

January 30, 2013
 Haruaki Deguchi, President/Founder
 LIFENET INSURANCE COMPANY
 (Code: 7157, TSE Mothers)

Financial Results for 3Q of Fiscal 2012 Ending March 31, 2013
64.4% increase in insurance premiums and other
First time making earnings from ordinary profit and operating cash flow on a quarterly basis

TOKYO, January 30, 2013 - LIFENET INSURANCE COMPANY ("Lifenet", TSE Mothers 7157, President/Founder Haruaki Deguchi <http://ir.lifenet-seimei.co.jp/en/>) discloses financial results for the third quarter and the nine months ended December 31, 2012.

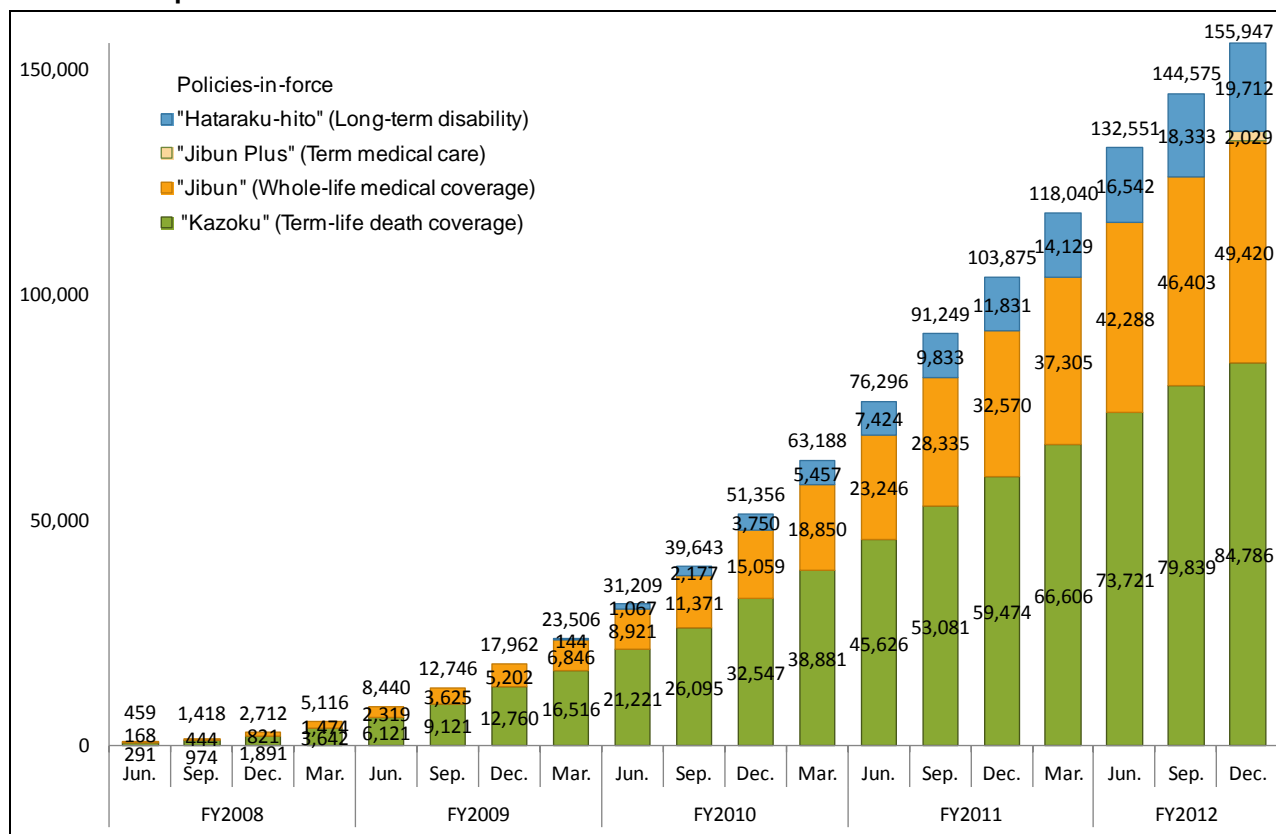
1. Overview of the financial results for 3Q of Fiscal 2012

(1) Business results

Condition of policies-in-force

The number of new business in the 3Q ended December 31, 2012 was 13,776 (96.4% of corresponding period of fiscal 2011), with the number of new business in the nine months ended December 31, 2012 at 44,485 (99.5% of corresponding period of fiscal 2011). Policies-in-force exceeded 150,000 on November 12, 2012, achieving the management target to reach 150,000 policies-in-force within 5 years of commencing business operations. The number of policies-in-force as of the December 31, 2012 resulted in a total of 155,947 (132.1% of March 31, 2012), annualized premium at 6,389 million yen (131.2% of March 31, 2012). Surrender and lapse ratio for nine months ended December 31, 2012 was 6.3% (surrender and lapse ratio of 6.4% for the nine months ended December 31, 2011).

