

## Financial Summary for 2Q of Fiscal 2012 Ending March 31, 2013

November 14, 2012

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: Haruaki Deguchi, President/Founder

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

### 1. Financial Data for the Six Months Ended September 30, 2012 (April 1, 2012 – September 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	%
Six months ended September 30, 2012	2,821	75.1	(68)	—	(154)	—
September 30, 2011	1,611	128.1	(238)	—	(240)	—

	Net Income (Loss) per Share	Diluted Net Income per Share
	yen	
Six months ended September 30, 2012	(3.67)	—
September 30, 2011	(71.44)	—

Note: The Company implemented a 1,000-for-1 stock split on January 24, 2012. The figure in net income (loss) per share for the six months ended September 30, 2011 represents the result of retroactive adjustments of the stock split.

#### (2) Financial Conditions

	Total Assets	Total Net Assets	Ratio of Equity Capital to Total Assets	Total Net Assets per Share
	millions of yen	millions of yen	%	yen
September 30, 2012	19,548	16,008	81.9	380.00
March 31, 2012	18,861	16,159	85.6	383.75

Note: Net assets attributable to the Company's shareholders as of September 30, 2012 and March 31, 2012 were 15,988 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	—	0.00			
March 31, 2013 (forecast)			—	0.00	0.00

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

Lifenet will not be disclosing earnings forecasts, for details, please refer to page 13.

4. Other

(1) Adoption of Unique Accounting Methods Applied Only to Semiannual 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 Sep. 30, 2012</u>	<u>As of Mar. 31, 2012</u>
Total shares issued	42,071,000 shares	42,057,000 shares
Number of treasury stock	—	—
	<u>Six months ended Sep. 30, 2012</u>	<u>Six months ended Sep. 30, 2011</u>
Average issued shares	42,065,355 shares	33,717,000 shares

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

November 14, 2012  
 Haruaki Deguchi, President/Founder  
 LIFENET INSURANCE COMPANY  
 (Code: 7157, TSE Mothers)

**Financial Results for 2Q of Fiscal 2012 Ending March 31, 2013**  
**Achieved Management Target to Reach 150,000 Policies-In-Force Within 5 Years of**  
**Commencing Business Operations on November 12**

TOKYO, November 14, 2012 - LIFENET INSURANCE COMPANY (TSE Mothers 7157, President/Founder Haruaki Deguchi <http://ir.lifenet-seimei.co.jp/en/> ) discloses financial results for the second quarter and the six months ended September 30, 2012.

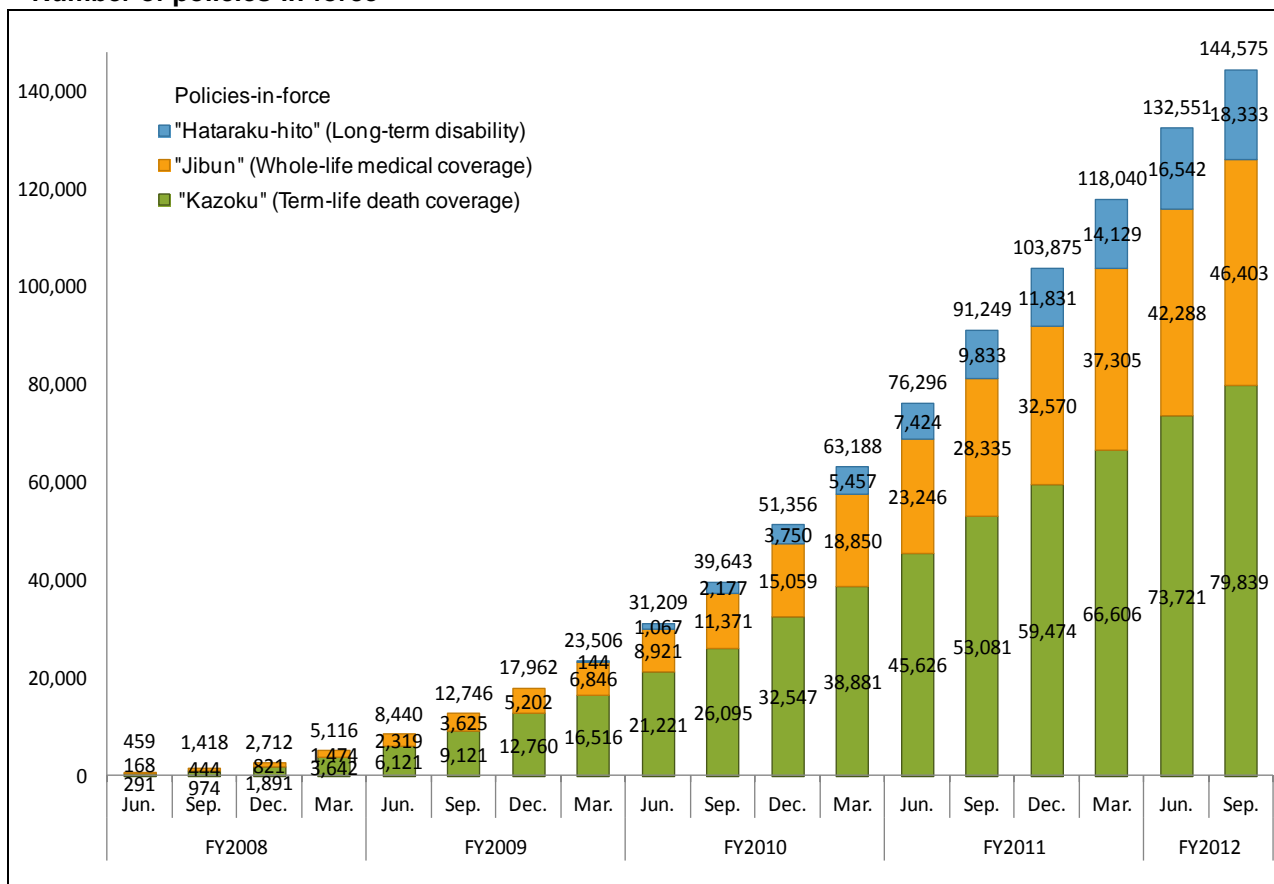
**1. Overview of the financial results for 2Q of Fiscal 2012**

