

November 13, 2014

Daisuke Iwase, President & COO

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Mothers)

**Financial Results for 2Q of Fiscal 2014 Ending March 31, 2015**  
**Changed ordinary income target in Management Goal for 2015,**  
**whereas keeping profitability<sup>1</sup> target as is**

TOKYO, November 13, 2014 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President & COO Daisuke Iwase, URL: <http://ir.lifenet-seimei.co.jp/en/>) discloses financial results for the second quarter and the six months ended September 30, 2014.

\*1: The ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

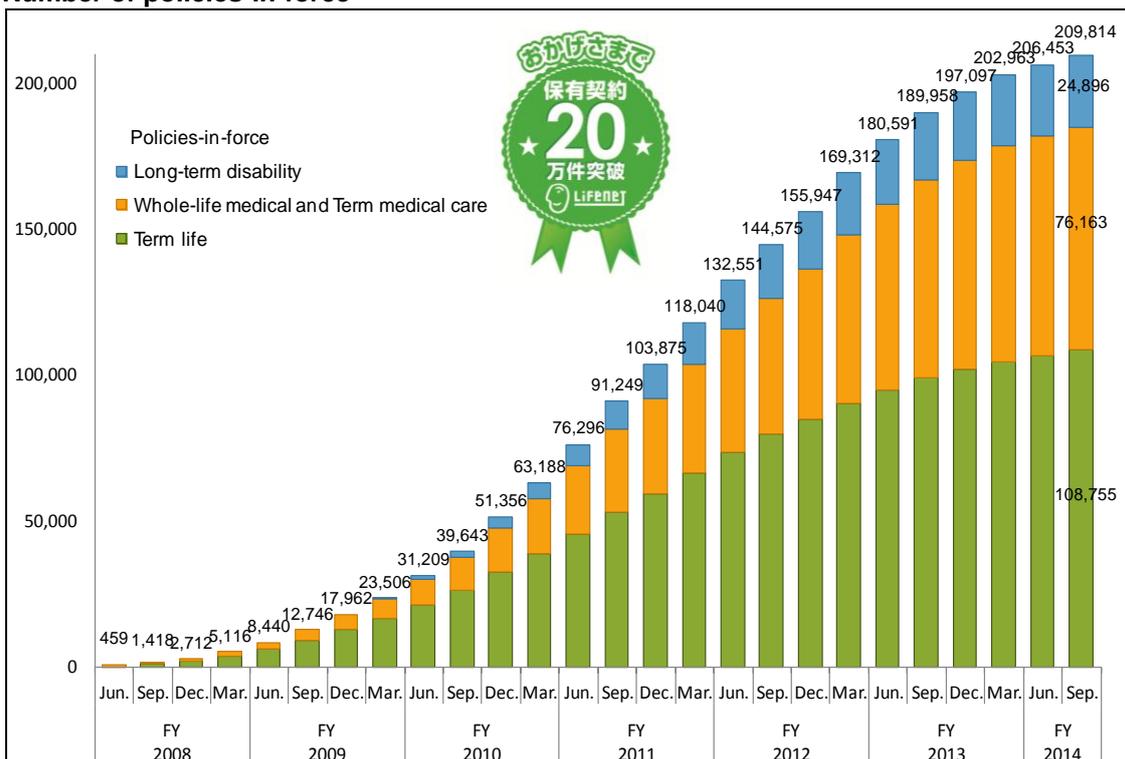
## 1. Overview of the financial results for 2Q of Fiscal 2014

### (1) Business results

#### Condition of policies-in-force

The number of new business in 2Q ended September 30, 2014 was 7,086 (56.7% of 2Q of fiscal 2013) and annualized premium of new business in the 2Q was 346 million yen (76.2% of 2Q of fiscal 2013) due to an increase in annualized premium per policy by new products launched on May 2, 2014. The number of new business for the six months ended September 30, 2014 was 15,053 (56.2% of the six months ended September 30, 2013) and annualized premium of new business for the six months ended September 30, 2014 was 694 million yen (71.2% of the six months ended September 30, 2013). The number of policies-in-force as of September 30, 2014 resulted in a total of 209,814 (103.4% of March 31, 2014), annualized premium as of September 30, 2014 stands at 8,450 million yen (104.6% of March 31, 2014). The number of policies-in-force exceeded 210,000 on October 9, 2014. Surrender and lapse ratio for the six months ended September 30, 2014 was 7.9% (6.7% of the six months ended September 30, 2013) mainly effected by policy switching from previous products to new products with the release for sales of the revised term life product and new whole-life medical products in May.

#### Number of policies-in-force



<b>New Business (2Q)</b>	FY2014	FY2013	Percentage
Number of applications	9,473	17,343	54.6%
Number of new business	7,086	12,498	56.7%
Sum insured of new business (In millions of yen) <sup>*1</sup>	59,422	82,594	71.9%
Annualized premium (In millions of yen) <sup>*2</sup>	346	454	76.2%
- excl. death coverage	179	242	73.9%

<b>New Business (six months ended Sep.30)</b>	FY2014	FY2013	Percentage
Number of applications	20,274	36,881	55.0%
Number of new business	15,053	26,777	56.2%
Sum insured of new business (In millions of yen) <sup>*1</sup>	120,247	176,353	68.2%
Annualized premium (In millions of yen) <sup>*2</sup>	694	975	71.2%
- excl. death coverage	362	516	70.2%

<b>Policies-in-Force</b>	Sep. 30, 2014	Sep. 30, 2013	Mar. 31, 2014
Number of policies-in-force	209,814	189,958	202,963
- "Kazoku": Term Life	108,755	98,920	104,604
- "Jibun", New "Jibun" and New "Jibun" for Women: Whole-Life Medical <sup>*3</sup>	63,843	58,653	61,700
- "Jibun Plus": Term Medical Care	12,320	9,557	12,504
- "Hataraku Hito": Personal Long-term Disability	24,896	22,828	24,155
Sum insured of policies-in-force (In millions of yen) <sup>*1</sup>	1,770,602	1,612,358	1,702,381
Annualized premium (In millions of yen) <sup>*2</sup>	8,450	7,598	8,077
- excl. death coverage	3,792	3,375	3,613
Number of policy holders	126,840	114,731	121,745

<b>Surrender and Lapse</b>	Six months ended Sep.30, 2014	Six months ended Sep. 30, 2013	FY2013
Surrender and lapse ratio <sup>*4</sup>	7.9	6.7	6.6

- \*1: Sum insured of new business and sum insured of policies-in-force are the sum of death coverage, and do not include third-sector insurance.
- \*2: Annualized premium is the amount of money equivalent to what is to be paid to have the insurance coverage for one year. All payments for Lifenet products are in monthly installments, we calculate annualized premium as multiplying the monthly premium by 12 months.
- \*3: As of the end of September 2014, the number of policies-in-force of Whole-Life Medical "Jibun" was 59,490, New "Jibun" was 2,627, and New "Jibun" for Women was 1,726. The number of policies-in-force as of the end of September 2013 was that of "Jibun" only.
- \*4: The surrender and lapse ratio is the annual equivalent of the monthly number of policies surrendered and/or lapsed divided by the monthly average number of policies-in-force.

