance basis.

4. Expense allowance

The estimates of outstanding claims liabilities incorporate an allowance for both the future direct and indirect costs associated with those claims. Policy administration expenses are based on an analysis of recent experience.

5. Risk margin

The overall risk margins for both outstanding claims and liability adequacy testing have been determined using stochastic techniques and have been determined allowing for diversification between groups of business and having regard to the inherent variation observed in claims development in each group of business. The undiversified risk margins for each group of business are applied to the net central estimates and the results aggregated, allowing for diversification, in order to arrive at an overall net provision that is intended to provide a probability of sufficiency of 75%.

6. Actuarial Information

Neil Christie (Actuary, Melville Jessup Weaver) is the actuary for the Branch. He is a Fellow of the New Zealand Society of Actuaries. The actuarial calculations were completed in accordance with New Zealand Society of Actuaries Professional Standard No.4. The effective date of the actuary's report is 31 March 2009.

The actuary is satisfied as to the nature, sufficiency and accuracy of the data used to determine the outstanding claims liability, and there were no qualifications contained in the actuarial report. The key assumptions used in the compilation of the reserves as at 31 March 2009 are outlined in the note listed above.

The actuary has no financial interest in the Branch.

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Audit report

To the Directors of Mitsui Sumitomo Insurance Company Limited - New Zealand Branch

We have audited the financial statements on pages 2 to 18. The financial statements provide information about the past financial performance of Mitsui Sumitomo Insurance Company Limited – New Zealand Branch (the "Branch") and its financial position as at 31 March 2009. This information is stated in accordance with the accounting policies set out on pages 5 to 9.

Directors' responsibilities

The Directors of Mitsui Sumitomo Insurance Company Limited – New Zealand Branch are responsible for the preparation of financial statements which give a true and fair view of the financial position of the Branch as at 31 March 2009 and the results of its operations for the year ended on that date.

Auditors' responsibilities

It is our responsibility to express an independent opinion on the financial statements presented by the Directors and report our opinion to you.

Basis of opinion

An audit includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- the significant estimates and judgements made by the Directors of the Branch in the preparation of the financial statements;
- whether the accounting policies are appropriate to the Branch's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with New Zealand Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Our firm has also provided other services to the Branch in relation to taxation advisory services. These matters have not impaired our independence as auditors of the Branch. The firm has no other relationship with, or interest in, the Branch.

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Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:

- proper accounting records have been kept by the Branch as far as appears from our examination of those records;
- the financial statements on pages 2 to 18:
  - comply with New Zealand generally accepted accounting practice;
  - give a true and fair view of the financial position of the Branch as at 31 March 2009 and the results of its operations for the year ended on that date.

Our audit was completed on 12 August 2009 and our unqualified opinion is expressed as at that date.

KPMG

Auckland

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Financial Statements - March 31, 2008 and 2009

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
Mitsui Sumitomo Insurance Company, Limited

We have audited the accompanying balance sheets of Mitsui Sumitomo Insurance Company, Limited as of March 31, 2008 and 2009, the related statements of income and changes in net assets for the years then ended, expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to independently 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 financial position of Mitsui Sumitomo Insurance Company, Limited as of March 31, 2008 and 2009, and the results of its operations for the years then ended, in conformity with accounting principles generally accepted in Japan.

KPMG AZSA & Co.

Tokyo, Japan
May 18, 2009

Susumu Fujimoto
Director, Senior Executive Officer
Mitsui Sumitomo Insurance Company, Limited

Katsuaki Ikeda
Director, Managing Executive Officer
Mitsui Sumitomo Insurance Company, Limited

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Balance Sheets

As of March 31, 2008 and 2009

	2008	2009
	(Yen in millions)	
Assets		
Cash, deposits and savings:		
Cash on hand	¥ 405	435
Deposits in banks	159,157	243,432
Total cash, deposits and savings	159,562	243,868
Call loans	39,900	31,900
Monetary claims bought	90,700	122,658
Money trusts	49,632	14,421
Investments in securities:		
Government bonds	305,951	359,394
Municipal bonds	150,419	127,410
Corporate bonds	1,265,190	1,131,864
Stocks	2,244,766	1,379,633
Foreign securities	1,213,524	1,037,482
Other investments in securities	95,438	59,534
Total investments in securities	5,275,291	4,095,321
Loans:		
Policy loans	14,949	14,542
General loans	762,156	740,103
Total loans	777,105	754,645
Tangible fixed assets:		
Land	97,226	96,642
Buildings	135,184	128,593
Construction in progress	167	1,356
Other tangible fixed assets	21,704	21,033
Total tangible fixed assets	254,282	247,624
Intangible fixed assets	3,544	3,535

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Balance Sheets (Continued)

		2008	2009
		(Yen in millions)	
Other assets:			
Premiums receivable	¥	2,947	2,596
Due from agents		52,014	73,073
Due from foreign agents		97	49
Co-insurance business receivable		7,081	8,754
Reinsurance business receivable		52,374	49,564
Foreign reinsurance business receivable		22,596	15,751
Agent business receivable		842	749
Other receivables		15,272	11,795
Accrued income		17,084	13,578
Guarantee deposits		19,992	19,988
Deposits with the Japan Earthquake Reinsurance Company		68,581	72,307
Suspense payments		39,529	36,543
Guarantee deposits for futures trading		-	0
Assets related to derivative transactions		16,678	24,850
Other assets		690	690
Total other assets		315,784	330,293
Deferred tax assets		-	133,081
Customers' liabilities under acceptances and guarantees		7,102	5,527
Bad debt reserve		(4,339)	(5,531)
Total assets	¥	6,968,568	5,977,347

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Balance Sheets (Continued)

Liabilities and Net Assets	2008	2009
	(Yen in millions)	
Underwriting funds:		
Outstanding claims	¥ 590,155	559,493
Underwriting reserve	4,066,058	3,949,481
Total underwriting funds	4,656,214	4,508,974
Short-term bonds	29,983	-
Bonds issued	99,991	164,960
Other liabilities:		
Co-insurance business payable	9,177	9,114
Reinsurance business payable	37,548	34,498
Foreign reinsurance business payable	19,770	14,562
Agent business payable	23	111
Payables under securities lending transactions	36,042	60,508
Income taxes payable	9,106	23,278
Guarantee money	22,275	32,585
Advance received	131	103
Other payables	31,390	25,889
Suspense receipts	31,399	17,478
Liabilities related to derivative transactions	41,362	42,031
Lease obligations	-	1,232
Other liabilities	1,435	1
Total other liabilities	239,663	261,397
Reserve for pension and retirement benefits	76,457	79,553
Reserve for retirement benefits for officers	2,598	2,311
Accrued bonuses for employees	11,104	10,317
Reserves under the special laws:		
Reserve for price fluctuation	28,818	2,871
Total reserves under the special laws	28,818	2,871
Deferred tax liabilities	207,567	-
Liabilities under acceptances and guarantees	7,102	5,527
Total liabilities	5,359,503	5,035,915

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Balance Sheets (Continued)

		2008	2009
		(Yen in millions)	
Common stock	¥	139,595	139,595
Capital surplus:			
Additional paid-in capital		93,107	93,107
Total capital surplus		93,107	93,107
Retained earnings:			
Legal earned reserve		46,487	46,487
Other retained earnings:			
Special reserve		183,400	283,400
Reserve for dividend		77,200	-
Special reserve for policyholders		193,900	-
Reserve for overseas investment loss		0	0
Reserve for advanced depreciation		7,452	7,503
Reserve for special account for advanced depreciation		-	547
Retained earnings brought forward		5,271	76,871
Total other retained earnings		467,223	368,321
Total retained earnings		513,711	414,809
Total stockholders' equity		746,414	647,512
Unrealized gains on investments		862,121	284,248
Deferred profits/losses on hedge accounting for derivatives		528	9,671
Total valuation and translation adjustments		862,650	293,919
Total net assets		1,609,065	941,431
Total liabilities and net assets	¥	6,968,568	5,977,347

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Statements of Income

For the years ended March 31, 2008 and 2009

	2008	2009
	(Yen in millions)	
Ordinary income and expenses		
Ordinary income:		
Underwriting income:		
Net premiums written	¥ 1,311,345	1,234,011
Deposit premiums from policyholders	197,116	165,464
Investment income on deposit premiums from policyholders	58,700	52,862
Reversal of outstanding claims	7,142	30,489
Reversal of underwriting reserve	-	115,955
Other underwriting income	115	118
Total underwriting income	1,574,421	1,598,901
Investment income:		
Interest and dividends received	154,500	137,877
Investment gains on money trusts	324	118
Gains on sale of securities	35,202	72,585
Gains on redemption of securities	3,558	3,448
Other investment income	718	253
Transfer of investment income on deposit premiums from policyholders	(58,700)	(52,862)
Total investment income	135,603	161,420
Other ordinary income	6,089	5,675
Total ordinary income	1,716,114	1,765,998
Ordinary expenses:		
Underwriting expenses:		
Net claims paid	777,383	784,803
Loss adjustment expenses	74,001	76,143
Commissions and collection expenses	209,956	207,902
Maturity refunds to policyholders	322,102	283,405
Dividends to policyholders	59	507
Provision for underwriting reserve	4,939	-
Foreign exchange losses	1,386	1,270
Other underwriting expenses	208	232
Total underwriting expenses	1,390,037	1,354,265
Investment expenses:		
Investment losses on money trusts	608	2,661
Losses on sale of securities	1,600	12,343
Losses on devaluation of securities	14,779	109,537
Losses on redemption of securities	520	9,160
Losses on derivative transactions	23,204	774
Foreign exchange losses	7,061	9,505
Other investment expenses	2,555	11,768
Total investment expenses	50,329	155,750

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Statements of Income (Continued)

		2008	2009
		(Yen in millions)	
Operating expenses and general and administrative expenses	¥	217,726	225,994
Other ordinary expenses:			
Interest expenses		1,049	1,625
Provision for bad debt reserve		-	1,459
Loss on bad debts		11	141
Other ordinary expenses		1,942	1,228
Total other ordinary expenses		3,003	4,454
Total ordinary expenses		1,661,096	1,740,465
Ordinary profit		55,018	25,532
Extraordinary income and losses			
Extraordinary income:			
Gains on sale of fixed assets		9,188	1,361
Reversal of reserves under the special laws:			
Reserve for price fluctuation		-	25,947
Total reversal of reserves under the special laws		-	25,947
Other extraordinary income		781	-
Total extraordinary income		9,970	27,308
Extraordinary losses:			
Losses on sale of fixed assets		8,021	2,608
Impairment losses on fixed assets		3,740	1,043
Provision for reserves under the special laws:			
Reserve for price fluctuation		3,044	-
Total provision for reserves under the special laws		3,044	-
Other extraordinary losses		-	-
Total extraordinary losses		14,806	3,651
Income before income taxes		50,182	49,190
Income taxes-current		24,127	29,264
Reversal of prior period's income taxes		-	(7,303)
Income taxes-deferred		(12,311)	(19,347)
Total income taxes		11,816	2,609
Net income	¥	38,365	46,580

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Statement of Changes in Net Assets

For the year ended March 31, 2008

(Yen in millions)

	Stockholders' equity											
		Capital surplus		Retained earnings								
					Other retained earnings							
	Common stock	Additional paid-in capital	Other capital surplus	Legal earned reserve	Special reserve	Reserve for dividends	Special reserve for policyholders	Reserve for overseas investment loss	Reserve for special depreciation	Reserve for advanced depreciation	Reserve for special account for advanced depreciation	Retained earnings brought forward
Ending balance as of March 31, 2007	¥ 139,595	93,107	31	46,487	148,400	77,200	193,900	0	73	2,175	744	126,189
Changes for the year:												
Special reserve					35,000							(35,000)
Provision for reserves for advanced depreciation										5,305		(5,305)
Reversal of reserves for special account for advanced depreciation								(0)	(73)	(28)	(744)	846
Dividends paid												(21,166)
Net income												38,365
Repurchase of treasury stock												
Reissuance of treasury stock			19									
Retirement of treasury stock			(50)									
Net change of items other than stockholders' equity												(98,657)
Total changes for the year	-	-	(31)	-	35,000	-	-	(0)	(73)	5,277	(744)	(120,917)
Ending balance as of March 31, 2008	¥ 139,595	93,107	-	46,487	183,400	77,200	193,900	0	-	7,452	-	5,271

	Stockholders' equity		Valuation and transaction adjustments		
	Treasury stock	Total stockholders' equity	Unrealized gains on investments	Deferred profits/losses on hedge accounting for derivatives	Total net assets
Ending balance as of March 31, 2007	¥ (91,142)	736,761	1,395,700	(4,577)	2,127,884
Changes for the year:					
Special reserve		-			-
Provision for reserves for advanced depreciation		-			-
Reversal of reserves for special account for advanced depreciation		-			-
Dividends paid		(21,166)			(21,166)
Net income		38,365			38,365
Repurchase of treasury stock	(7,629)	(7,629)			(7,629)
Reissuance of treasury stock	63	82			82
Retirement of treasury stock	98,707	-			-
Net change of items other than stockholders' equity			(533,578)	5,105	(528,473)
Total changes for the year	91,142	9,653	(533,578)	5,105	(518,819)
Ending balance as of March 31, 2008	¥ -	746,414	862,121	528	1,609,065

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Statement of Changes in Net Assets (Continued)

For the year ended March 31, 2009

(Yen in millions)

Stockholders' equity:		
Common stock:		
Ending balance as of March 31, 2008	¥	139,595
Ending balance as of March 31, 2009		139,595
Capital surplus:		
Additional paid-in capital:		
Ending balance as of March 31, 2008		93,107
Ending balance as of March 31, 2009		93,107
Retained earnings:		
Legal earned reserve:		
Ending balance as of March 31, 2008		46,487
Ending balance as of March 31, 2009		46,487
Other retained earnings:		
Special reserve:		
Ending balance as of March 31, 2008		183,400
Changes for the year:		
Provision for special reserve		100,000
Total changes for the year		100,000
Ending balance as of March 31, 2009		283,400
Reserve for dividends:		
Ending balance as of March 31, 2008		77,200
Changes for the year:		
Reversal of reserve for dividends		(77,200)
Total changes for the year		(77,200)
Ending balance as of March 31, 2009		-
Special reserve for policyholders:		
Ending balance as of March 31, 2008		193,900
Changes for the year:		
Reversal of special reserve for policyholders		(193,900)
Total changes for the year		(193,900)
Ending balance as of March 31, 2009		-
Reserve for overseas investment loss:		
Ending balance as of March 31, 2008		0
Changes for the year:		
Reversal of reserve for overseas investment loss		(0)
Total changes for the year		(0)
Ending balance as of March 31, 2009		0

