December 13, 2013

Summary of Consolidated Financial Results for the Fiscal Year Ended October 31, 2013

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)
Stock code: 4355 URL: http://longlife-holding.co.jp
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Scheduled date of Annual General Meeting of Shareholders: January 29, 2014
Scheduled date of filing of Annual Securities Report: January 29, 2014
Scheduled date of payment of dividend: January 14, 2014
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for analysts and institutional investors)

Note: The original disclosure in Japanese was released on December 13, 2013 at 15:30 (GMT +9).

(All amounts are rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year Ended October 31, 2013 (Nov. 1, 2012 – Oct. 31, 2013)

(1) Consolidated results of operations (Percentages shown for net sales and incomes represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2013	10,445	5.4	520	25.1	454	20.9	200	(8.4)
Fiscal year ended Oct. 31, 2012	9,907	4.9	415	105.5	376	87.9	219	-

Note: Comprehensive income (million yen) Fiscal year ended Oct. 31, 2013: 202 (down 7.8%)
Fiscal year ended Oct. 31, 2012: 219 (n.a.)

	Net income per share	Diluted net income per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Fiscal year ended Oct. 31, 2013	18.63	-	7.5	4.2	5.0
Fiscal year ended Oct. 31, 2012	20.32	-	8.8	3.8	4.2

Reference: Investment gain (loss) by equity method (million yen) Fiscal year ended Oct. 31, 2013: (22)
Fiscal year ended Oct. 31, 2012: (23)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2013	11,430	2,755	24.1	255.30
As of Oct. 31, 2012	10,181	2,589	25.4	239.99

Reference: Shareholders' equity (million yen) As of Oct. 31, 2013: 2,754 As of Oct. 31, 2012: 2,589

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Oct. 31, 2013	848	(787)	312	1,090
Fiscal year ended Oct. 31, 2012	497	(785)	100	716

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Oct. 31, 2012	-	0.00	-	3.50	3.50	37	17.2	1.5
Fiscal year ended Oct. 31, 2013	-	0.00	-	5.00	5.00	53	26.8	2.0
Fiscal year ending Oct. 31, 2014 (forecasts)	-	0.00	-	5.50	5.50		23.3	

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2014 (Nov. 1, 2013 – Oct. 31, 2014)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	5,640	10.1	325	51.9	296	62.8	148	73.7	13.72
Full year	11,600	11.1	570	9.6	510	12.1	255	26.9	23.64

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): Yes

Newly added: 1 (Long Life Casita Co., Ltd.) Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of outstanding shares (common stock)

1) Number of shares outstanding at end of period (including shares of treasury stock)

As of Oct. 31, 2013: 11,190,400 shares As of Oct. 31, 2012: 11,190,400 shares

2) Number of shares of treasury stock at end of period

As of Oct. 31, 2013: 401,657 shares As of Oct. 31, 2012: 401,657 shares

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2013: 10,788,743 shares Fiscal year ended Oct. 31, 2012: 10,788,743 shares

For reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2013 (Nov. 1, 2012 – Oct. 31, 2013)

(1) Non-consolidated results of operations (Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2013	695	18.8	251	36.0	252	37.2	172	107.1
Fiscal year ended Oct. 31, 2012	585	21.3	184	127.7	183	128.0	83	90.9

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Oct. 31, 2013	15.98	-
Fiscal year ended Oct. 31, 2012	7.72	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2013	902	681	75.5	63.17
As of Oct. 31, 2012	810	556	68.6	51.59

Reference: Shareholders' equity (million yen) As of Oct. 31, 2013: 681 As of Oct. 31, 2012: 556

2. Non-consolidated Forecast for the Fiscal Year Ending October 31, 2014 (Nov. 1, 2013 – Oct. 31, 2014)

(Percentages represent year-over-year changes)

	Net sales		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	340	(2.3)	107	(7.0)	65	(6.2)	6.02
Full year	680	(2.3)	205	(18.7)	120	(30.4)	11.12

Indication of audit procedure implementation status

The current financial report is not subject to the audit procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the audit procedures for the consolidated financial statements have not been completed.

Cautionary statement with respect to forecasts of future performance and special items

1. Forecasts of future performance in these materials are based on certain standards judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons. Please refer to "1. Analysis of Business Results and Financial Position, (1) Analysis of Business Results" on page 2 of the attachments for assumptions for forecasts and notes of caution for usage.
2. The Company plans to hold a financial results meeting for analysts and institutional investors on Friday, December 20, 2013. Materials distributed at this event are to be posted on the Company's website without delay after the meeting.

