

[Translation]

**SUMMARY OF FINANCIAL STATEMENTS**  
**FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2004**  
**(Consolidated)**

November 22, 2004

Name of Listed Company: Mitsui Sumitomo Insurance Company, Limited (the "Company")

Securities Code No.: 8752 (URL <http://www.ms-ins.com>)

Stock Exchanges: Tokyo ,Osaka ,Nagoya

Headquarters: Tokyo

Representative: Hiroyuki Uemura, President & Chief Executive Officer

Any inquiry relating hereto (Name and position of the person in charge) :

Hiroyuki Hata, Manager of Financial Accounting Group, Accounting Department

Telephone Number: (03)-3297-6648

Direction of Resolution of the Board of Directors

to approve Interim Settlement of Accounts: November 22, 2004

Adoption of the U.S. GAAP: Yes or  No

1. Business Results for the six months ended September 30, 2004

(from April 1, 2004 to September 30, 2004)

(1) Results of Operations\*

\*The amount which respectively represent less than the relevant unit are discarded, and the ratios are rounded to the nearest one-tenth, with five one-hundredths or more considered to be a full tenth. The same applies hereunder.

(Yen in millions)

	Ordinary income		Ordinary profit		Net income	
Six months ended September 30, 2004	1,018,462	-7.5%	14,459	-89.1%	28,317	-65.0%
Six months ended September 30, 2003	1,101,471	15.9%	132,619	197.1%	80,856	174.1%
For the year ended March 31, 2004	2,066,500	7.6%	174,943	253.0%	77,787	137.1%

(Yen)

	Net income per share	Net income per share - Diluted
Six months ended September 30, 2004	19.49	-
Six months ended September 30, 2003	55.70	54.51
For the year ended March 31, 2004	53.94	52.78

- (Notes)
- Equity in earnings (losses) of affiliates during the business term (consolidated):  
Six months ended September 30, 2004: -2,926 million yen  
Six months ended September 30, 2003: -660 million yen  
For the year ended March 31, 2004: -1,708 million yen
  - The average number of shares in issue during the business term (consolidated):  
Six months ended September 30, 2004: 1,452,795,218 shares  
Six months ended September 30, 2003: 1,451,496,323 shares  
For the year ended March 31, 2004: 1,440,547,759 shares
  - Change of accounting method: Yes or  No
  - Percent figures of "Ordinary income", "Ordinary Profit" and "Net Income" represent increase or decrease in comparison with the settlement of account for the previous corresponding period.

## (2) Financial Conditions

(Yen in millions)

	Total assets	Shareholders' equity	Ratio of shareholders' equity to total assets	Shareholders' equity per share (Yen)
As at September 30, 2004	7,152,658	1,381,020	19.3%	958.65
As at September 30, 2003	6,788,096	1,219,805	18.0%	840.44
As at March 31, 2004	7,126,961	1,401,911	19.7%	963.51

(Note) The number of shares issued (consolidated):

As at September 30, 2004:	1,440,588,060 shares
As at September 30, 2003:	1,451,380,987 shares
As at March 31, 2004:	1,454,923,183 shares

## (3) Conditions of Consolidated Cash Flows

(Yen in millions)

	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash and cash equivalents at the end of the term
Six months ended September 30, 2004	127,300	-87,346	-26,393	377,585
Six months ended September 30, 2003	136,629	-61,124	-11,326	437,350
For the year ended March 31, 2004	181,584	-155,321	-37,727	363,011

## (4) Scope of consolidation

Number of consolidated subsidiaries: 24

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

Number of affiliates accounted for by the equity method: 2

## (5) Changes in the scope of consolidation

Number of newly consolidated subsidiaries: 0

Number of consolidated subsidiaries excluded from consolidation: 0

Number of unconsolidated subsidiaries and affiliates newly accounted for by the equity method: 0

Number of unconsolidated subsidiaries and affiliates ceased to be accounted for by the equity method: 0

## 2. Forecast of this Business Year (from April 1, 2004 to March 31, 2005)

(Yen in millions)

	Ordinary income	Ordinary profit	Net income
For the business year ending March 31, 2005	1,980,000	76,500	52,000

(Reference) Net income per share expected for the business year ending March 31, 2005 : Yen : 36.09

### <Operating Results Forecast for the year ending March 31, 2005>

Major prerequisites of the business outlook for the following business year shall be as follows:

- Net premiums written is estimated based on the development of past business results.
- With regard to net claims incurred (the amount of net claims paid and provision for outstanding claims), net claims due to natural disasters is estimated to be Yen100 billion.
- With regard to prospects for portfolio investment, it is assumed that there will be no substantial fluctuation in the money market, the foreign exchange rates or the stock prices as of September 30, 2004.

