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LIFENET INSURANCE COMPANY
(Securities Code: 7157, TSE Mothers)

Financial Results for 2Q of Fiscal 2015 Ending March 31, 2016 **Ordinary profit before amortization of deferred assets** **under Article 113 of the Insurance Business Act recorded profitable**

TOKYO, November 12, 2015 - 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, 2015.

1. Overview of the financial results for 2Q of fiscal 2015

(1) Business results

Condition of policies-in-force

Annualized premium^{*1} of new business in 2Q ended September 30, 2015 was 268 million yen (77.6% of 2Q of fiscal 2014). The number of applications was 7,665 (80.9% of 2Q of fiscal 2014), with the number of new business at 5,647 (79.7% of 2Q of fiscal 2014). Annualized premium^{*1} of new business for the six months ended September 30, 2015 was 548 million yen (79.0% of the six months ended September 30, 2014). The number of applications was 15,496 (76.4% of the six months ended September 30, 2014) with the number of new business at 11,403 (75.8% of the six months ended September 30, 2014).

Annualized premium^{*1} of policies-in-force as of September 30, 2015 stands at 9,043 million yen (102.8% of March 31, 2015). The number of policies-in-force resulted in a total of 219,471 (101.9% of March 31, 2015). The number of policies-in-force exceeded 220,000 in October 2015. Surrender and lapse ratio^{*2} for the six months ended September 30, 2015 was 6.7% (7.9% of the six months ended September 30, 2014).

*1: 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.

*2: 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, 2015 increased to 4,502 million yen (108.3% of the six months ended September 30, 2014) due to an increase in the number of policies-in-force. Investment income grew to 91 million yen (182.1% of the six months ended September 30, 2014). Other ordinary income was 35 million yen. As a result, ordinary income for the six months ended September 30, 2015 amounted to 4,629 million yen (105.4% of the six months ended September 30, 2014).

Insurance claims and other was 658 million yen (86.6% of the six months ended September 30, 2014). The ratio of insurance payment amounts to premiums income decreased to 12.6% for the six months ended September 30, 2015, compared with 16.7% for the six months ended September 30, 2014. Provision for policy reserves and other came to 1,877 million yen (111.1% of the six months ended September 30, 2014) mainly due to the increased premiums income. The ratio of provision for policy reserves to premiums income was 42.4% for the six months ended September 30, 2015, compared with 41.3% for the six months ended September 30, 2014. Mainly due to control of advertising expenses, operating expenses amounted to 1,460 million yen (68.5% of the six months ended September 30, 2014). The components of operating expenses were 548 million yen in marketing expenses including advertising (51.3% of the six months ended September 30, 2014), 252 million yen in customer service expenses (90.2% of

the six months ended September 30, 2014), and 658 million yen in system and other expenses (84.4% of the six months ended September 30, 2014). 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 expected to be amortized using the straight-line method until fiscal 2017, the tenth year since commencing business operations. Consequently, ordinary expenses for the six months ended September 30, 2015 totaled 4,741 million yen (88.2% of the six months ended September 30, 2014).

As a result, ordinary loss totaled 111 million yen for the six months ended September 30, 2015, compared with 980 million yen for the six months ended September 30, 2014. Ordinary profit before amortization of deferred assets under Article 113 of the Insurance Business Act recorded profitable of 418 million yen for the six months ended September 30, 2015, compared with ordinary loss of 450 million yen for the six months ended September 30, 2014. Net loss was 102 million yen for the six months ended September 30, 2015, compared with 971 million yen for the six months ended September 30, 2014.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to 68 million yen loss, compared with 993 million yen loss for the six months ended September 30, 2014. The components of fundamental profit were 1,059 million yen in mortality margin, 1,150 million yen loss in expense margin and 22 million yen in interest margin.

(2) Financial condition

Assets, liabilities and net assets

Total assets as of September 30, 2015 amounted to 27,972 million yen (23,387 million yen as of March 31, 2015). The major account balance was 20,804 million yen in securities mainly consisting of government bonds and corporate bonds with high credit ratings. Deferred assets under Article 113 of the Insurance Business Act decreased to 2,650 million yen due to amortization.

Liabilities amounted to 12,601 million yen as of September 30, 2015 (10,899 million yen as of March 31, 2015), owing to an increase in policy reserves as a result of the increased premiums income. The major account balances were 11,684 million yen in policy reserves (including 1,260 million yen in contingency reserves), and 246 million yen in reserves for outstanding claims.

Net assets increased to 15,371 million yen as of September 30, 2015 (12,487 million yen as of March 31, 2015) due to raising new capital of 3,040 million yen through the third-party allotment of new shares to KDDI CORPORATION in May 2015 despite the recording of net loss for the six months ended September 30, 2015.

The solvency margin ratio as of September 30, 2015 was 2,747.3% (2,244.7% as of March 31, 2015), which indicated that an adequate level of payment capacity was maintained.

