

Financial Summary for 1Q of Fiscal 2012, Ending March 31, 2013

July 31, 2012

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: Haruaki Deguchi, President/Founder

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

1. Financial Data for the First-quarter of Fiscal Year Ending March 31, 2013 (April 1, 2012 – June 30, 2012)

(1) Results of Operations

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

	Operating Income		Ordinary Income (Loss)		Net Income (Loss)	
	millions of yen	%	millions of yen	%	millions of yen	%
Three-months ended						
June 30, 2012	1,337	64.7	(69)	—	(113)	—
June 30, 2011	812	159.6	(39)	—	(40)	—

	Net Income (Loss) per Share	Diluted Net Income per Share
	yen	
Three-months ended		
June 30, 2012	(2.71)	—
June 30, 2011	(1.21)	—

Note: The Company implemented a 1,000-for-1 stock split on January 24, 2012. Figures in net income per share for three-months ended June 30, 2011, represents the result of retroactive adjustments of the stock split.

(2) Financial Conditions

	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, 2012	19,099	16,056	84.0	381.20
March 31, 2012	18,861	16,159	85.6	383.75

Note: Net assets attributable to the Company's shareholders as of June 30, 2012 and March 31, 2012 were 16,036 million yen and 16,139 million yen, respectively.

2. Dividends

	Dividend per Share				
	1Q	2Q	3Q	4Q	Total
Fiscal Year ended	yen	yen	yen	yen	yen
March 31, 2012	—	0.00	—	0.00	0.00
March 31, 2013	—				
March 31, 2013 (forecast)		0.00	—	0.00	0.00

3. Earnings Forecasts for the Fiscal Year ending March 31, 2013

In fiscal 2012, ending March 31, 2013, LIFENET will be devoting its energies to maintaining and increasing the number of policies-in-force and value of new business, improving the overall efficiency of its operations and processes, and establishing organization appropriate for a public company.

LIFENET will not be disclosing earnings forecasts, however, for the following reasons:

- * Possibility of fluctuation of profitability due to insurance claims and benefits payments
- * Variance in conservative life insurance accounting and its actual performance

LIFENET will continue to gain support and understanding from all of its stakeholders by actively disclosing information in accordance with its Manifesto, and will strive for the prompt disclosure of various reports such as quarterly financial statements and monthly sales results, and in other areas such as enriching the content of its business plans and strategies.

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)

	<u>As of June 30, 2012</u>	<u>As of March 31, 2012</u>
Total shares outstanding	42,070,000 shares	42,057,000 shares
Number of treasury stock	—	—
	<u>Three-months ended June 30, 2012</u>	<u>Three-months ended June 30, 2011</u>
Average outstanding shares	42,060,462 shares	33,717,000 shares

Note: The Company implemented a 1,000-for-1 stock split on January 24, 2012. Figures for three-months, ended June 30, 2011, represents the result of retroactive adjustment of the stock split.

July 31, 2012
 Haruaki Deguchi, President/Founder
 LIFENET INSURANCE COMPANY
 (Code: 7157, TSE Mothers)

Financial Statements for 1Q of Fiscal 2012, Ending March 31, 2013

TOKYO, July 31, 2012 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President/Founder Haruaki Deguchi <http://ir.lifenet-seimei.co.jp/en/>) discloses financial statements for 1Q of fiscal 2012, ending March 31, 2013.

(In millions of yen)

New Business	FY2012 1Q	FY2011 1Q	FY2011
Number of new business	16,570	14,266	60,725
Sum insured of new business	126,408	116,034	487,141
Annualized premium	679	573	2,468
- excl. death coverage	339	270	1,177
Number of insurance payments	486	243	1,284
Number of customer inquiries	18,882	15,172	72,001

(In millions of yen)

Policies-in-Force	FY2012 1Q	FY2011 1Q	FY2011
Number of policies-in-force	132,551	76,296	118,040
- "Kazoku": Term Life	73,721	45,626	66,606
- "Jibun": Whole-life Medical	42,288	23,246	37,305
- "Hataraku Hito": Personal Long-term Disability	16,542	7,424	14,129
Sum insured of policies-in-force	1,214,964	773,447	1,105,302
Annualized premium	5,458	3,180	4,870
- excl. death coverage	1,183	1,183	1,992
Number of policy holders	83,999	51,051	75,622
Surrender and lapse ratio	6.5%	6.5%	6.4%

(In millions of yen)

Business Results	FY2012 1Q	FY2011 1Q	FY2011
Operating income	1,337	812	3,773
Insurance premiums and other	1,300	730	3,720
Investment income	9	11	47
Other operating income	28	70	5
Operating expenses	1,407	851	4,461
Insurance claims and other	141	86	410
Provision of policy reserve and other	411	192	1,130
Provision of contingency reserve	74	71	295
Investment expenses	0	0	0
Project expenses	1,309	776	3,984
Marketing expenses	776	386	2,160
Customer service expenses	131	98	446
System and other expenses	401	291	1,378
Other operating expenses	305	170	1,041
Deferred expenses under Article 113 of the Insurance Business Law	△760	△373	△2,106
Ordinary income	△69	△39	△687
Net income	△113	△40	△900
Fundamental profit	5	31	△391

(In millions of yen)

Financial Condition	FY2012 1Q	FY2011 1Q	FY2011
Total assets	19,099	10,554	18,861
Government bonds	6,764	3,355	9,939
Corporate bonds	6,605	3,527	3,721
Stocks	147	143	139
Total liabilities	3,042	1,283	2,702
Policy reserve	2,155	872	1,743
Contingency reserve	804	504	729
Total net assets	16,056	9,271	16,159
Solvency margin ratio *	2,976.2%	2,772.5%	3,499.1%
Net cash used in operating activities	△386	△236	△882
Net cash provided by investing activities	196	62	△6,881
Net cash used in financing activities	△0	△6	7,728

* The solvency margin ratio for first-quarter of fiscal 2012 and fiscal 2011 are calculated based on the stricter standards set at the end of fiscal 2011. This standard is applied to the figures for first-quarter of fiscal 2011.

