

February 14, 2014

Daisuke Iwase, President & COO

LIFENET INSURANCE COMPANY

(Securities Code: 7157, TSE Mothers)

Financial Results for 3Q of Fiscal 2013 Ending March 31, 2014 Policies-in-force exceeded 200,000 on February 12, 2014

TOKYO, February 14, 2014 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President & COO Daisuke Iwase, URL: <http://ir.lifenet-seimei.co.jp/en/>) discloses the financial results for the third quarter and the nine months ended December 31, 2013.

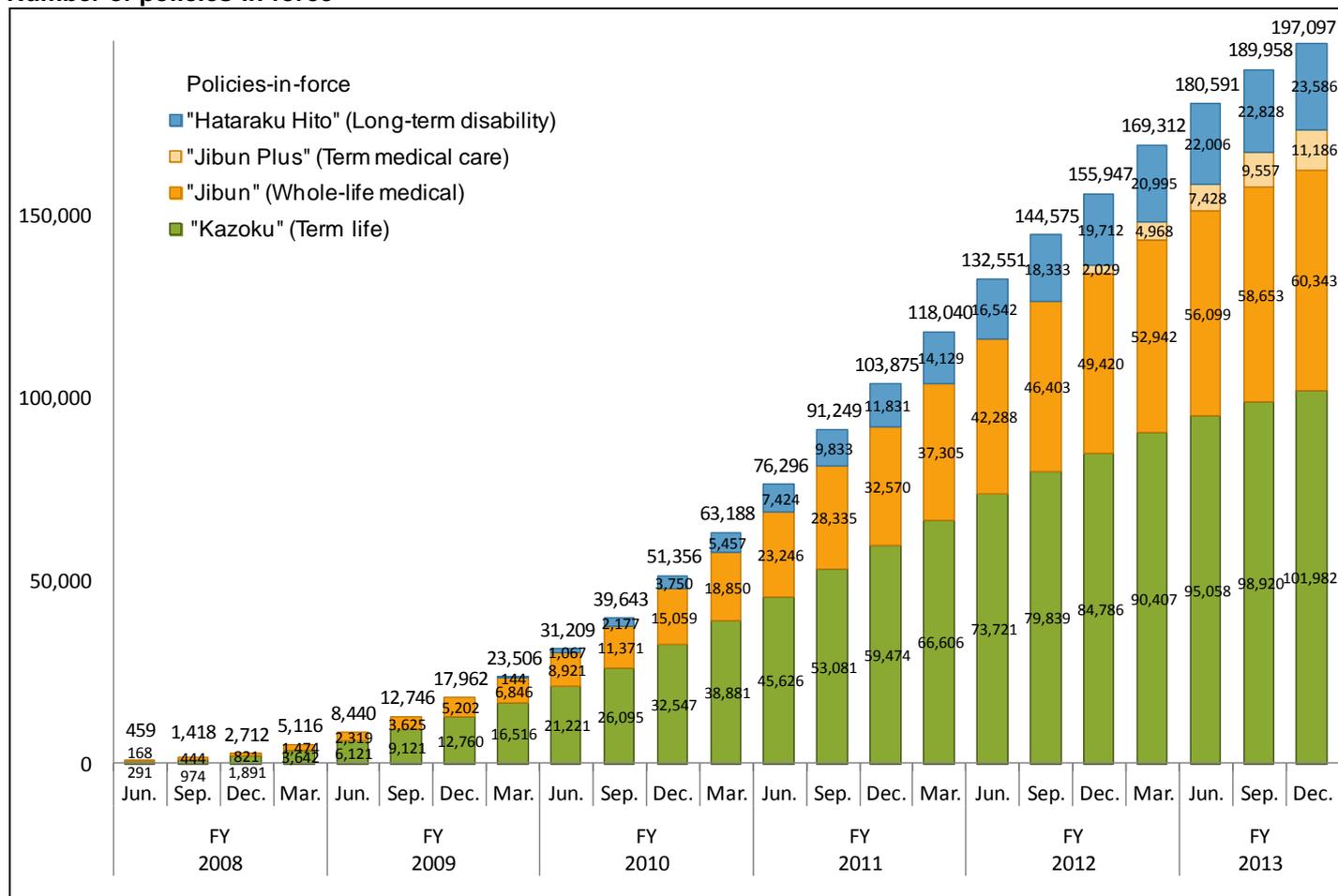
1. Overview of the financial results for 3Q of Fiscal 2013

(1) Business results

Condition of policies-in-force

The number of new business in the 3Q ended December 31, 2013 was 10,204 (74.1% of 3Q of fiscal 2012) and the number for the nine months ended December 31, 2013 was 36,981 (83.1% for the nine months ended December 31, 2012). The number of policies-in-force as of December 31, 2013 totaled 197,097 (116.4% of March 31, 2013), exceeding 190,000 on October 2, 2013, annualized premium as of the end of 3Q stands at 7,853 million yen (114.2% of March 31, 2013). Policies-in-force totaled 200,000 on February 12, 2014. The surrender and lapse ratio for the nine months ended December 31, 2013 was 6.6% (6.3% for the nine months ended December 31, 2012).