Cash flows

For the six months ended September 30, 2015, net cash provided by operating activities amounted to 2,252 million yen (1,151 million yen provided for the six months ended September 30, 2014) due to an increase in insurance premiums and other and control of operating expenses. Net cash used by investing activities amounted to 3,839 million yen (1,110 million yen used for the six months ended September 30, 2014) due to acquisition of securities. Net cash provided by financing activities amounted to 3,035 million yen (4 million yen used for the six months ended September 30, 2014) due to the third-party allotment of new shares to KDDI CORPORATION.

Based on these activities described above, cash and cash equivalents as of September 30, 2015 totaled 2,180 million yen (731 million yen as of March 31, 2015).

(3) Business forecasts

The business forecasts for fiscal 2015 remain unchanged as shown below.

This is the same as the management goal in our mid-term business plan and is disclosed as items in accordance with the management goal until fiscal 2015.

Lifenet concluded a capital and business alliance with KDDI CORPORATION on April 20, 2015. Our preparation is in progress as planned by the Business Alliance Committee. We ensure adequate preparation period to maximize our alliance effect and will announce details next spring in 2016.

Accordingly, the business forecasts and the management goal of mid-term business plan remain unchanged though expenses related with a business alliance with KDDI are incurred in fiscal 2015.

(In millions of yen)

	Ordinary income	Ordinary profit(loss) ^{*1}
Business forecasts (Fiscal 2015)	9,500	Turn profitable
(Reference) Results (Fiscal 2014)	8,729	(472)

*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 before amortization of deferred assets under Article 113 of the Insurance Business Act, which is the effective ordinary profit, is disclosed as the management goal of mid-term business plan and the business forecasts.

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.

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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, 2015	Sep. 30, 2015
ASSETS		
Cash and deposits.....	731	680
Monetary claims bought.....	—	1,499
Money held in trust	1,033	1,033
Securities	17,082	20,804
Government bonds.....	8,227	9,338
Municipal bonds	851	1,449
Corporate bonds.....	6,894	8,980
Stocks.....	222	210
Foreign securities	886	825
Tangible fixed assets.....	114	93
Intangible fixed assets.....	468	404
Agency accounts receivable	0	0
Reinsurance accounts receivable.....	23	30
Other assets.....	3,933	3,426
Accounts receivable	639	656
Deferred assets under Article 113 of the Insurance Business Act.....	3,180	2,650
Other	113	118
Total assets	<u>23,387</u>	<u>27,972</u>

	(In millions of yen)	
	March 31, 2015	Sep. 30, 2015
<u>LIABILITIES</u>		
Policy reserves and other	10,084	11,930
Reserves for outstanding claims	277	246
Policy reserves	9,806	11,684
Agency accounts payable	4	5
Reinsurance accounts payable	45	50
Other liabilities	353	260
Income taxes payable	3	29
Accrued expenses	273	151
Lease liabilities	26	22
Asset retirement obligations	30	30
Suspense receipt	18	26
Reserves under the special laws	9	11
Reserve for price fluctuations	9	11
Deferred tax liabilities	403	342
Total liabilities	10,899	12,601
<u>NET ASSETS</u>		
Capital stock	10,500	12,020
Capital surplus	10,500	12,020
Legal capital surplus	10,500	12,020
Retained earnings	(8,798)	(8,900)
Other retained earnings	(8,798)	(8,900)
Retained earnings brought forward	(8,798)	(8,900)
Shareholders' equity	12,202	15,139
Valuation difference on available-for-sale securities	265	212
Valuation and translation adjustments	265	212
Subscription rights to shares	19	19
Total net assets	12,487	15,371
Total liabilities and net assets	23,387	27,972

(2) Statements of Operations

	(In millions of yen)	
	Six months ended Sep. 30	
	2014	2015
Ordinary income.....	4,393	4,629
Insurance premiums and other	4,155	4,502
Premiums income	4,093	4,429
Reinsurance income.....	62	73
Investment income.....	50	91
Interest, dividends and other income.....	49	87
Gains on money held in trust.....	0	4
Gains on sales of securities	0	0
Other ordinary income	187	35
Reversal of reserves for outstanding claims.....	181	31
Other	5	4
Ordinary expenses	5,374	4,741
Insurance claims and other	760	658
Insurance claims	456	351
Benefits	226	208
Other refunds	0	0
Reinsurance commissions.....	77	98
Provision for policy reserves and other	1,690	1,877
Provision for policy reserves	1,690	1,877
Investment expenses.....	0	0
Interest expenses	0	0
Other investment expenses	0	—
Operating expenses	2,130	1,460
Other ordinary expenses	792	744
Ordinary profit (loss)	(980)	(111)
Extraordinary losses	1	1
Provision of reserves under the special laws	1	1
Provision of reserve for price fluctuations	1	1
Income (loss) before income taxes.....	(982)	(113)
Income taxes-current	1	29
Income taxes-deferred.....	(13)	(40)
Income taxes.....	(11)	(10)
Net income (loss)	(971)	(102)