**(1) Business results**

**Condition of policies-in-force**

The number of new business in the 2Q ended September 30, 2012 was 14,139 (87.4% of corresponding period of fiscal 2011), with the number of new business in the six months ended September 30, 2012 at 30,709 (100.9% of corresponding period of fiscal 2011). The number of new business are lower than those of 2Q ended September 30, 2011, when the company experienced a temporary increase in the number of applications as a result of the July 2011 broadcasting of the TV program “Cambrian Palace” (TV Tokyo). The number of policies-in-force as of the September 30, 2012 exceeded 140,000, resulting in a total of 144,575 (122.5% of March 31, 2012), annualized premium at 5,953 million yen (122.2% of March 31, 2012). As a result, we have achieved our management target to reach 150,000 policies-in-force within five years of commencing business operations on November 12. Surrender and lapse ratio for six months ended September 30, 2012 was 6.3% (surrender and lapse ratio of 6.1% for the six months ended September 30, 2011).

**Number of policies-in-force**



<b>New Business (2Q)</b>	FY2012	FY2011	Percentage
Number of new business	14,139	16,178	87.4%
Sum insured of new business	113,522	128,659	88.2%
Annualized premium (In millions of yen)	588	657	89.5%
- excl. death coverage	284	316	89.9%

<b>New Business (six months ended Sep. 30)</b>	FY2012	FY2011	Percentage
Number of new business	30,709	30,444	100.9%
Sum insured of new business	239,930	244,693	98.1%
Annualized premium (In millions of yen)	1,267	1,230	103.0%
- excl. death coverage	624	586	106.5%

<b>Policies-in-Force</b>	Sep. 30, 2012	Sep. 30, 2011	Mar. 31, 2012
Number of policies-in-force	144,575	91,249	118,040
- "Kazoku": Term Life	79,839	53,081	66,606
- "Jibun": Whole-life Medical	46,403	28,335	37,305
- "Hataraku Hito": Personal Long-term Disability	18,333	9,833	14,129
Sum insured of policies-in-force (In millions of yen)	1,311,643	891,628	1,105,302
Annualized premium (In millions of yen)	5,953	3,784	4,870
- excl. death coverage	2,525	1,474	1,992
Number of policy holders	91,125	59,835	75,622

<b>Surrender and lapse ratio</b>	Six months ended Sep. 30, 2012	Six months ended Sep. 30, 2011	FY2011
Surrender and lapse ratio	6.3%	6.1%	6.4%

- Notes 1. Sum insured of new business and sum insured of policies-in-force are the sum of death coverage, and do not include medical and survival coverage.
2. Surrender and Lapse ratio is the annual equivalent of the monthly number of policies were 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, 2012 increased significantly to 2,719 million yen (171.7% of the six months ended September 30, 2011) due to the increase in the number of policies-in-force. Investment income decreased to 24 million yen (97.2% of the six months ended September 30, 2011) due to an increase in accrued interests on purchases of securities and a decline of interest rates. Other operating income was 77 million yen, reversal of reserve for outstanding claims accounted. As a result, operating income for the six months ended September 30, 2012 amounted to 2,821 million yen (175.1% of the six months ended September 30, 2011).