Number of policies-in-force



New Business (3Q)	FY2013	FY2012	Year on year
Number of applications	13,385	18,731	71.5%
Number of new business	10,204	13,776	74.1%
Sum insured of new business (in millions of yen)* ¹	69,219	98,433	70.3%
Annualized premium (in millions of yen)	376	536	70.3%
- excl. death coverage	195	271	72.1%

New Business (Nine months ended Dec. 31)	FY2013	FY2012	Year on year
Number of applications	50,266	64,419	78.0%
Number of new business	36,981	44,485	83.1%
Sum insured of new business (in millions of yen)* ¹	245,572	338,363	72.6%
Annualized premium (in millions of yen)	1,352	1,804	74.9%
- excl. death coverage	712	895	79.6%

Policies-in-Force	Dec. 31, 2013	Dec. 31, 2012	Mar. 31, 2013
Number of policies-in-force	197,097	155,947	169,312
- "Kazoku": Term life	101,982	84,786	90,407
- "Jibun": Whole-life medical	60,343	49,420	52,942
- "Jibun Plus": Term medical care	11,186	2,029	4,968
- "Hataraku Hito": Long-term disability	23,586	19,712	20,995
Sum insured of policies-in-force (in millions of yen)* ¹	1,660,682	1,391,249	1,480,395
Annualized premium (in millions of yen)	7,853	6,389	6,875
- excl. death coverage	3,504	2,746	2,992
Number of policy holders	118,454	96,923	103,816

Surrender and Lapse	Nine months ended Dec. 31, 2013	Nine months ended Dec. 31, 2012	FY2012
Surrender and lapse ratio* ²	6.6%	6.3%	6.4%

*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: 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 nine months ended December 31, 2013 increased significantly to 5,559 million yen (130.5% of the nine months ended December 31, 2012) due to the increase in the number of policies-in-force. Investment income grew to 41 million yen (110.3% of the nine months ended December 31, 2012). Other ordinary income was 5 million yen. As a result, ordinary income for the nine months ended December 31, 2013 amounted to 5,607 million yen (128.9% of the nine months ended December 31, 2012).

Insurance claims and other increased significantly to 889 million yen (245.8% of the nine months ended December 31, 2012) due largely to the increased number of policies-in-force and claim payments for the term life insurance “Kazoku”. Provision for policy reserves and other came to 2,168 million yen (221.7% of the nine months ended December 31, 2012). As the calculation formula of policy reserves was changed for refinement in the 3Q ended December 31, 2012, the effect of changing the calculation formula of policy reserves on provision for policy reserves was a 445 million yen decrease. Tighter control of advertising expenses led to operating expenses amounting to 3,038 million yen (81.0% of the nine months ended December 31, 2012). The components of operating expenses are 1,446 million yen in marketing expenses including advertising (68.5% of the nine months ended December 31, 2012), 461 million yen in customer service expenses (114.8% of the nine months ended December 31, 2012), and 1,130 million yen in system and other expenses (91.5% of the nine months ended December 31, 2012). Marketing expenses per number of new business totaled 39,110 yen, compared with 47,487 yen for the nine months ended December 31, 2012.

Amortization cost of deferred assets under Article 113 of the Insurance Business Act totaled 795 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. In fiscal 2013, the sixth year after commencing business operations, newly incurred expenses can no longer be recognized as deferred assets under Article 113 of the Insurance Business Act, which recorded 2,069 million yen in the nine months ended December 31, 2012.

Consequently, ordinary expenses for the nine months ended December 31, 2013 totaled 7,184 million yen (176.8% of the nine months ended December 31, 2012).

As a result, ordinary loss totaled 1,577 million yen for the nine months ended December 31, 2013, compared with ordinary income of 285 million yen for the nine months ended December 31, 2012. Ordinary loss before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act improved to 782 million yen, compared with 1,101 million yen in the nine months ended December 31, 2012. Accordingly, net loss was 1,561 million yen, compared with the net income of 176 million yen for the nine months ended December 31, 2012.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to a 1,439 million yen loss (fundamental profit of 485 million yen for the nine months ended December 31, 2012). For details, please refer to “(4) Fundamental profit” on page 11.