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Statement of Changes in Net Assets (Continued)

(Yen in millions)

Reserve for advanced depreciation:		
Ending balance as of March 31, 2008	¥	7,452
Changes for the year:		
Provision for reserve for advanced depreciation		86
Reversal of reserve for advanced depreciation		(35)
Total changes for the year		50
Ending balance as of March 31, 2009		7,503
Reserve for special account for advanced depreciation:		
Ending balance as of March 31, 2008		-
Changes for the year:		
Provision for reserve for special account for advanced depreciation		547
Total changes for the year		547
Ending balance as of March 31, 2009		547
Retained earnings brought forward:		
Ending balance as of March 31, 2008		5,271
Changes for the year:		
Provision for special reserve		(100,000)
Reversal of reserve for dividends		77,200
Reversal of reserve for policyholders		193,900
Reversal of reserve for overseas investment loss		0
Provision for reserve for advanced depreciation		(86)
Reversal of reserve for advanced depreciation		35
Provision of reserve for special account for advanced depreciation		(547)
Dividends paid		(145,482)
Net income		46,580
Total changes for the year		71,600
Ending balance as of March 31, 2009		76,871
Total stockholders' equity:		
Ending balance as of March 31, 2008		746,414
Changes for the year:		
Dividends paid		(145,482)
Net income		46,580
Total changes for the year		(98,902)
Ending balance as of March 31, 2009		647,512

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Statement of Changes in Net Assets (Continued)

(Yen in millions)

Valuation and translation adjustments:		
Unrealized gain on investments:		
Ending balance as of March 31, 2008	¥	862,121
Changes for the year:		
Net changes of items other than stockholders' equity		(577,873)
Total changes for the year		(577,873)
Ending balance as of March 31, 2009		284,248
Deferred profits/losses on hedge accounting for derivatives:		
Ending balance as of March 31, 2008		528
Changes for the year:		
Net changes of items other than stockholders' equity		9,142
Total changes for the year		9,142
Ending balance as of March 31, 2009		9,671
Total net assets:		
Ending balance as of March 31, 2008		1,609,065
Changes for the year:		
Dividend paid		(145,482)
Net income		46,580
Net changes of items other than stockholders' equity		(568,731)
Total changes for the year		(667,633)
Ending balance as of March 31, 2009	¥	941,431

See accompanying notes to financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation

As of and for the years ended March 31, 2008 and 2009

March 31, 2008

1. Basis of presentation

The accompanying non-consolidated financial statements have been translated from the non-consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Corporate Accounting Regulations, the Enforcement Regulations of the Japanese Insurance Business Law and related rules and regulations applicable to the non-life insurance industry in general and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Accounting policies

(1) Valuation policies and methods of securities and money trusts

(i) Securities held to maturity are valued at amortized cost.
(ii) Stocks of subsidiaries and affiliates are valued at cost determined by the moving average method.
(iii) Available for sale securities for which fair value is available are valued at fair value as of March 31, 2008. Net unrealized gains or losses are reported as a separate component of net assets, and cost of sale is calculated using the moving average method.
(iv) Available for sale securities for which fair value is not available are valued at cost determined by the moving average method or amortized cost.
(v) Securities managed as a major component of trust assets in the money trust are valued at fair value.

March 31, 2009

1. Basis of presentation

The accompanying non-consolidated financial statements have been translated from the non-consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Corporate Accounting Regulations, the Enforcement Regulations of the Japanese Insurance Business Law and related rules and regulations applicable to the non-life insurance industry in general and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Accounting policies

(1) Valuation policies and methods of securities and money trusts

(i) Securities held to maturity are valued at amortized cost.
(ii) Stocks of subsidiaries and affiliates are valued at cost determined by the moving average method.
(iii) Available for sale securities for which fair value is available are valued at fair value as of March 31, 2009. Net unrealized gains or losses are reported as a separate component of net assets, and cost of sale is calculated using the moving average method.
(iv) Available for sale securities for which fair value is not available are valued at cost determined by the moving average method or amortized cost.
(v) Securities managed as a major component of trust assets in the money trust are valued at fair value.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

(2) Valuation policies and methods of derivatives

Derivative financial instruments are valued at fair value. Foreign exchange contracts and interest rate swaps that meet certain criteria are accounted for under exceptional methods, as permitted in the related accounting standards, as if the foreign exchange rates or the interest rates under those contracts were originally applied to the underlying financial instruments.

(3) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method is applied.

(Changes in accounting principles or procedures)

In accordance with the amendment of the corporation tax laws in current year, tangible fixed assets acquired on or after April 1, 2008 are depreciated based on the depreciation method under the amended corporation tax laws. As a result, compared to the prior method, Ordinary profit and Income before income taxes were both decreased by ¥549 million.

(Additional information)

Tangible fixed assets acquired on or before March 31, 2008 are depreciated based on the depreciation method under the previous corporation tax laws. In accordance with the amendment of the corporation tax laws in current year, differences between 5% of acquisition cost and memorandum value are depreciated evenly over 5 years and charged to Loss adjustment expenses and Operating expenses and general and administrative expenses, after the period when the tangible fixed assets are depreciated up to 5% of their

March 31, 2009

(2) Valuation policies and methods of derivatives

Derivative financial instruments are valued at fair value. Foreign exchange contracts and interest rate swaps that meet certain criteria are accounted for under exceptional methods, as permitted in the related accounting standards, as if the foreign exchange rates or the interest rates under those contracts were originally applied to the underlying financial instruments.

(3) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method is applied.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008	March 31, 2009
respective acquisition cost. As a result, compared to the prior method, Ordinary profit and Income before income were both decreased by ¥479 million.	
(4) Translation of foreign currency assets and liabilities	(4) Translation of foreign currency assets and liabilities
Translation of foreign currency assets and liabilities into Japanese yen complies with the provisions of the Accounting Standard for Foreign Currency Transactions.	Translation of foreign currency assets and liabilities into Japanese yen complies with the provisions of the Accounting Standard for Foreign Currency Transactions.
(5) Accounting policies for reserves	(5) Accounting policies for reserves
(i) Bad debt reserve	(i) Bad debt reserve
The bad debt reserve is established under the internal standard for self-assessment of assets and the policy for write-off and provision to provide for future loan loss. A reserve for bad debts for loans to debtors who are legally deemed to be experiencing financial difficulties such as bankruptcy, special liquidation or whose notes are under suspension at clearing houses, and loans for debtors who are substantially deemed to be experiencing financial difficulties are provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible through guarantees. A bad debt reserve for loans to debtors who likely experience financial difficulties in the future is provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible from guarantees considering the debtor's ability to repay the entire outstanding debt.	The bad debt reserve is established under the internal standard for self-assessment of assets and the policy for write-off and provision to provide for future loan loss. A reserve for bad debts for loans to debtors who are legally deemed to be experiencing financial difficulties such as bankruptcy, special liquidation or whose notes are under suspension at clearing houses, and loans for debtors who are substantially deemed to be experiencing financial difficulties are provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible through guarantees. A bad debt reserve for loans to debtors who likely experience financial difficulties in the future is provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible from guarantees considering the debtor's ability to repay the entire outstanding debt.
For loans other than those described above, a bad debt reserve is calculated at an amount of the outstanding balances multiplied by actual historical bad debt ratios.	For loans other than those described above, a bad debt reserve is calculated at an amount of the outstanding balances multiplied by actual historical bad debt ratios.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

All loans and receivables are provided for based on the assessment under the internal asset self-assessment standard. The assessment was performed by the departments which are responsible for respective assets. The independent internal audit department reviewed those results.

(ii) Reserve for pension and retirement benefits

Reserve for pension and retirement benefits is established to provide for future retirement benefits based on the estimated retirement benefit obligation and plan assets as of March 31, 2008.

Prior service costs are amortized using the straight-line method over certain periods within the estimated average remaining service years of employees.

Actuarial gains and losses are amortized from the year following the year in which those gains and losses arise using the straight-line method over certain periods within the estimated average remaining service years of employees.

(iii) Reserve for retirement benefit for officers

Reserve for retirement benefits that covers the cost for services rendered through the year ended March 31, 2005 when the retirement benefits for officers were terminated is established to provide for future retirement benefits (including pension) for officers and operating officers.

March 31, 2009

All loans and receivables are provided for based on the assessment under the internal asset self-assessment standard. The assessment was performed by the departments which are responsible for respective assets. The independent internal audit department reviewed those results.

(ii) Reserve for pension and retirement benefits

Reserve for pension and retirement benefits is established to provide for future retirement benefits based on the estimated retirement benefit obligation and plan assets as of March 31, 2009.

Prior service costs are amortized using the straight-line method over certain periods within the estimated average remaining service years of employees.

Actuarial gains and losses are amortized from the year following the year in which those gains and losses arise using the straight-line method over certain periods within the estimated average remaining service years of employees.

(iii) Reserve for retirement benefit for officers

Reserve for retirement benefits that covers the cost for services rendered through the year ended March 31, 2005 when the retirement benefits for officers were terminated is established to provide for future retirement benefits (including pension) for officers and operating officers.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

(iv) Accrued bonuses for employees

Accrued bonuses for employees are based on estimated amounts to be paid at the end of the year.

(v) Reserve for price fluctuation

Reserve for price fluctuation is recognized under Article 115 of the Insurance Business Law to provide for possible losses arising from price fluctuations of investment securities.

(6) Accounting for lease transactions

Finance leases, except for those in which ownership is considered to be transferred to the lessee, are accounted for as operating leases similar to the rental of property.

March 31, 2009

(iv) Accrued bonuses for employees

Accrued bonuses for employees are based on estimated amounts to be paid at the end of the year.

(v) Reserve for price fluctuation

Reserve for price fluctuation is recognized under Article 115 of the Insurance Business Law to provide for possible losses arising from price fluctuations of investment securities.

(6) Accounting for lease transactions

Finance lease transactions that do not transfer ownership with the commencement date prior to April 1, 2008 are accounted for as operating leases similar to the rental of property.

(Change in accounting principles)

Application of "Accounting Standard for Lease Transactions"
The Accounting Standards Board of Japan ("ASBJ") released "Accounting Standard for Lease Transactions" (Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (Guidance No.16) on March 30, 2007. These Standard and Guideline shall be applied for annual periods beginning on or after April 1, 2008. As a result of the change in the accounting standard, finance lease transactions that do not transfer ownership with the commencement date on or after April 1, 2008 are accounted for in a manner similar to the accounting for ordinary sale and purchase transactions.
The adoption did not have a material effect on the financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

(7) Hedge accounting

Profits and losses on equity forward contracts used for hedging risks of variability in fair value of stocks are accounted for under the deferred hedged accounting method. Profits and losses on currency swap contracts used for hedging risks of variability in foreign currency of foreign currency bonds are accounted for under the deferred hedge accounting method. Also, certain of the forward exchange contracts used for the hedging are accounted for under the fair value hedge accounting method or the allocation method. Interest rate swap contracts for hedging risks of variability in cash flows of loans or bonds arising from fluctuations in interest rates are accounted for using the deferred hedge accounting method or the exceptional method when they meet certain criteria, as mentioned in this note 2 (2).

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations of the fair value or cash flows of the hedged items and the hedging instruments during the periods from the respective start dates of the hedges to the assessment dates. When hedged items and hedging instruments are highly and clearly interrelated or when interest rate swap transactions meet the criteria for applying the exceptional method, assessment of hedge effectiveness is not performed.

Interest rate swap contracts used in the ALM (Asset and Liability Management) for the purpose of adequate control of risks of interest rate variability are accounted for as deferred hedge and their hedge effectiveness is tested in accordance with Industry Audit Committee Report No.26 "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in Insurance Industry" (issued by The Japanese Institute of Certified Public Accountants on September 3, 2002). The

March 31, 2009

(7) Hedge accounting

Profits and losses on equity forward contracts used for hedging risks of variability in fair value of stocks are accounted for under the deferred hedged accounting method. Profits and losses on currency swap contracts used for hedging risks of variability in foreign currency of foreign currency bonds are accounted for under the deferred hedge accounting method. Also, certain of the forward exchange contracts used for the hedging are accounted for under the fair value hedge accounting method or the allocation method. Interest rate swap contracts for hedging risks of variability in cash flows of loans or bonds arising from fluctuations in interest rates are accounted for using the deferred hedge accounting method or the exceptional method when they meet certain criteria, as mentioned in this note 2 (2).

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations of the fair value or cash flows of the hedged items and the hedging instruments during the periods from the respective start dates of the hedges to the assessment dates. When hedged items and hedging instruments are highly and clearly interrelated or when interest rate swap transactions meet the criteria for applying the exceptional method, assessment of hedge effectiveness is not performed.

Interest rate swap contracts used in the ALM (Asset and Liability Management) for the purpose of adequate control of risks of interest rate variability are accounted for as deferred hedge and their hedge effectiveness is tested in accordance with Industry Audit Committee Report No.26 "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in Insurance Industry" (issued by The Japanese Institute of Certified Public Accountants on September 3, 2002). The

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

hedge effectiveness testing is performed by assessing interest rate fluctuations that may affect pricing of the theoretical values of the hedging instrument and the hedged item.

(8) Accounting for consumption taxes

Consumption taxes are accounted for under the "Zei Nuki" (tax exclusive) method except for those relating to loss adjustment expenses, operating expenses and general and administrative expenses, which are accounted for under the "Zei Komi" (tax inclusive) method. Non-deductible consumption taxes relating to assets are included in suspense payments and amortized in equal installments over a period of five years.

3. Changes in presentation

Reserve for retirement benefits for officers previously included in "Reserve for pension and retirement benefits" has been presented separately as "Reserve for retirement benefits for officers" effective from the year ended March 31, 2008.

March 31, 2009

hedge effectiveness testing is performed by assessing interest rate fluctuations that may affect pricing of the theoretical values of the hedging instrument and the hedged item.