Insurance claims and other increased to 261 million yen (149.9% of the six months ended September 30, 2011) due to an increase in insurance claims and benefits payments attributable to the increased number of policies-in-force, particularly in benefit payments for the whole-life medical insurance “Jibun.” Active advertising aimed at enhancing brand recognition lead to project expenses amounting to 2,621 million yen (153.2% of the six months ended September 30, 2011). The components of project expenses are 1,567 million yen in marketing expenses including advertising, 258 million yen in customer service expenses, and 794 million yen in investments and labor costs and other expenses on systems. As a result, operating expenses for the six months ended September 30, 2012 totaled 2,890 million yen (156.3% of the six months ended September 30, 2011). Included in this was 1,535 million yen out of project expenses deferred under Article 113 of the Insurance Business Law.

Consequently, for the six months ended September 30, 2012, ordinary loss amounted to 68 million yen (ordinary loss of 238 million yen for the six months ended September 30, 2011) and net loss amounted to 154 million yen (net loss of 240 million yen for the six months ended September 30, 2011).

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to 71 million yen (fundamental loss of 87 million yen for the six months ended September 30, 2011). For details, please refer to [4. Fundamental profit] on page 11.

(In millions of yen)

<b>Business Results (Six months ended Sep. 30)</b>	<b>FY2012</b>	<b>FY2011</b>	<b>Percentage</b>
Operating income	2,821	1,611	175.1%
Insurance premiums and other	2,719	1,584	171.7%
Investment income	24	25	97.2%
Other operating income	77	1	5,065.2%
Operating expenses	2,890	1,849	156.3%
Insurance claims and other	261	174	149.9%
Provision of policy reserve and other	885	462	191.7%
Provision of contingency reserve	140	151	92.9%
Investment expenses	0	0	321.5%
Project expenses	2,621	1,710	153.2%
Marketing expenses	1,567	901	173.9%
Customer service expenses	258	206	125.2%
System and other expenses	794	602	131.9%
Other operating expenses	657	377	174.3%
Amortization cost of deferred expenses under Article 113 of the Insurance Business Law	411	205	200.7%
Deferred expenses under Article 113 of the Insurance Business Law	(1,535)	(874)	-
Ordinary income	(68)	(238)	-
Net income	(154)	(240)	-
Fundamental profit	71	(87)	-

## Insurance payments results

In the second quarter of fiscal 2012, the amount of insurance payments resulted in 107 millions of yen in 537 cases; 50 millions of yen in 4 of which were insurance claims and 57 millions of yen in 533 benefits. As a result, the amount of insurance payments made in the six months ended September 30, 2012 was 236 millions of yen in 1,016 cases, 131 millions of yen in 9 of which were insurance claims and 105 millions of yen in 1,007 benefits.

Lifenet believes the most important responsibility for an insurance company is for claim payments to be made accurately and without delay, and we thrive to continue to accomplish this through methods such as our triple-check system. Lifenet makes every effort possible to ensure payment of insurance claims and benefits are made to the designated account within 5 business days of receiving all necessary documents. In the six months ended September 30, 2012, the average insurance payment was made in 3.17 business days.<sup>\*1</sup>

On October 2, 2012, Lifenet has simplified the conditions under which claimants can make medical policy claims by removing medical certificates or other certificates signed by a doctor.<sup>\*2\*3</sup> With this new process, it is expected that the period of time from when a request is made by the claimant to a medical institution for documents to the issuance of such documents will be reduced, and the time required for the payment of medical benefits is anticipated to shorten considerably from 43 days to 9 days on average<sup>\*4</sup>. It is also expected that claimants will be able to save roughly an additional 5,000 yen in costs<sup>\*5</sup> as well as much time and effort, while medical institutions who prepare the medical certificates will be able to save considerable time and effort.

\*1: Does not include the number of days required to obtain missing documents. Cases which required fact confirmation before insurance payments were made are not included when calculating the average number of days required for payment.

\*2: Note that in the following cases, Lifenet may require the submission of medical certificates or request to a medical institution, etc. for the confirmation of facts:

- ✓ In cases where submission of a medical treatment statement is not possible
- ✓ In cases where the claimant is not the insurance carrier (an assigned claimant, etc.)
- ✓ In cases of specified injuries and diseases (cancer, etc.) stipulated by Lifenet
- ✓ In cases where a treatment period exceeds the period stipulated by Lifenet

\*3: Please see our news release on October 3, 2012, for more details, "Lifenet simplifies claims process – Medical certification submission no longer necessary for most medical policy claims –" (<http://pdf.irpocket.com/C7157/JA1b/Ow7f/G835.pdf>)

\*4: Based on our data on medical policy claims received from the commencement of business to August 2012.