(In millions of yen)

Business Results (Nine months ended Dec. 31)	FY2013	FY2012	Year on year
Ordinary income	5,607	4,348	128.9%
Insurance premiums and other	5,559	4,260	130.5%
Investment income	41	37	110.3%
Other ordinary income	5	50	10.9%
Ordinary expenses	7,184	4,063	176.8%
Insurance claims and other	889	361	245.8%
Provision for policy reserves and other	2,168	977 ^{*1}	221.7%
Provision for contingency reserves	138	200	69.1%
Investment expenses	0	0	28.2%
Operating expenses	3,038	3,750	81.0%
Marketing expenses	1,446	2,112	68.5%
Customer service expenses	461	402	114.8%
System and other expenses	1,130	1,235	91.5%
Other ordinary expenses	1,088	1,042	104.4%
Amortization cost of deferred assets under Article 113 of the Insurance Business Act	795	683	116.4%
Deferred expenses under Article 113 of the Insurance Business Act	-	(2,069)	-
Ordinary profit (loss)	(1,577)	285	-
Net income (loss)	(1,561)	176	-
Fundamental profit	(1,439)	485	-
(Reference) Ordinary profit (loss) before deferred expenses and amortization of deferred assets under Article 113 of the Insurance Business Act	(782)	(1,101)	-

*1: Provision for policy reserves and other before 445 million yen of the effect of changing the calculation formula of policy reserves on provision for policy reserves was 1,422 million yen, 152.4% of nine months ended December 31, 2012.

Insurance payment results

In the 3Q of fiscal 2013, there were 1,348 insurance payment cases resulting in 266 million yen; 150 million yen in 11 insurance claims and 116 million yen in 1,337 benefits. As a result, the amount of insurance payments made in the nine months ended December 31, 2013 was 837 million yen in 3,338 cases, 528 million yen in 33 of which were insurance claims and 309 million yen in 3,305 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 nine months ended December 31, 2013, the average insurance payments were made in average of 3.64 business days.

We have also added content to our customer support website to help customers find answers and dispel any uncertainties. In order for our customers to understand the payment process as well, we have conducted interviews with customers who have received insurance benefits and have made the content available on our website from January 27, 2014.

(In millions of yen)

Insurance Payment Results (3Q)	FY2013	FY2012	Year on year
Number of insurance payments	1,348	678	198.8%
Insurance claims	11	1	1,100.0%
Insurance benefits	1,337	677	197.5%
Amount of insurance payments	266	86	310.1%
Insurance claims	150	20	750.0%
Insurance benefits	116	66	177.0%

(In millions of yen)

Insurance Payment Results (Nine months ended Dec. 31)	FY2013	FY2012	Year on year
Number of insurance payments	3,338	1,695	196.9%
Insurance claims	33	10	330.0%
Insurance benefits	3,305	1,685	196.1%
Amount of insurance payments	837	322	259.5%
Insurance claims	528	151	349.7%
Insurance benefits	309	171	180.2%

Customer inquiry report

In the 3Q of fiscal 2013, we received a total of 15,865 inquiries, with 290 cases being complaints. The total number of inquiries received in the nine months ended December 31, 2013 stands at 49,436 with a total of 911 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. Such unending efforts were acknowledged, and Lifenet had been given the rating of three stars in the 2013 HDI Contact Center Rankings (Life Insurance Industry) in two categories, "Contact Center" and "Support Portal (Website)" for second consecutive years, hosted by HDI-Japan (Help Desk Institute/ThinkService Inc.) this past November.

Contact Center

Support Portal



Customer Inquiries (3Q)	FY2013	FY2012	Year on year
Number of customer inquiries	15,865	15,933	99.6%
Number of complaints	290	121	239.7%

Customer Inquiries (Nine months ended Dec. 31)	FY2013	FY2012	Year on year
Number of customer inquiries	49,436	50,841	97.2%
Number of complaints	911	373	244.2%

Asset management

In the 3Q of fiscal 2013, 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 has invested in monetary trust 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 with Kyobo Life Insurance Co., Ltd in September 2013.

Under this asset management policy, total assets as of December 31, 2013 amounted to 20,879 million yen (20,450 million yen as of March 31, 2013). Among these, assets under management totaled 15,023 million yen (13,841 million yen as of March 31, 2013), which is the sum of cash and deposits, and securities. In the nine months ended December 31, 2013, the yield rate of all assets under management was 0.39%, and the modified duration of the securities was approximately 3.45 years as of December 31, 2013, compared with approximately 2.20 years as of March 31, 2013, due to the investment in long-term bonds.