## Summary of statement of operations

(Yen in millions)

Item	Six months ended September 30, 2003	Six months ended September 30, 2004	Change	Change Ratio(%)	FY2003
<b>Ordinary Income and Expenses:</b>					
<b>Underwriting income:</b>	<b>962,810</b>	<b>960,420</b>	<b>-2,390</b>	<b>-0.2</b>	<b>1,868,160</b>
Net premiums written	700,212	714,482	14,270	2.0	1,379,119
Deposit premiums from policyholders	168,893	149,513	-19,380	-11.5	300,819
Life insurance premiums	62,966	66,884	3,917	6.2	128,104
<b>Underwriting expenses:</b>	<b>812,162</b>	<b>871,569</b>	<b>59,406</b>	<b>7.3</b>	<b>1,588,600</b>
Net claims paid	322,242	345,997	23,754	7.4	680,271
Loss adjustment expenses	29,268	28,974	-294	-1.0	58,965
Commission and collection expenses	118,445	122,511	4,065	3.4	237,994
Maturity refunds to policyholders	215,335	185,393	-29,941	-13.9	461,718
Life insurance claims	9,111	8,402	-709	-7.8	17,951
<b>Investment income :</b>	<b>137,738</b>	<b>56,197</b>	<b>-81,540</b>	<b>-59.2</b>	<b>193,451</b>
Interest and dividends received	60,737	60,415	-322	-0.5	128,710
Gain on sales of securities	98,829	20,626	-78,203	-79.1	110,708
<b>Investment expenses :</b>	<b>27,983</b>	<b>10,079</b>	<b>-17,903</b>	<b>-64.0</b>	<b>42,195</b>
Loss on sales of securities	20,911	2,791	-18,119	-86.7	34,728
Loss on valuation of securities	5,679	6,469	790	13.9	2,522
<b>Operating expenses and general and administrative expenses</b>	<b>122,415</b>	<b>118,229</b>	<b>-4,186</b>	<b>-3.4</b>	<b>245,554</b>
<b>Other ordinary income and expenses</b>	<b>-5,368</b>	<b>-2,280</b>	<b>3,087</b>	<b>-</b>	<b>-10,319</b>
<b>Ordinary profit</b>	<b>132,619</b>	<b>14,459</b>	<b>-118,160</b>	<b>-89.1</b>	<b>174,943</b>
<b>Extraordinary Income and Losses:</b>					
Extraordinary income	1,701	47,971	46,269	2,718.9	3,753
Extraordinary losses	9,650	15,193	5,543	57.4	61,199
<b>Extraordinary income and losses</b>	<b>-7,948</b>	<b>32,777</b>	<b>40,725</b>	<b>-</b>	<b>-57,446</b>
Income before income taxes	124,671	47,236	-77,434	-62.1	117,496
Income taxes - current	41,944	2,640	-39,304	-93.7	37,771
Income taxes - deferred	1,575	15,912	14,337	910.1	1,362
Minority interests	295	366	71	24.1	576
<b>Net income</b>	<b>80,856</b>	<b>28,317</b>	<b>-52,538</b>	<b>-65.0</b>	<b>77,787</b>

**Direct Premiums Written by Lines of Insurance**  
(including Deposit premiums from policyholders)

(Yen in millions)

Lines of Insurance	Six months ended September 30, 2003			Six months ended September 30, 2004			FY2003		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire	153,647	13.0	17.2	148,497	-3.4	16.6	289,469	5.9	16.6
Marine	37,869	7.5	4.2	42,297	11.7	4.7	76,346	9.5	4.4
Personal Accident	200,076	14.8	22.3	190,914	-4.6	21.4	359,217	2.0	20.6
Voluntary Automobile	293,389	-2.5	32.7	295,806	0.8	33.2	585,856	1.2	33.5
Compulsory Automobile Liability	91,452	-9.4	10.2	93,525	2.3	10.5	183,855	1.3	10.5
Other	119,832	3.3	13.4	121,233	1.2	13.6	251,407	8.9	14.4
<b>Total</b> (Deposit premiums from policyholders)	<b>896,267</b> (168,893)	<b>3.8</b> ( 14.3)	<b>100.0</b> ( 18.8)	<b>892,275</b> (149,513)	<b>-0.4</b> (-11.5)	<b>100.0</b> ( 16.8)	<b>1,746,152</b> ( 300,819)	<b>3.5</b> ( -1.9)	<b>100.0</b> ( 17.2)