(8) Accounting for consumption taxes

Consumption taxes are accounted for under the "Zei Nuki" (tax exclusive) method except for those relating to loss adjustment expenses, operating expenses and general and administrative expenses, which are accounted for under the "Zei Komi" (tax inclusive) method. Non-deductible consumption taxes relating to assets are included in suspense payments and amortized in equal installments over a period of five years.

3. Changes in presentation

Lease obligations previously included in "Other liabilities" has been presented separately as "Lease obligations" effective from the year ended March 31, 2009. Lease obligations included in "Other liabilities" as of March 31, 2008 was ¥1,433 million.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Balance Sheets

As of March 31, 2008 and 2009

March 31, 2008

1. Government bonds, corporate bonds, stocks and foreign securities include those which were loaned under securities lending agreements in the amount of ¥152,411 million.

2. The amount of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more and restructured loans are as follows:

(1) Loans to financially impaired parties and overdue loans amounted to ¥207 million and ¥2,367 million, respectively.

Loans to financially impaired parties represent those loans, excluding the portion of the loans that were written off, on which accrued interest receivable is not recognized because repayments of principal or interest were overdue for considerable periods and they are regarded uncollectible and which meet the conditions prescribed in Article 96, Section 1-3 and 1-4 of the Corporation Tax Law Enforcement Ordinance (1965 Cabinet Order No.97). Hereafter, this last category is referred to as "Loans not accruing interest".

Overdue loans represent loans not accruing interest excluding (a) loans to financially impaired parties and (b) loans that have been granted grace for interest payments for the purpose of restructuring of, or support to debtors in financial difficulty.

March 31, 2009

1. Government bonds, corporate bonds, stocks and foreign securities include those which were loaned under securities lending agreements in the amount of ¥88,481 million.

2. The amount of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more and restructured loans are as follows:

(1) Loans to financially impaired parties and overdue loans amounted to ¥13 million and ¥2,609 million, respectively.

Loans to financially impaired parties represent those loans, excluding the portion of the loans that were written off, on which accrued interest receivable is not recognized because repayments of principal or interest were overdue for considerable periods and they are regarded uncollectible and which meet the conditions prescribed in Article 96, Section 1-3 and 1-4 of the Corporation Tax Law Enforcement Ordinance (1965 Cabinet Order No.97). Hereafter, this last category is referred to as "Loans not accruing interest".

Overdue loans represent loans not accruing interest excluding (a) loans to financially impaired parties and (b) loans that have been granted grace for interest payments for the purpose of restructuring of, or support to debtors in financial difficulty.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Balance Sheets (Continued)

March 31, 2008	March 31, 2009
(2) Loans overdue for 3 months or more amounted to ¥946 million.	(2) Loans overdue for 3 months or more amounted to ¥817 million.
Loans overdue for 3 months or more represent loans for which principal or interest was past due for 3 months or more after the contractual due date for repayment of principal or interest and exclude loans to financially impaired parties and overdue loans.	Loans overdue for 3 months or more represent loans for which principal or interest was past due for 3 months or more after the contractual due date for repayment of principal or interest and exclude loans to financially impaired parties and overdue loans.
(3) Restructured loans amounted to ¥1,495 million.	(3) Restructured loans amounted to ¥845 million.
Restructured loans are those loans which have granted favorable terms for the benefit of debtors such as interest exemption or reduction, grace on interest payments, grace on principal repayments, or forgiveness of debts for the purpose of restructuring of or support to the debtors in financial difficulty. Loans to financially impaired parties, overdue loans and loans overdue for 3 months or more are excluded from this category.	Restructured loans are those loans which have granted favorable terms for the benefit of debtors such as interest exemption or reduction, grace on interest payments, grace on principal repayments, or forgiveness of debts for the purpose of restructuring of or support to the debtors in financial difficulty. Loans to financially impaired parties, overdue loans and loans overdue for 3 months or more are excluded from this category.
(4) The total of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more, and restructured loans amounted to ¥5,017 million.	(4) The total of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more, and restructured loans amounted to ¥4,285 million.
3. Accumulated depreciation of tangible fixed assets amounted to ¥260,741 million. The acquisition costs of certain properties were reduced by ¥19,258 million representing deferred profit on sales of other properties.	3. Accumulated depreciation of tangible fixed assets amounted to ¥265,924 million. The acquisition costs of certain properties were reduced by ¥18,885 million representing deferred profit on sales of other properties.
4. The total amounts receivable from and payable to subsidiaries amounted to ¥29,514 million and ¥21,705 million, respectively.	4. The total amounts receivable from and payable to subsidiaries amounted to ¥37,780 million and ¥18,680 million, respectively.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Balance Sheets (Continued)

March 31, 2008

5. Significant components of deferred tax assets and liabilities as of March 31, 2008 are as follows (Yen in millions):

Deferred tax assets:		
Underwriting reserve	¥	172,219
Reserve for pension and retirement benefits		27,601
Investments in securities		31,256
Outstanding claims		16,060
Software		16,541
Others		39,291
Total gross deferred tax assets		302,970
Less valuation allowance		(17,270)
Total net deferred tax assets		285,700
Deferred tax liabilities:		
Unrealized gain on investments		(487,051)
Others		(6,216)
Total gross deferred tax liabilities		(493,267)
Total deferred tax liabilities net of deferred tax assets	¥	(207,567)

6. Guarantees and similar arrangements for subsidiaries are as follows:

(1) Guarantees

The Company guarantees insurance-related liabilities of its subsidiaries, MSI corporate Capital Limited and Mitsui Sumitomo Insurance (China) Company Limited, in the amount of ¥50,027 million and ¥3,026 million, respectively.

(2) Arrangements similar to guarantee

The Company executes net worth maintenance agreements on behalf of its affiliated company, Mitsui Sumitomo MetLife Insurance Co., Ltd. and five other foreign subsidiaries. Under these agreements, the Company's funding and other obligations are triggered if each of these companies falls under a situation that its net worth falls short of a predetermined level or it does not maintain adequate liquidity for payment for its obligations. The aggregated amount of liabilities and assets of the affiliated company and subsidiaries as of March 31, 2008 were

March 31, 2009

5. Significant components of deferred tax assets and liabilities as of March 31, 2009 are as follows (Yen in millions):

Deferred tax assets:		
Underwriting reserve	¥	170,246
Investments in securities		48,895
Reserve for pension and retirement benefits		28,718
Software		18,512
Outstanding claims		17,126
Others		39,348
Total gross deferred tax assets		322,849
Less valuation allowance		(17,542)
Total net deferred tax assets		305,307
Deferred tax liabilities:		
Unrealized gain on investments		(160,584)
Others		(11,641)
Total gross deferred tax liabilities		(172,225)
Total deferred tax assets net of deferred tax liabilities	¥	133,081

6. Guarantees and similar arrangements for subsidiaries are as follows:

(1) Guarantees

The Company guarantees insurance-related liabilities of its subsidiary, MSI corporate Capital Limited in the amount of ¥35,112 million.

(2) Arrangements similar to guarantee

The Company executes net worth maintenance agreements on behalf of Mitsui Sumitomo MetLife Insurance Co., Ltd. ("MSML") and five other foreign subsidiaries. MSML is an affiliated company of Mitsui Sumitomo Insurance Group Holdings, Inc. ("MSIGH") which is the Parent of the Company. Under these agreements, the Company's funding and other obligations are triggered if each of these companies falls under a situation that its net worth falls short of a predetermined level or it does not maintain adequate liquidity for payment for its obligations.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Balance Sheets (Continued)

March 31, 2008

¥2,761,862 million (including underwriting funds in the amount of ¥2,688,026 million) and ¥2,858,345 million, respectively.
None of these companies were in a triggering situation mentioned above as of March 31, 2008.

7. The carrying values of the investments in equity and capital of affiliated companies amounted to ¥317,037 million and ¥14,220 million, respectively.

8. Intangible assets mainly consist of leasehold interests in the amount of ¥3,475 million.

9. Securities of ¥20,999 million are pledged as collateral primarily for Real Time Gross Settlement system of current account at the Bank of Japan.

10. Details of outstanding claims and underwriting reserve (Yen in millions)

(1) Details of outstanding claims:

Gross outstanding claims (except for (a))	¥	601,024
Reinsurance recoverable on unpaid losses		(60,657)
Net		540,367
Outstanding claims relating to earthquake and compulsory automobile liability insurance (a)		49,787
Total	¥	590,155

March 31, 2009

The Company and MSIGH are jointly obligated for the agreement for MSML. The aggregated amount of liabilities and assets of the affiliated company and subsidiaries as of March 31, 2009 were ¥2,675,289 million (including underwriting funds in the amount of ¥2,608,339 million) and ¥2,847,374 million, respectively.
None of these companies were in a triggering situation mentioned above as of March 31, 2009.

7. The carrying values of the investments in equity and capital of affiliated companies amounted to ¥274,155 million and ¥15,624 million, respectively.

8. Intangible assets mainly consist of leasehold interests in the amount of ¥3,472 million.

9. Securities of ¥53,851 million are pledged as collateral primarily for overseas operations and Real Time Gross Settlement system of current account at the Bank of Japan.

10. Details of outstanding claims and underwriting reserve (Yen in millions)

(1) Details of outstanding claims:

Gross outstanding claims (except for (a))	¥	564,259
Reinsurance recoverable on unpaid losses		(53,979)
Net		510,280
Outstanding claims relating to earthquake and compulsory automobile liability insurance (a)		49,212
Total	¥	559,493

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Balance Sheets (Continued)

March 31, 2008

(2) Details of underwriting reserve:

Gross ordinary underwriting reserves	¥	1,043,181
Reinsurance recoverable on underwriting reserves		(40,276)
Net		1,002,905
Refund reserve		2,127,358
Reinsurance recoverable on refund reserve		(16)
Net		2,127,341
Other underwriting reserves		935,811
Total	¥	4,066,058

11. Net assets per share as of March 31, 2008 were ¥1,145.72. No deductions from net assets were applicable in its computation. Outstanding common shares as of March 31, 2008 were 1,404,402 thousand shares.

12. The event occurring subsequent to the balance sheet date which would have a material effect on the financial position or the results of operations of the Company for the future periods is as follows:

The Company established a holding company "Mitsui Sumitomo Insurance Group Holdings, Inc." through stock transfer, and became its wholly-owned subsidiary of it effective April 1, 2008.

13. Matters regarding retirement benefits are as follows (Yen in millions):

(1) Details of retirement benefit obligation:

Projected retirement benefit obligation	¥	255,341
Plan assets		(154,513)
Unfunded obligation		100,827
Unrecognized actuarial losses		(24,369)
Reserve for pension and retirement benefits	¥	76,457

March 31, 2009

(2) Details of underwriting reserve:

Gross ordinary underwriting reserves	¥	1,032,808
Reinsurance recoverable on underwriting reserves		(36,837)
Net		995,970
Refund reserve		2,049,266
Reinsurance recoverable on refund reserve		(12)
Net		2,049,253
Other underwriting reserves		904,256
Total	¥	3,949,481

11. Net assets per share as of March 31, 2009 were ¥670.34. No deductions from net assets were applicable in its computation. Outstanding common shares as of March 31, 2009 were 1,404,402 thousand shares.

12. There have been no events occurring subsequent to the balance sheet date which would have a material effect on the financial position or the results of operations of the Company for the future periods.

13. Matters regarding retirement benefits are as follows (Yen in millions):

(1) Details of retirement benefit obligation:

Projected retirement benefit obligation	¥	260,283
Plan assets		(137,486)
Unfunded obligation		122,796
Unrecognized actuarial losses		(43,242)
Reserve for pension and retirement benefits	¥	79,553

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Balance Sheets (Continued)

March 31, 2008

(2) Actuarial assumptions for calculation of retirement benefit obligation, etc.

Attribution method of retirement benefits over service period	The benefit/years of service method
Discount rate	2.00 %
Expected rate of return on plan assets	3.00 %
Amortization period for prior service costs	4 years
Amortization period for actuarial gains and losses:	
Defined benefit pension plan and termination allowance plan	10 years
Tax qualified defined benefit pension plan	4 years

The Company transferred its tax qualified defined benefit pension plan to defined benefit pension plan on April 1, 2006.

14. The Company provides guarantees to the transactions of a limited partnership entity. Aggregate net present value of those transactions was ¥497,014 million in the negative amount. This amount was not included in Customers' liabilities under acceptances and guarantees and Liabilities under acceptances and guarantees since there is no substantial exposure.

15. Unutilized portion of commitment lines given to third parties amounted to ¥3,436 million.

16. "Subsidiary" and "affiliated company" appearing elsewhere in this balance sheet and notes thereto refer to those defined in Article 2 of the Corporate Accounting Regulations.

17 Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

March 31, 2009

(2) Actuarial assumptions for calculation of retirement benefit obligation, etc.

Attribution method of retirement benefits over service period	The benefit/years of service method
Discount rate	2.00 %
Expected rate of return on plan assets	3.00 %
Amortization period for prior service costs	4 years
Amortization period for actuarial gains and losses:	
Defined benefit pension plan and termination allowance plan	10 years
Tax qualified defined benefit pension plan	4 years

The Company transferred its tax qualified defined benefit pension plan to defined benefit pension plan on April 1, 2006.

14. The Company provides guarantees to the transactions of a limited partnership entity. Aggregate net present value of those transactions was ¥296,290 million in the negative amount. This amount was not included in Customers' liabilities under acceptances and guarantees and Liabilities under acceptances and guarantees since there is no substantial exposure.

15. Unutilized portion of commitment lines given to third parties amounted to ¥3,164 million.

16. "Subsidiary" and "affiliated company" appearing elsewhere in this balance sheet and notes thereto refer to those defined in Article 2 of the Corporate Accounting Regulations.

17 Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Statements of Income

For the years ended March 31, 2008 and 2009

March 31, 2008

1. The aggregate amounts of income and expenses resulting from transactions with affiliated companies amounted to ¥37,620 million and ¥64,688 million, respectively.

2.