Number of policies-in-force



LIFENET INSURANCE COMPANY

New Business (3Q)	FY2012	FY2011	Percentage
Number of new business	13,776	14,284	96.4%
Sum insured of new business (In millions of yen)	98,433	114,798	85.7%
Annualized premium (In millions of yen)	536	583	92.0%
- excl. death coverage	271	273	99.2%

New Business (nine months ended Dec. 31)	FY2012	FY2011	Percentage
Number of new business	44,485	44,728	99.5%
Sum insured of new business (In millions of yen)	338,363	359,491	94.1%
Annualized premium (In millions of yen)	1,804	1,814	99.5%
- excl. death coverage	895	860	104.2%

Policies-in-Force	Dec. 31, 2012	Dec. 31, 2011	Mar. 31, 2012
Number of policies-in-force	155,947	103,875	118,040
- "Kazoku": Term Life	84,786	59,474	66,606
- "Jibun": Whole-life Medical	49,420	32,570	37,305
- "Jibun Plus": Term Medical Care	2,029	-	-
- "Hataraku Hito": Personal Long-term Disability	19,712	11,831	14,129
Sum insured of policies-in-force (In millions of yen)	1,391,249	993,060	1,105,302
Annualized premium (In millions of yen)	6,389	4,296	4,870
- excl. death coverage	2,746	1,714	1,992
Number of policy holders	96,923	67,316	75,622

Surrender and lapse ratio	Nine months ended Dec. 31, 2012	Nine months ended Dec. 31, 2011	FY2011
Surrender and lapse ratio	6.3%	6.4%	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 nine months ended December 31, 2012 increased significantly to 4,260 million yen (164.4% of the nine months ended December 31, 2011) due to the increase in the number of policies-in-force. Investment income grew to 37 million yen (106.7% of the nine months ended December 31, 2011). Other ordinary income was 50 million yen, with reversal of reserves for outstanding claims accounted. As a result, ordinary income for the nine months ended December 31, 2012 amounted to 4,348 million yen (165.3% of the nine months ended December 31, 2011).

Insurance claims and other increased to 361 million yen (116.1% of the nine months ended December 31, 2011) due largely to an increase in benefit payments for the whole-life medical insurance “Jibun” attributable to the increased number of policies-in-force, although insurance claims payments for the term-life death insurance “Kazoku” decreased. As the calculation formula of policy reserves was changed for refinement in the third quarter ended December 31, 2012, provision for policy reserves and others came to 977 million yen (129.2% of the nine months ended December 31, 2011). The effect of changing the calculation formula of policy reserves on provision for policy reserves was a 445 million yen decrease. This change in calculations has been applied to all policies-in-force. Despite restricted operating expenses in the third quarter ended December 31, 2012, active advertising aimed at enhancing brand recognition for the six months ended September 30, 2012 led to operating expenses amounting to 3,750 million yen (139.0% of the nine months ended December 31, 2011). The components of operating expenses are 2,112 million yen in marketing expenses including advertising, 402 million yen in customer service expenses, and 1,235 million yen in investments, labor costs and other expenses on systems. Consequently, ordinary expenses for the nine months ended December 31, 2012 totaled 4,063 million yen (134.5% of the nine months ended December 31, 2011). Included in this was 2,069 million yen out of operating expenses deferred under Article 113 of the Insurance Business Law.

As a result, ordinary profit of 285 million yen, the first ordinary profit since the business operations were commenced, was recorded for the nine months ended December 31, 2012, compared with ordinary loss of 390 million yen for the nine months ended December 31, 2011. This was mainly due to the increase in ordinary income attributed to the rise in the number of policies-in-force as well as the decrease in insurance claims payments, the changed calculation formula of policy reserves, the deferred assets under Article 113 of the Insurance Business Law, and so on. Accordingly, a net income of 176 million yen was recorded, compared with net loss of 586 million yen for the nine months ended December 31, 2011.