**Net Premiums by Lines of Insurance**

(Yen in millions)

Lines of Insurance	Six months ended September 30, 2003			Six months ended September 30, 2004			FY2003		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire	102,760	22.2	14.7	103,268	0.5	14.4	187,209	9.6	13.6
Marine	31,539	16.1	4.5	35,453	12.4	5.0	64,671	12.5	4.7
Personal Accident	65,513	-0.3	9.3	67,707	3.3	9.5	124,917	1.3	9.0
Voluntary Automobile	292,431	-2.6	41.8	294,866	0.8	41.3	583,654	1.0	42.3
Compulsory Automobile Liability	98,497	39.5	14.1	99,428	0.9	13.9	194,018	17.6	14.1
Other	109,471	1.8	15.6	113,758	3.9	15.9	224,647	7.3	16.3
<b>Total</b>	<b>700,212</b>	<b>6.8</b>	<b>100.0</b>	<b>714,482</b>	<b>2.0</b>	<b>100.0</b>	<b>1,379,119</b>	<b>5.8</b>	<b>100.0</b>

**Net Claims Paid by Lines of Insurance**

(Yen in millions)

Lines of Insurance	Six months ended September 30, 2003			Six months ended September 30, 2004			FY2003		
	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)	Amount	Change (%)	Share (%)
Fire	29,062	17.4	9.0	36,550	25.8	10.6	60,519	6.1	8.9
Marine	14,371	14.1	4.4	13,006	-9.5	3.8	28,450	10.0	4.2
Personal Accident	25,368	2.2	7.9	25,247	-0.5	7.3	51,486	1.7	7.6
Voluntary Automobile	164,347	0.4	51.0	166,422	1.3	48.1	341,168	0.8	50.1
Compulsory Automobile Liability	37,555	25.2	11.7	53,104	41.4	15.3	82,146	34.8	12.1
Other	51,537	-2.1	16.0	51,666	0.2	14.9	116,499	2.7	17.1
<b>Total</b>	<b>322,242</b>	<b>4.5</b>	<b>100.0</b>	<b>345,997</b>	<b>7.4</b>	<b>100.0</b>	<b>680,271</b>	<b>5.2</b>	<b>100.0</b>

(Note) Any figures are amounts before the off-set of intersegment transactions.

## Balance Sheets

(Yen in millions, %)