## Results of operations

Insurance premiums and other for the six months ended September 30, 2014 increased to 4,155 million yen (114.5% of the six months ended September 30, 2013) due to the increase in the number of policies-in-force. Investment income grew to 50 million yen (175.6% of the six months ended September 30, 2013). Other ordinary income significantly increased to 187 million yen due to recording reversal of reserves for outstanding claims. As a result, ordinary income for the six months ended September 30, 2014 amounted to 4,393 million yen (120.0% of the six months ended September 30, 2013).

Insurance claims and other was 760 million yen (125.9% of the six months ended September 30, 2013) mainly due to the increased number of policies-in-force. The percentage of insurance payment amounts in insurance premiums increased to 16.7% for the six months ended September 30, 2014, compared with 15.8% of the six months ended September 30, 2013. Provision for policy reserves and other came to 1,690 million yen (122.5% of the six months ended September 30, 2013) due to the increased number of policies-in-force despite of reversal of contingency reserves resulting from cession of reinsurance. The percentage of provision for policy reserves in insurance premiums increased to 41.3% for the six months ended September 30, 2014, compared with 37.5% of the six months ended September 30, 2013. Mainly due to the increase of marketing expenses with the launch of new products, operating expenses amounted to 2,130 million yen (101.4% of the six months ended September 30, 2013). The components of operating expenses are 1,070 million yen in marketing expenses including advertising (104.8% of the six months ended September 30, 2013), 280 million yen in customer service expenses (95.4% of the six months ended September 30, 2013), and 779 million yen in system and other expenses (99.2% of the six months ended September 30, 2013). Marketing expenses per policy totaled 71,096 yen, compared with 38,152 yen for the six months ended September 30, 2013, due to the decreased number of new business and the increased marketing expenses. Annualized premium of new business per policy was 46,162 yen, compared with 36,425 yen for the six months ended September 30, 2013, due to the increase in insurance premium per policy by new products. Amortization of deferred assets under Article 113 of the Insurance Business Act totaled 530 million yen because the deferred assets recognized before fiscal 2012 are to be amortized using the straight-line method until fiscal 2017, the tenth year after commencing business operations. Consequently, ordinary expenses for the six months ended September 30, 2014 totaled 5,374 million yen (111.6% of the six months ended September 30, 2013).

As a result, ordinary loss totaled 980 million yen for the six months ended September 30, 2014, compared with 1,154 million yen for the six months ended September 30, 2013. Ordinary loss before amortization of deferred assets under Article 113 of the Insurance Business Act improved to 450 million yen, compared with 624 million yen for the six months ended September 30, 2013. Accordingly, net loss was 971 million yen, compared with 1,147 million yen for the six months ended September 30, 2013.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to a 993 million yen loss (fundamental profit of 1,052 million yen loss for the six months ended September 30, 2013). For details, please refer to “(4) Fundamental profit” on page 10.

(In millions of yen)

<b>Business Results (six months ended Sep. 30)</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Percentage</b>
Ordinary income	4,393	3,660	120.0%
Insurance premiums and other	4,155	3,629	114.5%
Investment income	50	28	175.6%
Other ordinary income	187	2	7,353.9%
Ordinary expenses	5,374	4,814	111.6%
Insurance claims and other	760	604	125.9%
Provision for policy reserves and other	1,690	1,380	122.5%
Provision for contingency reserves and for reversal of contingency reserves	(11)	101	-
Investment expenses	0	0	364.8%
Operating expenses	2,130	2,101	101.4%
Marketing expenses	1,070	1,021	104.8%
Customer service expenses	280	293	95.4%
System and other expenses	779	786	99.2%
Other ordinary expenses	792	728	108.8%
Amortization of deferred assets under Article 113 of the Insurance Business Act	530	530	100.0%
Ordinary profit (loss)	(980)	(1,154)	-
Net income (loss)	(971)	(1,147)	-
Fundamental profit	(993)	(1,052)	-
(Reference) Ordinary loss before amortization of deferred assets under Article 113 of the Insurance Business Act	(450)	(624)	-

## Insurance payment results

In 2Q of fiscal 2014, there were 1,203 insurance payment cases resulting in 300 million yen; 186 million yen in 12 insurance claims and 114 million yen in 1,191 benefits. As a result, the amount of insurance payments made in the six months ended September 30, 2014 was 682 million yen in 2,443 cases, 456 million yen in 31 of which were insurance claims and 226 million yen in 2,412 benefits.

Lifenet believes the most important responsibility for an insurance company is to make claim payments accurately without delay, based on our Manifesto (<http://ir.lifenet-seimei.co.jp/en/company/manifesto.html>), and we strive to continue to accomplish this. Lifenet makes every effort possible to ensure payment of insurance claims and benefits are made to the designated account within 5 business days of receiving all necessary documents. In the six months ended September 30, 2014, the average insurance payments were made in 2.79 business days. This was due to make improvements to the insurance claim and benefit payment process to be made in a minimum of 2 days in February 2014.

<b>Insurance Payments Results (2Q)</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Percentage</b>
Number of insurance payments	1,203	1,079	111.5%
Insurance claims	12	8	150.0%
Insurance benefits	1,191	1,071	111.2%
Amount of insurance payments (In millions of yen)	300	226	132.4%
Insurance claims	186	119	156.3%
Insurance benefits	114	107	106.0%

<b>Insurance Payments Results (six months ended Sep. 30)</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Percentage</b>
Number of insurance payments	2,443	1,990	122.8%
Insurance claims	31	22	140.9%
Insurance benefits	2,412	1,968	122.6%
Amount of insurance payments (In millions of yen)	682	570	119.8%
Insurance claims	456	378	120.6%
Insurance benefits	226	192	118.1%

\*1. Insurance payment cases in fiscal 2014 was revised from past disclosure materials. There are 19 insurance claims and 1,221 benefits after revision.