Other accomplishments

In the 3Q of fiscal 2013, Kyobo Lifeplanet Life Insurance Company, the new joint venture, founded in Korea by Lifenet and Kyobo Life Insurance Co., Ltd., acquired a formal life insurance license by the Financial Services Commission in Korea and commenced business operations on December 2, 2013. Kyobo Lifeplanet will aim to become the leading online life insurance company in Korea, firstly by achieving 100,000 policies-in-force by the end of 2016.

Lifenet's smartphone life insurance application service, the first in the industry^{*1} in June 2012, was awarded the "2013 Good Design Award", hosted by the Japan Institute of Design Promotion. In order to accommodate the diversification of the internet usage environment of consumers, Lifenet has added smartphones to device lineup from which consumers may apply for life insurance policies. Lifenet renewed its smartphone site on October 28, 2013, making various services such as applying for policies and services for policy holders more convenient. With this renewal, it was possible for customers with medical conditions or symptoms that required detailed declarations to apply for policies via smartphones. In addition, customers now have a seamless life insurance policy application system from smartphones and computers. "My Page" functions were also expanded; customers can now apply for additional policies and apply to reduce coverage, confirm the details of their policies, change registered information such as payment methods and addresses, and change the beneficiary of their policies from smartphones and computers.

Lifenet was ranked 1st in the Oricon Client Satisfaction Rankings 2014 for "Insurance Premium Satisfaction" in the Medical Insurance Category hosted by Oricon Inc. based upon the satisfaction of customers who have received benefits for an illness or injury. This was resulted from reducing the costs and time required for customers to claim benefits by omitting the submission of medical certificates and sending "Lifenet Letters" to customers for accurate payments. Lifenet was awarded with the "2013 CRM Best Practice Award" sponsored by CRM Association Japan, and the "Fuji Sankei Business i Award" which is granted to one company amongst the winners of the CRM Best Practice Award. In addition, Lifenet received a rating of three stars in the 2013 HDI Contact Center Rankings.

On top of the initiatives above, we also have continued to take an active approach to the internet-based marketing activities, such as with a new type of website "SETSUYAQUEST" that involves user participation, and offering recommendations and information on restaurants that are child-friendly using the popular website, "Tabelog" from Kakaku.com Inc.

Please refer to "(3) Topics" on page 10 for full report on 3Q topics.

*1: Lifenet (June 2012)

(2) Financial condition

Assets, liabilities and net assets

Total assets as of December 31, 2013 amounted to 20,879 million yen (20,450 million yen as of March 31, 2013). To diversify of its asset management, monetary trust was newly held in 1,000 million yen. The major account balances were 13,563 million yen in securities mainly consisting of government bonds and corporate bonds with high credit ratings. Lifenet has invested 764 million yen in the new joint venture Kyobo Lifeplanet Life Insurance Company with Kyobo Life in Korea in the second quarter ended September 30, 2013, and 4,505 million yen in deferred assets under Article 113 of the Insurance Business Act due to amortize.

Liabilities amounted to 6,314 million yen as of December 31, 2013 (4,379 million yen as of March 31, 2013), owing to an increase in policy reserves as a result of the increased number of policies-in-force. The major account balances were 5,410 million yen in policy reserves (including 1,136 million yen in contingency reserves), and 301 million yen in reserves for outstanding claims.

Net assets decreased to 14,564 million yen as of December 31, 2013 (16,071 million yen as of March 31, 2013), as a result of recording a net loss for the nine months ended December 31, 2013.

The solvency margin ratio as of December 31, 2013 was 1,816.2% (2,266.0% as of March 31, 2013), which indicated that an adequate level of payment capacity was maintained. For details, please refer to “(5) Solvency margin ratio” on page 13.

(In millions of yen)

Assets, Liabilities and Net Assets	Dec. 31, 2013	Dec. 31, 2012	Mar. 31, 2013
Total assets	20,879	20,008	20,450
Money held in trust	1,000	-	-
Securities	13,563	13,368	13,488
Government bonds	6,044	7,241	7,331
Corporate bonds	6,548	5,977	5,982
Stocks	205	150	174
Foreign securities	764	-	-
Deferred assets under Article 113 of the Insurance Business Act	4,505	5,045	5,300
Total liabilities	6,314	3,661	4,379
Reserves for outstanding claims	301	152	265
Policy reserves	5,410	2,721	3,278
Contingency reserves	1,136	929	997
Total net assets	14,564	16,347	16,071
Solvency margin ratio	1,816.2%	2,517.2%	2,266.0%

Cash flows

For the nine months ended December 31, 2013, net cash provided by operating activities amounted to 1,373 million yen (201 million yen used for the nine months ended December 31, 2012), recording quarterly positive operating cash flows continuously from the 3Q ended December 31, 2012. This is attributable to the fact that, despite an increase in insurance payments, there was an increase in insurance premiums and other and controlled operating expenses. Net cash used by investing activities amounted to 1,290 million yen (147 million yen provided for the nine months ended December 31, 2012). Net cash provided by financing activities amounted to 24 million yen (3 million yen used for the nine months ended December 31, 2012).