In addition, fundamental profit, which is an indicator for the profitability of life insurance companies, amounted to 485 million yen (fundamental loss of 170 million yen for the nine months ended December 31, 2011). For details, please refer to [(4) Fundamental profit] on page 10.

(In millions of yen)

Business Results (nine months ended Dec. 31, 2012)	FY2012	FY2011	Percentage
Ordinary income	4,348	2,630	165.3%
Insurance premiums and other	4,260	2,591	164.4%
Investment income	37	35	106.7%
Other ordinary income	50	3	1,461.6%
Ordinary expenses	4,063	3,020	134.5%
Insurance claims and other	361	311	116.1%
Provision for policy reserves and others	977	757	129.2%
Provision for contingency reserves	200	219	91.0%
Investment expenses	0	0	53.4%
Operating expenses	3,750	2,698	139.0%
Marketing expenses	2,112	1,412	149.6%
Customer service expenses	402	320	125.3%
System and other expenses	1,235	965	128.0%
Other ordinary expenses	1,042	624	166.9%
Amortization cost of deferred expenses under Article 113 of the Insurance Business Law	683	355	192.4%
Deferred expenses under Article 113 of the Insurance Business Law	(2,069)	(1,372)	-
Ordinary profit (loss)	285	(390)	-
Net income (loss)	176	(586)	-
Fundamental profit	485	(170)	-

Note 1: For readers' convenience, Lifenet has partly changed the name of accounting titles for the financial statements from third quarter ended December 31, 2012.

Insurance payments results

In the third quarter of fiscal 2012, the amount of insurance payments resulted in 86 million yen in 678 cases; 20 million yen in 1 of which was an insurance claim and 66 million yen in 677 benefits. Consequently, the amount of insurance payments made in the nine months ended December 31, 2012 was 322 million yen in 1,695 cases, 151 million yen in 10 of which were insurance claims and 171 million yen in 1,685 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 nine months ended December 31, 2012, the average insurance payment was made in 3.20 business days.¹

Lifenet has simplified the conditions under which claimants can make medical policy claims by removing medical certificates or other certificates signed by a doctor from October 2, 2012.² With this new process, we were able to eliminate the period of time from when a request is made to a medical institution for documents to the issuance of such documents, and the time required for the payment of medical benefits has been shortened considerably from 43 days³ to 18 days on average. Due to this, claimants additionally are able to save around 5,000 yen in costs⁴, time and effort, while medical institutions who prepare the medical certificates are able to save considerable time and effort.

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

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

(In millions of yen)

Insurance payments results (3Q)	FY2012	FY2011	Percentage
Number of insurance payments	678	347	195.4%
Insurance claims	1	4	25.0%
Insurance benefits	677	343	197.4%
Amount of insurance payments	86	126	67.9%
Insurance claims	20	95	21.1%
Insurance benefits	66	31	207.5%

(In millions of yen)

Insurance payments results (nine months ended Dec. 31)	FY2012	FY2011	Percentage
Number of insurance payments	1,695	852	198.9%
Insurance claims	10	13	76.9%
Insurance benefits	1,685	839	200.8%
Amount of insurance payments	322	282	114.1%
Insurance claims	151	203	74.4%
Insurance benefits	171	79	215.5%

Customer inquiry report

In the third quarter of fiscal 2012, we received a total of 15,933 inquiries, with 121 cases being complaints. The total number of inquiries received in the nine months ended December 31, 2012 stands at 50,841 with a total of 373 complaints. We view this low complaint rate of 0.7% in the nine months ended December 31, 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. Such unending efforts were acknowledged, and Lifenet had been given the highest rating of three stars in the 2012 HDI Contact Center Rankings (Life Insurance Industry) in two categories, "Contact Center" and "Support Portal (Website)", hosted by HDI-Japan (Help Desk Institute/ThinkService Inc.) this past November.



Contact Center



Support Portal (Website)

Customer inquiries (3Q)	FY2012	FY2011	Percentage
Number of customer inquiries	15,933	16,264	98.0%
Number of complaints	121	118	102.5%

Customer inquiries (nine months ended Dec. 31)	FY2012	FY2011	Percentage
Number of customer inquiries	50,841	51,830	98.1%
Number of complaints	373	344	108.4%

Asset Management

Through the nine months ended December 31, 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. In addition, all Tokyo Electric Power Company corporate bonds were held until maturity and redeemed in December 2012.