Non-consolidated Financial Statements

(1) Balance Sheets

	(In millions of yen)	
	March 31, 2012	June 30, 2012
ASSETS		
Cash and deposits.....	¥ 428	¥ 238
Securities.....	13,800	13,517
Government bonds	9,939	6,764
Corporate bonds	3,721	6,605
Stocks	139	147
Property, plant and equipment	90	86
Intangible assets	424	448
Agency accounts receivable	0	0
Reinsurance accounts receivable	0	24
Other assets	4,116	4,783
Accounts receivable.....	348	389
Deferred assets under Article 113 of the Insurance Business Law.....	3,659	4,235
Other	109	157
Total assets	<u>¥ 18,861</u>	<u>¥ 19,099</u>
LIABILITIES		
Reserve for insurance policy liabilities	¥ 1,940	¥ 2,324
Outstanding claims	196	169
Policy reserve	1,743	2,155
Agency accounts payable	2	2
Reinsurance accounts payable	11	11
Other liabilities.....	535	444
Reserves under the special laws	2	3
Reserve for price fluctuation.....	2	3
Deferred tax liabilities	209	254
Total liabilities	<u>2,702</u>	<u>3,042</u>
NET ASSETS		
Capital stock.....	10,478	10,481
Capital surplus.....	10,478	10,481
Retained earnings	(4,852)	(4,966)
Shareholders' equity	<u>16,103</u>	<u>15,996</u>
Valuation difference on available-for-sale securities	35	40
Valuation and translation adjustments	35	40
Subscription rights to shares.....	20	20
Total net assets	<u>16,159</u>	<u>16,056</u>
Total liabilities and net assets	<u>¥ 18,861</u>	<u>¥ 19,099</u>

(2) Statements of Operations

	(In millions of yen)	
	Three-months ended June 30	
	2011	2012
Operating income	¥ 812	¥ 1,337
Insurance premiums and other	730	1,300
Insurance premiums	719	1,276
Reinsurance commissions	10	24
Investment income	11	9
Interest, dividends and other income	11	9
Other operating income	70	28
Reversal of reserve for outstanding claims	69	27
Other	1	1
Operating expenses	851	1,407
Insurance claims and other	86	141
Insurance claims	53	81
Benefits	24	48
Reinsurance premiums	8	11
Provision of policy reserve and other	192	411
Provision of policy reserve	192	411
Investment expenses	0	0
Interest expenses	0	0
Project expenses	776	1,309
Other operating expenses	170	305
Deferred expenses under Article 113 of the Insurance Business Law	(373)	(760)
Ordinary income	(39)	(69)
Extraordinary loss	0	0
Provision of reserve for price fluctuation	0	0
Income before income taxes	(39)	(69)
Income taxes-current	0	0
Income taxes-deferred	-	43
Income taxes	0	43
Net income	¥ (40)	¥ (113)

(3) Statements of Cash Flows

	(In millions of yen)	
	Three-months ended June 30	
	2011	2012
Net cash provided by (used in) operating activities		
Income before income taxes	¥ (39)	¥ (69)
Depreciation and amortization	40	54
Increase (decrease) in outstanding claims.....	(69)	(27)
Increase (decrease) in policy reserve	192	411
Increase (decrease) in reserve for price fluctuation	0	0
Interest, dividends and other income	(11)	(9)
Interest expenses	0	0
Decrease (increase) in agency accounts receivable	(0)	0
Decrease (increase) in reinsurance accounts receivable	(10)	(23)
Decrease (increase) in other investing and financing activities assets	(337)	(663)
Increase (decrease) in agency accounts payable.....	0	0
Increase (decrease) in reinsurance accounts payable	8	0
Increase (decrease) in other investing and financing activities liabilities	(28)	(78)
Other, net.....	(5)	(19)
Subtotal	(261)	(422)
Interest and dividends income received.....	28	40
Interest expenses paid	(0)	(0)
Income taxes paid	(3)	(3)
Net cash provided by (used in) operating activities.....	(236)	(386)
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities.....	(406)	(8,824)
Proceeds from sales and redemption of securities.....	599	9,100
Total of net cash provided by (used in) investment transactions	193	275
Total of net cash provided by (used in) operating activities and investment transactions	(42)	(111)
Purchase of property, plant and equipment	(23)	(11)
Purchase of intangible assets	(108)	(66)
Net cash provided by (used in) investing activities	62	197
Net cash provided by (used in) financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	-	6
Repayments of lease obligations	(6)	(7)
Net cash provided by (used in) financing activities.....	(6)	(0)
Net increase (decrease) in cash and cash equivalents.....	(181)	(190)
Cash and cash equivalents, beginning of year	380	428
Cash and cash equivalents, end of year	¥ 199	¥ 238

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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