Based on these activities described above, cash and cash equivalents as of December 31, 2013 totaled 459 million yen (353 million yen as of March 31, 2013).

(In millions of yen)

Cash Flows (Nine months ended Dec. 31)	FY2013	FY2012	Increase/ Decrease
Cash flows from operating activities	1,373	(201)	1,574
Cash flows from investing activities	(1,290)	147	(1,438)
Cash flows from financing activities	24	(3)	27
Cash and cash equivalents, beginning of the period	353	428	-
Cash and cash equivalents, end of the period	459	371	-

(3) Topics

3Q fiscal 2013

- Oct. 1 Top in Oricon Client Satisfaction Rankings 2014
<http://pdf.irpocket.com/C7157/GpH7/edqG/kvj4.pdf>

- Oct. 1 Awarded the 2013 Good Design Award Life Insurance Application Service Offered via Smartphones
<http://pdf.irpocket.com/C7157/GpH7/edqG/JkL7.pdf>

- Oct. 2 Policies-in-force Achieved 190,000
<http://pdf.irpocket.com/C7157/GpH7/h319/XeY1.pdf>

- Oct. 23 Opened a New Type of Website “SETSUYAQUEST” that Involves User Participation (Japanese Only)
<http://www.lifenet-seimei.co.jp/newsrelease/2013/5077.html>

- Oct. 28 Renewed Smartphone Site
<http://pdf.irpocket.com/C7157/GpH7/Vtu0/oPyP.pdf>

- Oct. 28 Policies-in-force of Term Life “Kazoku” Exceeded 100,000
<http://pdf.irpocket.com/C7157/GpH7/afPf/wk5H.pdf>

- Oct. 30 New Life Insurance Joint Venture in Korea Acquires Formal License
<http://pdf.irpocket.com/C7157/GpH7/z4sk/utkA.pdf>

- Nov. 7 Survey on “Dietary Education to Adults” (Japanese only)
<http://www.lifenet-seimei.co.jp/newsrelease/2013/5100.html>

- Nov. 13 Contact Center Awarded “2013 CRM Best Practice Award” and “Fuji Sankei Business i Award”
<http://pdf.irpocket.com/C7157/GpH7/hLpK/ixYJ.pdf>

- Nov. 14 Contact Center and Website Awarded Three Stars in the 2013 HDI Contact Center Rankings for 2nd Consecutive Year
<http://pdf.irpocket.com/C7157/GpH7/BHSd/MkIN.pdf>

- Dec. 2 Kyobo Lifeplanet to Commence Business Operations
<http://pdf.irpocket.com/C7157/GpH7/fyU5/YXUw.pdf>

- Dec. 19 Offering Recommendations and Information on Restaurants that Are Child-friendly Using the Popular Website, “Tabelog” (Japanese only)
<http://www.lifenet-seimei.co.jp/newsrelease/2013/5175.html>



Kyobo Lifeplanet Life Insurance Website (<https://www.lifeplanet.co.kr/startmain/main.dev>)

(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 rate. Fundamental profit at a life insurance company is 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 fundamental profit by calculating the differences.*1