(1) Details of net premiums written are as follows (Yen in millions):

Gross premiums written	¥	1,568,440
Reinsurance premiums ceded		257,094
Net	¥	1,311,345

(2) Details of net claims paid are as follows (Yen in millions):

Gross claims paid	¥	959,020
Claim recoveries from ceded reinsurance		181,636
Net	¥	777,383

(3) Details of commissions and collection expenses are as follows (Yen in millions):

Commissions and collection expenses paid	¥	231,347
Reinsurance commissions received		21,390
Net	¥	209,956

(4) Details of provision for outstanding claims are as follows (Yen in millions):

Gross provision for outstanding claims (except for (a))	¥	(1,073)
Less reinsurance recoverable on unpaid losses		(6,282)
Net		(7,356)
Provision for outstanding claims relating to earthquake and compulsory automobile liability insurance (a)		213
Total	¥	(7,142)

March 31, 2009

1. The aggregate amounts of income and expenses resulting from transactions with affiliated companies amounted to ¥38,057 million and ¥70,153 million, respectively.

2.

(1) Details of net premiums written are as follows (Yen in millions):

Gross premiums written	¥	1,452,970
Reinsurance premiums ceded		218,958
Net	¥	1,234,011

(2) Details of net claims paid are as follows (Yen in millions):

Gross claims paid	¥	951,462
Claim recoveries from ceded reinsurance		166,658
Net	¥	784,803

(3) Details of commissions and collection expenses are as follows (Yen in millions):

Commissions and collection expenses paid	¥	228,057
Reinsurance commissions received		20,154
Net	¥	207,902

(4) Details of provision for outstanding claims are as follows (Yen in millions):

Gross provision for outstanding claims (except for (a))	¥	(36,552)
Less reinsurance recoverable on unpaid losses		6,638
Net		(29,914)
Provision for outstanding claims relating to earthquake and compulsory automobile liability insurance (a)		(575)
Total	¥	(30,489)

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Statements of Income (Continued)

March 31, 2008

(5) Details of provision for underwriting reserve are as follows (Yen in millions):

Gross provision for ordinary underwriting reserves	¥	30,177
Less reinsurance recoverable on underwriting reserves		(4,423)
Net		25,754
Reversal of refund reserve		(74,561)
Less reinsurance recoverable on refund reserve		(1)
Net		(74,562)
Provision for other underwriting reserves		53,747
Total	¥	4,939

(6) Details of interest and dividends received are as follows (Yen in millions):

Interest on deposits and savings	¥	5,131
Interest on call loans		111
Interest on securities purchased under resale agreements		36
Interest on monetary claims bought		1,700
Interest and dividends on investments in securities		125,517
Interest on loans		14,784
Rental income on properties		6,688
Other interest		530
Total	¥	154,500

3. The total of valuation gains and losses included in the investment gains and losses on money trusts is a loss in the amount of ¥2,059 million. The total of valuation gains and losses included in the losses on derivative transactions is a loss in the amount of ¥29,200 million.

4. Net income per share for the year ended March 31, 2008 was ¥27.19.

Net income per share is computed based on

March 31, 2009

(5) Details of provision for underwriting reserve are as follows (Yen in millions):

Gross provision for ordinary underwriting reserves	¥	(9,502)
Less reinsurance recoverable on underwriting reserves		3,189
Net		(6,312)
Reversal of refund reserve		(78,091)
Less reinsurance recoverable on refund reserve		3
Net		(78,087)
Provision for other underwriting reserves		(31,554)
Total	¥	(115,955)

(6) Details of interest and dividends received are as follows (Yen in millions):

Interest on deposits and savings	¥	4,431
Interest on call loans		80
Interest on securities purchased under resale agreements		22
Interest on monetary claims bought		2,031
Interest and dividends on investments in securities		108,023
Interest on loans		15,490
Rental income on properties		7,165
Other interest		631
Total	¥	137,877

3. The total of valuation gains and losses included in the investment gains and losses on money trusts is a gain in the amount of ¥788 million. The total of valuation gains and losses included in the losses on derivative transactions is a loss in the amount of ¥8,052 million.

4. Net income per share for the year ended March 31, 2009 was ¥33.16.

Net income per share is computed based on

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Statements of Income (Continued)

March 31, 2008

the following figures: Net income and net income available to common stockholders, ¥38,365 million; and Average outstanding common shares during the year, 1,410,862 thousand shares. Earnings per share after adjustment for dilutive effect of shares is not presented as no dilutive securities exist.

5. Other extraordinary income represents reversal of bad debt reserve.

6. Costs for retirement benefits included in loss adjustment expenses, operating expenses and general and administrative expenses are as follows (Yen in millions):

Service costs	¥	9,800
Interest cost		4,952
Expected return on plan assets		(4,979)
Amortization of actuarial losses		552
Net periodic pension cost		10,325
Contributions paid to defined contribution plan		1,475
Total	¥	11,800

7. A reconciliation of the significant difference between normal income tax rate and the effective tax rate after application of deferred tax accounting is as follows:

Normal income tax rate	36.1%
(Reconciliation)	
Tax credit for dividends received	(15.4%)
Entertainment and other expenses not deductible for tax purposes	2.0%
Others	0.9%
Effective income tax rate	23.5%

March 31, 2009

the following figures: Net income and net income available to common stockholders, ¥46,580 million; and Average outstanding common shares during the year, 1,404,402 thousand shares. Earnings per share after adjustment for dilutive effect of shares is not presented as no dilutive securities exist.

5. Costs for retirement benefits included in loss adjustment expenses, operating expenses and general and administrative expenses are as follows (Yen in millions):

Service costs	¥	10,081
Interest cost		5,105
Expected return on plan assets		(4,635)
Amortization of actuarial losses		3,303
Net periodic pension cost		13,855
Contributions paid to defined contribution plan		1,540
Total	¥	15,395

6. A reconciliation of the significant difference between normal income tax rate and the effective tax rate after application of deferred tax accounting is as follows:

Normal income tax rate	36.1%
(Reconciliation)	
Tax credit for dividends received	(16.6%)
Deemed loss on asset transfer due to dividend in kind	(16.5%)
Entertainment and other expenses not deductible for tax purposes	2.0%
Others	0.3%
Effective income tax rate	5.3%

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Statements of Income (Continued)

March 31, 2008

8. Impairment losses were recognized for the following assets (Yen in millions):

Use	Asset category	Description of assets	Impairment losses		
Rental properties	Buildings	Buildings for rent in Osaka	Buildings	¥	5
			Total	¥	5
Idle real estate and real estate for sale	Land and buildings	14 properties, including office buildings in Tokyo	Land	¥	93
			Buildings		3,642
			Total	¥	3,735

Properties used for insurance operations are grouped as a single asset group for the entire insurance operations. Rental properties, idle real estate and real estate for sale constitute asset groups by their own. Carrying amounts of the above mentioned assets were reduced to their realizable values in view of falling property values or idle real estate and the resulting decreases in the carrying amounts were recorded as an impairment loss in the aggregate amount of ¥3,740 million in the extraordinary losses.

The realizable values of the assets concerned are determined at the higher of the net sale values or the potential values in continued use. The net sale values are computed based on the sales values or the appraisal values by independent appraisers and the potential values in continued use are computed by discounting the future cash flows at the discount rate of 6.2%.

March 31, 2009

7. Impairment losses were recognized for the following assets (Yen in millions):

Use	Asset category	Description of assets	Impairment losses		
Rental properties	Land and buildings	Buildings for rent in Gunma	Land	¥	104
			Buildings		267
			Total	¥	371
Idle real estate and real estate for sale	Land and buildings	7 properties, including office buildings in Niigata	Land	¥	157
			Buildings		514
			Total	¥	671

Properties used for insurance operations are grouped as a single asset group for the entire insurance operations. Rental properties, idle real estate and real estate for sale constitute asset groups by their own. Carrying amounts of the above mentioned assets were reduced to their realizable values in view of falling property values or idle real estate and the resulting decreases in the carrying amounts were recorded as an impairment loss in the aggregate amount of ¥1,043 million in the extraordinary losses.

The realizable values of the assets concerned are determined at the higher of the net sale values or the potential values in continued use. The net sale values are computed based on the appraisal values by independent appraisers and the potential values in continued use are computed by discounting the future cash flows at the discount rate of 5.4%.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Statements of Income (Continued)

March 31, 2008

9. Related party transactions are as follows (Yen in millions):

Category	Name of related party	Ownership	Business relationship
subsidiaries	MITSUI SUMITOMO INSURANCE Loan Service Co., Ltd.	As a owner Direct 50% Indirect 50%	Concurrent officer positions Providing credit guarantees on the Company's consumer loans Administration of the Company's guarantee insurance

Description of transactions	Transaction amount	Account	Ending Balances
Guarantees of third-party liabilities related to the transactions with the third parties	¥ 107,288	-	-

The Company has been provided with guarantees on its mortgage loans and other loans to third parties by MITSUI SUMITOMO INSURANCE Loan Service Co., Ltd. Transaction amount represents guaranteed amount of liabilities outstanding as of March 31, 2008.

Terms and conditions of transactions and the determination policies are as follows:

The Company entered into a comprehensive guarantee agreement with MITSUI SUMITOMO INSURANCE Loan Service Co., Ltd., which sets out terms and conditions by loan categories. The Company has been provided with guarantees based on the agreement.

March 31, 2009

8. Related party transactions are as follows (Yen in millions):

Category	Name of related party	Ownership	Business relationship
subsidiaries	MITSUI SUMITOMO INSURANCE Loan Service Co., Ltd.	As a owner Direct 50% Indirect 50%	Concurrent officer positions Providing credit guarantees on the Company's consumer loans Administration of the Company's guarantee insurance

Description of transactions	Transaction amount	Account	Ending Balances
Guarantees of third-party liabilities related to the transactions with the third parties	¥113,877	-	-

The Company has been provided with guarantees on its mortgage loans and other loans to third parties by MITSUI SUMITOMO INSURANCE Loan Service Co., Ltd. Transaction amount represents guaranteed amount of liabilities outstanding as of March 31, 2009.

Terms and conditions of transactions and the determination policies are as follows:

The Company entered into a comprehensive guarantee agreement with MITSUI SUMITOMO INSURANCE Loan Service Co., Ltd., which sets out terms and conditions by loan categories. The Company has been provided with guarantees based on the agreement.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Statements of Income (Continued)

March 31, 2008	March 31, 2009
10. "Subsidiary" and "affiliated company" appearing elsewhere in this statement of income and notes thereto refer to those defined in Article 2 of the Corporate Accounting Regulations.	9. "Subsidiary" and "affiliated company" appearing elsewhere in this statement of income and notes thereto refer to those defined in Article 2 of the Corporate Accounting Regulations.
11. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.	10. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Statements of Changes in Net Assets

For the years ended March 31, 2008 and 2009

March 31, 2008

1. Type and number of treasury stock are as follows:

(Thousand of shares)

	March 31, 2007	Increase	Decrease	March 31, 2008
Common share	101,982	6,870	108,853	-
Total	101,982	6,870	108,853	-

The increase in the number of common treasury stocks during the year was 6,870 thousand shares in aggregate, as a result of the stock repurchase in the market (6,402 thousand shares) and repurchase of fractional stocks (468 thousand shares).

The decrease in the number of common treasury stocks during the year was 108,853 thousand shares, as a result of retirement of stocks (108,782 thousand shares) and sales of fractional stocks (71 thousand shares).

2. Since the Company prepares the consolidated statement of changes in net assets, the notes regarding type and number of shares issued and dividend are omitted herein. These notes are presented in the notes to the consolidated statement of changes in net assets as included in the consolidated financial statements.

3. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

March 31, 2009

1. There is no treasury stock requiring disclosure of type and number thereof.

2. Since the Company prepares the consolidated statement of changes in net assets, the notes regarding type and number of shares issued and dividend are omitted herein. These notes are presented in the notes to the consolidated statement of changes in net assets as included in the consolidated financial statements.

3. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

MITSUI SUMITOMO INSURANCE

COMPANY, LIMITED

Consolidated Financial Statements - March 31, 2008 and 2009

(With Independent Auditors' Report Thereon)

Independent Auditors' Report

The Board of Directors
Mitsui Sumitomo Insurance Company, Limited

We have audited the accompanying consolidated balance sheets of Mitsui Sumitomo Insurance Company, Limited and consolidated subsidiaries as of March 31, 2008 and 2009, the related consolidated statements of income, changes in net assets and cash flows for the years then ended, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsui Sumitomo Insurance Company, Limited and consolidated subsidiaries as of March 31, 2008 and 2009, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

KPMG AZSA & Co.

Susumu Fujimoto
Director, Senior Executive Officer
Mitsui Sumitomo Insurance Company, Limited

Tokyo, Japan
May 18, 2009

Katsuaki Ikeda
Director, Managing Executive Officer
Mitsui Sumitomo Insurance Company, Limited

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Balance Sheets

As of March 31, 2008 and 2009

	2008	2009
	(Yen in millions)	
Assets		
Cash, deposits and savings	¥ 363,179	435,496
Call loans	39,900	31,900
Monetary claims bought	96,401	127,339
Money trusts	49,697	14,476
Investments in securities	6,240,612	4,058,016
Loans	801,788	754,700
Tangible fixed assets:		
Land	-	103,117
Buildings	-	134,410
Construction in progress	-	1,429
Other tangible fixed assets	-	22,747
Total tangible fixed assets	275,005	261,705
Intangible fixed assets:		
Software	-	4,197
Goodwill	-	52,279
Other intangible fixed assets	-	3,669
Total intangible fixed assets	86,645	60,146
Other assets	443,897	419,642
Deferred tax assets	5,506	140,393
Customers' liabilities under acceptances and guarantees	588	-
Bad debt reserve	(5,503)	(6,635)
Total assets	¥ 8,397,718	6,297,181
Liabilities and Net Assets		
Underwriting funds:		
Outstanding claims	¥ 845,786	770,979
Underwriting reserve	5,137,192	4,036,640
Total underwriting funds	5,982,978	4,807,619
Short-term bonds	29,983	-
Bonds issued	99,991	164,960
Other liabilities	280,459	295,930
Reserve for pension and retirement benefits	78,786	80,616
Reserve for retirement benefits for officers	2,706	2,311
Accrued bonuses for employees	13,476	11,237
Reserves under the special laws:		
Reserve for price fluctuation	29,961	2,871
Total reserve under the special laws	29,961	2,871
Deferred tax liabilities	207,267	3,537
Liabilities under acceptances and guarantees	588	-
Total liabilities	6,726,200	5,369,086

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Balance Sheets (Continued)