## Customer inquiry report

In 2Q of fiscal 2014, we received a total of 14,021 inquiries, with 237 cases being complaints. The total number of inquiries received in the six months ended September 30, 2014 stands at 29,041 with a total of 474 complaints.

At Lifenet, we view customer inquiries as a valuable asset to continuously better our products and services. All inquiries received are compiled and analyzed, and are reflected directly in our daily operations by the company as a whole for the purpose of maximizing customer satisfaction.

<b>Customer Inquiries (2Q)</b>	FY2014	FY2013	Percentage
Number of customer inquiries	14,021	16,509	84.9%
Number of complaints	237	331	71.6%

<b>Customer Inquiries (six months ended Sep. 30)</b>	FY2014	FY2013	Percentage
Number of customer inquiries	29,041	33,571	86.5%
Number of complaints	474	621	76.3%

## Asset management

Through 2Q of fiscal 2014, the assets are continuously managed based on its policy of limiting risks. All assets under management excluding securities held for capital alliances and money held in trust continued to be invested in yen-denominated interest-bearing assets such as public and corporate bonds with high credit ratings, centered on Japanese government bonds. Lifenet has invested in long-term bonds in accordance with the increase of policy reserves. We have started investing in foreign bonds since 2Q of fiscal 2014 using money held in trust for the purpose of diversifying our investment portfolio. Lifenet is holding shares of Advance Create Co., Ltd., an insurance sales agent for the purpose of maintaining equity and business partnerships, and Kyobo Lifeplanet Life Insurance Company, which is an online life insurer jointly established in Korea with Kyobo Life Insurance Co., Ltd. in September 2013.

Under this asset management policy, total assets as of September 30, 2014 amounted to 21,727 million yen (21,188 million yen as of March 31, 2014). Among these, assets under management totaled 16,589 million yen (15,573 million yen as of March 31, 2014), which is the sum of cash and deposits, money held in trust and securities. In the six months ended September 30, 2014, the yield rate of all assets under management was 0.62%, and the modified duration of the securities was approximately 8.29 years as of September 30, 2014, compared with approximately 3.49 years as of March 31, 2014, due to the investment in long-term bonds.

## Other accomplishments

In 2Q of fiscal 2014, Lifenet opened a web media site called “Lifenet Journal Online” on August 28, 2014. Through this site, Lifenet periodically provides special reports and interview articles on the topics of life, work and money, particularly for families raising children.

On July 28, 2014, Lifenet published its annual disclosure material, which is an explanatory document regarding its operations and current financial condition pursuant to the Insurance Business Act. In addition to items stipulated in laws and regulations, Lifenet’s disclosure material contains company information explained by members of its management team and employees in line with Lifenet’s efforts in making information disclosure easier to understand as a company committed to transparency.

In addition, Lifenet’s long-term disability insurance product “Hataraku-Hito” for those who become unable to work due to disease or injury, rendering them incapable of employment and preventing them from earning income for a long period, was featured in “Insurance: True and False” in “Weekly Toyo Keizai” magazine (August 30, 2014 issue).

Furthermore, Lifenet conducted a “Survey on Married Couples’ Promises” on July 16, 2014 and a “Survey on Hospitalization” on September 25, 2014.

Kyobo Lifeplanet Life Insurance Company, an affiliated company in Korea plans to issue new common shares on November 20, 2014. As a result, Lifenet’s voting rights ratio in Kyobo Lifeplanet will change into 11.7% from 25.5% and Kyobo Lifeplanet will no longer be an affiliated company of Lifenet. There will be no impact on the earnings results of Lifenet.

Please refer to (3) Topics on page 9.



## (2) Financial condition

### Assets, liabilities and net assets

Total assets as of September 30, 2014 amounted to 21,727 million yen (21,188 million yen as of March 31, 2014). The major account balances were 15,126 million yen in securities mainly consisting of government bonds, municipal bonds and corporate bonds with high credit ratings. Deferred assets under Article 113 of the Insurance Business Act decreased to 3,710 million yen due to amortization.

Liabilities amounted to 8,740 million yen as of September 30, 2014 (7,252 million yen as of March 31, 2014), owing to an increase in policy reserves as a result of the increased number of policies-in-force. The major account balances were 7,930 million yen in policy reserves (including 1,155 million yen in contingency reserves), and 194 million yen in reserves for outstanding claims.

Net assets decreased to 12,987 million yen as of September 30, 2014 (13,935 million yen as of March 31, 2014), as a result of recording a net loss for the six months ended September 30, 2014.

The solvency margin ratio as of September 30, 2014 was 2,013.1% (1,922.2% as of March 31, 2014), which indicated that an adequate level of payment capacity was maintained. For details, please refer to “(5) Solvency margin ratio” on page 12.

(In millions of yen)

<b>Assets, Liabilities and Net Assets</b>	<b>Sep. 30, 2014</b>	<b>Sep. 30, 2013</b>	<b>Mar. 31, 2014</b>
Total assets	21,727	20,559	21,188
Money held in trust	1,007	-	1,000
Securities	15,126	14,002	14,154
Government bonds	7,391	6,653	6,636
Municipal bonds	510	-	-
Corporate bonds	6,245	6,379	6,547
Stocks	214	204	206
Foreign Securities	764	764	764
Deferred assets under Article 113 of the Insurance Business Act	3,710	4,770	4,240
Total liabilities	8,740	5,609	7,252
Reserves for outstanding claims	194	291	375
Policy reserves	7,930	4,632	6,240
Contingency reserves	1,155	1,099	1,167
Total net assets	12,987	14,949	13,935
Solvency margin ratio	2,013.1%	1,885.5%	1,922.2%

## Cash flows

For the six months ended September 30, 2014, net cash provided by operating activities amounted to 1,151 million yen (768 million yen provided for the six months ended September 30, 2013) due to an increase in insurance premiums despite an increase in insurance payments. Net cash used by investing activities amounted to 1,110 million yen (690 million yen used for the six months ended September 30, 2013) mainly due to the investment in long-term bonds. Net cash used by financing activities amounted to 4 million yen (0 million yen provided for the six months ended September 30, 2013).

