

August 6, 2014

Daisuke Iwase, President & COO

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Mothers)

## Financial Results for 1Q of Fiscal 2014 Ending March 31, 2015

Started sales of the revised term life “Kazoku” and new whole-life medical New “Jibun” and New “Jibun” for Women on May 2, 2014

TOKYO, August 6, 2014 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President & COO Daisuke Iwase, URL: <http://ir.lifenet-seimei.co.jp/en/>) discloses financial results for the first quarter of fiscal 2014 ending March 31, 2015.

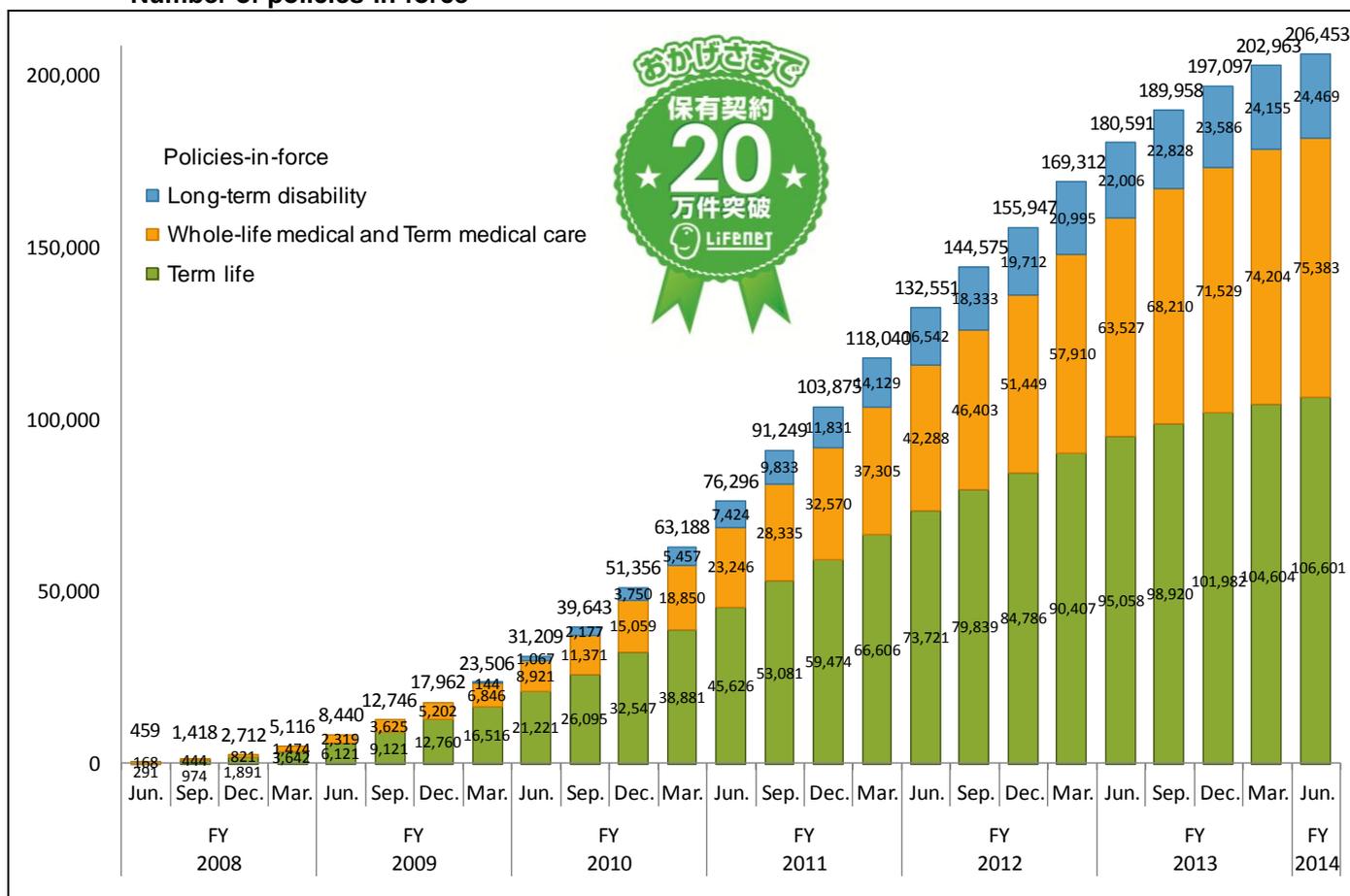
### 1. Overview of the financial results for 1Q of fiscal 2014

#### (1) Business results

##### Condition of policies-in-force

The number of new business in 1Q ended June 30, 2014 was 7,967 (55.8% of 1Q of fiscal 2013). Annualized premium\*<sup>1</sup> of new business was 348 million yen (66.9% of 1Q of fiscal 2013) due to increase in annualized premium per policy by new products launched on May 2, 2014. The number of policies-in-force as of June 30, 2014 resulted in a total of 206,453 (101.7% of March 31, 2014). Annualized premium as of the end of 1Q of fiscal 2014 stands at 8,249 million yen (102.1% of March 31, 2014). Surrender and lapse ratio for 1Q of fiscal 2014 was 8.7% (6.8% of 1Q of fiscal 2013) mainly due to the release of new products.