	2008	2009
	(Yen in millions)	
Common stock	¥ 139,595	139,595
Capital surplus	93,107	93,107
Retained earnings	534,410	436,906
Total stockholders' equity	767,113	669,609
Unrealized gains on investments	875,914	288,487
Deferred profits/losses on hedge accounting for derivatives	528	9,671
Foreign currency translation adjustments	11,505	(49,625)
Total valuation and translation adjustments	887,949	248,532
Minority interests	16,454	9,952
Total net assets	1,671,517	928,094
Total liabilities and net assets	¥ 8,397,718	6,297,181

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Statements of Income

For the years ended March 31, 2008 and 2009

	2008	2009
	(Yen in millions)	
Ordinary income and expenses		
Ordinary income:		
Underwriting income:		
Net premiums written	¥ 1,541,032	1,423,067
Deposit premiums from policyholders	197,116	165,464
Investment income on deposit premiums from policyholders	58,713	52,862
Life insurance premiums	156,528	34,095
Reversal of underwriting reserve	-	89,795
Other underwriting income	1,037	959
Total underwriting income	1,954,428	1,766,244
Investment income:		
Interest and dividends received	189,328	155,376
Investment gains on money trusts	327	118
Gains on sale of securities	40,073	75,551
Gains on redemption of securities	3,568	3,726
Gains on derivative transactions	-	576
Other investment income	2,792	5,598
Transfer of investment income on deposit premiums from policyholders	(58,713)	(52,862)
Total investment income	177,376	188,085
Other ordinary income	5,798	6,966
Total ordinary income	2,137,603	1,961,297
Ordinary expenses:		
Underwriting expenses:		
Net claims paid	879,724	879,310
Loss adjustment expenses	80,981	80,652
Commissions and collection expenses	248,984	234,592
Maturity refunds to policyholders	322,102	283,405
Dividends to policyholders	59	507
Life insurance claims	31,702	7,446
Provision for outstanding claims	27,846	21,856
Provision for underwriting reserve	128,703	-
Other underwriting expenses	2,464	3,832
Total underwriting expenses	1,722,570	1,511,604
Investment expenses:		
Investment losses on money trusts	612	2,661
Losses on sale of securities	3,756	17,414
Losses on devaluation of securities	15,387	118,122
Losses on redemption of securities	534	9,358
Losses on derivative transactions	23,272	-
Other investment expenses	10,696	22,116
Total investment expenses	54,258	169,674

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Statements of Income (Continued)

		2008	2009
		(Yen in millions)	
Operating expenses and general and administrative expenses	¥	290,341	280,159
Other ordinary expenses:			
Interest expenses		1,082	1,631
Provision for bad debt reserve		-	1,971
Loss on bad debts		39	269
Losses from equity method investments		5,273	60
Other ordinary expenses		3,171	1,781
Total other ordinary expenses		9,566	5,714
Total ordinary expenses		2,076,736	1,967,151
Ordinary profit		60,866	5,854
Extraordinary income and losses			
Extraordinary income:			
Gains on sale of fixed assets		9,290	1,414
Reversal of reserves under the special laws:			
Reserve for price fluctuation		-	25,893
Total reversal of reserves under the special laws		-	25,893
Other extraordinary income		831	-
Total extraordinary income		10,122	27,308
Extraordinary losses:			
Losses on sale of fixed assets		8,065	2,613
Impairment loss on fixed assets		3,740	1,044
Provision for reserves under the special laws:			
Reserve for price fluctuation		3,254	-
Total provision for reserves under the special laws		3,254	-
Total extraordinary losses		15,060	3,658
Income before income taxes		55,928	17,795
Income taxes-current		33,721	33,629
Reversal of prior period's income taxes		-	(7,307)
Income taxes-deferred		(18,322)	(24,668)
Total income taxes		-	1,653
Minority interests		501	1,169
Net income	¥	40,027	14,972

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Statement of Changes in Net Assets

For the year ended March 31, 2008

(Yen in millions)

	Stockholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity
Ending balance as of March 31, 2007	¥ 139,595	93,138	613,352	(91,142)	754,943
Changes for the year:					
Dividends paid			(21,166)		(21,166)
Net income			40,027		40,027
Repurchase of treasury stock				(7,629)	(7,629)
Reissuance of treasury stock		19		63	82
Retirement of treasury stock		(50)	(98,657)	98,707	-
Change in scope of consolidation			296		296
Increase due to merger involving subsidiaries			558		558
Net change of items other than stockholders' equity					
Total changes for the year	-	(31)	(78,941)	91,142	12,170
Ending balance as of March 31, 2008	¥ 139,595	93,107	534,410	-	767,113

	Valuation and translation adjustments				
	Unrealized gain on investments	Deferred profits/ losses on hedge accounting for derivatives	Foreign currency translation adjustments	Minority interests	Total net assets
Ending balance as of March 31, 2007	¥ 1,402,879	(4,577)	15,368	14,261	2,182,877
Changes for the year:					
Dividends paid					(21,166)
Net income					40,027
Repurchase of treasury stock					(7,629)
Reissuance of treasury stock					82
Retirement of treasury stock					-
Change in scope of consolidation					296
Increase due to merger involving subsidiaries					558
Net change of items other than stockholders' equity	(526,964)	5,105	(3,863)	2,192	(523,529)
Total changes for the year	(526,964)	5,105	(3,863)	2,192	(511,359)
Ending balance as of March 31, 2008	¥ 875,914	528	11,505	16,454	1,671,517

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Statement of Changes in Net Assets (Continued)

For the year ended March 31, 2009

(Yen in millions)

Stockholders' equity:		
Common stock:		
Ending balance as of March 31, 2008	¥	139,595
Ending balance as of March 31, 2009		139,595
Additional paid-in capital:		
Ending balance as of March 31, 2008		93,107
Ending balance as of March 31, 2009		93,107
Retained earnings:		
Ending balance as of March 31, 2008		534,410
Changes for the year:		
Effect of adoption of Practical Solution No.18		8,986
Dividend paid		(145,482)
Changes in the scope of consolidation		8,550
Changes in the scope of equity method		15,469
Net income		14,972
Total changes for the year		(97,504)
Ending balance as of March 31, 2009		436,906
Total stockholders' equity:		
Ending balance as of March 31, 2008		767,113
Changes for the year:		
Effect of adoption of Practical Solution No.18		8,986
Dividend paid		(145,482)
Changes in the scope of consolidation		8,550
Changes in the scope of equity method		15,469
Net income		14,972
Total changes for the year		(97,504)
Ending balance as of March 31, 2009		669,609
Valuation and translation adjustments:		
Unrealized gain on investments:		
Ending balance as of March 31, 2008		875,914
Changes for the year:		
Net changes of items other than stockholders' equity		(587,427)
Total changes for the year		(587,427)
Ending balance as of March 31, 2009		288,487
Deferred profit/loss on hedge accounting for derivatives:		
Ending balance as of March 31, 2008		528
Changes for the year:		
Net changes of items other than stockholders' equity		9,142
Total changes for the year		9,142
Ending balance as of March 31, 2009		9,671

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Statement of Changes in Net Assets (Continued)

For the year ended March 31, 2009

(Yen in millions)

Translation adjustments:		
Ending balance as of March 31, 2008	¥	11,505
Changes for the year:		
Net changes of items other than stockholders' equity		(61,131)
Total changes for the year		(61,131)
Ending balance as of March 31, 2009		(49,625)
Total valuation and translation adjustments:		
Ending balance as of March 31, 2008		887,949
Changes for the year:		
Net changes of items other than stockholders' equity		(639,416)
Total changes for the year		(639,416)
Ending balance as of March 31, 2009		248,532
Minority interests:		
Ending balance as of March 31, 2008		16,454
Changes for the year:		
Net changes of items other than stockholders' equity		(6,501)
Total changes for the year		(6,501)
Ending balance as of March 31, 2009		9,952
Total net assets:		
Ending balance as of March 31, 2008		1,671,517
Changes for the year:		
Effect of adoption of Practical Solution No.18		8,986
Dividend paid		(145,482)
Changes in the scope of consolidation		8,550
Changes in the scope of equity method		15,469
Net income		14,972
Net changes of items other than stockholders' equity		(645,917)
Total changes for the year		(743,422)
Ending balance as of March 31, 2009	¥	928,094

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Statements of Cash Flows

For the years ended March 31, 2008 and 2009

	2008	2009
	(Yen in millions)	
I. Cash flows from operating activities:		
Income before income taxes	¥ 55,928	17,795
Depreciation	19,441	21,123
Impairment loss on fixed assets	3,740	1,044
Amortization of goodwill	2,845	3,640
Amortization of negative goodwill	(453)	(16)
Increase in outstanding claims	27,936	33,225
Increase (decrease) in underwriting reserves	126,534	(87,816)
Increase (decrease) in bad debt reserve	(2,424)	1,777
Increase in reserve for pension and retirement benefits	384	3,093
Decrease in reserve for retirement benefits for officers	(394)	(290)
Increase (decrease) in accrued bonuses for employees	36	(1,900)
Increase (decrease) in reserve for price fluctuation	3,254	(25,893)
Interest and dividends income	(189,328)	(155,376)
Investment related losses (gains)	(23,963)	65,618
Derivative transactions related losses (gains)	23,272	(576)
Interest expenses	1,082	1,631
Foreign exchange losses	9,666	8,494
Losses (gains) on disposal of tangible fixed assets	(1,220)	1,199
Equity in earnings of affiliates	5,273	60
Increase in other assets	(13,685)	(26,076)
Decrease in other liabilities	(2,232)	(2,121)
Others, net	3,894	9,672
Subtotal	49,587	(131,689)
Interest and dividends received	185,523	154,785
Interest paid	(947)	(1,659)
Income tax paid	(44,476)	(16,752)
Net cash provided by operating activities (a)	189,688	4,683

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Consolidated Statements of Cash Flows (Continued)

		2008	2009
		(Yen in millions)	
II. Cash flows from investing activities:			
Net increase in deposits and savings	¥	(12,024)	(43,923)
Purchases of monetary claims bought		(16,446)	(3,000)
Proceeds from sales and redemption of monetary claims bought		2,646	3,692
Purchase of money trusts		(8,066)	(3)
Proceeds from sales of money trusts		10,700	33,090
Purchase of securities		(843,847)	(707,381)
Proceeds from sales and redemption of securities		736,363	829,837
Investment in loans		(258,430)	(184,378)
Collection of loans		224,654	205,677
Increase in cash received under securities lending transactions		6,766	24,466
Others, net		5,104	4,980
Subtotal (b)		(152,579)	163,058
(a + b)		37,108	167,741
Acquisition of tangible fixed assets		(41,861)	(17,219)
Proceeds from sales of tangible fixed assets		14,176	14,176
Others, net		(5,356)	(5,993)
Net cash provided by (used in) investing activities		(185,621)	142,621
III. Cash flows from financing activities:			
Issuance of short-term bonds		29,976	16,949
Redemption of short-term bonds		-	(47,000)
Issuance of bonds		29,991	64,967
Redemption of bonds		(30,000)	-
Repurchase of treasury stock		(7,629)	-
Dividends paid to shareholders		(21,166)	(47,889)
Dividends paid to minority shareholders		(700)	(1,235)
Others, net		(800)	(851)
Net cash used in financing activities		(329)	(15,059)
IV. Effect of exchange rate changes on cash and cash equivalents		(5,307)	(45,943)
V. Net change in cash and cash equivalents		(1,570)	86,302
VI. Cash and cash equivalents at beginning of year		365,350	364,081
VII. Effect of business combination of subsidiaries		630	-
VIII. Effect of change in scope of consolidation		(329)	(11,514)
IX. Cash and cash equivalents at end of year	¥	364,081	438,869

See accompanying notes to consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

As of and for the years ended March 31, 2008 and 2009

March 31, 2008

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Corporate Accounting Regulations, the Enforcement Regulations of the Japanese Insurance Business Law and related rules and regulations applicable to the non-life insurance industry in general and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Principles of consolidation

(1) Number of consolidated subsidiaries
35 companies

Major consolidated subsidiaries are as follows:

Mitsui Sumitomo Kirameki Life Insurance Company, Limited
MSIG Holdings (Americas), Inc.
Mitsui Sumitomo Insurance (London Management) Ltd
Mingtai Fire & Marine Insurance Co., Ltd.

Mitsui Sumitomo Insurance (China) Company Ltd., a newly established subsidiary, has been included in consolidation effective from the year ended March 31, 2009.

PT. PAI Insurance has been excluded from the scope of consolidation due to decrease of materiality as a result of business transfer. Also, MSI Re Management, Inc. and two other companies have been

March 31, 2009

1. Basis of presentation

The accompanying consolidated financial statements have been translated from the consolidated financial statements of Mitsui Sumitomo Insurance Company, Limited ("the Company") prepared in accordance with the provisions set forth in the Corporate Accounting Regulations, the Enforcement Regulations of the Japanese Insurance Business Law and related rules and regulations applicable to the non-life insurance industry in general and in conformity with accounting principles and practices generally accepted in Japan, which may differ in certain respects from accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Principles of consolidation

(1) Number of consolidated subsidiaries
34 companies

Major consolidated subsidiaries are as follows:

MSIG Holdings (Americas), Inc.
Mitsui Sumitomo Insurance (London Management) Ltd
MSIG Mingtai Insurance Co., Ltd.

Since the Company transferred stocks of both Mitsui Sumitomo Kirameki Life Insurance Company, Limited and Mitsui Direct Insurance Company, Limited held by the Company to Mitsui Sumitomo Insurance Group Holdings, Inc. ("MSIGH") which is the Parent of the Company as dividend in kind, those companies have been excluded from the scope of consolidation effective from the year ended March 31, 2009. The Company has included profits and losses and cash flows arising from those companies for the

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

As of and for the years ended March 31, 2008 and 2009

March 31, 2008	March 31, 2009
excluded from the scope of consolidation as they were liquidated.	period between April 1, 2008 and June 30, 2008, in the consolidated statement of income. MSIG Insurance (Vietnam) Company Limited, a newly established subsidiary, has been included in consolidation effective from the year ended March 31, 2009.
(2) Unconsolidated subsidiaries	(2)Unconsolidated subsidiaries
Major unconsolidated subsidiaries are as follows:	Major unconsolidated subsidiaries are as follows:
MITSUI SUMITOMO INSURANCE Claims Adjusting Company, Limited MITSUI SUMITOMO INSURANCE Staffing Service Company, Limited	MITSUI SUMITOMO INSURANCE Claims Adjusting Company, Limited MITSUI SUMITOMO INSURANCE Staffing Service Company, Limited
These subsidiaries are not included in consolidation due to their immaterial effect that would not affect reasonable judgment on the consolidated financial position and results of operations, in view of the size of their total assets, ordinary income, as well as net income and retained earnings attributable to the Company.	These subsidiaries are not included in consolidation due to their immaterial effect that would not affect reasonable judgment on the consolidated financial position and results of operations, in view of the size of their total assets, ordinary income, as well as net income and retained earnings attributable to the Company.
(3) Mitsui Sumitomo MetLife Insurance Co., Ltd. is a 51%-owned affiliate and is not consolidated because its control is jointly owned with other company pursuant to the joint venture agreement.	