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

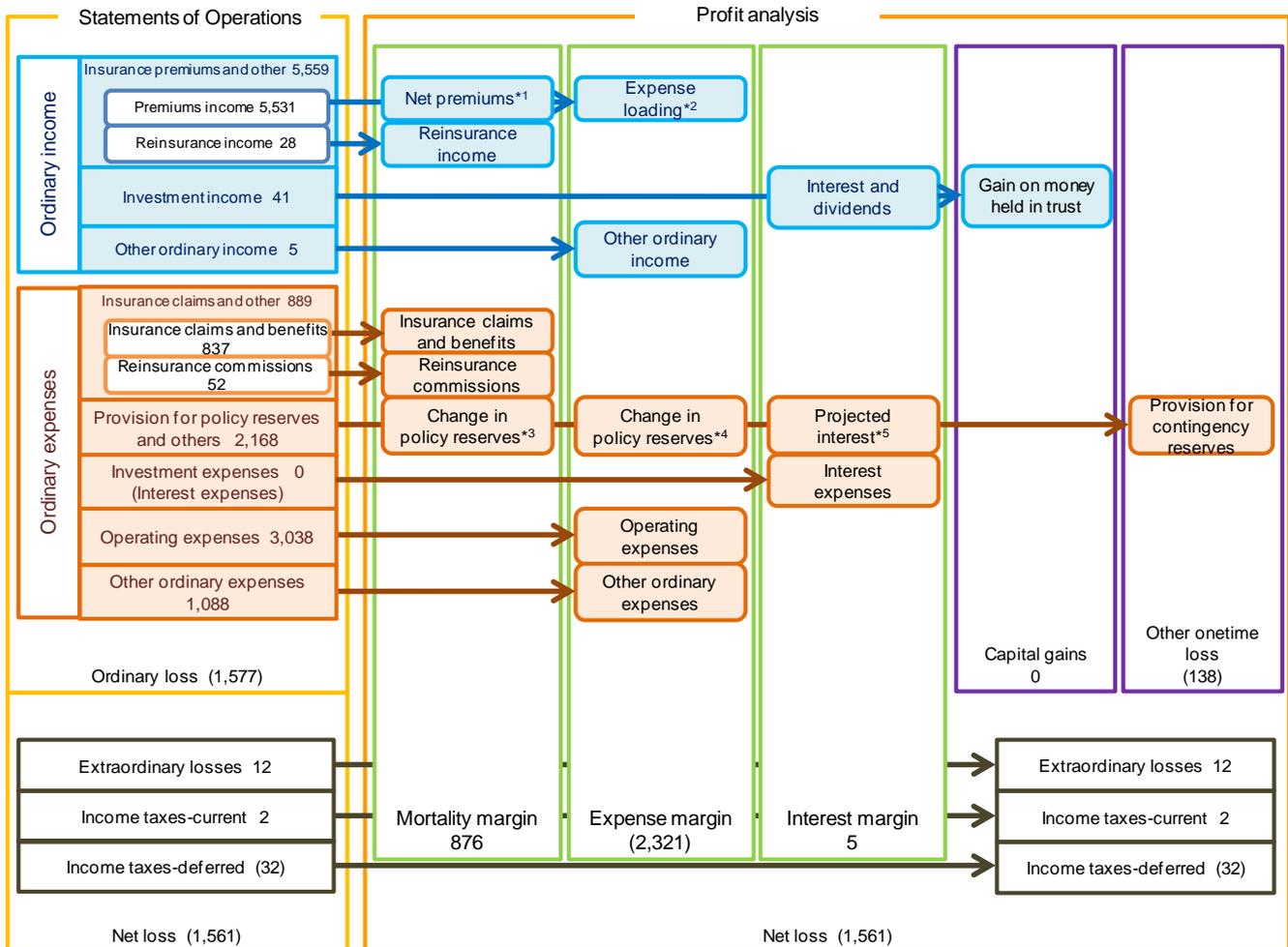
In the nine months ended December 31, 2013, fundamental profit and three surplus factors are as follows: the mortality margin decreased to a profit of 876 million yen due to the effect of changing the calculation formula of policy reserves on provision for policy reserves in the 3Q ended December 31, 2012 in spite of an increase in insurance premiums, the interest margin was 5 million yen due to investment income and the expense margin was a 2,321 million yen loss because newly incurred expenses can no longer be recognized as deferred assets under Article 113 of the Insurance Business Act from this fiscal year. As a result, fundamental profit recorded 1,439 million yen loss.

(In millions of yen)

Fundamental Profit (Nine months ended Dec. 31)	FY2013	FY2012	Year on year
Fundamental profit (i)	(1,439)	485	-
Mortality margin	876	1,216	72.1%
Expense margin	(2,321)	(753)	-
Interest margin	5	21	23.9%
Capital gains (ii)	0	-	-
Other onetime loss (iii)	(138)	(200)	-
Ordinary profit (loss) (iv)=(i)+(ii)+(iii)	(1,577)	285	-
Extraordinary loss, income tax, etc. (v)	16	(108)	-
Net income (loss) (vi)=(iv)+(v)	(1,561)	176	-