Item	As at September 30, 2003		As at September 30, 2004		Change	FY2003	
	Amount	Share	Amount	Share		Amount	Share
<b>(Assets)</b>							
Cash deposits and savings	307,908	4.54	291,146	4.07	-16,761	287,588	4.03
Call loans	86,000	1.27	34,000	0.48	-52,000	64,000	0.90
Futures bought	6,999	0.10	5,999	0.08	-1,000	3,999	0.06
Monetary claims bought	71,399	1.05	90,893	1.27	19,493	42,834	0.60
Money trusts	29,155	0.43	52,356	0.73	23,201	28,045	0.39
Investments in securities	4,828,527	71.13	5,258,233	73.51	429,705	5,253,715	73.72
Loans	741,635	10.92	759,273	10.62	17,638	757,917	10.63
Property and equipment	310,843	4.58	262,331	3.67	-48,512	298,041	4.18
Other assets	420,092	6.19	406,340	5.68	-13,751	403,900	5.67
Deferred tax assets	1	0.00	397	0.01	395	439	0.01
Customers' liabilities under acceptances and guarantees	10,032	0.15	10,635	0.15	602	10,470	0.15
Reserve for bad debts	-24,462	-0.36	-18,950	-0.27	5,511	-23,990	-0.34
Reserve for loss on investments	-38	-0.00	-	-	38	-	-
<b>Total assets</b>	<b>6,788,096</b>	<b>100.00</b>	<b>7,152,658</b>	<b>100.00</b>	<b>364,561</b>	<b>7,126,961</b>	<b>100.00</b>
<b>(Liabilities)</b>							
<b>Underwriting funds:</b>	<b>5,105,611</b>	<b>75.21</b>	<b>5,322,066</b>	<b>74.41</b>	<b>216,454</b>	<b>5,156,421</b>	<b>72.35</b>
Outstanding claims	( 515,433 )		( 602,383 )		( 86,950 )	( 533,042 )	
Underwriting reserves	( 4,590,178 )		( 4,719,682 )		( 129,503 )	( 4,623,379 )	
<b>Convertible bonds</b>	<b>22,250</b>	<b>0.33</b>	<b>-</b>	<b>-</b>	<b>-22,250</b>	<b>-</b>	<b>-</b>
<b>Other liabilities</b>	<b>223,559</b>	<b>3.29</b>	<b>171,827</b>	<b>2.40</b>	<b>-51,731</b>	<b>244,637</b>	<b>3.43</b>
<b>Reserve for employees' retirement and severance benefits</b>	<b>148,522</b>	<b>2.19</b>	<b>87,862</b>	<b>1.23</b>	<b>-60,660</b>	<b>136,037</b>	<b>1.91</b>
<b>Accrued bonuses for employees</b>	<b>8,770</b>	<b>0.13</b>	<b>8,482</b>	<b>0.12</b>	<b>-287</b>	<b>13,174</b>	<b>0.18</b>
<b>Reserve for loss on valuation of real estate</b>	<b>1,220</b>	<b>0.02</b>	<b>1,307</b>	<b>0.02</b>	<b>86</b>	<b>1,220</b>	<b>0.02</b>
<b>Reserve for EXPO 2005 Aichi</b>	<b>35</b>	<b>0.00</b>	<b>105</b>	<b>0.00</b>	<b>70</b>	<b>70</b>	<b>0.00</b>
<b>Reserve under the special law:</b>	<b>10,123</b>	<b>0.15</b>	<b>16,867</b>	<b>0.23</b>	<b>6,744</b>	<b>13,437</b>	<b>0.19</b>
Reserve for price fluctuation	( 10,123 )		( 16,867 )		( 6,744 )	( 13,437 )	
<b>Deferred tax liabilities</b>	<b>33,560</b>	<b>0.49</b>	<b>147,910</b>	<b>2.07</b>	<b>114,350</b>	<b>145,218</b>	<b>2.04</b>
<b>Liabilities under acceptances and guarantees</b>	<b>10,032</b>	<b>0.15</b>	<b>10,635</b>	<b>0.15</b>	<b>602</b>	<b>10,470</b>	<b>0.15</b>
<b>Total liabilities</b>	<b>5,563,687</b>	<b>81.96</b>	<b>5,767,066</b>	<b>80.63</b>	<b>203,379</b>	<b>5,720,687</b>	<b>80.27</b>
<b>(Minority interests)</b>							
<b>Minority interests</b>	<b>4,604</b>	<b>0.07</b>	<b>4,570</b>	<b>0.06</b>	<b>-33</b>	<b>4,362</b>	<b>0.06</b>
<b>(Shareholders' equity)</b>							
<b>Common stock</b>	<b>128,476</b>	<b>1.89</b>	<b>139,595</b>	<b>1.95</b>	<b>11,119</b>	<b>139,595</b>	<b>1.96</b>
<b>Capital surplus</b>	<b>81,993</b>	<b>1.21</b>	<b>93,114</b>	<b>1.30</b>	<b>11,121</b>	<b>93,110</b>	<b>1.31</b>
<b>Retained earnings</b>	<b>474,488</b>	<b>6.99</b>	<b>487,300</b>	<b>6.81</b>	<b>12,812</b>	<b>471,421</b>	<b>6.61</b>
<b>Unrealized gains on investments, net of tax</b>	<b>556,184</b>	<b>8.20</b>	<b>728,108</b>	<b>10.18</b>	<b>171,924</b>	<b>751,571</b>	<b>10.55</b>
<b>Foreign currency translation adjustments</b>	<b>-5,228</b>	<b>-0.08</b>	<b>-10,979</b>	<b>-0.15</b>	<b>-5,751</b>	<b>-11,335</b>	<b>-0.16</b>
<b>Treasury stock</b>	<b>-16,108</b>	<b>-0.24</b>	<b>-56,119</b>	<b>-0.78</b>	<b>-40,011</b>	<b>-42,451</b>	<b>-0.60</b>
<b>Total shareholders' equity</b>	<b>1,219,805</b>	<b>17.97</b>	<b>1,381,020</b>	<b>19.31</b>	<b>161,215</b>	<b>1,401,911</b>	<b>19.67</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>6,788,096</b>	<b>100.00</b>	<b>7,152,658</b>	<b>100.00</b>	<b>364,561</b>	<b>7,126,961</b>	<b>100.00</b>