Under such an asset management policy, total assets as of December 31, 2012 amounted to 20,008 million yen (18,861 million yen as of March 31, 2012). Among these, assets under management totaled 13,739 million yen (14,229 million yen as of March 31, 2012), which is the sum of cash and deposits, and securities. In the nine months ended December 31, 2012, the yield rate of the all assets under management is 0.37% and the average remaining period of securities was approximately 2.5 years as of December 31, 2012.

Other Accomplishments

On October 2, 2012, Lifenet commenced sales 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. 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 the Japanese current medical environment, phenomena such as shorter hospitalization periods, higher hospitalization costs per day, and the shift from hospitalization to out-patient in the treatment of cancer can be observed. The number of policies-in-force of “Jibun Plus” was 2,029, exceeding 2,000 policies three months after its launch.

In addition, Lifenet starts underwriting medical insurance under exclusion of specific organs on October 2. One example of this type of coverage is those who have undergone a Caesarian section when giving birth in the past. On October 4, Lifenet started the recruitment of affiliated insurance planners (salespersons of life insurance agencies) who support Lifenet’s principles and the concept of its products to further promote the spread of Lifenet Insurance products and also disclosed its agent commission rates. This is based on our thinking that disclosure of information is the basis for building a trusting relationship with our customers.

The accumulated number of new business of long-term disability insurance “Hataraku-hito” exceeded 20,000 and this product Ranked #1 in Weekly Economist’s “Product Ranking by Influential Financial Planners” Long-Term Disability and Income Protection Insurance Category. In addition to announcing our results and new efforts, we have produced a website “Our 5 Challenges and 5 Reassurances” to further build the trust in our company.

From December, 2012, Lifenet started to air a new TV commercial series aiming at enhancing brand recognition and credibility. Please refer to [(3) Topics] on page 9.

(2) Financial condition

Assets, Liabilities and Net Assets

Total assets as of December 31, 2012 amounted to 20,008 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 the partial deferral of operating expenses. The major account balances were 13,368 million yen in securities mainly consisting of government bonds and corporate bonds with high credit ratings, 5,045 million yen in deferred assets under Article 113 of the Insurance Business Law, and 522 million yen in intangible fixed assets including software. As for a breakdown of securities, the 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 the calculation formula of policy reserves was changed, amounted to 3,661 million yen as of December 31, 2012 (2,702 million yen as of March 31, 2012), owing to an increase in policy reserves as a result of the increased number of policies-in-force. The major account balances were 2,721 million yen in policy reserves (including 929 million yen in contingency reserves) and 152 million yen in reserves for outstanding claims.

Net assets stood at 16,347 million yen (16,159 million yen as of March 31, 2012), as a result of recording a net income for this period.

The solvency margin ratio as of December 31, 2012 was 2,517.2% (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 11.

(In millions of yen)

Assets, Liabilities and Net Assets	Dec. 31, 2012	Dec. 31, 2011	Mar. 31, 2012
Total assets	20,008	10,888	18,861
Securities	13,368	6,503	13,800
Government bonds	7,241	3,240	9,939
Corporate bonds	5,977	3,125	3,721
Stocks	150	137	139
Deferred assets under Article 113 of the Insurance Business Law	5,045	3,180	3,659
Total liabilities	3,661	2,169	2,702
Reserves for outstanding claims	152	169	196
Policy reserves	2,721	1,398	1,743
Contingency reserves	929	653	729
Total net assets	16,347	8,718	16,159
Solvency margin ratio ¹	2,517.2%	1,829.3%	3,499.1%

Note: The solvency margin ratio as of Dec.31, 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 Dec. 31, 2011.

Cash flows

For the nine months ended December 31, 2012, net cash used in operating activities amounted to 201 million yen (552 million yen used for the nine months ended December 31, 2011). This is attributable to the fact that, despite an increase in insurance premium and other, there was an increase in operating expenses due to active advertising for six months ended September 30, 2012. On the other hand, for the third quarter ended December 31, 2012, net cash provided by operating activities amounted 232 million yen (85 million yen used for the third quarter ended December 31, 2011), recording profit for the first time since commencing business operations due to an increase in insurance premium and other and a decrease in insurance claims. Net cash provided by investing activities amounted to 147 million yen (451 million yen provided for the nine months ended December 31, 2011), mainly due to proceeds from redemption of securities. Net cash used in financing activities amounted to 3 million yen (20 million yen used for the nine months ended December 31, 2011).