Three Surplus Factors

(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

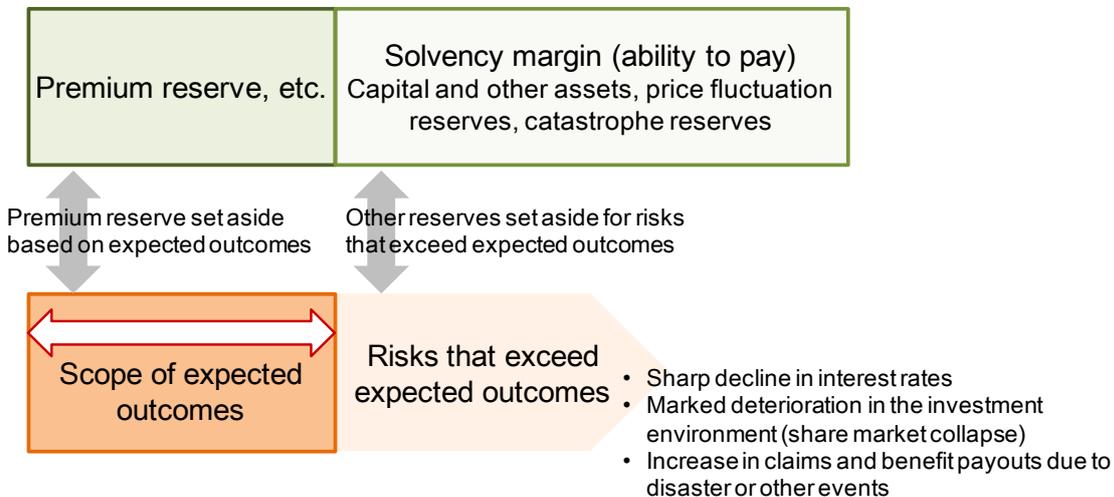
As of December 31, 2013, the solvency margin ratio was 1,816.2%, a decrease from March 31, 2013. This is mainly due to the decrease in net assets, increase in policies-in-force and the investment in Kyobo Lifeplanet, the joint venture in Korea leading to a rise in the amount of total risks.

(In millions of yen)

	Solvency margin	÷	Risk total × (1/2)	=	Solvency margin ratio
December 31, 2013	11,226		1,236 × (1/2)		1,816.2%
March 31, 2013	11,790		1,040 × (1/2)		2,266.0%
December 31, 2012	12,244		972 × (1/2)		2,517.2%

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.

(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 forecasts for fiscal 2013, 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 among other efforts.

In this fiscal 2013, the sixth year after commencing business operations, 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 only negative impact of the amortization of deferred assets will be recognized in the business results for the fiscal years from fiscal 2013 through fiscal 2017 and amortization cost of deferred assets will record 1,060 million yen each year from fiscal 2013 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.

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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, 2013	Dec. 31, 2013
ASSETS		
Cash and deposits	¥ 353	¥ 459
Money held in trust	-	1,000
Securities	13,488	13,563
Government bonds	7,331	6,044
Corporate bonds	5,982	6,548
Stocks	174	205
Foreign securities	-	764
Tangible fixed assets	97	96
Intangible fixed assets	590	562
Agency accounts receivable	0	0
Reinsurance accounts receivable	13	4
Other assets	5,907	5,192
Accounts receivable	498	576
Deferred assets under Article 113 of the Insurance Business Act	5,300	4,505
Other	108	109
Total assets	<u>¥ 20,450</u>	<u>¥ 20,879</u>
LIABILITIES		
Policy reserves and other	¥ 3,544	¥ 5,712
Reserves for outstanding claims	265	301
Policy reserves	3,278	5,410
Agency accounts payable	3	4
Reinsurance accounts payable	15	18
Other liabilities	493	276
Reserves under the special laws	3	5
Reserve for price fluctuations	3	5
Deferred tax liabilities	318	297
Total liabilities	<u>¥ 4,379</u>	<u>¥ 6,314</u>
NET ASSETS		
Capital stock	¥ 10,484	¥ 10,500
Capital surplus	10,484	10,500
Retained earnings	(4,978)	(6,540)
Shareholders' equity	<u>15,990</u>	<u>14,460</u>
Valuation difference on available-for-sale securities	60	84
Valuation and translation adjustments	60	84
Subscription rights to shares	20	19
Total net assets	<u>16,071</u>	<u>14,564</u>
Total liabilities and net assets	<u>¥ 20,450</u>	<u>¥ 20,879</u>