## Income Statements

(Yen in millions, %)

Item	Six months ended September 30, 2003		Six months ended September 30, 2004		Change	FY2003	
	Amount	Share	Amount	Share		Amount	Share
<b>Ordinary income and expenses:</b>							
<b>Ordinary income:</b>	<b>1,101,471</b>	<b>100.00</b>	<b>1,018,462</b>	<b>100.00</b>	<b>-83,008</b>	<b>2,066,500</b>	<b>100.00</b>
<b>Underwriting income:</b>	<b>962,810</b>	<b>87.41</b>	<b>960,420</b>	<b>94.30</b>	<b>-2,390</b>	<b>1,868,160</b>	<b>90.40</b>
Net premiums written	( 700,212 )		( 714,482 )		( 14,270 )	( 1,379,119 )	
Deposit premiums from policyholders	( 168,893 )		( 149,513 )		( -19,380 )	( 300,819 )	
Investment income on deposits by policyholders ,etc	( 30,508 )		( 28,927 )		( -1,580 )	( 59,812 )	
Life insurance premiums	( 62,966 )		( 66,884 )		( 3,917 )	( 128,104 )	
<b>Investment income:</b>	<b>137,738</b>	<b>12.51</b>	<b>56,197</b>	<b>5.52</b>	<b>-81,540</b>	<b>193,451</b>	<b>9.36</b>
Interest and dividends received	( 60,737 )		( 60,415 )		( -322 )	( 128,710 )	
Investment gain on money trusts	( 2,576 )		( 561 )		( -2,015 )	( 4,406 )	
Gain on sales of securities	( 98,829 )		( 20,626 )		( -78,203 )	( 110,708 )	
Transfer to investment income on deposits by policyholders ,etc	( -30,508 )		( -28,927 )		( 1,580 )	( -59,812 )	
<b>Other ordinary income</b>	<b>922</b>	<b>0.08</b>	<b>1,845</b>	<b>0.18</b>	<b>923</b>	<b>4,888</b>	<b>0.24</b>
<b>Ordinary expenses:</b>	<b>968,851</b>	<b>87.96</b>	<b>1,004,003</b>	<b>98.58</b>	<b>35,151</b>	<b>1,891,557</b>	<b>91.53</b>
<b>Underwriting expenses:</b>	<b>812,162</b>	<b>73.74</b>	<b>871,569</b>	<b>85.58</b>	<b>59,406</b>	<b>1,588,600</b>	<b>76.87</b>
Net claims paid	( 322,242 )		( 345,997 )		( 23,754 )	( 680,271 )	
Loss adjustment expenses	( 29,268 )		( 28,974 )		( -294 )	( 58,965 )	
Commision and collection expenses	( 118,445 )		( 122,511 )		( 4,065 )	( 237,994 )	
Maturity refunds to policyholders	( 215,335 )		( 185,393 )		( -29,941 )	( 461,718 )	
Life insurance claims	( 9,111 )		( 8,402 )		( -709 )	( 17,951 )	
Provision for outstanding claims	( 7,095 )		( 83,409 )		( 76,313 )	( 30,463 )	
Provision for underwriting reserves	( 109,585 )		( 96,292 )		( -13,293 )	( 99,509 )	
<b>Investment expenses:</b>	<b>27,983</b>	<b>2.54</b>	<b>10,079</b>	<b>0.99</b>	<b>-17,903</b>	<b>42,195</b>	<b>2.04</b>
Investment loss on money trusts	( 107 )		( 239 )		( 132 )	( 34 )	
Loss on sales of securities	( 20,911 )		( 2,791 )		( -18,119 )	( 34,728 )	
Loss on valuation of securities	( 5,679 )		( 6,469 )		( 790 )	( 2,522 )	
<b>Operating expenses and general and administrative expenses</b>	<b>122,415</b>	<b>11.11</b>	<b>118,229</b>	<b>11.61</b>	<b>-4,186</b>	<b>245,554</b>	<b>11.88</b>
<b>Other ordinary expenses:</b>	<b>6,290</b>	<b>0.57</b>	<b>4,125</b>	<b>0.40</b>	<b>-2,164</b>	<b>15,207</b>	<b>0.74</b>
Interest expenses	( 199 )		( 31 )		( -168 )	( 95 )	
<b>Ordinary profit</b>	<b>132,619</b>	<b>12.04</b>	<b>14,459</b>	<b>1.42</b>	<b>-118,160</b>	<b>174,943</b>	<b>8.47</b>
<b>Extraordinary income and losses:</b>							
<b>Extraordinary income:</b>	<b>1,701</b>	<b>0.16</b>	<b>47,971</b>	<b>4.71</b>	<b>46,269</b>	<b>3,753</b>	<b>0.18</b>
<b>Extraordinary losses:</b>	<b>9,650</b>	<b>0.88</b>	<b>15,193</b>	<b>1.49</b>	<b>5,543</b>	<b>61,199</b>	<b>2.96</b>
Provision for reserve under the special law	( 3,293 )		( 3,430 )		( 136 )	( 6,607 )	
Provision for price fluctuation reserve	(( 3,293 ))		(( 3,430 ))		(( 136 ))	(( 6,607 ))	
Other extraordinary losses	( 6,357 )		( 11,763 )		( 5,406 )	( 54,592 )	
Income before income taxes	124,671	11.32	47,236	4.64	-77,434	117,496	5.69
Income taxes - current	41,944	3.81	2,640	0.26	-39,304	37,771	1.83
Income taxes - deferred	1,575	0.14	15,912	1.56	14,337	1,362	0.07
Minority Interests	295	0.03	366	0.04	71	576	0.03
<b>Net income</b>	<b>80,856</b>	<b>7.34</b>	<b>28,317</b>	<b>2.78</b>	<b>-52,538</b>	<b>77,787</b>	<b>3.76</b>