Based on these activities described above, cash and cash equivalents as of September 30, 2014 totaled 455 million yen (418 million yen as of March 31, 2014).

(In millions of yen)

Cash Flows (six months ended Sep. 30)	FY2014	FY2013	Increase/ Decrease
Cash flows from operating activities	1,151	768	382
Cash flows from investing activities	(1,110)	(690)	(419)
Cash flows from financing activities	(4)	0	(4)
Cash and cash equivalents, beginning of the period	418	353	-
Cash and cash equivalents, end of the period	455	431	-

## (3) Topics

2Q of fiscal 2014

Jul. 16	Survey on “Survey on Married Couples’ Promises” (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5530.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5530.html</a>
Jul. 28	Published annual disclosure material 2014 (Japanese only) <a href="http://ir.lifenet-seimei.co.jp/library/disclosure.html">http://ir.lifenet-seimei.co.jp/library/disclosure.html</a>
Aug. 20	Held FAMILY DAY 2014 for employee’s families
Aug. 25	Introduction of long-term disability “Hataraku-hito” on Weekly Toyo Keizai (Japanese only) <a href="http://www.lifenet-seimei.co.jp/product/disability/">http://www.lifenet-seimei.co.jp/product/disability/</a>
Aug. 28	Launched web media “Lifenet Journal Online” about life, work and money (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5582.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5582.html</a>
Sep. 25	Survey on “Hospitalization” (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5605.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5605.html</a>

## (4) Fundamental profit

Life insurance premiums are calculated based on three factors: expected incidence rate (mortality rate, hospitalization rate, etc), expected business expense rate (covered by expense loading), and expected return. Profits (basic income) at a life insurance company are generated by the difference between these expected rates and actual rates. Profit analysis, in the case of life insurers, means identifying the factors that affect basic income by calculating the difference between expected rates and actual rates.\*<sup>1</sup>

- Mortality margin : The difference between expected insurance claim and benefit payouts (expected incidence rate) and actual payouts
- Expense margin : The difference between expected business expenses (expected business expense rate) and actual business expenses
- Interest margin : The difference between the expected asset management yield (expected return) and the actual yield

\*1: Lifenet has adopted actuarially reasonable methods for its profit analysis. Details of calculation methods, however, may differ from those adopted by other life insurance companies. The five-year Zillmer method is used for calculations of premium breakdowns, and gains from lapsed or surrendered policies are included in the expense margin.

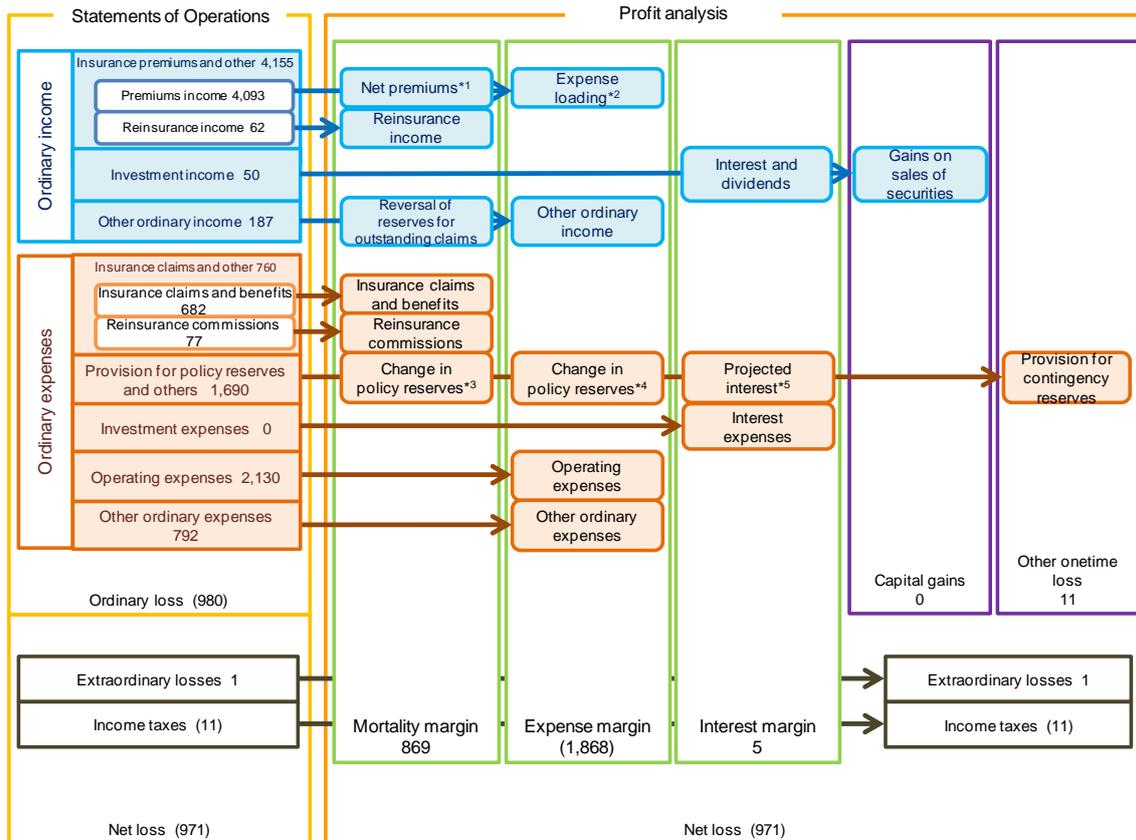
In the six months ended September 30, 2014, fundamental profit and three surplus factors are as follows: the mortality margin increased to 869 million yen due to an increase in insurance premiums and a reversal in reserves for outstanding claims, the expense margin was a 1,868 million yen loss due to an increase in marketing expenses per policy and the interest margin was 5 million yen due to an increase in investment income. As a result, fundamental profit recorded a 993 million yen loss.