(2) Statements of operations

	(In millions of yen)	
	Nine months ended Dec. 31	
	2012	2013
Ordinary income.....	¥ 4,348	¥ 5,607
Insurance premiums and other	4,260	5,559
Premiums income	4,234	5,531
Reinsurance income.....	26	28
Investment income.....	37	41
Interest, dividends and other income.....	37	41
Gain on money held in trust	-	0
Other ordinary income	50	5
Reversal of reserves for outstanding claims.....	43	-
Other	6	5
Ordinary expenses	4,063	7,184
Insurance claims and other	361	889
Insurance claims	151	528
Benefits	171	309
Reinsurance commissions.....	39	52
Other refunds	0	0
Provision for policy reserves and other	977	2,168
Provision for reserves for outstanding claims	-	36
Provision for policy reserves	977	2,131
Investment expenses.....	0	0
Interest expenses	0	0
Operating expenses	3,750	3,038
Other ordinary expenses	1,042	1,088
Deferred expenses under Article 113 of the Insurance Business Act	(2,069)	-
Ordinary profit (loss)	285	(1,577)
Extraordinary losses	0	12
Impairment loss	-	10
Provision of reserves under the special laws	0	1
Provision of reserve for price fluctuations	0	1
Income (loss) before income taxes	284	(1,590)
Income taxes-current	2	2
Income taxes-deferred.....	105	(32)
Income taxes.....	107	(29)
Net income (loss)	¥ 176	¥ (1,561)

(3) Statements of cash flows

	(In millions of yen)	
	Nine months ended Dec. 31	
	2012	2013
Cash flows from operating activities		
Income (loss) before income taxes	¥ 284	¥ (1,590)
Depreciation and amortization	169	148
Impairment loss	-	10
Increase (decrease) in reserves for outstanding claims	(43)	36
Increase (decrease) in policy reserves.....	977	2,131
Increase (decrease) in reserve for price fluctuations	0	1
Interest, dividends and other income	(37)	(41)
Interest expenses	0	0
Decrease (increase) in agency accounts receivable	(0)	0
Decrease (increase) in reinsurance accounts receivable.....	(0)	8
Decrease (increase) in other assets <excluding assets for investing and financing activities > ..	(1,522)	714
Increase (decrease) in agency accounts payable.....	0	0
Increase (decrease) in reinsurance accounts payable	3	3
Increase (decrease) in other liabilities <excluding liabilities for investing and financing activities > ..	(118)	(136)
Other, net	(19)	0
Subtotal	<u>(305)</u>	<u>1,288</u>
Interest and dividends income received	108	89
Interest expenses paid	(0)	(0)
Income taxes paid	(3)	(3)
Net cash provided by (used in) operating activities	<u>(201)</u>	<u>1,373</u>
Cash flows from investing activities		
Purchase of money held in trust	-	(1,000)
Purchase of securities.....	(13,924)	(13,207)
Proceeds from sales and redemption of securities	14,300	13,120
Total of net cash provided by (used in) investment transactions ...	<u>375</u>	<u>(1,087)</u>
Total of net cash provided by (used in) operating activities and investment transactions ...	<u>174</u>	<u>286</u>
Purchase of tangible fixed assets	(41)	(44)
Purchase of intangible fixed assets	(187)	(159)
Net cash provided by (used in) investing activities	<u>147</u>	<u>(1,290)</u>
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares ...	13	30
Repayments of lease obligations	(16)	(6)
Net cash provided by (used in) financing activities	<u>(3)</u>	<u>24</u>
Net increase (decrease) in cash and cash equivalents	<u>(56)</u>	<u>106</u>
Cash and cash equivalents, beginning of period	428	353
Cash and cash equivalents, end of period	<u>¥ 371</u>	<u>¥ 459</u>

Financial Summary for 3Q of Fiscal 2013 Ending March 31, 2014

February 14, 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 Nine Months Ended December 31, 2013 (April 1, 2013 – December 31, 2013)

(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	%
Nine months ended December 31, 2013	5,607	28.9	(1,577)	-	(1,561)	-
December 31, 2012	4,348	65.3	285	-	176	-

	Net Income (Loss) per Share		Diluted Net Income per Share	
	yen		yen	
Nine months ended December 31, 2013	(37.08)		-	
December 31, 2012	4.19		4.05	

(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
December 31, 2013	20,879	14,564	69.7	344.88
March 31, 2013	20,450	16,071	78.5	381.40

Note: Net assets attributable to the Company's shareholders as of December 31, 2013 and March 31, 2013 were 14,545 million yen and 16,051 million yen, respectively.

2. Dividends

	Dividend per Share				
	1Q	2Q	3Q	4Q	Total
Fiscal Year ended	yen	yen	yen	yen	yen
March 31, 2013	—	0.00	—	0.00	0.00
March 31, 2014	—	0.00	—		
March 31, 2014 (forecast)				0.00	0.00

3. Earnings Forecasts for the Fiscal Year ending March 31, 2014

Lifenet will not be disclosing earnings forecasts, 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 December 31, 2013</u>	<u>As of March 31, 2013</u>
Total shares issued	42,175,000 shares	42,085,000 shares
Number of treasury stock	—	—
	<u>Nine months ended December 31, 2013</u>	<u>Nine months ended December 31, 2012</u>
Average issued shares	42,105,815 shares	42,070,051 shares