\*5: Based on "2007 Research on Documentation Fees at Medical Institutions" issued by SANRO Research Institute, Inc.

(In millions of yen)

Insurance payments results (2Q)	FY2012	FY2011	Percentage
Number of insurance payments	537	262	205.0%
Insurance claims	4	5	80.0%
Insurance benefits	533	257	207.4%
Amount of insurance payments	107	78	136.8%
Insurance claims	50	55	90.9%
Insurance benefits	57	23	244.2%

(In millions of yen)

<b>Insurance payments results (Six months ended Sep. 30)</b>	<b>FY2012</b>	<b>FY2011</b>	<b>Percentage</b>
Number of insurance payments	1,016	505	201.2%
Insurance claims	9	9	100.0%
Insurance benefits	1,007	496	203.0%
Amount of insurance payments	236	155	151.8%
Insurance claims	131	108	121.3%
Insurance benefits	105	47	220.8%

### Customer inquiry report

In the second quarter of fiscal 2012, we received a total of 16,026 inquiries, with 128 cases being complaints. The total number of inquiries received in the six months ended September 30, 2012 stands at 34,908 with a total of 252 complaints. We view this low complaint rate of 0.7% in the six months ended September 30, 2012, as the result of the constant improvement in the quality of service provided by our contact center, and enhancement of our website aimed to improve comprehensibility.

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

<b>Customer inquiries (2Q)</b>	<b>FY2012</b>	<b>FY2011</b>	<b>Percentage</b>
Number of customer inquiries	16,026	20,394	78.6%
number of complaints	128	146	87.7%

<b>Customer inquiries (Six months ended Sep.30)</b>	<b>FY2012</b>	<b>FY2011</b>	<b>Percentage</b>
Number of customer inquiries	34,908	35,566	98.1%
number of complaints	252	226	111.5%



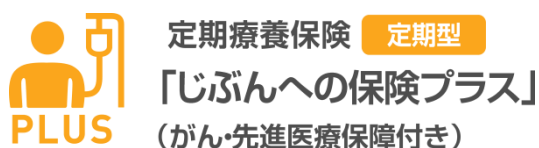
## Asset Management

Through the six months ended September 30, 2012, all assets under management excluding securities held for capital alliance 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. Under the current circumstances, Lifenet does not make investments that are considered relatively high-risk, such as investments and loans on foreign currency-denominated assets, real estate investments, and subprime-related investments and loans. Lifenet is holding shares of Advance Create Co., Ltd., its insurance sales agent, for the purpose of maintaining equity and business partnership; however, there are no plans to hold stocks for asset management purposes for the time being. Lifenet recognizes the impact of changes in the macro investment environment on its investment income as limited, given that its assets are managed based on its policy of limiting risks as explained above.

Under such an asset management policy, total assets as of September 30, 2012 amounted to 19,548 million yen (18,861 million yen as of March 31, 2012). Among these, assets under management totaled 13,578 million yen (14,229 million yen as of March 31, 2012), which is the sum of cash and deposits, and securities. In the six months ended September 30, 2012, the yield rate of the securities is 0.36% and the average remaining period of securities was approximately 2.6 years as of September 30, 2012.

## Other Accomplishments

On September 19, Lifenet announced of its copayment-linked medical insurance “Jibun Plus” (with cancer and advanced medical care coverage), which is the first new product in two and half years, and commenced sales of this product on October 2. This medical insurance product not only offers copayment-linked benefits that help reduce policyholders’ copayment in the public health care insurance system, but also meets wide-ranging needs related to medical expenses with its coverage for cancers and advanced medical care, considering currently in the Japanese medical environment such phenomena are observed as shorter hospitalization periods, higher hospitalization costs per day, and the shift from hospitalization to out-patient in the treatment of cancer.



Lifenet has also continued to receive various awards and third party evaluations. In July, we were awarded the “Best Contact Center of the Year 2012 Recognition Award for Quality Improvement”, and in August, 2012, Lifenet was awarded a Bronze Stevie® Award in the “2012 International Business Awards (IBA), Company of the Year”, becoming the first Japanese financial institution to receive a Stevie (Stevie Award data).