Based on these activities described above, cash and cash equivalents as of December 31, 2012 totaled 371 million yen (428 million yen as of March 31, 2012).

(In millions of yen)

Cash flows (nine months ended Dec. 31)	FY2012	FY2011	Increase/ Decrease
Cash flows from operating activities	(201)	(552)	351
Cash flows from investing activities	147	451	(304)
Cash flows from financing activities	(3)	(20)	17
Cash and cash equivalents, beginning of the period	428	380	-
Cash and cash equivalents, end of the period	371	259	-

(3) Topics

Fiscal 2012 3Q

- Oct. 2 Started sales of the new copayment-linked medical insurance “Jibun Plus” (with cancer and advanced medical care coverage)
<http://pdf.irpocket.com/C7157/JA1b/TIOW/Npp6.pdf>
- Oct. 2 Started underwriting medical insurance under exclusion of specific organs
<http://pdf.irpocket.com/C7157/JA1b/TIOW/G0qY.pdf>
- Oct. 2 Simplified claims process –Medical certification submission no longer necessary for most medical policy claims
<http://pdf.irpocket.com/C7157/JA1b/Ow7f/G835.pdf>
- Oct. 4 Started general recruitment of affiliated insurance planners to promote spread of insurance products
<http://pdf.irpocket.com/C7157/JA1b/F2PB/dgb0.pdf>
- Oct. 5 Announced the accumulated number of new business of long-term disability insurance “Hataraku-Hito” exceeded 20,000
<http://pdf.irpocket.com/C7157/JA1b/F2PB/fVVu.pdf>
- Nov. 12 Policies-in-force exceeded 150,000
<http://pdf.irpocket.com/C7157/JA1b/RaY/axBQ.pdf>
- Nov. 14 Contact center and website awarded three stars in the 2012 HDI Contact Center Rankings
<http://pdf.irpocket.com/C7157/JA1b/RaY/mtGe.pdf>
- Nov. 28 Long-term disability product ranked #1 Weekly Economist’s “Product ranking by influential financial planners” long-term disability and income protection insurance category
<http://pdf.irpocket.com/C7157/JA1b/fl6F/RlrE.pdf>
- Dec. 20 Election of new Executive Officers
<http://pdf.irpocket.com/C7157/JA1b/KWQO/t9zQ.pdf>
- Dec. 24 Started airing new TV commercial series



New TV commercial series (pregnant woman version)

(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.¹

- 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

Note 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, 2012, fundamental profit and three surplus factors are as follows.

(In millions of yen)

Fundamental profit (nine months ended Dec. 31)	FY2012	FY2011	Percentage
Fundamental profit (loss) (i)	485	(170)	-
Mortality margin	1,216	336	362.0%
Expense margin (loss)	(753)	(535)	-
Interest margin	21	29	74.8%
Capital gains (ii)	-	-	-
Other onetime loss (iii)	(200)	(219)	-
Ordinary profit (loss) (iv)=(i)+(ii)+(iii)	285	(390)	-
Extraordinary loss, income tax, etc. (v)	108	196	55.5%
Net income (loss) (vi)=(iv)-(v)	176	(586)	-

(5) Solvency margin ratio

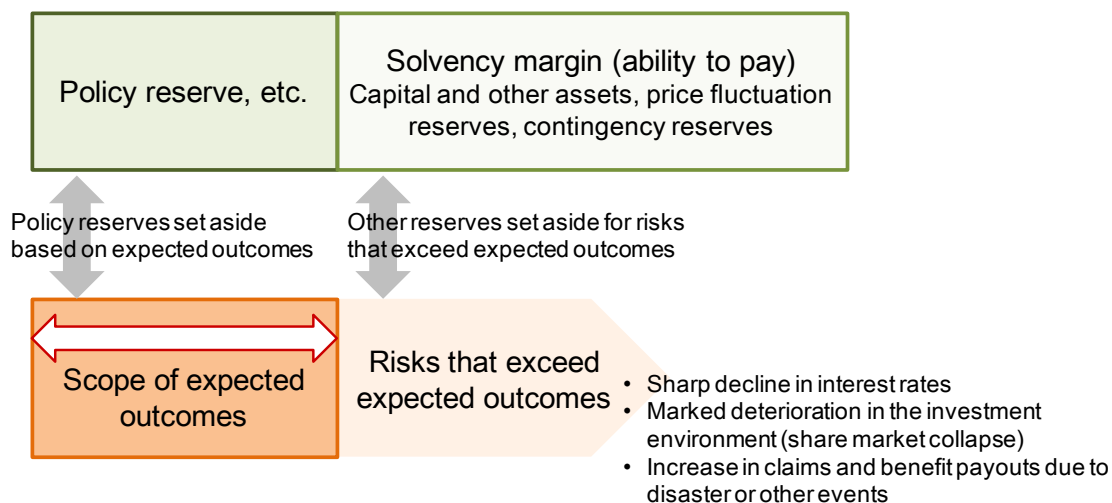
As of December 31, 2012, the solvency margin ratio was 2,517.2%, a decrease from March 31, 2012. This is due to the increase in policies-in-force leading to a rise in the amount of total risks. The solvency margin ratio is calculated based on the stricter standards set at the end of fiscal 2011, and this new standard is applied to all figures as of December 31, 2011.