## Consolidated Statements of Shareholders' Equity

(Yen in millions)

Item	Six months ended September 30, 2003	Six months ended September 30, 2004	Change	FY2003
<b>(Capital surplus)</b>				
<b>Balance of capital surplus at beginning of the period (year)</b>	<b>81,991</b>	<b>93,110</b>	<b>11,118</b>	<b>81,991</b>
<b>Increase in capital surplus</b>	<b>1</b>	<b>4</b>	<b>2</b>	<b>11,118</b>
Conversion of convertible debentures	( - )	( - )	( - )	( 11,115 )
Gain on sales of treasury stock	( 1 )	( 4 )	( 2 )	( 2 )
<b>Balance of capital surplus at end of the period (year)</b>	<b>( 81,993 )</b>	<b>( 93,114 )</b>	<b>( 11,121 )</b>	<b>( 93,110 )</b>
<b>(Retained earnings)</b>				
<b>Balance of retained earnings at beginning of the period (year)</b>	<b>404,279</b>	<b>471,421</b>	<b>67,141</b>	<b>404,279</b>
<b>Increase in retained earnings</b>	<b>81,175</b>	<b>28,317</b>	<b>-52,857</b>	<b>78,108</b>
Net income	( 80,856 )	( 28,317 )	( -52,538 )	( 77,787 )
Adjustment due to change of investment in subsidiaries	( 319 )	( - )	( -319 )	( 321 )
<b>Decrease in retained earnings</b>	<b>10,966</b>	<b>12,437</b>	<b>1,470</b>	<b>10,966</b>
Cash dividends	( 10,886 )	( 12,366 )	( 1,479 )	( 10,886 )
Bonuses to directors	( 80 )	( 71 )	( -9 )	( 80 )
<b>Balance of retained earnings at end of the period (year)</b>	<b>474,488</b>	<b>487,300</b>	<b>12,812</b>	<b>471,421</b>

## Consolidated Statements of Cash Flows

(Yen in millions)