## (2) Financial condition

### Assets, Liabilities and Net Assets

Total assets as of September 30, 2012 amounted to 19,548 million yen (18,861 million yen as of March 31, 2012) due to an increase in deferred assets under Article 113 of the Insurance Business Law, which was attributable to deferral of part of project expenses. The major account balances were 13,182 million yen in securities mainly consisting of government bonds and corporate bonds with high credit ratings, 4,783 million yen in deferred assets under Article 113 of the Insurance Business Law, and 509 million yen in intangible assets including software. As for a breakdown of securities, the short-term government bonds purchased with the fund financed through the listing on Tokyo Stock Exchange Mothers in March 2012 were redeemed and switched to corporate bonds with high credit ratings. This resulted in a decrease in the amount of government bonds and an increase in the amount of corporate bonds from March 31, 2012.

Liabilities, although reserve for outstanding claims decreased due to reversal, amounted to 3,540 million yen (2,702 million yen as of March 31, 2012), owing to an increase in policy reserve as a result of the growing number of policies-in-force. The major account balances were 2,629 million yen in policy reserve (including 870 million yen in contingency reserve), 358 million yen in accrued expenses and 123 million yen in outstanding claims.

Net assets stood at 16,008 million yen (16,159 million yen as of March 31, 2012), as a result of recording a net loss for the period.

The solvency margin ratio as of September 30, 2012 was 2,643.2% (3,499.1% as of March 31, 2012), which indicated that an adequate level of payment capacity was maintained. For details, please refer to [(5) Solvency margin ratio] on page 12.

(In millions of yen)

Financial Condition	Sep. 30, 2012	Sep. 30, 2011	Mar. 31, 2012
Total assets	19,548	10,734	18,861
Securities	13,182	6,547	13,800
Government bonds	6,453	3,248	9,939
Corporate bonds	6,592	3,130	3,721
Stocks	136	168	139
Deferred assets under Article 113 of the Insurance Business Law	4,783	2,832	3,659
Total liabilities	3,540	1,651	2,702
Outstanding claims	123	154	196
Policy reserve	2,629	1,117	1,743
Contingency reserve	870	585	729
Total net assets	16,008	9,083	16,159
Solvency margin ratio *	2,643.2%	2,249.4%	3,499.1%

Note: The solvency margin ratio as of Sep.30, 2012 and Mar. 31, 2012 are calculated based on the stricter standards set at the end of fiscal 2011. This standard is applied to the figures as of Sep. 30, 2011.

## Cash flows

For the six months ended September 30, 2012, net cash used in operating activities amounted to 433 million yen (466 million yen used for the six months ended September 30, 2011). This is attributable to the fact that, despite an increase in premium income, there were an increase in insurance claims and other payments and an increase in project expenses due to active advertising. Net cash provided by investing activities amounted to 406 million yen (499 million yen provided for the six months ended September 30, 2011), mainly due to proceeds from redemption of securities. Net cash used in financing activities amounted to 5 million yen (13 million yen used for the six months ended September 30, 2011).

As a result of these activities described above, cash and cash equivalents as of September 30, 2012 totaled 395 million yen (428 million yen as of March 31, 2012).

(In millions of yen)

Cash flows (six months ended Sep. 30)	FY2012	FY2011	Increase/ Decrease
Net cash provided by (used in) operating activities	(433)	(466)	33
Net cash provided by (used in) investing activities	406	499	(93)
Net cash provided by (used in) financing activities	(5)	(13)	7
Cash and cash equivalents, beginning of the period	428	380	-
Cash and cash equivalents, end of the period	395	399	-

## (3) Topics

Fiscal 2012 2Q

- Jul. 31      Awarded the Best Contact Center of the Year 2012 - Recognition Prize  
<http://pdf.irpocket.com/C7157/JA1b/b2vc/UQ6b.pdf>
- Aug. 22      Awarded Bronze Stevie® Award in the 2012 International Business Awards -  
Company of the Year  
<http://pdf.irpocket.com/C7157/JA1b/OfUt/FFZF.pdf>
- Aug. 23      Held the 3rd FAMILY DAY for the employee's family
- Aug. 24      Policies-in-force exceeded 140,000  
<http://pdf.irpocket.com/C7157/JA1b/ovki/dMdb.pdf>
- Sep. 3        President and Founder Haruaki Deguchi and Web Producer Shinichi Iwata  
Awarded "Web-Jin Award" in the 10th Web Creation Awards
- Sep. 19      Announced the launch of its copayment-linked medical insurance "Jibun  
Plus" (with cancer and advanced medical care coverage), which is the first  
new product in two and half years.  
<http://pdf.irpocket.com/C7157/JA1b/QPJD/YVtZ.pdf>



3rd FAMILY DAY (Aug. 23)

## (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

Note1: Lifenet has adopted actuarially reasonable methods for its profit analysis. Details of calculation methods, however, may differ from those adopted by other life insurance companies. The five-year Zillmer method is used for calculations of premium breakdowns, and gains from lapsed or surrendered policies are included in the expense margin.