(In millions of yen)

<b>Fundamental Profit (six months ended Sep. 30)</b>	FY2014	FY2013	Percentage
Fundamental profit (i)	(993)	(1,052)	-
Mortality margin	869	544	159.5%
Expense margin (loss)	(1,868)	(1,604)	-
Interest margin	5	7	81.8%
Capital gains (ii)	0	-	-
Other onetime profit (loss) (iii)	11	(101)	-
Ordinary loss (iv)=(i)+(ii)+(iii)	(980)	(1,154)	-
Extraordinary loss, income tax, etc. (v)	9	6	141.3%
Net loss (vi)=(iv)+(v)	(971)	(1,147)	-

## Three surplus factors (Six months ended September 30, 2014)

(In millions of yen)



- \*1: Insurance premiums are comprised of the “risk premium,” which is applied to the payment of insurance claims for the applicable year, and the “investment portion of the premium,” which is applied to accumulate the premium reserve in preparation for future payments.
- \*2: The portion of the insurance premium that is applied to business expenses and other company expenditures.
- \*3: Comprised of the net increase in the premium reserve (covered by the investment portion of the premium) and the portion that is tapped in order to make payments, such as on death policies, etc.
- \*4: The premium reserve that is tapped due to the fact that accumulation is no longer necessary as a result of policy surrender or lapse.
- \*5: The interest portion factored into the calculation of the premium reserve in advance.
- \*6: Some items with minimal amounts have been omitted.

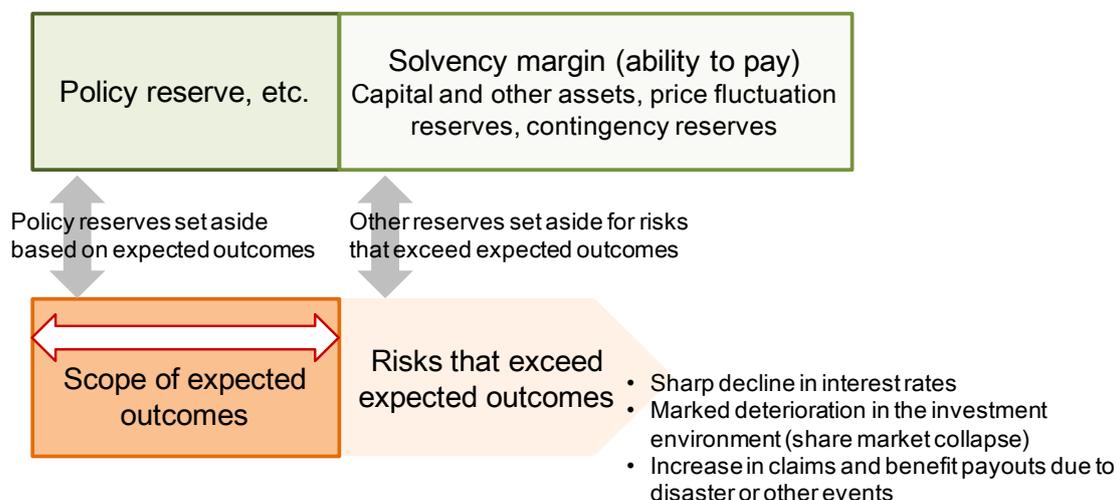
## (5) Solvency margin ratio

As of September 30, 2014, the solvency margin ratio was 2,013.1%, an increase from March 31, 2014. This is mainly due to the decline in the amount of total risks by the effect of reinsurance, despite of the decrease in net assets.

	Solvency margin	÷	Risk total × (1/2)	=	(In millions of yen) Solvency margin ratio
September 30, 2014	12,366		1,228 × (1/2)		2,013.1%
March 31, 2014	12,173		1,266 × (1/2)		1,922.2%
September 30, 2013	11,308		1,199 × (1/2)		1,885.5%

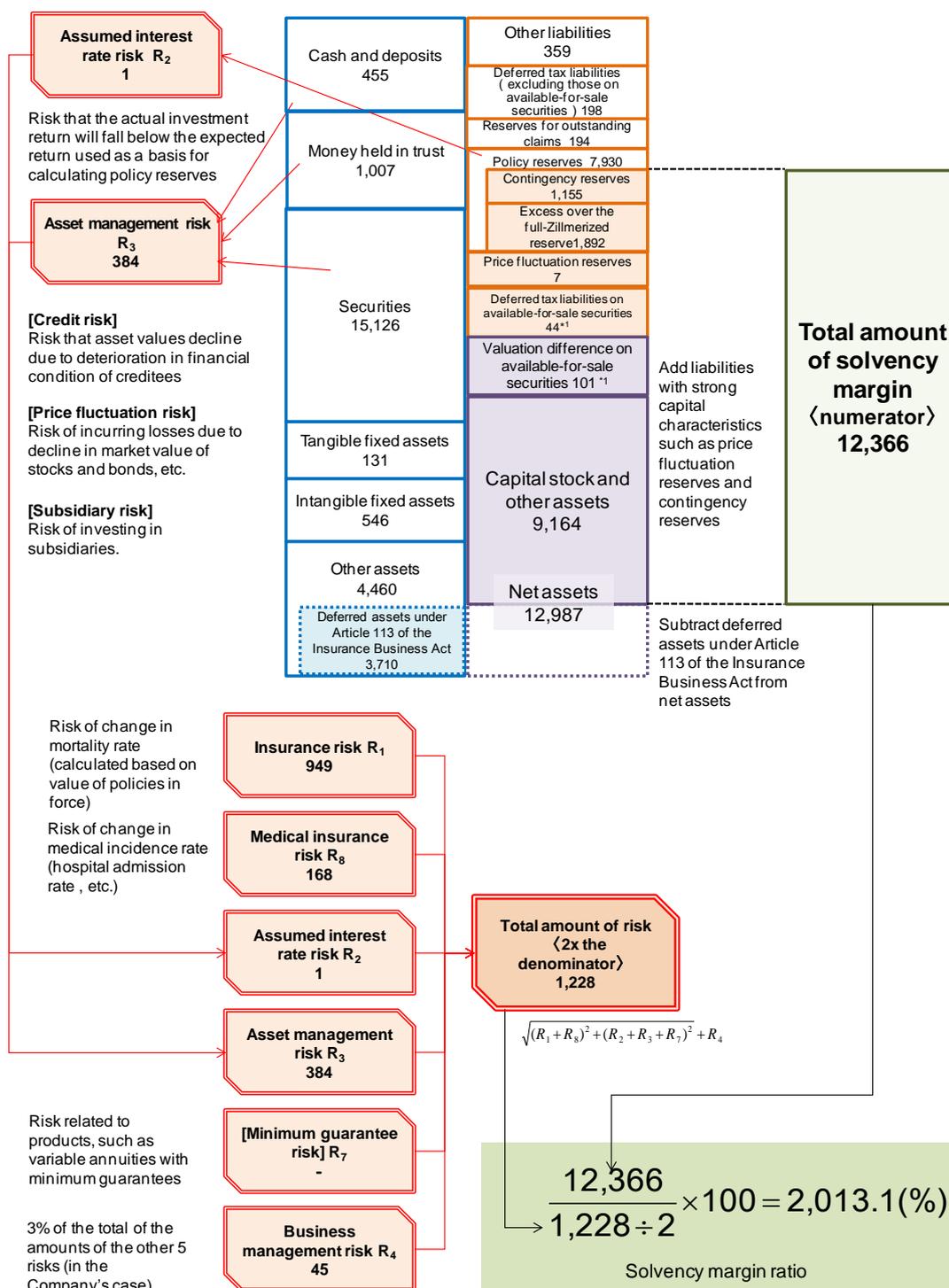
## What is the solvency margin ratio?