Contents of Attachments

1. Analysis of Business Results and Financial Position

(1) Analysis of Business Results

In the fiscal year that ended on October 31, 2013, Japan's economy recovered at a moderate pace even though the outlook for the overseas economy remained unclear. The recovery in Japan was supported by rebounds in capital expenditures and corporate earnings as well as in some categories of consumer spending as government economic measures and monetary easing brought down the yen and pushed up stock prices.

The nursing care services sector is growing as demand for these services rises along with the number of people receiving these services as Japan's population of seniors climbs. However, there is still a shortage of workers in this sector. The aging of Japan's population is expected to reach a peak in 2025. To prepare for this time, the goal is to establish a regional comprehensive care system that can provide housing, medical care, nursing care, preventive care and assisted living services in an integrated manner.

In this environment, the LONGLIFE Group recorded a steady growth in the number of residents in the nursing home business and an increase in the number of customers in the in-home nursing care business. Net sales increased 5.4% from one year earlier to 10,445 million yen, operating income increased 25.1% to 520 million yen, ordinary income increased 20.9% to 454 million yen, and net income decreased 8.4% to 200 million yen.

Business segment performance was as follows.

1) Nursing home business

Long Life Kyoto Arashiyama was opened in December 2012. As a result, the nursing home business was operating 20 nursing homes with a total of 803 rooms for residents at the end of the fiscal year. The central objective in this business is to raise the occupancy ratio by restructuring the operating framework and strengthening sales activities by conducting advertising via television commercials and other events.

Sales increased 0.7% to 3,879 million yen and ordinary income increased 29.1% to 172 million yen.

2) In-home nursing care business

There were 154 services in this business segment at the end of the fiscal year.

Major activities include opening new locations to provide services, increasing the utilization rates of existing locations and conducting extensive sales activities for the provision of welfare services for persons with disabilities.

A divestiture within the LONGLIFE Group that took place on November 1, 2012 resulted in the transfer of some business activities from the in-home nursing care business to the nursing care equipment business.

Sales decreased 4.4% to 5,357 million yen and ordinary income decreased 37.4% to 57 million yen.

3) Nursing care equipment business

In this business segment, extensive support is provided by nursing care equipment specialists who have much expertise and skill in the nursing care field. The aim is to provide services that assist seniors in living on their own.

A divestiture within the LONGLIFE Group that took place on November 1, 2012 resulted in the transfer of some business activities from the in-home nursing care business to the nursing care equipment business.

Sales increased 216.6% to 1,041 million yen and ordinary income decreased 16.3% to 27 million yen.

4) Food business

The food business mainly involves the preparation of meals which are served at our 36 nursing homes.

The LONGLIFE Group has made its brand more powerful by focusing on reinforcing operations to serve customers outside the Group. This involves the use of catering and other activities to strengthen business operations.

Sales decreased 83.4% to 15 million yen and there was an ordinary loss of 2 million yen (9 million yen one year earlier).

5) Others

This segment includes the following three businesses: the dispensing pharmacy business; the education and training business and the investment business. The education and training business operated by Long Life Casita Co., Ltd., which was included in this segment as the Company established this subsidiary with capital and business alliance partner Total Life Support Research Institute Co., Ltd. on April 5, 2013.

Sales surged 418.2% to 150 million yen and there was an ordinary loss of 26 million yen (30 million yen one year earlier).

Regarding the outlook for the fiscal year ending on October 31, 2014, competition in Japan’s nursing care sector is intense because of the increasing number of service providers from outside the elderly care service sector. New competitors are targeting opportunities created by expected growth of the senior market following enactment of the Long-Term Care Insurance Act. However, companies from other industries that have started offering nursing care services have not been able to offer these services effectively as a non-core business. Many companies are returning to a focus on their respective core businesses as a result. This situation has brought about a reduction in the large number of elderly care service providers.

The Company will concentrate on expanding and upgrading all of the Group’s business operations by utilizing the nursing care business know-how and experience gained since its inception. The Company plans to develop new markets and create new services involving senior services with a focus on the nursing care business. In the nursing home business, our highest priority is increasing the occupancy rate at existing facilities by using the Group’s expertise in operating nursing homes to increase the number of occupants. In the in-home nursing care business, the goal is to extend operations to more areas of Japan by opening more day-service facilities and helper station facilities. Another goal of raising profit margin at the existing facilities, the Company will promote business operations to offer services that are not covered by nursing care insurance.