##### Number of policies-in-force



<b>New Business (1Q)</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Percentage</b>
Number of applications	10,801	19,538	55.3%
Number of new business	7,967	14,279	55.8%
Sum insured of new business (In millions of yen) <sup>*2</sup>	60,825	93,759	64.9%
Annualized premium (In millions of yen) <sup>*1</sup>	348	520	66.9%
- excl. death coverage	183	274	66.9%

<b>Policies-in-Force</b>	<b>Jun. 30, 2014</b>	<b>Jun. 30, 2013</b>	<b>Mar. 31, 2014</b>
Number of policies-in-force	206,453	180,591	202,963
- "Kazoku": Term Life	106,601	95,058	104,604
- "Jibun", New "Jibun" and New "Jibun" for Women: Whole-Life Medical <sup>*3</sup>	62,763	56,099	61,700
- "Jibun Plus": Term Medical Care	12,620	7,428	12,504
- "Hataraku Hito": Personal Long-term Disability	24,469	22,006	24,155
Sum insured of policies-in-force (In millions of yen) <sup>*2</sup>	1,734,640	1,552,029	1,702,381
Annualized premium (In millions of yen) <sup>*1</sup>	8,249	7,271	8,077
- excl. death coverage	3,696	3,202	3,613
Number of policy holders	124,247	109,835	121,745

<b>Surrender and Lapse</b>	<b>1Q ended Jun. 30, 2014</b>	<b>1Q ended Jun. 30, 2013</b>	<b>FY2013</b>
Surrender and lapse ratio <sup>*4</sup>	8.7	6.8	6.6

\*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: 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.

\*3: As of the end of 1Q of fiscal 2014, the number of policies-in-force of Whole-Life Medical "Jibun" was 60,892, New "Jibun" was 1,133, and New "Jibun" for Women was 738. The number of policies-in-force as of 1Q of fiscal 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 1Q of fiscal 2014 ending March 31, 2015 increased to 2,061 million yen (115.7% of 1Q of fiscal 2013 ended March 31, 2014) due to the increase in the number of policies-in-force. Investment income grew to 20 million yen (163.8% of 1Q of fiscal 2013). Other ordinary income was 26 million yen due to recording reversal of reserves for outstanding claims. As a result, ordinary income for 1Q of fiscal 2014 amounted to 2,109 million yen (117.0% of 1Q of fiscal 2013).

Insurance claims and other increased to 420 million yen (116.8% of 1Q of fiscal 2013) due largely to the increased number of policies-in-force. The percentage of insurance payment amounts in insurance premiums decreased to 18.9% in 1Q of fiscal 2014, compared with 19.5% of 1Q of fiscal 2013. Provision for policy reserves and other came to 778 million yen (121.1% of 1Q of fiscal 2013) due to the increased number of policies-in-force despite of reversal of contingency reserves resulting from cession of reinsurance. Mainly due to increase of advertising expenses with the launch of new products, operating expenses amounted to 1,172 million yen (110.5% of 1Q of fiscal 2013). The components of operating expenses are 637 million yen in marketing expenses including advertising (122.1% of 1Q of fiscal 2013), 140 million yen in customer service expenses (96.4% of 1Q of fiscal 2013), and 394 million yen in system and other expenses (100.4% of 1Q of fiscal 2013). Marketing expenses per number of new business totaled 80,061 yen, compared with 36,573 yen for 1Q of fiscal 2013 due to the decreased number of new business the increased marketing expenses. Annualized premium of new business per policy was 43,720 yen compared with 36,443 yen for 1Q of fiscal 2013, due to increase in insurance premium per policy by new products. Amortization of deferred assets under Article 113 of the Insurance Business Act totaled 265 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 after commencing business operations. Consequently, ordinary expenses for 1Q of fiscal 2014 totaled 2,781 million yen (114.7% of 1Q of fiscal 2013).

As a result, ordinary loss totaled 672 million yen for 1Q of fiscal 2014, compared with 622 million yen for 1Q of fiscal 2013. Ordinary loss before amortization of deferred assets under Article 113 of the Insurance Business Act worsened to 407 million yen, compared with 356 million yen for 1Q of fiscal 2013. Accordingly, net loss was 668 million yen, compared with 624 million yen for 1Q of fiscal 2013.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to a 720 million yen loss (fundamental profit of 566 million yen loss for 1Q of fiscal 2013). For details, please refer to “(4) Fundamental profit” on page 9.