(3) Statements of Changes in Net Assets

	(In millions of yen)	
	Six months ended Sep. 30	
	2014	2015
Shareholders' equity:		
Capital stock		
Balance at the beginning of the year.....	10,500	10,500
Changes of items during the period		
Issuance of new shares	-	1,520
Total changes of items during the period	-	1,520
Balance at the end of the period	10,500	12,020
Capital surplus		
Legal capital surplus		
Balance at the beginning of the year.....	10,500	10,500
Changes of items during the period		
Issuance of new shares	-	1,520
Total changes of items during the period	-	1,520
Balance at the end of the period	10,500	12,020
Total capital surplus		
Balance at the beginning of the year.....	10,500	10,500
Changes of items during the period		
Issuance of new shares	-	1,520
Total changes of items during the period	-	1,520
Balance at the end of the period	10,500	12,020
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of the year	(7,173)	(8,798)
Changes of items during the period		
Net income (loss).....	(971)	(102)
Total changes of items during the period.....	(971)	(102)
Balance at the end of the period.....	(8,144)	(8,900)
Total retained earnings		
Balance at the beginning of the year.....	(7,173)	(8,798)
Changes of items during the period		
Net income (loss).....	(971)	(102)
Total changes of items during the period	(971)	(102)
Balance at the end of the period	(8,144)	(8,900)
Total shareholders' equity		
Balance at the beginning of the year.....	13,827	12,202
Changes of items during the period		
Issuance of new shares	-	3,040
Net income (loss)	(971)	(102)
Total changes of items during the period	(971)	2,937
Balance at the end of the period	12,856	15,139

	(In millions of yen)	
	Six months ended Sep. 30	
	2014	2015
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Balance at the beginning of the year.....	89	265
Changes of items during the period		
Net changes of items other than shareholders' equity	23	(53)
Total changes of items during the period	23	(53)
Balance at the end of the period	112	212
Total valuation and translation adjustments		
Balance at the beginning of the year.....	89	265
Changes of items during the period		
Net changes of items other than shareholders' equity	23	(53)
Total changes of items during the period	23	(53)
Balance at the end of the period	112	212
Subscription rights to shares:		
Balance at the beginning of the year	19	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.....	19	19
Net assets:		
Balance at the beginning of the year	13,935	12,487
Changes of items during the period		
Issuance of new shares	-	3,040
Net income (loss)	(971)	(102)
Net changes of items other than shareholders' equity	23	(53)
Total changes of items during the period.....	(947)	2,883
Balance at the end of the period.....	12,987	15,371

(4) Statements of Cash Flows

	(In millions of yen)	
	Six months ended Sep. 30	
	2014	2015
Cash flows from operating activities		
Income (loss) before income taxes	(982)	(113)
Depreciation and amortization	107	109
Increase (decrease) in reserves for outstanding claims	(181)	(31)
Increase (decrease) in policy reserves.....	1,690	1,877
Increase (decrease) in reserve for price fluctuations	1	1
Interest, dividends and other income	(49)	(87)
Loss (gain) related to securities.....	(0)	(0)
Interest expenses	0	0
Decrease (increase) in agency accounts receivable	(0)	(0)
Decrease (increase) in reinsurance accounts receivable.....	(19)	(7)
Decrease (increase) in other assets <excluding assets for investing and financing activities > ..	507	513
Increase (decrease) in agency accounts payable.....	(0)	1
Increase (decrease) in reinsurance accounts payable	20	5
Increase (decrease) in other liabilities <excluding liabilities for investing and financing activities > ..	(8)	(121)
Other, net.....	(0)	(4)
Subtotal	<u>1,085</u>	<u>2,145</u>
Interest and dividends income received	69	111
Interest expenses paid	(0)	(0)
Income taxes paid.....	(3)	(3)
Net cash provided by (used in) operating activities	<u>1,151</u>	<u>2,252</u>
Cash flows from investing activities		
Purchase of securities.....	(4,285)	(4,897)
Proceeds from sales and redemption of securities	3,315	1,074
Total of net cash provided by (used in) investment transactions ...	<u>(970)</u>	<u>(3,822)</u>
Total of net cash provided by (used in) operating activities and investment transactions ...	<u>180</u>	<u>(1,570)</u>
Purchase of tangible fixed assets	(71)	(5)
Purchase of intangible fixed assets	(69)	(11)
Net cash provided by (used in) investing activities	<u>(1,110)</u>	<u>(3,839)</u>
Cash flows from financing activities		
Proceeds from issuance of common stock.....	—	3,040
Repayments of lease obligations	(4)	(4)
Net cash provided by (used in) financing activities	<u>(4)</u>	<u>3,035</u>
Net increase (decrease) in cash and cash equivalents	36	1,448
Cash and cash equivalents, beginning of the year	<u>418</u>	<u>731</u>
Cash and cash equivalents, end of the period	<u><u>455</u></u>	<u><u>2,180</u></u>