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008	March 31, 2009
3. Equity method	3. Equity method
(1) Number of affiliate companies accounted for under the equity method 3 companies	(1) Number of affiliate companies accounted for under the equity method 3 companies
The names of the major companies accounted for under the equity method are as follows: Mitsui Sumitomo MetLife Insurance Co., Ltd. Sumitomo Mitsui Asset Management Company, Limited	Major company accounted for under the equity method is as follows: Sumitomo Mitsui Asset Management Company, Limited SMA MSI AS has been accounted for under the equity method as a newly established affiliated company effective from the year ended March 31, 2009 because its stocks was acquired by Mitsui Sumitomo Insurance Company (Europe), Limited., a consolidated subsidiary, in this consolidated year. Since the Company transferred stocks of Mitsui Sumitomo MetLife Insurance Co., Ltd. ("MSML") held by the Company to MSIGH as dividend in kind, MSML has been excluded from the scope of the affiliates accounted for under the equity method effective from the year ended March 31, 2009. The Company has included net of profits and losses from equity method investment in MSML for the period between April 1, 2008 and June 30, 2008 in the consolidated statement of income.
(2) Other affiliate companies, including unconsolidated subsidiaries (e.g. Mitsui Sumitomo Insurance Staffing Service Company, Limited, BPI/MS Insurance Corporation), are not accounted for under the equity method because their effect on consolidated net income and retained earnings is immaterial individually and in aggregate.	(2) Other affiliate companies, including unconsolidated subsidiaries (e.g. Mitsui Sumitomo Insurance Staffing Service Company, Limited, BPI/MS Insurance Corporation), are not accounted for under the equity method because their effect on consolidated net income and retained earnings is immaterial individually and in aggregate.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

4. Fiscal year of consolidated subsidiaries

Fiscal year end of consolidated subsidiaries, representing MSIG Holdings (Americas), Inc. and 31 other companies, is December 31 which is different from that of the Company. The Company uses their financial statements as of their most current fiscal year-end for consolidation purposes because the time lag does not exceed a three-month period.

The Company makes necessary adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities are as follows:

(i) Securities held to maturity are valued at amortized cost.

(ii) Stocks of unconsolidated subsidiaries and affiliates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iii) Securities earmarked for policy reserve are valued at amortized cost determined by the moving average method pursuant to Industry Audit Committee Report No.21 "Temporary Treatment of Accounting and Auditing Concerning Securities Earmarked for Policy Reserve in Insurance Industry" (issued by The Japanese Institute of Certified Public Accountants on November 16, 2000).

March 31, 2009

4. Fiscal year of consolidated subsidiaries

Fiscal year end of consolidated subsidiaries, representing MSIG Holdings (Americas), Inc. and 32 other companies, is December 31 which is different from that of the Company. The Company uses their financial statements as of their most current fiscal year-end for consolidation purposes because the time lag does not exceed a three-month period.

The Company makes necessary adjustments to incorporate significant transactions occurred during the intervening period that materially affect the consolidated financial statements.

5. Accounting policies

(1) Valuation policies and methods of securities are as follows:

(i) Securities held to maturity are valued at amortized cost.

(ii) Stocks of unconsolidated subsidiaries and affiliates that are not accounted for under the equity method are valued at cost determined by the moving average method.

(iii) Available for sale securities for which fair value is available are valued at fair value as of March 31, 2009. Net unrealized gains or losses are reported as a separate component of net assets, and cost of sale is calculated using the moving average method.

(iv) Available for sale securities for which fair value is not available are valued at cost determined by the moving average method or amortized cost.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

The outline of the risk management policy for securities earmarked for policy reserve which the Company established in the current year is as follows:

In order to control risks of interest rate variability arising in assets and liabilities, the consolidated life insurance subsidiary segregates "single premium endowment insurance" block as a sub-segment and applies the investment policy which enables the subsidiary to maintain the durations of the securities earmarked for policy reserve and the policy reserve for the segregated block within a certain definite range.

(iv) Available for sale securities for which fair value is available are valued at fair value as of March 31, 2008. Net unrealized gains or losses are reported as a separate component of net assets, and cost of sale is calculated using the moving average method.

(v) Available for sale securities for which fair value is not available are valued at cost determined by the moving average method or amortized cost.

(vi) Securities managed as a major component of trust assets in the money trust are valued at fair value.

Securities held by foreign subsidiaries are mainly valued at fair value.

March 31, 2009

(v) Securities managed as a major component of trust assets in the money trust are valued at fair value.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

(2) Derivative financial instruments are valued at fair value. Foreign exchange contracts and interest rate swaps that meet certain criteria are accounted for under exceptional methods, as permitted in the related accounting standards, as if the foreign exchange rates or the interest rates under those contracts were originally applied to the underlying financial instruments.

(3) Depreciation of tangible fixed assets held by the Company and domestic subsidiaries is computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method is applied. Depreciation of tangible fixed assets held by foreign subsidiaries is mainly computed using the straight-line method.

(Changes in accounting principles or procedures)

In accordance with the amendment of the corporation tax laws in current year, tangible fixed assets acquired on or after April 1, 2008 held by the Company and domestic consolidated subsidiaries are depreciated based on the depreciation method under the amended corporation tax laws. As a result, compared to the prior method, Ordinary profit and Income before income taxes were both decreased by ¥560 million.

(Additional information)

Tangible fixed assets acquired on or before March 31, 2008 held by the Company and domestic consolidated subsidiaries are depreciated based on the depreciation method under the previous corporation tax laws. In accordance with the amendment of the corporation tax laws in current year, differences between 5% of acquisition cost and memorandum value are depreciated evenly over 5 years and charged to Loss

March 31, 2009

(2) Derivative financial instruments are valued at fair value. Foreign exchange contracts and interest rate swaps that meet certain criteria are accounted for under exceptional methods, as permitted in the related accounting standards, as if the foreign exchange rates or the interest rates under those contracts were originally applied to the underlying financial instruments.

(3) Depreciation methods of assets are as follows:

(i) Depreciation of tangible fixed assets held by the Company and domestic subsidiaries is computed using the declining-balance method, except for buildings (excluding fixtures) acquired on or after April 1, 1998, to which the straight-line method is applied. Depreciation of tangible fixed assets held by foreign subsidiaries is mainly computed using the straight-line method.

(ii) Capitalized software for internal use is amortized by using the straight-line method based on estimated useful lives.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008	March 31, 2009
adjustment expenses and Operating expenses and general and administrative expenses, after the period when the tangible fixed assets are depreciated up to 5% of their respective acquisition cost. As a result, compared to the prior method, Ordinary profit and Income before income were both decreased by ¥479 million.	
(4) Accounting policies for significant reserves	(4) Accounting policies for significant reserves
(i) Bad debt reserve	(i) Bad debt reserve
As for the Company and the domestic consolidated insurance subsidiaries, the bad debt reserve is established under the internal standard for self-assessment of assets and the policy for write-off and provision. A reserve for bad debts for loans to debtors who are legally deemed to be experiencing financial difficulties such as bankruptcy, special liquidation or whose notes are under suspension at clearing houses, and loans for debtors who are substantially deemed to be experiencing financial difficulties are provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible through guarantees. A bad debt reserve for loans to debtors who likely experience financial difficulties in the future is provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible from guarantees considering the debtor's ability to repay the entire outstanding debt.	As for the Company, the bad debt reserve is established under the internal standard for self-assessment of assets and the policy for write-off and provision. A reserve for bad debts for loans to debtors who are legally deemed to be experiencing financial difficulties such as bankruptcy, special liquidation or whose notes are under suspension at clearing houses, and loans for debtors who are substantially deemed to be experiencing financial difficulties are provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible through guarantees. A bad debt reserve for loans to debtors who likely experience financial difficulties in the future is provided for based on the amount remaining after deducting the resale value of collateral and amounts collectible from guarantees considering the debtor's ability to repay the entire outstanding debt.
For loans other than those described above, a bad debt reserve is calculated at an amount of the outstanding balances multiplied by actual historical bad debt ratios.	For loans other than those described above, a bad debt reserve is calculated at an amount of the outstanding balances multiplied by actual historical bad debt ratios.
All loans and receivables are provided	All loans and receivables are provided for based on the assessment under the

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008	March 31, 2009
for based on the assessment under the internal asset self-assessment standard. The assessment was performed by the departments which are responsible for respective assets. The independent internal audit departments reviewed those results.	internal asset self-assessment standard. The assessment was performed by the departments which are responsible for respective assets. The independent internal audit departments reviewed those results.
As for other domestic consolidated subsidiaries, the bad debt reserve is established under the internal standard for self-assessment of assets and the policy for write-off and provision similar to the Company.	As for domestic consolidated subsidiaries, the bad debt reserve is established under the internal standard for self-assessment of assets and the policy for write-off and provision similar to the Company.
As for foreign consolidated subsidiaries, the bad debt reserve is established based on the assessment of collectibility of individual receivables.	As for foreign consolidated subsidiaries, the bad debt reserve is established based on the assessment of collectibility of individual receivables.
(ii) Reserve for pension and retirement benefits	(ii) Reserve for pension and retirement benefits
Reserve for pension and retirement benefits is established to provide for future retirement benefits based on the estimated retirement benefit obligation and plan assets as of March 31, 2008.	Reserve for pension and retirement benefits is established to provide for future retirement benefits based on the estimated retirement benefit obligation and plan assets as of March 31, 2009.
Prior service costs are amortized using the straight-line method over certain periods within the estimated average remaining service years of employees.	Prior service costs are amortized using the straight-line method over certain periods within the estimated average remaining service years of employees.
Actuarial gains and losses are amortized from the year following the year in which those gains and losses arise using the straight-line method over certain periods within the estimated average remaining service years of employees.	Actuarial gains and losses are amortized from the year following the year in which those gains and losses arise using the straight-line method over certain periods within the estimated average remaining service years of employees.
In estimating retirement benefit obligation of consolidated subsidiaries, the Company uses the simplified method.	In estimating retirement benefit obligation of some consolidated subsidiaries, the Company uses the simplified method.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

(iii) Reserves for retirement benefits for officers

Reserve for retirement benefits that covers the cost for services rendered through the year ended March 31, 2005 when the retirement benefits for officers were terminated is established to provide for future retirement benefits (including pension) for officers and operating officers, for the Company and the consolidated life insurance subsidiary.

(iv) Accrued bonuses

Accrued bonuses for employees are based on estimated amounts to be paid at the end of the year.

(v) Reserve for price fluctuation

Reserve for price fluctuation is recognized under Article 115 of the Insurance Business Law to provide for possible losses arising from price fluctuations of investment securities.

(5) Translation of foreign currency assets and liabilities

Foreign currency assets and liabilities are translated into Japanese yen using the spot exchange rate prevailing at the year-end, and gains and losses resulting from the translation are recognized currently in earnings. Foreign currency assets and liabilities of foreign subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year-ends, and income and expenses are translated into Japanese yen using the average exchange rate during the year and translation differences are included in Foreign currency translation adjustments and Minority interests.

March 31, 2009

(iii) Reserves for retirement benefits for officers

Reserve for retirement benefits that covers the cost for services rendered through the year ended March 31, 2005 when the retirement benefits for officers were terminated is established to provide for future retirement benefits (including pension) for officers and operating officers of the Company.

(iv) Accrued bonuses

Accrued bonuses for employees are based on estimated amounts to be paid at the end of the year.

(v) Reserve for price fluctuation

Reserve for price fluctuation is recognized under Article 115 of the Insurance Business Law to provide for possible losses arising from price fluctuations of investment securities.

(5) Translation of foreign currency assets and liabilities

Foreign currency assets and liabilities are translated into Japanese yen using the spot exchange rate prevailing at the year-end, and gains and losses resulting from the translation are recognized currently in earnings. Foreign currency assets and liabilities of foreign subsidiaries are translated into Japanese yen using the spot exchange rate prevailing at their respective year-ends, and income and expenses are translated into Japanese yen using the average exchange rate during the year and translation differences are included in Foreign currency translation adjustments and Minority interests.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008	March 31, 2009
(6) Accounting for consumption taxes	(6) Accounting for consumption taxes
Consumption taxes are accounted for under the "Zei Nuki" (tax exclusive) method except for those relating to loss adjustment expenses, operating expenses and general and administrative expenses, which are accounted for under the "Zei Komi" (tax inclusive) method. Non-deductible consumption taxes relating to assets are included in suspense payments and amortized in equal installments over a period of five years.	Consumption taxes are accounted for under the "Zei Nuki" (tax exclusive) method except for those relating to loss adjustment expenses, operating expenses and general and administrative expenses, which are accounted for under the "Zei Komi" (tax inclusive) method. Non-deductible consumption taxes relating to assets are included in suspense payments and amortized in equal installments over a period of five years.
(7) Accounting for lease transactions	(7) Accounting for lease transactions
Finance leases, except for those in which ownership is considered to be transferred to the lessee, are accounted for as operating leases similar to the rental of property.	Finance lease transactions that do not transfer ownership with the commencement date prior to April 1, 2008 are accounted for as operating leases similar to the rental of property.
	(Change in accounting principles)
	Application of "Accounting Standard for Lease Transactions" The Accounting Standards Board of Japan ("ASBJ") released "Accounting Standard for Lease Transactions" (Statement No.13) and "Guidance on Accounting Standard for Lease Transactions" (Guidance No.16) on March 30, 2007. These Standard and Guideline shall be applied for annual periods beginning on or after April 1, 2008. As a result of the change in the accounting standard, finance lease transactions that do not transfer ownership with the commencement date on or after April 1, 2008 are accounted for in a manner similar to the accounting for ordinary sale and purchase transactions. The adoption did not have a material effect on the consolidated financial statements.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

(8) Hedge accounting

Profits and losses on equity forward contracts used for hedging risks of variability in fair value of stocks are accounted for under the deferred hedged accounting method. Profits and losses on currency swap contracts used for hedging risks of variability in foreign currency of foreign currency bonds are accounted for under the deferred hedge accounting method. Also, certain of the forward exchange contracts used for the hedging are accounted for under the fair value hedge accounting method or the allocation method. Interest rate swap contracts for hedging risks of variability in cash flows of loans or bonds arising from fluctuations in interest rates are accounted for using the deferred hedge accounting method or the exceptional method when they meet certain criteria, as mentioned in (2) above.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations of the fair value or cash flows of the hedged items and the hedging instruments during the periods from the respective start dates of the hedges to the assessment dates. When hedged items and hedging instruments are highly and clearly interrelated or when interest rate swap transactions meet the criteria for applying the exceptional method, assessment of hedge effectiveness is not performed.