(In millions of yen)

	Solvency margin	÷	Risk total × (1/2)	=	Solvency margin ratio
December 31, 2012	12,244		972 × (1/2)		2,517.2%
December 31, 2011	6,205		678 × (1/2)		1,829.3%
March 31, 2012	13,242		756 × (1/2)		3,499.1%

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 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 had 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.

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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

For readers' convenience, Lifenet has partly changed the name of accounting title for the financial statements from third quarter ended December 31, 2012.

(1) Balance Sheets

	(In millions of yen)	
	Mar. 31, 2012	Dec. 31, 2012
ASSETS		
Cash and deposits.....	¥ 428	¥ 371
Securities.....	13,800	13,368
Government bonds	9,939	7,241
Corporate bonds	3,721	5,977
Stocks	139	150
Tangible fixed assets	90	103
Intangible fixed assets.....	424	522
Agency accounts receivable	0	0
Reinsurance accounts receivable	0	1
Other assets	4,116	5,641
Accounts receivable.....	348	466
Deferred assets under Article 113 of the Insurance Business Law.....	3,659	5,045
Other	109	129
Total assets	<u>¥ 18,861</u>	<u>¥ 20,008</u>
LIABILITIES		
Policy reserves and others.....	¥ 1,940	¥ 2,874
Reserves for outstanding claims	196	152
Policy reserves	1,743	2,721
Agency accounts payable	2	3
Reinsurance accounts payable	11	14
Other liabilities.....	535	452
Reserves under the special laws	2	3
Reserve for price fluctuations	2	3
Deferred tax liabilities	209	314
Total liabilities	<u>¥ 2,702</u>	<u>¥ 3,661</u>
NET ASSETS		
Capital stock.....	¥ 10,478	¥ 10,484
Capital surplus.....	10,478	10,484
Retained earnings	(4,852)	(4,676)
Shareholders' equity	<u>16,103</u>	<u>16,293</u>
Valuation difference on available-for-sale securities	35	33
Valuation and translation adjustments.....	35	33
Subscription rights to shares.....	20	20
Total net assets	<u>16,159</u>	<u>16,347</u>
Total liabilities and net assets	<u>¥ 18,861</u>	<u>¥ 20,008</u>

(2) Statements of Operations

	(In millions of yen)	
	Nine months ended Dec. 31	
	2011	2012
Ordinary income	¥ 2,630	¥ 4,348
Insurance premiums and other	2,591	4,260
Premiums income	2,579	4,234
Reinsurance income	11	26
Investment income	35	37
Interest, dividends and other income	35	37
Other ordinary income	3	50
Reversal of reserves for outstanding claims	-	43
Other	3	6
Ordinary expenses	3,020	4,063
Insurance claims and other	311	361
Insurance claims	203	151
Benefits	79	171
Reinsurance commissions	29	39
Other refunds	-	0
Provision for policy reserves and others	757	977
Provision for reserves for outstanding claims	39	-
Provision for policy reserves	718	977
Investment expenses	0	0
Interest expenses	0	0
Operating expenses	2,698	3,750
Other ordinary expenses	624	1,042
Deferred expenses under Article 113 of the Insurance Business Law	(1,372)	(2,069)
Ordinary profit (loss)	(390)	285
Extraordinary losses	14	0
Impairment loss	13	-
Provision of reserve for price fluctuations	0	0
Income (loss) before income taxes	(404)	284
Income taxes-current	2	2
Income taxes-deferred	179	105
Income taxes	181	107
Net income (loss)	¥ (586)	¥ 176