The solvency margin ratio is an important financial indicator and a key benchmark for industry regulators. It measures a life insurance company's ability to pay out claims when unforeseen events occur, such as a natural disaster or a stock market collapse. Specifically, the solvency margin ratio is calculated by dividing the total for net assets and other internal reserves and items such as unrealized gains (solvency margin total = ability to pay) by the total for quantified risks. In Japan, a solvency margin ratio of at least 200% is seen by industry regulators as one indicator for a healthy life insurance company.



## Solvency margin ratio calculation (as of September 30, 2014)

(In millions of yen)



Items that do not apply to the Company or for which the amount is minimal have been omitted, except for certain bracketed items.

\*1: 90% of the valuation difference on available-for-sale securities (pre-tax) (if negative, 100%)

## (6) Mid-term business plan

In the mid-term business plan toward fiscal 2015, announced on May 15, 2013, Lifenet set its management goal of achieving 15 billion yen in ordinary income, pushing the company toward profitability (based on ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act) in fiscal 2015.

Since disclosing its mid-term business plan, Lifenet has been working to achieve its management goal by realizing further growth in new policies while also maintaining sustained growth in insurance premium income. Under present circumstances, although sustained growth in insurance premium income is being maintained, further growth in new policies is not being realized yet. This is mainly the result of three changes in the business environment faced by Lifenet, namely, (1) change in customer segments, (2) change in devices, and (3) change in the competitive environment, and a shortage of effective measures taken by Lifenet to counter these issues. Lifenet believes, therefore, that achieving the numerical target in its management goal will take more time than initially assumed. In view of these circumstances, Lifenet made a resolution at a meeting of its Board of Directors held today to change the management goal in its mid-term business plan.

### Management goal

(Disclosed on May 15, 2013)	(Changed on November 13, 2014)
Achieve <b>15 billion yen</b> in ordinary income, pushing the company toward profitability* <sup>1</sup> in fiscal 2015	Achieve <b>9.5 billion yen</b> in ordinary income, pushing the company toward profitability* <sup>1</sup> in fiscal 2015

This change to the mid-term business plan applies to only the numerical target for ordinary income in the management goal. Lifenet will work to achieve profitability in its business results\*<sup>1</sup> by such means as achieving sustained growth in insurance premium income and improving productivity. The other items in the plan are also unchanged, and Lifenet will continue to aim for a new growth stage as its mid-term business plan through to the end of fiscal 2015. The mid-term business plan after the change is as follows.

### Mid-term business plan

<b>LIFENET2015</b>	Offer new products and services as an “innovator” to create the future of life insurance that resonate with stakeholders, and achieve the highest sustainable growth among online life insurance businesses.
<b>Management Goal</b>	Achieve 9.5 billion yen in ordinary income, pushing the company toward profitability* <sup>1</sup> in fiscal 2015
<b>Priority Areas</b>	<ol style="list-style-type: none"> <li>1. Sustainable growth in insurance premium income (top-line)</li> <li>2. Improvement in productivity</li> <li>3. Being an “innovator” (front-runner) in life insurance</li> </ol>
<b>Risk Management Area</b>	Sophisticate risk management and establish risk-based business management

\*1 Based on ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act.

## (7) Business forecasts

Lifenet made a resolution at a meeting of its Board of Directors held today to disclose its business forecasts for fiscal 2014. Since being listed, Lifenet has not disclosed business forecasts for single fiscal year. This is because of the risk of fluctuation in profit and loss due to insurance claims and benefits payments in view of the insufficient number of policies-in-force, and because of the high likelihood of the difference between the results of financial statements and the actual economic condition due to the conservative life insurance accounting, especially for a new company.

On the other hand, through investor relations activities carried out since its listing, Lifenet has become strongly aware of the need for disclosing our business forecasts to investors because the distinctive characteristics of insurance accounting with policy reserves and others. The number of policies-in-force exceeded 210,000, having increased by approximately 100,000 from the 110,000 policies-in-force at the time of Lifenet's listing in March 2012. Furthermore, Lifenet has changed the management goal in its mid-term business plan. On the basis of a comprehensive consideration of such matters, Lifenet has taken the decision to disclose its business forecasts.

The business forecasts for fiscal 2014 is as shown below. Please note that business forecasts will be disclosed as items in accordance with the management goal in the mid-term business plan until the end of fiscal 2015.

	(In millions of yen)	
	Ordinary income	Ordinary profit <sup>*1</sup>
Business forecasts (Fiscal 2014)	8,500	(800)
Previous results (Fiscal 2013)	7,603	(1,198)
Gap between business forecasts and previous results	+896	+398
Change rate (%)	+11.8%	-

\*1 Based on ordinary profit (loss) before amortization of deferred assets under Article 113 of the Insurance Business Act

The deferred assets recognized before fiscal 2012 are to be amortized using the straight-line method until fiscal 2017, the tenth year after commencing business operations, and amortization of deferred assets will record 1,060 million yen each year onward. Accordingly, ordinary profit or loss before amortization of deferred assets under Article 113 of the Insurance Business Act, which is the effective ordinary profit or loss, is disclosed as the business forecasts.

Lifenet will strive to gain support and understanding from all of its stakeholders by promoting active information disclosure in accordance with its Manifesto. This includes enhanced and accelerated disclosure of various reports such as quarterly financial statements and monthly sales results.