Interest rate swap contracts used in the ALM (Asset and Liability Management) for the purpose of adequate control of risks of interest rate variability are accounted for as deferred hedge and their hedge effectiveness is tested in accordance with Industry Audit Committee Report No.26 "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in Insurance Industry" (issued by The Japanese Institute of Certified Public Accountants on

March 31, 2009

(8) Hedge accounting

Profits and losses on equity forward contracts used for hedging risks of variability in fair value of stocks are accounted for under the deferred hedged accounting method. Profits and losses on currency swap contracts used for hedging risks of variability in foreign currency of foreign currency bonds are accounted for under the deferred hedge accounting method. Also, certain of the forward exchange contracts used for the hedging are accounted for under the fair value hedge accounting method or the allocation method. Interest rate swap contracts for hedging risks of variability in cash flows of loans or bonds arising from fluctuations in interest rates are accounted for using the deferred hedge accounting method or the exceptional method when they meet certain criteria, as mentioned in (2) above.

Hedge effectiveness is assessed quarterly by comparing cumulative fluctuations of the fair value or cash flows of the hedged items and the hedging instruments during the periods from the respective start dates of the hedges to the assessment dates. When hedged items and hedging instruments are highly and clearly interrelated or when interest rate swap transactions meet the criteria for applying the exceptional method, assessment of hedge effectiveness is not performed.

Interest rate swap contracts used in the ALM (Asset and Liability Management) for the purpose of adequate control of risks of interest rate variability are accounted for as deferred hedge and their hedge effectiveness is tested in accordance with Industry Audit Committee Report No.26 "Accounting and Auditing Treatment of Application of Accounting Standard for Financial Instruments in Insurance Industry" (issued by The Japanese Institute of Certified Public Accountants on

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008	March 31, 2009
September 3, 2002). The hedge effectiveness testing is performed by assessing interest rate fluctuations that may affect pricing of the theoretical values of the hedging instrument and the hedged item.	September 3, 2002). The hedge effectiveness testing is performed by assessing interest rate fluctuations that may affect pricing of the theoretical values of the hedging instrument and the hedged item.
6. Valuation of assets and liabilities of the consolidated subsidiaries	6. Valuation of assets and liabilities of the consolidated subsidiaries
Assets and liabilities of the consolidated subsidiaries are valued using the full scope fair value method.	Assets and liabilities of the consolidated subsidiaries are valued using the full scope fair value method.
7. Goodwill is amortized using the straight-line method over 20 years. Insignificant amount of goodwill is charged to income as incurred in the entire amount. Goodwill recognized in the balance sheets of foreign subsidiaries, not amortized pursuant to their respective local accounting standards, is subject to the impairment test annually and whenever circumstances indicate a sign of impairment, resulting in recognition of an impairment loss as needed.	7. Goodwill is amortized using the straight-line method over 20 years. Insignificant amount of goodwill is charged to income as incurred in the entire amount.
	8. In accordance with "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18) issued on May 17, 2006, the Company made necessary adjustments in preparing the consolidated financial statements effective from the year ended March 31, 2009. As a result, compared to the prior method, ordinary expenses were increased by ¥1,867 million and income before income taxes was decreased by ¥1,881 million, respectively.
8. In preparing the consolidated statement of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months constitute cash and cash equivalents.	9. In preparing the consolidated statement of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with original maturities not exceeding three months constitute cash and cash equivalents.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008

9. Changes in presentation

(1) Consolidated balance sheet

(i) Reserve for retirement benefits for officers previously included in "Reserve for pension and retirement benefits" has been presented separately as "Reserve for retirement benefits for officers" effective from the year ended March 31, 2008.

(2) Consolidated statement of cash flows

(i) Increase in reserve for retirement benefits for officers previously included in "Increase in reserve for pension and retirement benefits" has been presented separately as "Increase in reserve for retirement benefits for officers" effective from the year ended March 31, 2008.

March 31, 2009

10. Changes in presentation

In accordance with the amendment of the Enforcement Regulations of the Japanese Insurance Business Law, land, buildings, construction in progress, and other tangible fixed assets are separately presented as sub items for tangible fixed assets. Software, goodwill and other intangible fixed assets are also separately presented as sub items for intangible fixed assets. Tangible fixed assets and intangible fixed assets in the prior consolidated year consisted of:

Land	¥103,993 million
Buildings	¥146,792 million
Construction in progress	¥357 million
Other tangible fixed assets	¥23,862million
Software	¥5,336 million
Goodwill	¥77,594 million
Other intangible fixed assets	¥3,714 million

11. Additional information

Distribution of shares of domestic subsidiaries

(i) Summary of fact

As of July 1, 2008, the following subsidiaries' and affiliates' stocks held by the Company were all distributed to MSIGH, resulting in transfer of businesses operated by those subsidiaries to MSIGH. This distribution was based on the resolution of the board of directors held on June 26, 2008.

Subsidiaries and an affiliate whose stocks were transferred to MSIGH are as follows:

Mitsui Direct Insurance Company, Limited ("MD") (subsidiary) ....domestic non-life insurance

Mitsui Sumitomo Kirameki Life Insurance Company, Limited ("MSKL") (subsidiary) ....domestic life insurance

Mitsui Sumitomo MetLife Insurance Company, Limited ("MSML") (affiliate) .... domestic life insurance

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Basis of Presentation (Continued)

March 31, 2008	March 31, 2009
	(ii) Objective of dividends in kind The distribution was performed with the objective of having these stocks owned directly by MSIGH to promote group-wide operations centered by MSIGH and achieve quicker business decisions and group synergy.
	(iii) Summary of accounting procedure applied to the transaction The above transaction was accounted for as transaction under common control, based on "Accounting Standard for Business Combinations" (issued by Business Accounting Council on October 31, 2003) and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No.10 revised on November 15, 2007)".
	(iv) Profits and losses arising from the above subsidiaries included in the current consolidated income statement are as follows: Ordinary income ¥23,727 million (including net premium written in the amount of ¥7,061 million) Ordinary profit ¥427 million

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Balance Sheets

As of March 31, 2008 and 2009

March 31, 2008

1. Accumulated depreciation of tangible fixed assets amounted to ¥271,655 million. The acquisition costs of certain properties were reduced by ¥19,258 million representing deferred profit on sales of other properties.

2. Costs of equity investments in unconsolidated subsidiaries and affiliates are as follows (Yen in millions):

Investments in securities (Stock)	¥14,286
Investments in securities (Foreign securities)	¥6,133
Investments in securities (Other securities)	¥8,633

3. The amount of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more and restructured loans are as follows:

(1) Loans to financially impaired parties and overdue loans amounted to ¥207 million and ¥2,367 million, respectively.

Loans to financially impaired parties represent those loans, excluding the portion of the loans that were written off, on which accrued interest receivable is not recognized because repayments of principal or interest were overdue for considerable periods and they are regarded uncollectible and which meet the conditions prescribed in Article 96, Section 1-3 and 1-4 of the Corporation Tax Law Enforcement Ordinance (1965 Cabinet Order No.97). Hereafter, this last category is referred to as "Loans not accruing interest".

Overdue loans represent loans not accruing interest excluding (a) loans to financially impaired parties and (b) loans that have been granted grace for interest payments for the purpose of restructuring of, or support to debtors in financial difficulty.

March 31, 2009

1. Accumulated depreciation of tangible fixed assets amounted to ¥274,674 million. The acquisition costs of certain properties were reduced by ¥18,885 million representing deferred profit on sales of other properties.

2. Costs of equity investments in unconsolidated subsidiaries and affiliates are as follows (Yen in millions):

Investments in securities (Stock)	¥10,672
Investments in securities (Foreign securities)	¥6,246
Investments in securities (Other securities)	¥6,604

3. The amount of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more and restructured loans are as follows:

(1) Loans to financially impaired parties and overdue loans amounted to ¥13 million and ¥2,609 million, respectively.

Loans to financially impaired parties represent those loans, excluding the portion of the loans that were written off, on which accrued interest receivable is not recognized because repayments of principal or interest were overdue for considerable periods and they are regarded uncollectible and which meet the conditions prescribed in Article 96, Section 1-3 and 1-4 of the Corporation Tax Law Enforcement Ordinance (1965 Cabinet Order No.97). Hereafter, this last category is referred to as "Loans not accruing interest".

Overdue loans represent loans not accruing interest excluding (a) loans to financially impaired parties and (b) loans that have been granted grace for interest payments for the purpose of restructuring of, or support to debtors in financial difficulty.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Balance Sheets (Continued)

March 31, 2008	March 31, 2009
(2) Loans overdue for 3 months or more amounted to ¥946 million.	(2) Loans overdue for 3 months or more amounted to ¥817 million.
Loans overdue for 3 months or more represent loans for which principal or interest was past due for 3 months or more after the contractual due date for repayment of principal or interest and excludes loans to financially impaired parties and overdue loans.	Loans overdue for 3 months or more represent loans for which principal or interest was past due for 3 months or more after the contractual due date for repayment of principal or interest and excludes loans to financially impaired parties and overdue loans.
(3) Restructured loans amounted to ¥1,495 million.	(3) Restructured loans amounted to ¥845 million.
Restructured loans are those loans which have granted favorable terms for the benefit of debtors such as interest exemption or reduction, grace on interest payments, grace on principal repayments, or forgiveness of debts for the purpose of restructuring of or support to the debtors in financial difficulty. Loans to financially impaired parties, overdue loans and loans overdue for 3 months or more are excluded from this category.	Restructured loans are those loans which have granted favorable terms for the benefit of debtors such as interest exemption or reduction, grace on interest payments, grace on principal repayments, or forgiveness of debts for the purpose of restructuring of or support to the debtors in financial difficulty. Loans to financially impaired parties, overdue loans and loans overdue for 3 months or more are excluded from this category.
(4) The total of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more and restructured loans amounted to ¥5,017 million.	(4) The total of loans to financially impaired parties, overdue loans, loans overdue for 3 months or more and restructured loans amounted to ¥4,285 million.
4. Securities in the amount of ¥53,273 million, Cash and deposits in the amount of ¥4,151 million and Tangible fixed assets in the amount of ¥532 million are pledged as collateral primarily for Real Time Gross Settlement system of current account at the Bank of Japan.	4. Securities in the amount of ¥80,559 million, Cash and deposits in the amount of ¥4,122 million and Tangible fixed assets in the amount of ¥410 million are pledged as collateral for overseas operations and Real Time Gross Settlement system of current account at the Bank of Japan.
5. Investments in securities include those that were loaned under securities lending agreements in the amount of ¥152,411 million.	5. Investments in securities include those that were loaned under securities lending agreements in the amount of ¥88,481 million.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Balance Sheets (Continued)

March 31, 2008

6. Matters regarding retirement benefits are as follows (Yen in millions):

(1) Details of retirement benefit obligation:

Projected retirement benefit obligation	¥ 257,669
Plan assets	(154,513)
Unfunded obligation	103,156
Unrecognized actuarial losses	(24,369)
Reserve for pension and retirement benefits	¥ 78,786

(2) Actuarial assumptions for calculation of retirement benefit obligation, etc.

Attribution method of retirement benefits over service period	The benefit/years of service method
Discount rate	1.50%-2.00 %
Expected rate of return on plan assets	3.00 %
Amortization period for prior service costs	4 years
Amortization period for actuarial gains and losses:	
Defined benefit pension plan and termination allowance plan	10 years
Tax qualified defined benefit pension plan	4 years

The Company transferred its tax qualified defined benefit pension plan to defined benefit pension plan on April 1, 2006.

March 31, 2009

6. Matters regarding retirement benefits are as follows (Yen in millions):

(1) Details of retirement benefit obligation:

Projected retirement benefit obligation	¥ 264,037
Plan assets	(138,674)
Unfunded obligation	125,363
Unrecognized actuarial losses	(44,746)
Reserve for pension and retirement benefits	¥ 80,616

(2) Actuarial assumptions for calculation of retirement benefit obligation, etc.

Attribution method of retirement benefits over service period	The benefit/years of service method
Discount rate	Mainly 2.00 %
Expected rate of return on plan assets	Mainly 3.00 %
Amortization period for prior service costs	4 years
Amortization period for actuarial gains and losses:	
Tax qualified defined benefit pension plan	4 years
Other than tax qualified defined benefit pension plan	Mainly 10 years

The Company transferred its tax qualified defined benefit pension plan to defined benefit pension plan on April 1, 2006.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Balance Sheets (Continued)

March 31, 2008

7. Significant components of deferred tax assets and liabilities as of March 31, 2008 are as follows(Yen in millions):

Deferred tax assets:		
Underwriting reserve	¥	173,448
Reserve for pension and retirement benefits		27,809
Investment in securities		31,431
Outstanding claims		20,743
Software		19,090
Others		52,458
Total gross deferred tax assets		324,982
Less valuation allowance		(24,662)
Total net deferred tax assets		300,319
Deferred tax liabilities:		
Unrealized gain on investments		(495,045)
Others		(7,035)
Total gross deferred tax liabilities		(502,080)
Total deferred tax liabilities net of deferred tax assets	¥	(201,760)

8. The Company provides guarantees to the transactions of a limited partnership entity. Aggregate net present value of those transactions was ¥497,014 million, in a negative liability position. This amount was not included in Customers' liabilities under acceptances and guarantees and Liabilities under acceptances and guarantees since there is no substantial exposure.