(3) Statements of Cash Flows

	(In millions of yen)	
	Nine months ended Dec. 31	
	2011	2012
Cash flows from operating activities		
Income (loss) before income taxes	¥ (404)	¥ 284
Depreciation and amortization	133	169
Impairment loss	13	-
Increase (decrease) in reserves for outstanding claims	39	(43)
Increase (decrease) in policy reserves	718	977
Increase (decrease) in reserve for price fluctuations	0	0
Interest, dividends and other income	(35)	(37)
Interest expenses	1	0
Decrease (increase) in agency accounts receivable	(0)	(0)
Decrease (increase) in reinsurance accounts receivable	7	(0)
Decrease (increase) in other assets <excluding assets for investing and financing activities >..	(1,152)	(1,522)
Increase (decrease) in agency accounts payable	0	0
Increase (decrease) in reinsurance accounts payable	11	3
Increase (decrease) in other liabilities <excluding assets for investing and financing activities >..	64	(118)
Other, net.....	(20)	(19)
Subtotal	<u>(621)</u>	<u>(305)</u>
Interest and dividends income received.....	74	108
Interest expenses paid	(1)	(0)
Income taxes paid	(3)	(3)
Net cash provided by (used in) operating activities	<u>(552)</u>	<u>(201)</u>
Cash flows from investing activities		
Purchase of securities	(1,106)	(13,924)
Proceeds from sales and redemption of securities.....	1,789	14,300
Total of net cash provided by (used in) investment transactions	<u>683</u>	<u>375</u>
Total of net cash provided by (used in) operating activities and investment transactions	<u>130</u>	<u>174</u>
Purchase of tangible fixed assets	(33)	(41)
Purchase of intangible fixed assets.....	(197)	(187)
Net cash provided by (used in) investing activities	<u>451</u>	<u>147</u>
Cash flows from financing activities		
Proceeds from issuance of stock resulting from exercise of subscription rights to shares	-	13
Repayments of lease obligations	(20)	(16)
Net cash provided by (used in) financing activities	<u>(20)</u>	<u>(3)</u>
Net increase (decrease) in cash and cash equivalents	<u>(120)</u>	<u>(56)</u>
Cash and cash equivalents, beginning of year	380	428
Cash and cash equivalents, end of year	<u>¥ 259</u>	<u>¥ 371</u>

Financial Summary for 3Q of Fiscal 2012 Ending March 31, 2013

January 30, 2013

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 Nine Months Ended December 31, 2012 (April 1, 2012 –December 31, 2012)

(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, 2012	4,348	65.3	285	-	176	-
December 31, 2011	2,630	118.1	(390)	-	(586)	-

	Net Income (Loss) per Share		Diluted Net Income per Share	
	yen		yen	
Nine months ended December 31, 2012	4.19		4.05	
December 31, 2011	(17.39)		-	

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 nine months ended December 31, 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
December 31, 2012	20,008	16,347	81.6	387.96
March 31, 2012	18,861	16,159	85.6	383.75

Note: Net assets attributable to the Company's shareholders as of December 31, 2012 and March 31, 2012 were 16,327 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 12.

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: Yes

With the coming change in standard interest rates in April of 2013, Lifenet has revised the calculation formula of policy reserves to an alternative calculation formula which we deemed to be more precise in estimating policy reserves. The usage of this formula was approved by the Financial Services Agency of Japan on January 25, 2013, with the calculations to be applied from December 31, 2012.

Due to this change in calculations, the provision for policy reserves decreased by 445 million yen, and ordinary profit and net income both increased by 445 million yen for the third quarter of fiscal 2012.

(3) Number of Shares Issued (common stock)

	<u>As of Dec. 31, 2012</u>	<u>As of Mar. 31, 2012</u>
Total shares issued	42,085,000 shares	42,057,000 shares
Number of treasury stock	—	—
	<u>Nine months ended Dec. 31, 2012</u>	<u>Nine months ended Dec. 31, 2011</u>
Average issued shares	42,070,051 shares	33,717,000 shares

Note: The Company implemented a 1,000-for-1 stock split on January 24, 2012. The figure for the nine months ended December 31, 2011 represents the result of retroactive adjustment of the stock split.