### About LIFENET URL: <http://ir.lifenet-seimei.co.jp/en/>

Returning to the original purpose of life insurance - mutual support - LIFENET INSURANCE was founded with the goal of offering simple, convenient and competitively priced products and services based on the highest levels of business integrity. We sell these products and services directly to customers over the Internet. By using the Internet, we are able to offer highly cost-competitive products and accept applications from customers at any given time.

Contact: Investor Relations, Corporate Development Department Tel: +81-3-5216-7900 e-mail: <a href="mailto:ir@lifenet-seimei.co.jp">ir@lifenet-seimei.co.jp</a>
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*Disclaimer: This is a summarized translation of the original Japanese document, prepared and provided solely for readers' convenience. In case of any discrepancy or dispute, the Japanese document prevails.*

## 2. Non-consolidated Financial Statements

### (1) Balance Sheets

	(In millions of yen)	
	March 31, 2014	Sep. 30, 2014
<b>ASSETS</b>		
Cash and deposits.....	418	455
Money held in trust .....	1,000	1,007
Securities .....	14,154	15,126
Government bonds.....	6,636	7,391
Municipal bonds .....	-	510
Corporate bonds.....	6,547	6,245
Stocks.....	206	214
Foreign securities .....	764	764
Tangible fixed assets.....	82	131
Intangible fixed assets .....	589	546
Agency accounts receivable .....	0	0
Reinsurance accounts receivable.....	1	21
Other assets.....	4,941	4,439
Accounts receivable .....	590	616
Deferred assets under Article 113 of the Insurance Business Act.....	4,240	3,710
Other .....	110	111
Total assets .....	<u>21,188</u>	<u>21,727</u>

	(In millions of yen)	
	March 31, 2014	Sep. 30, 2014
<b><u>LIABILITIES</u></b>		
Policy reserves and other .....	6,616	8,125
Reserves for outstanding claims .....	375	194
Policy reserves .....	6,240	7,930
Agency accounts payable .....	4	4
Reinsurance accounts payable .....	19	39
Other liabilities .....	356	315
Income taxes payable .....	3	1
Accrued expenses .....	240	232
Lease liabilities .....	34	30
Asset retirement obligations .....	32	30
Suspense receipt .....	44	19
Reserves under the special laws .....	6	7
Reserve for price fluctuations .....	6	7
Deferred tax liabilities .....	250	247
Total liabilities .....	7,252	8,740
<b><u>NET ASSETS</u></b>		
Capital stock .....	10,500	10,500
Capital surplus .....	10,500	10,500
Legal capital surplus .....	10,500	10,500
Retained earnings .....	(7,173)	(8,144)
Other retained earnings .....	(7,173)	(8,144)
Retained earnings brought forward .....	(7,173)	(8,144)
Shareholders' equity .....	13,827	12,856
Valuation difference on available-for-sale securities .....	89	112
Valuation and translation adjustments .....	89	112
Subscription rights to shares .....	19	19
Total net assets .....	13,935	12,987
Total liabilities and net assets .....	21,188	21,727

## (2) Statements of Operations

	(In millions of yen)	
	Six months ended Sep. 30	
	2013	2014
Ordinary income.....	3,660	4,393
Insurance premiums and other .....	3,629	4,155
Premiums income .....	3,605	4,093
Reinsurance income.....	23	62
Investment income.....	28	50
Interest, dividends and other income.....	28	49
Gains on money held in trust.....	-	0
Gains on sales of securities .....	-	0
Other ordinary income .....	2	187
Reversal of reserves for outstanding claims.....	-	181
Other .....	2	5
Ordinary expenses .....	4,814	5,374
Insurance claims and other .....	604	760
Insurance claims .....	378	456
Benefits .....	192	226
Other refunds .....	-	0
Reinsurance commissions .....	34	77
Provision for policy reserves and other .....	1,380	1,690
Provision for reserves for outstanding claims .....	26	-
Provision for policy reserves .....	1,353	1,690
Investment expenses .....	0	0
Interest expenses .....	0	0
Other investment expenses .....	-	0
Operating expenses .....	2,101	2,130
Other ordinary expenses .....	728	792
Ordinary profit (loss) .....	(1,154)	(980)
Extraordinary losses .....	12	1
Impairment loss .....	10	-
Provision of reserves under the special laws.....	1	1
Provision of reserve for price fluctuations .....	1	1
Income (loss) before income taxes .....	(1,166)	(982)
Income taxes-current .....	1	1
Income taxes-deferred.....	(21)	(13)
Income taxes.....	(19)	(11)
Net income (loss) .....	(1,147)	(971)

### (3) Statements of Changes in Net Assets

	(In millions of yen)	
	Six months ended Sep. 30	
	2013	2014
Shareholders' equity:		
Capital stock		
Balance at the beginning of the year.....	10,484	10,500
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares...	2	-
Total changes of items during the period .....	2	-
Balance at the end of the period .....	10,487	10,500
Capital surplus		
Legal capital surplus		
Balance at the beginning of the year.....	10,484	10,500
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares.....	2	-
Total changes of items during the period .....	2	-
Balance at the end of the period .....	10,487	10,500
Total capital surplus		
Balance at the beginning of the year.....	10,484	10,500
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares.....	2	-
Total changes of items during the period .....	2	-
Balance at the end of the period .....	10,487	10,500
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of the year .....	(4,978)	(7,173)
Changes of items during the period		
Net income (loss).....	(1,147)	(971)
Total changes of items during the period.....	(1,147)	(971)
Balance at the end of the period.....	(6,126)	(8,144)
Total retained earnings		
Balance at the beginning of the year.....	(4,978)	(7,173)
Changes of items during the period		
Net income (loss).....	(1,147)	(971)
Total changes of items during the period .....	(1,147)	(971)
Balance at the end of the period .....	(6,126)	(8,144)
Total shareholders' equity		
Balance at the beginning of the year.....	15,990	13,827
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares...	4	-
Net income (loss) .....	(1,147)	(971)
Total changes of items during the period .....	(1,142)	(971)
Balance at the end of the period .....	14,848	12,856