In addition, following the measures to increase sales of the nursing care business at a joint venture in China and full-scale operation of nursing care business at a joint venture in Indonesia, the Company plans to continue expanding its overseas operations aggressively in order to provide its expertise in senior care services in other countries, thereby contributing to the growth of the Group and its corporate value. The Company is also aiming for growth in the dispensing pharmacy business and the education and training business in order to serve a larger number of customers.

Based on this outlook, the Company forecasts net sales of 11,600 million yen, operating income of 570 million yen, ordinary income of 510 million yen and net income of 255 million yen in the fiscal year ending on October 31, 2014.

(2) Analysis of Financial Position

1) Assets, liabilities and net assets

Total assets increased by 1,248 million yen over the end of the previous fiscal year to 11,430 million yen at the end of the current fiscal year.

Current assets increased by 752 million yen to 4,022 million yen. This was primarily attributable to increases of 389 million yen in cash and deposits, 223 million yen in notes and accounts receivable-trade, 97 million yen in deposits paid, and a decrease of 7 million yen in deferred tax assets.

Noncurrent assets increased by 496 million yen to 7,407 million yen. The primary causes were an increase of 509 million yen in property, plant and equipment, and a decrease of 40 million yen in intangible assets.

Current liabilities increased by 402 million yen to 5,909 million yen. This was mainly caused by increases of 497 million yen in advances received, 119 million yen in accounts payable-other, a 74 million yen increase in accounts payable-trade, 65 million yen in current portion of long-term loans payable, and a decrease of 357 million yen in short-term loans payable.

Noncurrent liabilities increased by 678 million yen to 2,764 million yen mainly because of an increase of 703 million yen in long-term loans payable, and a decrease of 25 million yen in deferred tax liabilities.

Net assets increased by 166 million yen to 2,755 million yen, and the equity ratio was 24.1%.

2) Consolidated cash flows

There was a net increase of 374 million yen in cash and cash equivalents from the end of the previous fiscal year to 1,090 million yen at the end of the current fiscal year.

Cash flows during the fiscal year and major components were as follows.

Cash flows from operating activities

Net cash provided by operating activities was 848 million yen compared with 497 million yen provided one year earlier.

The major sources of cash were a 497 million yen increase in advances received, income before income taxes of 410 million yen, depreciation and amortization of 335 million yen, and an increase in notes and accounts payable-trade of 74 million yen. The major uses of cash were 235 million yen of income taxes paid, a 223 million yen increase in notes and accounts receivable-trade, and a 97 million yen increase in deposits paid.

Cash flows from investing activities

Net cash used in investing activities was 787 million yen compared with 785 million yen used one year earlier.

Cash was mainly used for payments of 793 million yen for the purchase of property, plant and equipment, and 22 million yen for the lease and guarantee deposits.

Cash flows from financing activities

Net cash provided by financing activities was 312 million yen compared with 1 million yen provided one year earlier.

The major source of cash was the proceeds of 1,500 million yen from long-term loans payable. The major uses of cash were repayments of 731 million yen in long-term loans payable, a net decrease of 357 million yen in short-term loans payable, and repayments of 53 million yen for lease obligations.

Trends in cash flow indicators of the Group are as follows:

	FY10/12	FY10/13
Shareholders’ equity ratio (%)	25.4	24.1
Shareholders’ equity ratio based on market value (%)	23.8	24.3
Interest-bearing debt to cash flow ratio (years)	6.4	4.2
Interest coverage ratio (times)	9.1	12.4

Shareholders’ equity ratio = Shareholders’ equity / Total assets

Shareholders’ equity ratio based on market value = Closing share price at period end × Outstanding shares at period end (excluding treasury stock) / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Operating cash flows

Interest coverage ratio = Operating cash flows / Interest payments

Notes: 1. All indices are calculated based on consolidated figures.

2. Interest-bearing debt includes all debt on the consolidated balance sheets that incur interest. Interest payments use the amount of interest expenses paid stated on the consolidated statements of cash flows.