(In millions of yen)

<b>Business Results (1Q)</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Percentage</b>
Ordinary income	2,109	1,803	117.0%
Insurance premiums and other	2,061	1,782	115.7%
Investment income	20	12	163.8%
Other ordinary income	26	8	308.8%
Ordinary expenses	2,781	2,425	114.7%
Insurance claims and other	420	359	116.8%
Provision for policy reserves and other	778	642	121.1%
Provision for contingency reserves	(48)	55	-
Investment expenses	0	0	846.0%
Operating expenses	1,172	1,060	110.5%
Marketing expenses	637	522	122.1%
Customer service expenses	140	145	96.4%
System and other expenses	394	392	100.4%
Other ordinary expenses	409	361	113.2%
Amortization of deferred assets under Article 113 of the Insurance Business Act	265	265	100.0%
Ordinary profit (loss)	(672)	(622)	-
Net income (loss)	(668)	(624)	-
Fundamental profit	(720)	(566)	-
(Reference) Ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act	(407)	(356)	-

### Insurance payment results

In 1Q of fiscal 2014, there were 1,241 insurance payment cases resulting in 382 million yen; 270 million yen in 19 insurance claims and 112 million yen in 1,222 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 1Q of fiscal 2014, the average insurance payments were made in 2.84 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 (1Q)</b>	<b>FY2014</b>	<b>FY2013</b>	<b>Percentage</b>
Number of insurance payments	1,241	911	136.2%
Insurance claims	19	14	135.7%
Insurance benefits	1,222	897	136.2%
Amount of insurance payments (In millions of yen)	382	343	111.4%
Insurance claims	270	259	104.2%
Insurance benefits	112	84	133.6%

## Customer inquiry report

In 1Q of fiscal 2014, we received a total of 15,020 inquiries, with 237 cases being 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.

Customer Inquiries (1Q)	FY2014	FY2013	Percentage
Number of customer inquiries	15,020	17,062	88.0%
Number of complaints	237	290	81.7%

## Asset management

Through 1Q of fiscal 2014, all assets under management excluding securities held for capital alliances 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 recognizes the impact of changes in the macro investment environment on its investment income is limited, given that its assets are managed based on its policy of limiting risks as explained above. Lifenet invested in money held in trust in fiscal 2013 to consider the possibility of diversifying of its asset management by foreign bonds and other measures in the future. 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 June 30, 2014 amounted to 21,515 million yen (21,188 million yen as of March 31, 2014). Among these, assets under management totaled 16,038 million yen (15,573 million yen as of March 31, 2014), which is the sum of cash and deposits, and securities. In 1Q of fiscal 2014, the yield rate of all assets under management was 0.51%, and the modified duration of the securities was approximately 7.27 years as of June 30, 2014, compared with approximately 3.49 years as of March 31, 2014, due to the investment in long-term bonds.

## Other accomplishments

In the 1Q of fiscal 2014, on May 2, 2014, Lifenet made the first revisions to its core products since it commenced business operations with the release for sales of the revised term life product “Kazoku” and new whole-life medical products New “Jibun” and New “Jibun” for Women. The revised “Kazoku” not only offers insurance premiums at the lowest premium levels in the industry\*<sup>1</sup> for families raising children and a wide age range of customers, but also extends the insurance term to a maximum age of 80. When comparing previous and new versions of “Jibun,” the insurance premiums of New “Jibun” are 24% lower \*<sup>2</sup> on average and the new products offer more extensive coverage. Furthermore, New “Jibun” for Women, Lifenet’s first whole-life medical product specifically designed for women, provides extensive coverage for illnesses specific to women. These new whole-life medical products provide extensive coverage including a “recommended plan”, which provides unlimited payment days for hospitalizations due to the 3 major lifestyle-related diseases (cancer, heart disease and stroke), the additional benefits of payment for advanced medical care and a lump sum payment for cancer care that is paid in the same amount for up to 5 times. On the release of these new products, Lifenet also started airing new television commercials.

On May 20, 2014, Lifenet started the free-of-charge provision of “Doctors Me,” its online health consultation service for policyholders. In addition to offering this kind of service to policyholders, Lifenet is working to enhance its insurance claims settlement services including as its 24-hour website service for benefit claims filing in relation to hospitalization. By these means, as an online life insurer, Lifenet aims to offer its customers the convenience of applications via the Internet and add value that is not only limited to affordable premiums.

In May 2014, Lifenet started sales of its insurance products at Hoken Ichiba, consultation facilities operated by Advance Create Co., Ltd., an insurance sales agent with which Lifenet has a capital and business alliance. This, in addition to the free email and telephone consultation services Lifenet current offers, allows Lifenet to provide customers who need consultation with the support required to select and apply for insurance policies via the Internet.

In June 2014, Lifenet Investor Relations website was awarded 1st place for the second consecutive year in the Gomez IR Site Rankings 2014 under the Emerging Company Category for “Activeness and Innovativeness of Information Disclosure”. Our IR website offers visitors videos of briefing and information sessions on our financial results, transcripts of the Q&A sessions, monthly sales reports and other information regarding the status and activities of Lifenet in a proactive and timely fashion, simultaneously incorporating social media for the disclosure of information. We also launched some new contents such as “Answers from the CEO and COO – Investor FAQs” offering answers to frequently asked questions directly from our CEO, COO and IR staff. We are focusing on information disclosure actively based on our IR manifesto (<http://ir.lifenet-seimei.co.jp/en/irmanifesto.html>).