9. The Company executes a net worth maintenance agreement on behalf of its affiliate company, Mitsui Sumitomo MetLife Insurance Co., Ltd.("MSML") Under this agreement, the Company's funding and other obligations are triggered if MSML falls under a situation that its net worth falls short of a predetermined level or it does not maintain adequate liquidity

March 31, 2009

7. Significant components of deferred tax assets and liabilities as of March 31, 2009 are as follows(Yen in millions):

Deferred tax assets:		
Underwriting reserve	¥	170,809
Investment in securities		49,813
Reserve for pension and retirement benefits		28,960
Outstanding claims		19,731
Software		18,513
Others		45,416
Total gross deferred tax assets		333,244
Less valuation allowance		(17,668)
Total net deferred tax assets		315,576
Deferred tax liabilities:		
Unrealized gain on investments		(163,871)
Others		(14,848)
Total gross deferred tax liabilities		(178,720)
Total deferred tax liabilities net of deferred tax assets	¥	(136,856)

8. The Company provides guarantees to the transactions of a limited partnership entity. Aggregate net present value of those transactions was ¥296,290 million, in a negative liability position. This amount was not included in Customers' liabilities under acceptances and guarantees and Liabilities under acceptances and guarantees since there is no substantial exposure.

9. The Company executes a net worth maintenance agreement on behalf of MSML which is an affiliated company of MSIGH. Under this agreement, the Company's funding and other obligations are triggered if MSML falls under a situation that its net worth falls short of a predetermined level or it does not maintain adequate liquidity for payment

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Balance Sheets (Continued)

March 31, 2008	March 31, 2009
for payment for its obligations. The aggregated amount of liabilities and assets of MSML as of March 31, 2008 were ¥2,528,083 million (including Underwriting funds in the amount of ¥2,509,690 million) and ¥2,543,102 million, respectively. This agreement does not provide any guarantees for payment for its obligations. MSML was not in a triggering situation mentioned above as of March 31, 2008.	for its obligations. The Company and MSIGH are jointly obligated for the agreement. The aggregated amount of liabilities and assets of MSML as of March 31, 2009 were ¥2,444,271 million (including Underwriting funds in the amount of ¥2,424,052 million) and ¥2,470,766 million, respectively. This agreement does not provide any guarantees for payment for its obligations. MSML was not in a triggering situation mentioned above as of March 31, 2009.
10. Unutilized portion of commitment lines given to third parties amounted to ¥3,436 million.	10. Unutilized portion of commitment lines given to third parties amounted to ¥3,164 million.
11. Net assets per share as of March 31, 2008 was ¥1,178.48. Minority interests in the amount of ¥16,454 million were deducted from net assets in its computation. Outstanding common shares as of March 31, 2008 were 1,404,402 thousand shares.	11. Net assets per share as of March 31, 2009 was ¥653.75. Minority interests in the amount of ¥9,952 million were deducted from net assets in its computation. Outstanding common shares as of March 31, 2009 were 1,404,402 thousand shares.
12. The event occurring subsequent to the balance sheet date which would have a material effect on the financial position or the results of operations of the Company and its consolidated subsidiaries for the future periods is as follows: The Company established a holding company "Mitsui Sumitomo Insurance Group Holdings, Inc." through stock transfer, and became its wholly-owned subsidiary effective April 1, 2009.	
13. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.	12. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Income

For the years ended March 31, 2008 and 2009

March 31, 2008

1. Business expenses mainly consist of:

Commission expenses	¥248,520 million
Salary	¥136,279 million

Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses and commissions and collection expenses presented in the statement of income.

2. Consolidated net income per share for the year ended March 31, 2008 was ¥28.37.

Consolidated net income per share is computed based on the following figures: Consolidated net income and Consolidated net income available to common stockholders, ¥40,027 million; and Average outstanding common shares during the year, 1,410,862 thousand shares. Earnings per share after adjustment for dilutive effect of shares is not presented as no dilutive securities exist.

3. Other extraordinary income represents reversal of bad debt reserve.

4. Costs for retirement benefits included in loss adjustment expenses, operating expenses and general and administrative expenses are as follows (Yen in millions):

Service costs	¥ 10,672
Interest cost	4,952
Expected return on plan assets	(4,979)
Amortization of actuarial losses	552
Net periodic pension cost	11,198
Contributions paid to defined contribution plan	1,475
Total	¥ 12,673

March 31, 2009

1. Business expenses mainly consist of:

Commission expenses	¥243,831 million
Salary	¥131,074 million

Business expenses represent the aggregate amount of loss adjustment expenses, operating expenses and general and administrative expenses and commissions and collection expenses presented in the statement of income.

2. Costs for retirement benefits included in loss adjustment expenses, operating expenses and general and administrative expenses are as follows (Yen in millions):

Service costs	¥ 10,297
Interest cost	5,217
Expected return on plan assets	(4,667)
Amortization of actuarial losses	3,375
Net periodic pension cost	14,222
Contributions paid to defined contribution plan	2,392
Total	¥ 16,615

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Income (Continued)

March 31, 2008

5. A reconciliation of the significant difference between normal income tax rate and the effective tax rate after application of deferred tax accounting is as follows:

Normal income tax rate	36.1%
Tax credit for dividends received	(14.0%)
Elimination of dividends received from subsidiaries	2.9%
Entertainment and other expenses not deductible for tax purposes	2.0%
Others	0.5%
Effective income tax rate	27.5%

6. Impairment losses were recognized for the following assets (Yen in millions):

Use	Asset category	Description of assets	Impairment losses	
Rental properties	Land and buildings	Properties, including buildings for rent in Osaka	Buildings	¥ 5
			Total	¥ 5
Idle real estate and real estate for sale	Land and buildings	14 properties, including company residences in Tokyo	Land	¥ 93
			Buildings	3,642
			Total	¥ 3,735

Properties used for insurance operations are grouped as a single asset group for the entire insurance operations. Rental properties, idle real estate and real estate for sale constitute asset groups by their own. Carrying amounts of the above mentioned assets were reduced to their realizable values in view of falling property values or idle real estate and the resulting decreases in the carrying amounts were recorded as an impairment loss in the aggregate amount of ¥3,740 million in the extraordinary losses.

March 31, 2009

3. Impairment losses were recognized for the following assets (Yen in millions):

Use	Asset category	Description of assets	Impairment losses	
Rental properties	Land and buildings	Properties, including buildings for rent in Gunma	Land	¥ 104
			Buildings	267
			Total	¥ 371
Idle real estate and real estate for sale	Land and buildings	9 properties, including company residences in Niigata	Land	¥ 157
			Buildings	516
			Total	¥ 673

Properties used for insurance operations are grouped as a single asset group for the entire insurance operations. Rental properties, idle real estate and real estate for sale constitute asset groups by their own. Carrying amounts of the above mentioned assets were reduced to their realizable values in view of falling property values or idle real estate and the resulting decreases in the carrying amounts were recorded as an impairment loss in the aggregate amount of ¥1,044 million in the extraordinary losses.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Income (Continued)

March 31, 2008

The realizable values of the assets concerned are determined at the higher of the net sale values or the potential values in continued use. The net sale values are computed based on the sale values or the appraisal values by independent appraisers and the potential values in continued use are computed by discounting the future cash flows at the discount rate of 6.2%.

7. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

March 31, 2009

The realizable values of the assets concerned are determined at the higher of the net sale values or the potential values in continued use. The net sale values are computed based on the appraisal values by independent appraisers or the potential values in continued use are computed by discounting the future cash flows at the discount rate of 5.4%.

4. A reconciliation of the significant difference between normal income tax rate and the effective tax rate after application of deferred tax accounting is as follows:

Normal income tax rate	36.1%
Loss from consolidated subsidiaries that do not recognize deferred tax	68.4%
Tax credit for dividends received	(46.2%)
Deemed loss on asset transfer due to dividend in kind	(45.7%)
Difference in tax rates from overseas consolidated subsidiaries	(15.7%)
Elimination of dividends received from subsidiaries	10.1%
Others	2.3%
Effective income tax rate	9.3%

5. Consolidated net income per share for the year ended March 31, 2009 was ¥10.66

Consolidated net income per share is computed based on the following figures: Consolidated net income and Consolidated net income available to common stockholders, ¥14,972 million; and Average outstanding common shares during the year, 1,404,402 thousand shares. Earnings per share after adjustment for dilutive effect of shares is not presented as no dilutive securities exist.

6. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Changes in Net Assets

For the years ended March 31, 2008 and 2009

March 31, 2008

1. Type and number of stock issued and treasury stock

(Thousand of shares)

	March 31, 2007	Increase	Decrease	March 31, 2008
Issued:				
Common share	1,513,184	-	108,782	1,404,402
Total	1,513,184	-	108,782	1,404,402
Treasury stock:				
Common share	101,982	6,870	108,853	-
Total	101,982	6,870	108,853	-

Note:

a. The decrease in the number of outstanding common stocks during the year was 108,782 thousand shares, as a result of the retirement of stocks.

b. The increase in the number of common treasury stocks during the year was 6,870 thousand shares in aggregate, as a result of the stock repurchase in the market (6,402 thousand shares) and repurchase of fractional stocks (468 thousand shares).

c. The decrease in the number of common treasury stocks during the year was 108,853 thousand shares, as a result of retirement of stocks (108,782 thousand shares) and sales of fractional stocks (71 thousand shares).

March 31, 2009

1. Type and number of stock issued and treasury stock

(Thousand of shares)

	March 31, 2008	Increase	Decrease	March 31, 2009
Issued:				
Common share	1,404,402	-	-	1,404,402
Total	1,404,402	-	-	1,404,402

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Changes in Net Assets (Continued)

March 31, 2008

2. Dividends

(1) Dividends paid (Yen in millions, except for dividend per share in Yen)

Resolution	Type of share	Aggregate amount of dividends	Dividend per share	Date of record	Effective date
General meeting of stockholders held on June 27, 2007	Common share	¥ 11,289	¥ 8	March 31, 2007	June 28, 2007
Meeting of board of directors held on November 20, 2007	Common share	¥ 9,876	¥ 7	September 30, 2007	December 13, 2007

(2) Dividends to be made effective in the following year for which the date of record is in the current reporting period (Yen in millions, except for dividend per share in Yen)

Resolution	Type of share	Aggregate amount of dividends	Source of dividend	Dividend per share	Date of record	Effective date
General meeting of stockholders to be held on June 26, 2008	Common share	¥ 12,639	Retained earnings	¥ 9	March 31, 2008	June 27, 2008

3. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

March 31, 2009

2. Dividends

(1) Dividends paid (Yen in millions, except for dividend per share in Yen)

Resolution	Type of share	Aggregate amount of dividends	Dividend per share	Date of record	Effective date
General meeting of stockholders held on June 26, 2008	Common share	¥ 12,639	¥9	March 31, 2008	June 27, 2008
Meeting of board of directors held on June 26, 2008	Common share	¥ 2,500	¥ 1.78	-	July 1, 2008
Meeting of board of directors held on September 30, 2008	Common share	¥ 15,000	¥ 10.68	-	September 30, 2008
Meeting of board of directors held on December 26, 2008	Common share	¥ 12,750	¥ 9.07	-	December 26, 2008
Meeting of board of directors held on January 30, 2009	Common share	¥ 5,000	¥ 3.56	-	January 30, 2009

Resolution	Type of share	Aggregate book value of assets distributed	Dividend per share	Date of record	Effective date
General meeting of stockholders held on June 26, 2008	Common share	¥ 97,593	¥69.49	-	July 1, 2008

The assets distributed as dividend in kind are as follows:
Common shares of MSKL
Common shares of MSML
Common shares and shares with restricted voting right of MD

March 31, 2008

March 31, 2009

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Changes in Net Assets (Continued)

(2) Dividends to be made effective in the following year for which the date of record is in the current reporting period (Yen in millions, except for dividend per share in Yen)

Resolution	Type of share	Aggregate amount of dividends	Source of dividend	Dividend per share	Date of record	Effective date
General meeting of stockholders to be held on May 20, 2009	Common share	¥ 13,000	Retained earnings	¥ 9.25	March 31, 2009	June 1, 2009

3. Amounts are rounded down to the nearest millions of yen, except for those stated otherwise.

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Cash Flows

For the years ended March 31, 2008 and 2009

March 31, 2008

1. Reconciliation of balance sheet items to cash and cash equivalents outstanding

	(Yen in millions)
Cash, deposits and savings	¥ 363,179
Call loans	39,900
Monetary claims bought	96,401
Money trust	49,697
Time deposit with an original maturity of more than three months	(56,947)
Monetary claims bought other than cash equivalents	(80,317)
Money trust other than cash equivalents	(47,831)
Cash and cash equivalents	¥ 364,081

March 31, 2009

1. Reconciliation of balance sheet items to cash and cash equivalents outstanding

	(Yen in millions)
Cash, deposits and savings	¥ 435,496
Call loans	31,900
Monetary claims bought	127,339
Money trust	14,476
Securities	4,058,016
Time deposit with an original maturity of more than three months	(79,135)
Monetary claims bought other than cash equivalents	(77,769)
Money trust other than cash equivalents	(13,727)
Securities other than cash equivalents	(4,057,727)
Cash and cash equivalents	¥ 438,869

MITSUI SUMITOMO INSURANCE COMPANY, LIMITED

Notes to Consolidated Statements of Cash Flows (Continued)

March 31, 2008

2. Significant non-cash transaction

Assets and liabilities recorded on new finance lease transactions in the current year amounted to ¥923 million.

3. Cash flows from investing activities include cash flows from investments made as part of the insurance business.

March 31, 2009

2. Significant non-cash transaction

(i) Assets and liabilities excluded from the scope of consolidation as a result of distribution of stocks of MSKL, MD and MSML which were held by the Company, and their effect on the decrease in cash and cash equivalents are as follows:

	(Yen in millions)
Assets (excluding cash and cash equivalents)	¥ 1,055,643
(Securities	990,749)
Liabilities	(987,809)
(Underwriting funds	(982,128))
Net assets	(79,348)
Decrease in cash and cash equivalents due to exclusion from the scope of consolidation	¥ (11,514)

(ii) Assets and liabilities recorded on new finance lease transactions in the current year amounted to ¥651 million.

3. Cash flows from investing activities include cash flows from investments made as part of the insurance business.