In the six months ended September 30, 2012, fundamental profit and three surplus factors are as follows.

(In millions of yen)

<b>Fundamental profit (six months ended Sep. 30)</b>		FY2012	FY2011	Percentage
Fundamental profit (loss) (i)		71	(87)	—
Mortality margin		471	229	205.8%
Expense margin (loss)		(414)	(338)	—
Interest margin		14	22	63.3%
Capital gains (ii)		—	—	—
Other onetime loss (iii)		(140)	(151)	—
Ordinary income (loss) (iv)=(i)+(ii)+(iii)		(68)	(238)	—
Extraordinary loss, income tax, etc. (v)		(85)	2	3,725.1%
Net income (loss) (vi)=(iv)+(v)		(154)	(240)	—

## (5) Solvency margin ratio

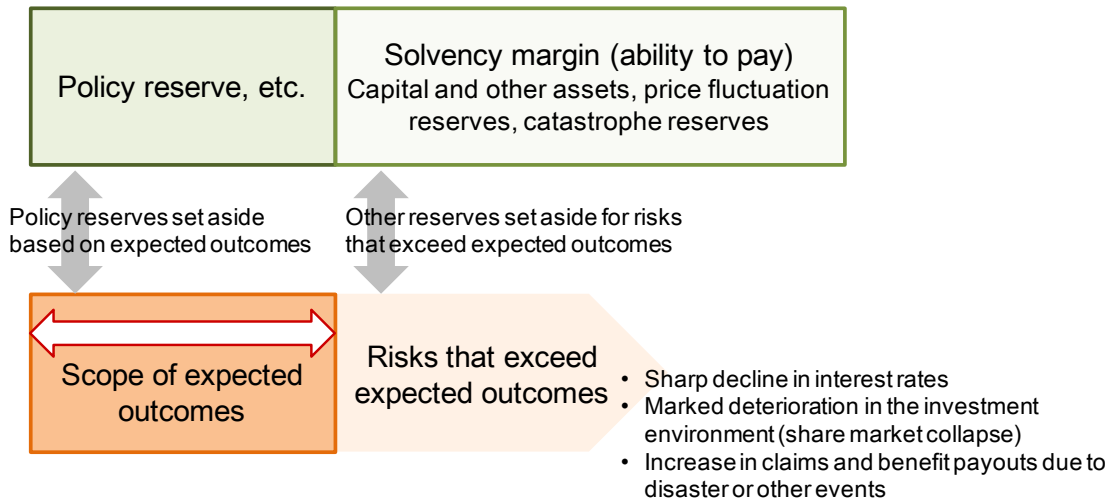
As of September 30, 2012, the solvency margin ratio was 2,643.2%, a decrease from March 31, 2012. This is due to the increase in policies-in-force leading to a rise in the amount of total risks. The solvency margin ratio is calculated based on the stricter standards set at the end of fiscal 2011, and this new standard is applied to all figures as of September 30, 2011.

	Solvency margin	÷	Risk total × (1/2)	=	Solvency margin ratio
September 30, 2012	12,107		916 × (1/2)		2,643.2%
September 30, 2011	6,862		610 × (1/2)		2,249.4%
March 31, 2012	13,242		756 × (1/2)		3,499.1%

(In millions of yen)

## 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) Dividend policy

Lifenet Insurance Company is currently in the process of building its life insurance business, and has not accumulated sufficient profits to fund dividend payments. As stated in Article 17-6 of the Insurance Business Law, the company is not permitted to distribute retained earnings as dividends while deferred assets under Article 113 of the Insurance Business Law are held on its balance sheet. Consequently, no interim dividends have been paid to shareholders, and in addition, year-end dividends will not be paid. Expenses assets under Article 113 of the Insurance Business Law are planned to complete amortization by the end of March 2018, ten years after the approval of our life insurance business license.

Lifenet will consider paying dividends in the future; however at this point, the company has yet to finalize its dividend policy or determined a date for the start of dividend payments. Lifenet also states in its Articles of Incorporation that, except as otherwise determined by law, dividend payments are to be approved by its Board of Directors.

## (7) Business forecasts

In fiscal 2012, Lifenet is devoting its energies to maintaining high growth in the number of policies-in-force and value of new business, reviewing and improving the overall efficiency of its operations and processes, and establishing an organization appropriate for a public company.

Lifenet will not be disclosing earnings forecasts for fiscal 2012, 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 Law 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. As part of the scheme described above, in order to further enhance the quality and quantity of the information provided to our stakeholders, Lifenet has started to disclose the number of policyholders from its results for the first quarter of fiscal 2012, and amounts of insurance premiums and payments of claims and benefits from its flash monthly reports for July, 2012.