Lifenet’s voting rights ratio in Kyobo Lifeplanet changed into 25.5% from 34.0% at the annual general meeting of shareholders of Kyobo Lifeplanet held on May 28, 2014, as Kyobo Lifeplanet’s non-voting preferred shares held by Kyobo Life became to carry voting rights. Our equity ownership investment ratio remains unchanged as 25.5% since establishment of Kyobo Lifeplanet.

Please refer to (3) Topics on page 8.

- \*1. Comparison of Lifenet and 3 other online life insurers’ term life insurance products (excluding risk sub-divided insurance products) under the following conditions: Insurance coverage amount 10,000 thousand yen / Insurance term 10 years.
- \*2. When comparing insurance premiums of previous “Jibun” and New “Jibun” under the following conditions: Hospitalization benefits 10,000 yen/day / Surgery benefits 100,000 yen / Age at issue 20 years of age through 70 years of age.

## (2) Financial condition

### Assets, liabilities and net assets

Total assets as of June 30, 2014 amounted to 21,515 million yen (21,188 million yen as of March 31, 2014). The major account balances were 14,432 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 3,975 million yen due to amortization.

Liabilities amounted to 8,228 million yen as of June 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 7,019 million yen in policy reserves (including 1,119 million yen in contingency reserves), and 351 million yen in reserves for outstanding claims.

Net assets decreased to 13,286 million yen as of June 30, 2014 (13,935 million yen as of March 31, 2014), as a result of recording a net loss for 1Q of fiscal 2014.

The solvency margin ratio as of June 30, 2014 was 2,022.9% (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 11.

(In millions of yen)

<b>Assets, Liabilities and Net Assets</b>	<b>Jun. 30, 2014</b>	<b>Jun. 30, 2013</b>	<b>Mar. 31, 2014</b>
Total assets	21,515	20,373	21,188
Money held in trust	1,000	-	1,000
Securities	14,432	13,412	14,154
Government bonds	6,893	7,161	6,636
Municipal bonds	404	-	-
Corporate bonds	6,144	6,075	6,547
Stocks	225	176	206
Foreign Securities	764	-	764
Deferred assets under Article 113 of the Insurance Business Act	3,975	5,035	4,240
Total liabilities	8,228	4,929	7,252
Reserves for outstanding claims	351	257	375
Policy reserves	7,019	3,921	6,240
Contingency reserves	1,119	1,052	1,167
Total net assets	13,286	15,444	13,935
Solvency margin ratio	2,022.9%	2,091.9%	1,922.2%

## Cash flows

For 1Q of fiscal 2014, net cash provided by operating activities amounted to 448 million yen (322 million yen provided for 1Q of fiscal 2013) due to an increase in insurance premiums despite an increase in insurance payments. Net cash used by investing activities amounted to 259 million yen (86 million yen used for 1Q of fiscal 2013). Net cash used by financing activities amounted to 2 million yen (2 million yen provided for 1Q of fiscal 2013).

Based on these activities described above, cash and cash equivalents as of June 30, 2014 totaled 605 million yen (418 million yen as of March 31, 2014).

(In millions of yen)

Cash Flows (1Q)	FY2014	FY2013	Increase/ Decrease
Cash flows from operating activities	448	322	125
Cash flows from investing activities	(259)	(86)	(173)
Cash flows from financing activities	(2)	2	(4)
Cash and cash equivalents, beginning of the period	418	353	-
Cash and cash equivalents, end of the period	605	591	-

## (3) Topics

1Q of fiscal 2014

Apr. 3	Lifenet's Main Product "Kazoku" Ranked 1st in Kakaku.com Insurance Award 2013 – Internet Category <a href="http://pdf.irpocket.com/C7157/YWWN/Q9AI/CC9E.pdf">http://pdf.irpocket.com/C7157/YWWN/Q9AI/CC9E.pdf</a>
May 2	Lifenet starts sales of the revised term life product "Kazoku" and new whole-life medical products New "Jibun" and New "Jibun" for Women <a href="http://pdf.irpocket.com/C7157/YWWN/TPTc/hihv.pdf">http://pdf.irpocket.com/C7157/YWWN/TPTc/hihv.pdf</a>
May 12	Started to air new TV Commercial series (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5430.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5430.html</a>
May 18	Started over counter sales in Advance Create Co., Ltd. (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5440.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5440.html</a>
May 20	6th Year Anniversary since the Commencement of Business Operations (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5459.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5459.html</a>
May 20	Launch Free Online Health Consultation Service "Doctors Me" (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5447.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5447.html</a>
Jun. 10	Lifenet IR Website Ranked 1st in Activeness and Innovativeness of Disclosure for 2nd Consecutive Year in Emerging Company Category <a href="http://pdf.irpocket.com/C7157/h8MH/JPx8/fn2x.pdf">http://pdf.irpocket.com/C7157/h8MH/JPx8/fn2x.pdf</a>
Jun. 22	8th Annual General Meeting of Shareholders <a href="http://ir.lifenet-seimei.co.jp/en/stock/meeting.html">http://ir.lifenet-seimei.co.jp/en/stock/meeting.html</a>
Jun. 30	Changes in the Position of Executive Officer <a href="http://pdf.irpocket.com/C7157/h8MH/tr9x/GbK6.pdf">http://pdf.irpocket.com/C7157/h8MH/tr9x/GbK6.pdf</a>
Jun. 30	Disclosed questionnaire results of shareholders' meeting (Japanese only) <a href="http://www.lifenet-seimei.co.jp/newsrelease/2014/5498.html">http://www.lifenet-seimei.co.jp/newsrelease/2014/5498.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.