Item	Six months ended September 30, 2003	Six months ended September 30, 2004	Change	FY2003
<b>1.Cash flows from operating activities:</b>				
Income before income taxes	124,671	47,236	-77,434	117,496
Depreciation	9,708	8,579	-1,128	19,307
Impairment losses on fixed assets	-	10,773	10,773	-
Amortization of excess of cost of investment over underlying net assets	-74	1	75	9
Increase in outstanding claims	7,095	83,409	76,313	30,463
Increase in underwriting reserves	108,890	95,550	-13,339	139,054
Increase in reserve for bad debts	4,377	-5,046	-9,424	3,971
Increase in reserve for losses on investment securities	25	-	-25	-12
Increase in reserve for employees' retirement and severance benefits	-3,710	-48,174	-44,464	-16,164
Increase in accrued bonuses for employees	-3,353	-3,378	-24	1,177
Increase in reserve for losses on sales of loans	-	86	86	-
Increase in reserve for expenses for the 2005 world exposition	35	35	-	70
Increase in reserve for price fluctuation	3,293	3,430	136	6,607
Interest and dividend income	-60,737	-60,415	322	-128,710
Loss on investment in securities	-72,501	-12,422	60,079	-75,110
Interest expenses	199	31	-168	95
Foreign exchange gain	-1,112	-774	338	-1,717
Loss on disposal of property and equipment	4,655	-1,815	-6,470	5,217
Equity in losses of affiliates	660	2,926	2,266	1,708
Decrease in other assets	-16,330	-23,683	-7,352	-7,426
Increase in other liabilities	-3,776	-13,179	-9,403	-1,844
Others	-6,714	-2,158	4,555	-8,079
<b>Subtotal</b>	<b>95,300</b>	<b>81,012</b>	<b>-14,288</b>	<b>86,113</b>
Interest and dividends received	66,046	64,538	-1,508	134,993
Interest paid	-31	-33	-2	-96
Income tax paid	-24,686	-18,216	6,470	-39,425
<b>Net cash provided by operating activities</b>	<b>136,629</b>	<b>127,300</b>	<b>-9,328</b>	<b>181,584</b>
<b>2.Cash flows from investing activities:</b>				
Net increase in deposit at banks	7,045	-1,643	-8,688	310
Purchase of monetary claims bought	-2,500	-9,805	-7,305	-6,700
Proceeds from sales and redemption of monetary claims bought	2,168	744	-1,423	2,848
Purchase of money trusts	-	-25,000	-25,000	-
Proceeds from sales of money trusts	5	-	-5	3,836
Purchase of securities	-941,281	-481,581	459,699	-1,563,483
Proceeds from sales and redemption of securities	892,661	456,584	-436,077	1,397,047
Investment in loans	-107,467	-104,178	3,288	-234,993
Collection of loans	93,288	102,628	9,339	193,489
Increase in cash received under securities lending transactions	-	-43,988	-43,988	43,988
Others	-366	303	669	5,778
<b>2(1) Subtotal</b>	<b>-56,445</b>	<b>-105,938</b>	<b>-49,492</b>	<b>-157,877</b>
<b>(1+ 2(1))</b>	<b>( 80,183 )</b>	<b>( 21,361 )</b>	<b>( -58,821 )</b>	<b>( 23,707 )</b>
Acquisition of property and equipment	-4,441	-4,649	-208	-11,689
Proceeds from sales of property and equipment	4,518	23,241	18,723	13,897
Others	-4,756	-	4,756	347
<b>Net cash provided by investing activities</b>	<b>-61,124</b>	<b>-87,346</b>	<b>-26,221</b>	<b>-155,321</b>
<b>3.Cash flows from financing activities:</b>				
Redemption of short-term debt	-	-	-	-15
Acquisition of treasury stock	-149	-13,679	-13,530	-26,498
Cash dividends paid	-10,886	-12,366	-1,479	-10,886
Cash dividends paid to minority shareholders	-178	-124	53	-88
Others	-112	-222	-109	-237
<b>Net cash used in financing activities</b>	<b>-11,326</b>	<b>-26,393</b>	<b>-15,066</b>	<b>-37,727</b>
<b>4.Effect of exchange rate changes on cash and cash equivalents</b>	<b>2,587</b>	<b>1,012</b>	<b>-1,575</b>	<b>903</b>
<b>5.Net change in cash and cash equivalents</b>	<b>66,766</b>	<b>14,573</b>	<b>-52,192</b>	<b>-10,561</b>
<b>6.Cash and cash equivalents at beginning of the year</b>	<b>370,775</b>	<b>363,011</b>	<b>-7,763</b>	<b>370,775</b>
<b>7.Increase in cash and cash equivalents related to a collective transfer of insurance portfolio</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,988</b>
<b>8.Decrease in cash and cash equivalents related to changes of investment in subsidiaries</b>	<b>-190</b>	<b>-</b>	<b>190</b>	<b>-190</b>
<b>9.Cash and cash equivalents at end of the period (year)</b>	<b>437,350</b>	<b>377,585</b>	<b>-59,765</b>	<b>363,011</b>