**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:**

Corporate Development Department, Investor Relations

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.*

LIFENET INSURANCE COMPANY

## 2. Non-consolidated Financial Statements

### (1) Balance Sheets

	(In millions of yen)	
	March 31, 2012	Sep. 30, 2012
<b>ASSETS</b>		
Cash and deposits.....	¥ 428	¥ 395
Securities.....	13,800	13,182
Government bonds .....	9,939	6,453
Corporate bonds .....	3,721	6,592
Stocks .....	139	136
Property, plant and equipment .....	90	99
Intangible assets .....	424	509
Agency accounts receivable .....	0	0
Reinsurance accounts receivable .....	0	0
Other assets .....	4,116	5,360
Accounts receivable.....	348	429
Deferred assets under Article 113 of the Insurance Business Law.....	3,659	4,783
Other .....	109	146
Total assets .....	¥ 18,861	¥ 19,548
<b>LIABILITIES</b>		
Reserve for insurance policy liabilities .....	¥ 1,940	¥ 2,752
Outstanding claims .....	196	123
Policy reserve .....	1,743	2,629
Agency accounts payable .....	2	3
Reinsurance accounts payable .....	11	12
Other liabilities.....	535	477
Income taxes payable.....	3	1
Accrued expenses .....	441	358
Lease obligations.....	23	9
Asset retirement obligations .....	32	32
Rest of the other liabilities .....	34	75
Reserves under the special laws .....	2	3
Reserve for price fluctuation .....	2	3
Deferred tax liabilities .....	209	290
Total liabilities .....	¥ 2,702	¥ 3,540



	(In millions of yen)	
	March 31, 2012	Sep. 30, 2012
<u>NET ASSETS</u>		
Capital stock.....	¥ 10,478	¥ 10,481
Deposit for subscriptions to shares .....	-	1
Capital surplus.....	10,478	10,481
Legal capital surplus .....	10,478	10,481
Retained earnings .....	(4,852)	(5,006)
Other retained earnings.....	(4,852)	(5,006)
Retained earnings brought forward .....	(4,852)	(5,006)
Shareholders' equity .....	16,103	15,957
Valuation difference on available-for-sale securities .....	35	30
Valuation and translation adjustments.....	35	30
Subscription rights to shares.....	20	20
Total net assets .....	16,159	16,008
Total liabilities and net assets .....	¥ 18,861	¥ 19,548

## (2) Statements of Operations

	(In millions of yen)	
	Six months ended Sep. 30	
	2011	2012
Operating income .....	¥ 1,611	¥ 2,821
Insurance premiums and other .....	1,584	2,719
Insurance premiums .....	1,572	2,695
Reinsurance income .....	11	24
Investment income .....	25	24
Interest, dividends and other income .....	25	24
Other operating income .....	1	77
Reversal of reserve for outstanding claims .....	-	73
Other .....	1	3
Operating expenses .....	1,849	2,890
Insurance claims and other .....	174	261
Insurance claims .....	108	131
Benefits .....	47	105
Reinsurance commissions .....	18	24
Provision of policy reserve and other .....	462	885
Provision of outstanding claims .....	24	-
Provision of policy reserve .....	437	885
Investment expenses .....	0	0
Interest expenses .....	0	0
Project expenses .....	1,710	2,621
Other operating expenses .....	377	657
Deferred expenses under Article 113 of the Insurance Business Law .....	(874)	(1,535)
Ordinary income (loss) .....	(238)	(68)
Extraordinary loss .....	0	0
Provision of reserves under the special laws .....	0	0
Provision of reserve for price fluctuation .....	0	0
Income (loss) before income taxes .....	(238)	(69)
Income taxes-current .....	1	1
Income taxes-deferred .....	-	83
Income taxes .....	1	84
Net income (loss) .....	¥ (240)	¥ (154)