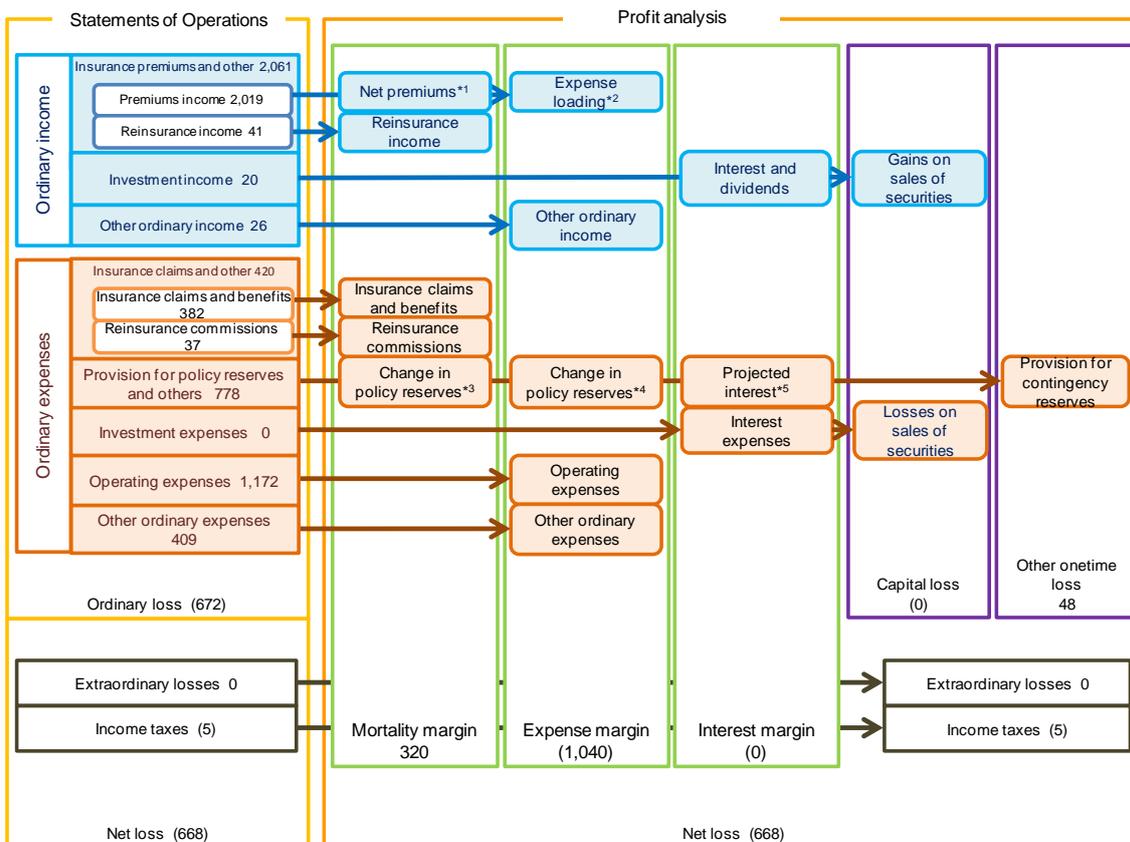
In 1Q of fiscal 2014, fundamental profit and three surplus factors are as follows: the mortality margin increased to a profit of 320 million yen due to an increase in insurance premiums, the expense margin was a 1,040 million yen loss due to an increase in advertising cost in terms with the release of new products and the interest margin was a loss due to an increase in investment expenses. As a result, fundamental profit recorded a 720 million yen loss.

(In millions of yen)

<b>Fundamental Profit (1Q)</b>	FY2014	FY2013	Percentage
Fundamental profit (i)	(720)	(566)	-
Mortality margin	320	229	139.4%
Expense margin (loss)	(1,040)	(799)	-
Interest margin (loss)	(0)	2	-
Capital gains (ii)	(0)	-	-
Other onetime loss (iii)	48	(55)	-
Ordinary loss (iv)=(i)+(ii)+(iii)	(672)	(622)	-
Extraordinary loss, income tax, etc. (v)	4	(2)	-
Net loss (vi)=(iv)+(v)	(668)	(624)	-

## Three surplus factors (1Q of Fiscal 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: Change in the claim reserve, 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.