	(In millions of yen)	
	Six months ended Sep. 30	
	2013	2014
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Balance at the beginning of the year.....	60	89
Changes of items during the period		
Net changes of items other than shareholders' equity .....	21	23
Total changes of items during the period .....	21	23
Balance at the end of the period	81	112
Total valuation and translation adjustments		
Balance at the beginning of the year.....	60	89
Changes of items during the period		
Net changes of items other than shareholders' equity .....	21	23
Total changes of items during the period .....	21	23
Balance at the end of the period .....	81	112
Subscription rights to shares:		
Balance at the beginning of the year .....	20	19
Changes of items during the period		
Net changes of items other than shareholders' equity ....	-	-
Total changes of items during the period.....	-	-
Balance at the end of the period.....	20	19
Net assets:		
Balance at the beginning of the year .....	16,071	13,935
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares .....	4	-
Net income (loss) .....	(1,147)	(971)
Net changes of items other than shareholders' equity ....	21	23
Total changes of items during the period.....	(1,121)	(947)
Balance at the end of the period.....	14,949	12,987

## (4) Statements of Cash Flows

	(In millions of yen)	
	Six months ended Sep. 30	
	2013	2014
Cash flows from operating activities		
Income (loss) before income taxes .....	(1,166)	(982)
Depreciation and amortization .....	96	107
Impairment loss .....	10	-
Increase (decrease) in reserves for outstanding claims .....	26	(181)
Increase (decrease) in policy reserves.....	1,353	1,690
Increase (decrease) in reserve for price fluctuations .....	1	1
Interest, dividends and other income .....	(28)	(49)
Loss (gain) related to securities.....	-	(0)
Interest expenses .....	0	0
Decrease (increase) in agency accounts receivable .....	0	(0)
Decrease (increase) in reinsurance accounts receivable.....	11	(19)
Decrease (increase) in other assets <excluding assets for investing and financing activities > ..	477	507
Increase (decrease) in agency accounts payable.....	0	(0)
Increase (decrease) in reinsurance accounts payable .....	2	20
Increase (decrease) in other liabilities <excluding liabilities for investing and financing activities > ..	(75)	(8)
Other, net .....	0	(0)
Subtotal .....	709	1,085
Interest and dividends income received .....	63	69
Interest expenses paid .....	(0)	(0)
Income taxes paid .....	(3)	(3)
Net cash provided by (used in) operating activities .....	768	1,151
Cash flows from investing activities		
Purchase of securities.....	(10,515)	(4,285)
Proceeds from sales and redemption of securities .....	10,000	3,315
Total of net cash provided by (used in) investment transactions ..	(515)	(970)
Total of net cash provided by (used in) operating activities and investment transactions ...	253	180
Purchase of tangible fixed assets .....	(22)	(71)
Purchase of intangible fixed assets .....	(153)	(69)
Net cash provided by (used in) investing activities .....	(690)	(1,110)
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares ...	4	-
Repayments of lease obligations .....	(4)	(4)
Net cash provided by (used in) financing activities .....	0	(4)
Net increase (decrease) in cash and cash equivalents .....	78	36
Cash and cash equivalents, beginning of period .....	353	418
Cash and cash equivalents, end of period .....	431	455

## Financial Summary for 2Q of Fiscal 2014 Ending March 31, 2015

November 13, 2014

Name of Company: LIFENET INSURANCE COMPANY  
 Stock Exchange Listings: Tokyo Stock Exchange, Mothers  
 Securities code: 7157  
 URL: <http://ir.lifenet-seimei.co.jp/en/>  
 Representative: Daisuke Iwase, President & COO

(Amounts of less than one million yen are truncated.)

### 1. Financial Data for the Six Months Ended September 30, 2014 (April 1, 2014 – September 30, 2014)

#### (1) Results of Operations

(% changes are presented in comparison with the corresponding period of the previous fiscal year.)

	Ordinary Income		Ordinary Profit (Loss)		Net Income (Loss)	
	millions of yen	%	millions of yen	%	millions of yen	%
Six months ended September 30, 2014	4,393	20.0	(980)	-	(971)	-
September 30, 2013	3,660	29.7	(1,154)	-	(1,147)	-

	Net Income (Loss) per Share		Diluted Net Income per Share	
	yen			
Six months ended September 30, 2014	(23.03)		-	
September 30, 2013	(27.26)		-	

#### (2) Financial Conditions

	Total Assets	Total Net Assets	Ratio of Equity Capital to Total Assets	Total Net Assets per Share
	millions of yen	millions of yen	%	yen
September 30, 2014	21,727	12,987	59.7	307.49
March 31, 2014	21,188	13,935	65.7	329.96

Note: Net assets attributable to the Company's shareholders as of September 30, 2014 and March 31, 2014 were 12,968 million yen and 13,916 million yen, respectively.

### 2. Dividends

	Dividend per Share				
	1Q	2Q	3Q	4Q	Total
Fiscal Year ended	yen	yen	yen	yen	yen
March 31, 2014	—	0.00	—	0.00	0.00
March 31, 2015	—	0.00			
March 31, 2015 (forecasts)			—	0.00	0.00

### 3. Earnings Forecasts for the Fiscal Year ending March 31, 2015

(% changes are presented in comparison with the corresponding period of the previous fiscal year.)

	Ordinary Income	
March 31, 2015 (forecasts)	millions of yen	%
	8,500	11.8

Note: Revision of earnings forecasts on the presentation date of this summary report: Yes

In addition, ordinary loss before amortization of deferred assets under Article 113 of the Insurance Business Act is disclosed 800 million yen, compared with 1,198 million yen for the year ended March 31, 2014, as the business forecasts.

The deferred assets recognized before fiscal 2012 are to be amortized using the straight-line method until fiscal 2017, the tenth year after commencing business operations, and amortization of deferred assets will record 1,060 million yen each year onward. For details, please refer to page 15.

### 4. Other

(1) Adoption of Unique Accounting Methods Applied Only to Quarterly Financial Statements: None

(2) Changes in Accounting Principles, Procedures and Presentation Methods for Financial Statements: None

(3) Number of Shares Issued (common stock)

	<u>As of September 30, 2014</u>	<u>As of March 31, 2014</u>
Total Shares Issued	42,175,000 shares	42,175,000 shares
Number of Treasury Stock	—	—
	<u>Six months ended September 30, 2014</u>	<u>Six months ended September 30, 2013</u>
Average Issued Shares	42,175,000 shares	42,093,131 shares