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

	(In millions of yen)	
	Six months ended Sep. 30	
	2011	2012
Shareholders' equity:		
Capital stock		
Capital stock .....	¥ 6,600	¥ 10,478
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares .....	-	3
Total changes of items during the period .....	-	3
Capital stock .....	6,600	10,481
Deposit for subscriptions to shares		
Deposit for subscriptions to shares .....	-	-
Changes of items during the period		
Payment of Deposit for subscriptions to shares .....	-	1
Total changes of items during the period .....	-	1
Capital stock .....	-	1
Capital surplus		
Legal capital surplus		
Legal capital surplus .....	6,600	10,478
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares .....	-	3
Total changes of items during the period .....	-	3
Legal capital surplus .....	6,600	10,481
Total capital surplus		
Capital surplus .....	6,600	10,478
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares .....	-	3
Total changes of items during the period .....	-	3
Capital surplus .....	6,600	10,481
Retained earnings		
Other retained earnings		
Retained earnings brought forward		
Retained earnings brought forward .....	(3,952)	(4,852)
Changes of items during the period		
Net loss .....	(240)	(154)
Total changes of items during the period .....	(240)	(154)
Retained earnings brought forward .....	(4,193)	(5,006)
Total retained earnings		
Retained earnings .....	(3,952)	(4,852)
Changes of items during the period		
Net loss .....	(240)	(154)
Total changes of items during the period .....	(240)	(154)
Retained earnings .....	¥ (4,193)	¥ (5,006)

	(In millions of yen)	
	Six months ended Sep. 30	
	2011	2012
Total shareholders' equity		
Shareholders' equity .....	¥ 9,247	¥ 16,103
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares .....	-	7
payment of deposit for subscriptions to shares .....	-	1
Net loss .....	(240)	(154)
Total changes of items during the period .....	(240)	(145)
Shareholders' equity .....	9,006	15,957
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities		
Valuation difference on available-for-sale securities .....	24	35
Changes of items during the period		
Net changes of items other than shareholders' equity .....	32	(5)
Total changes of items during the period .....	32	(5)
Valuation difference on available-for-sale securities	57	30
Total valuation and translation adjustments		
Total valuation and translation adjustments .....	24	35
Changes of items during the period		
Net changes of items other than shareholders' equity .....	32	(5)
Total changes of items during the period .....	32	(5)
Total valuation and translation adjustments .....	57	30
Subscription rights to shares:		
Subscription rights to shares .....	20	20
Changes of items during the period		
Net changes of items other than shareholders' equity .....	-	-
Total changes of items during the period .....	-	-
Subscription rights to shares .....	20	20
Net assets:		
Net assets .....	9,292	16,159
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares .....	-	7
payment of Deposit for subscriptions to shares .....	-	1
Net loss .....	(240)	(154)
Net changes of items other than shareholders' equity .....	32	(5)
Total changes of items during the period .....	(208)	(151)
Net assets .....	¥ 9,083	¥ 16,008

## (4) Statements of Cash Flows

	(In millions of yen)	
	Six months ended Sep. 30	
	2011	2012
Net cash provided by (used in) operating activities		
Loss before income taxes .....	¥ (238)	¥ (69)
Depreciation and amortization .....	82	112
Increase (decrease) in outstanding claims .....	24	(73)
Increase (decrease) in policy reserve .....	437	885
Increase (decrease) in reserve for price fluctuation .....	0	0
Interest, dividends and other income .....	(25)	(24)
Interest expenses .....	1	0
Decrease (increase) in agency accounts receivable .....	(0)	0
Decrease (increase) in reinsurance accounts receivable .....	7	0
Decrease (increase) in other investing and financing activities assets ....	(765)	(1,235)
Increase (decrease) in agency accounts payable .....	0	0
Increase (decrease) in reinsurance accounts payable .....	1	1
Increase (decrease) in other investing and financing activities liabilities ....	(15)	(79)
Other, net .....	(20)	(19)
Subtotal .....	<u>(510)</u>	<u>(499)</u>
Interest and dividends income received .....	48	70
Interest expenses paid .....	(0)	(0)
Income taxes paid .....	(3)	(3)
Net cash provided by (used in) operating activities .....	<u>(466)</u>	<u>(433)</u>
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities .....	(706)	(10,924)
Proceeds from sales and redemption of securities .....	1,389	11,500
Total of net cash provided by (used in) investment transactions ....	<u>683</u>	<u>575</u>
Total of net cash provided by (used in) operating activities and investment transactions ....	<u>216</u>	<u>142</u>
Purchase of property, plant and equipment .....	(33)	(35)
Purchase of intangible assets .....	(150)	(133)
Net cash provided by (used in) investing activities .....	<u>499</u>	<u>406</u>
Net cash provided by (used in) financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares .....	-	7
Proceeds from payment of deposit for subscriptions to shares ...	-	1
Repayments of lease obligations .....	(13)	(14)
Net cash provided by (used in) financing activities .....	<u>(13)</u>	<u>(5)</u>
Net increase (decrease) in cash and cash equivalents .....	<u>19</u>	<u>(32)</u>
Cash and cash equivalents, beginning of year .....	<u>380</u>	<u>428</u>
Cash and cash equivalents, end of year .....	<u>¥ 399</u>	<u>¥ 395</u>