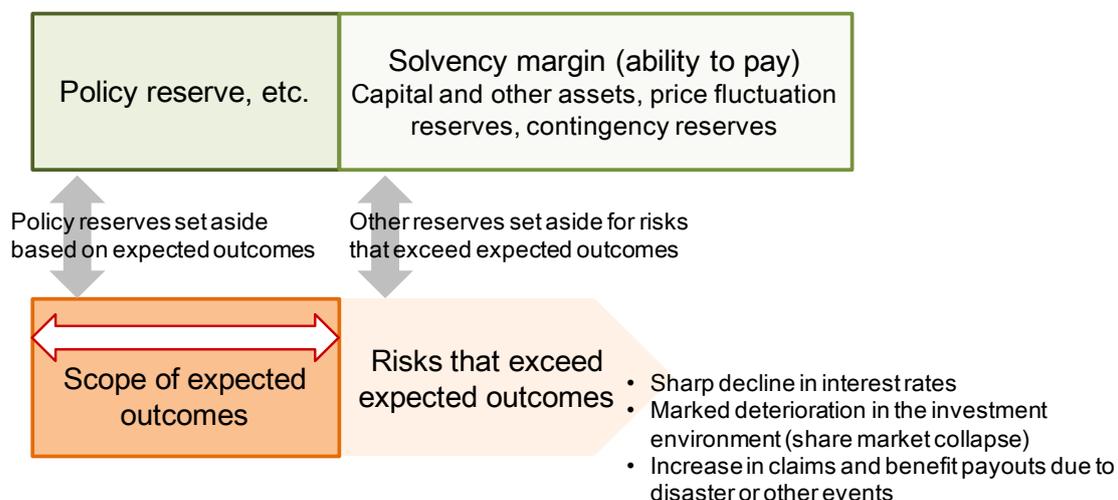
## (5) Solvency margin ratio

As of June 30, 2014, the solvency margin ratio was 2,022.9%, an increase from March 31, 2014. This is mainly due to 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
June 30, 2014	12,056		1,192 × (1/2)		2,022.9%
March 31, 2014	12,173		1,266 × (1/2)		1,922.2%
June 30, 2013	11,482		1,097 × (1/2)		2,091.9%

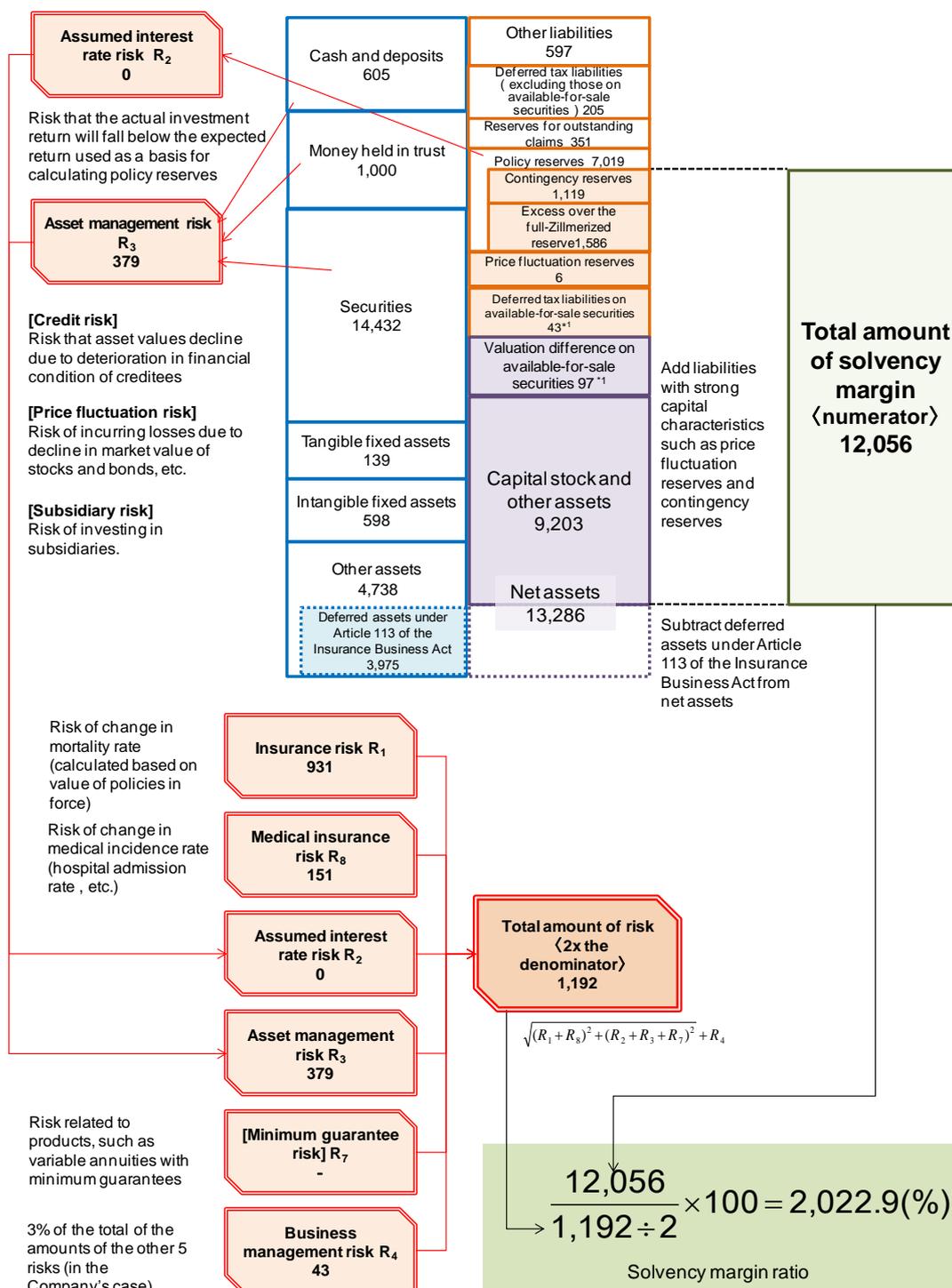
## What is the solvency margin ratio?

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 June 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) Business forecasts

In the mid-term business plan for fiscal 2015, announced on May 15, 2013, Lifenet decided 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. Lifenet will not be disclosing earnings forecast for fiscal 2014, however, for the following reasons:

- \* There is a significant risk of fluctuation in profit and loss due to insurance claims and benefits payments, as the number of policies-in-force is still insufficient.
- \* Results in financial statements tend to differ from economic reality due to the conservative stance of life insurance accounting pursuant to the Insurance Business Act which emphasizes the protection of policyholders.

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, and enrichment of the content of its mid- to long-term business plans and strategies amongst other efforts.

From fiscal 2013 ended March 31, 2014, newly incurred expenses can no longer be recognized as deferred assets under Article 113 of the Insurance Business Act, while the deferred assets recognized before fiscal 2012 will continue to be amortized using the straight-line method until fiscal 2017, the tenth year after commencing business operations. Therefore, the amortization of deferred assets will be recognized in the business results for the fiscal years through fiscal 2017 and amortization of deferred assets will record 1,060 million yen each year onward.

## 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: [ir@lifenet-seimei.co.jp](mailto:ir@lifenet-seimei.co.jp)

*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	June 30, 2014
<b>ASSETS</b>		
Cash and deposits .....	¥ 418	¥ 605
Money held in trust .....	1,000	1,000
Securities .....	14,154	14,432
Government bonds .....	6,636	6,893
Municipal bonds .....	—	404
Corporate bonds .....	6,547	6,144
Stocks .....	206	225
Foreign securities .....	764	764
Tangible fixed assets .....	82	139
Intangible fixed assets .....	589	598
Agency accounts receivable .....	0	0
Reinsurance accounts receivable .....	1	41
Other assets .....	4,941	4,696
Accounts receivable .....	590	600
Deferred assets under Article 113 of the Insurance Business Act ..	4,240	3,975
Other .....	110	120
Total assets .....	<u>¥ 21,188</u>	<u>¥ 21,515</u>
<b>LIABILITIES</b>		
Policy reserves and other .....	¥ 6,616	¥ 7,371
Reserves for outstanding claims .....	375	351
Policy reserves .....	6,240	7,019
Agency accounts payable .....	4	4
Reinsurance accounts payable .....	19	37
Other liabilities .....	356	555
Reserves under the special laws .....	6	6
Reserve for price fluctuations .....	6	6
Deferred tax liabilities .....	250	253
Total liabilities .....	<u>¥ 7,252</u>	<u>¥ 8,228</u>
<b>NET ASSETS</b>		
Capital stock .....	¥ 10,500	¥ 10,500
Capital surplus .....	10,500	10,500
Retained earnings .....	(7,173)	(7,841)
Shareholders' equity .....	<u>13,827</u>	<u>13,159</u>
Valuation difference on available-for-sale securities .....	89	108
Valuation and translation adjustments .....	89	108
Subscription rights to shares .....	19	19
Total net assets .....	<u>13,935</u>	<u>13,286</u>
Total liabilities and net assets .....	<u>¥ 21,188</u>	<u>¥ 21,515</u>

## (2) Statements of Operations

(In millions of yen)

	Three months ended June 30	
	2013	2014
Ordinary income.....	¥ 1,803	¥ 2,109
Insurance premiums and other .....	1,782	2,061
Premiums income .....	1,759	2,019
Reinsurance income .....	22	41
Investment income .....	12	20
Interest, dividends and other income .....	12	20
Gains on money held in trust .....	—	0
Gains on sales of securities.....	—	0
Other ordinary income.....	8	26
Reversal of reserves for outstanding claims .....	7	24
Other.....	0	2
Ordinary expenses .....	2,425	2,781
Insurance claims and other.....	359	420
Insurance claims.....	259	270
Benefits .....	84	112
Other refunds .....	—	0
Reinsurance commissions .....	16	37
Provision for policy reserves and other.....	642	778
Provision for policy reserves .....	642	778
Investment expenses .....	0	0
Interest expenses.....	0	0
Losses on sales of securities .....	—	0
Other investment expenses.....	—	0
Operating expenses.....	1,060	1,172
Other ordinary expenses.....	361	409
Ordinary profit (loss) .....	(622)	(672)
Extraordinary losses .....	11	0
Impairment loss .....	10	—
Provision of reserves under the special laws .....	0	0
Provision of reserve for price fluctuations .....	0	0
Income (loss) before income taxes .....	(633)	(673)
Income taxes-current .....	0	0
Income taxes-deferred.....	(10)	(6)
Income taxes.....	(9)	(5)
Net income (loss) .....	¥ (624)	¥ (668)

## (3) Statements of Cash Flows

	(In millions of yen)	
	Three months ended June 30	
	2013	2014
Cash flows from operating activities		
Income (loss) before income taxes .....	¥ (633)	¥ (673)
Depreciation and amortization .....	45	52
Impairment loss .....	10	—
Increase (decrease) in reserves for outstanding claims .....	(7)	(24)
Increase (decrease) in policy reserves.....	642	778
Increase (decrease) in reserve for price fluctuations .....	0	0
Interest, dividends and other income .....	(12)	(20)
Loss (gain) related to securities.....	—	0
Interest expenses .....	0	0
Decrease (increase) in agency accounts receivable .....	0	(0)
Decrease (increase) in reinsurance accounts receivable.....	(9)	(40)
Decrease (increase) in other assets <excluding assets for investing and financing activities > ..	234	252
Increase (decrease) in agency accounts payable.....	0	(0)
Increase (decrease) in reinsurance accounts payable .....	1	18
Increase (decrease) in other liabilities <excluding assets for investing and financing activities > ..	22	83
Other, net .....	—	(0)
Subtotal .....	295	429
Interest and dividends income received .....	31	23
Interest expenses paid .....	(0)	(0)
Income taxes paid .....	(3)	(4)
Net cash provided by (used in) operating activities .....	322	448
Cash flows from investing activities		
Purchase of securities.....	(5,051)	(3,176)
Proceeds from sales and redemption of securities .....	5,100	3,015
Total of net cash provided by (used in) investment transactions ..	48	(160)
Total of net cash provided by (used in) operating activities and investment transactions ...	371	287
Purchase of tangible fixed assets .....	(15)	(18)
Purchase of intangible fixed assets .....	(119)	(80)
Net cash provided by (used in) investing activities .....	(86)	(259)
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares ...	4	—
Repayments of lease liabilities .....	(2)	(2)
Net cash provided by (used in) financing activities .....	2	(2)
Net increase (decrease) in cash and cash equivalents .....	238	186
Cash and cash equivalents, beginning of year .....	353	418
Cash and cash equivalents, end of year .....	¥ 591	¥ 605

## Financial Summary for 1Q of Fiscal 2014, Ending March 31, 2015

August 6, 2014

Name of Company: LIFENET INSURANCE COMPANY  
 Stock Exchange Listings: Tokyo Stock Exchange, Mothers  
 Stock 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 Three Months Ended June 30, 2014 (April 1, 2014 - June 30, 2014)

#### (1) Results of Operations

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

Fiscal Year ended	Ordinary Income		Ordinary Profit (Loss)		Net Income (Loss)	
	millions of yen	%	millions of yen	%	millions of yen	%
June 30, 2014	2,109	17.0	(672)	—	(668)	—
June 30, 2013	1,803	34.8	(622)	—	(624)	—

Fiscal Year ended	Net Income (Loss) per Share	Diluted Net Income per Share
	yen	
June 30, 2014	(15.84)	—
June 30, 2013	(14.83)	—

#### (2) Financial Conditions

Fiscal Year ended	Total Assets	Total Net Assets	Ratio of Shareholders' Equity to Total Assets	Total Net Assets per Share
	millions of yen	millions of yen	%	yen
June 30, 2014	21,515	13,286	61.7	314.58
March 31, 2014	21,188	13,935	65.7	329.96

Note: Net assets attributable to the Company's shareholders as of June 30, 2014 and March 31, 2014 were 13,267 million yen and 13,916 million yen, respectively.

#### 2. Dividends

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

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

LIFENET will not disclose earnings forecasts for fiscal year 2014, ending March 31, 2015.

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 outstanding (common stock)

	As of June 30, 2014	As of March 31, 2014
Total shares outstanding	42,175,000 shares	42,175,000 shares
Number of treasury stock	—	—
	Three months ended June 30, 2014	Three months ended June 30, 2013
Average outstanding shares	42,175,000 shares	42,089,220 shares