(3) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of the highest priorities of the Company. The basic policy is to pay a stable dividend that reflects results of operations while retaining sufficient earnings to expand business operations. In accordance with this policy, a dividend of 5.0 yen per share will be paid for the fiscal year ended on October 31, 2013 by taking into consideration the operating environment and other factors. For the fiscal year ending on October 31, 2014, a dividend of 5.5 yen per share is planned.

(4) Business Risk

Listed below are the risk factors that may affect operating results and financial position as well as the stock price and other performance indices of the LONGLIFE Group.

1) Laws and regulations

(The Japanese nursing care insurance system)

The nursing home business and in-home nursing care business, which are the two core businesses of the Group, provide services that are covered by the Long-Term Care Insurance Act. Consequently, nursing care insurance reimbursements account for about 90% of the cost of nursing care services. Revenue is stable in the nursing care business because payments by public-sector institutions cover about 90% of the cost of nursing care services. On the other hand, nursing care insurance payments can change if laws are amended. Consequently, a problem concerning profitability may occur that is unrelated to the Group’s status of business operations.

To help ensure that sound and trouble-free operation of the nursing care insurance business, the nursing care insurance system is revised every five years and nursing care reimbursement rates are revised every three years. However, there are a number of issues. One is the decrease in insurance premium income caused by the economic downturn. Another problem is the falling number of people who help pay for this system because of Japan’s declining number of children and aging population. Dealing with these issues may result in revisions to the framework for providing nursing care due to major changes in social security systems and taxes in Japan. These changes may have an effect on the Group’s business operations.

2) Handling of personal information concerning customers and employees

A high percentage of the Group’s customers require nursing care. In particular, with regard to group home operations, the Group gathers information of a highly private nature with regard to both residents and their families. In addition, the Group has a large volume of personal information involving registered helpers and other staff.

The Group handles this information with extreme care. However, there is a possibility of an increase in expenses required to manage this information. For example, the Group may need to use electronic methods to manage information due to growth in the number of customers or may require more sophisticated security systems. In addition, unauthorized access to information by an external party or the improper management of information by employees may result in a leak of customer information. If this occurs, the Group may suffer from a loss of public trust or be subject to litigation demanding the payment of damages.

3) Recruiting activities

The Group’s nursing care business requires individuals who have been certified as home helpers, nurses, care managers, nursing care workers and other certified specialists. Consequently, the Group requires a sufficient number of these specialists in order to maintain and increase the scale of its operations.

Although the Group is constantly conducting recruiting activities, primarily targeting individuals with certifications, there are concerns about a shortage of workers as demand for nursing care services increases and competition intensifies along with the growth of the nursing care industry in Japan. These issues may result in declines in the volume of nursing care services offered, such as by preventing the addition of new facilities, and in the quality of those services. There may be a negative effect on the Group’s performance as a result.

4) Safety and health management

The nursing home business and in-home nursing care business of the Group serves mainly seniors who have been certified as requiring nursing care. As a result, there is a possibility of a decline in their health and the occurrence of other problems as services are provided. There is also a risk of unforeseen accidents. Furthermore, there may be instances in which the provision of services must be suspended due to the worsening health of occupants or other problems. An epidemic of a new strain of influenza or other infectious disease is one example. Moreover, there is a possibility that a nursing care service may be unable to provide because staff members have become infected by a disease.

The Group is conducting business operations by training employees and ensuring that work complies with operation manuals. These activities are based on many years of experience with nursing care procedures, measures to prevent accidents and other items. However, if there is an accident or other problem involving the provision of services, or in the case of possible gross negligence by the Group in association with the spread of an infectious disease, there may be a negative effect on business operations and the Group’s performance.

5) Responses to disasters

If there is an earthquake, flood or other disaster or a fire at a nursing home, group home or other facility, evacuation of occupants from these facilities may be difficult or impossible because these individuals are mainly people who are certified as requiring nursing care. The Group has installed sprinklers at its facilities, has established rules for disaster responses, and conducts periodic evacuation drills at all locations to be prepared for a major natural catastrophe such as an earthquake or flood. Despite these measures, if there is a natural disaster that is more severe than anticipated, there may be a negative effect on the Group’s performance.

2. Corporate Group

The LONGLIFE Group (Longlife Holding Co., Ltd. and its consolidated subsidiaries) includes Longlife Holding Co., Ltd. and eight subsidiaries. These companies are engaged primarily in the nursing home, in-home nursing care, nursing care equipment and food businesses.

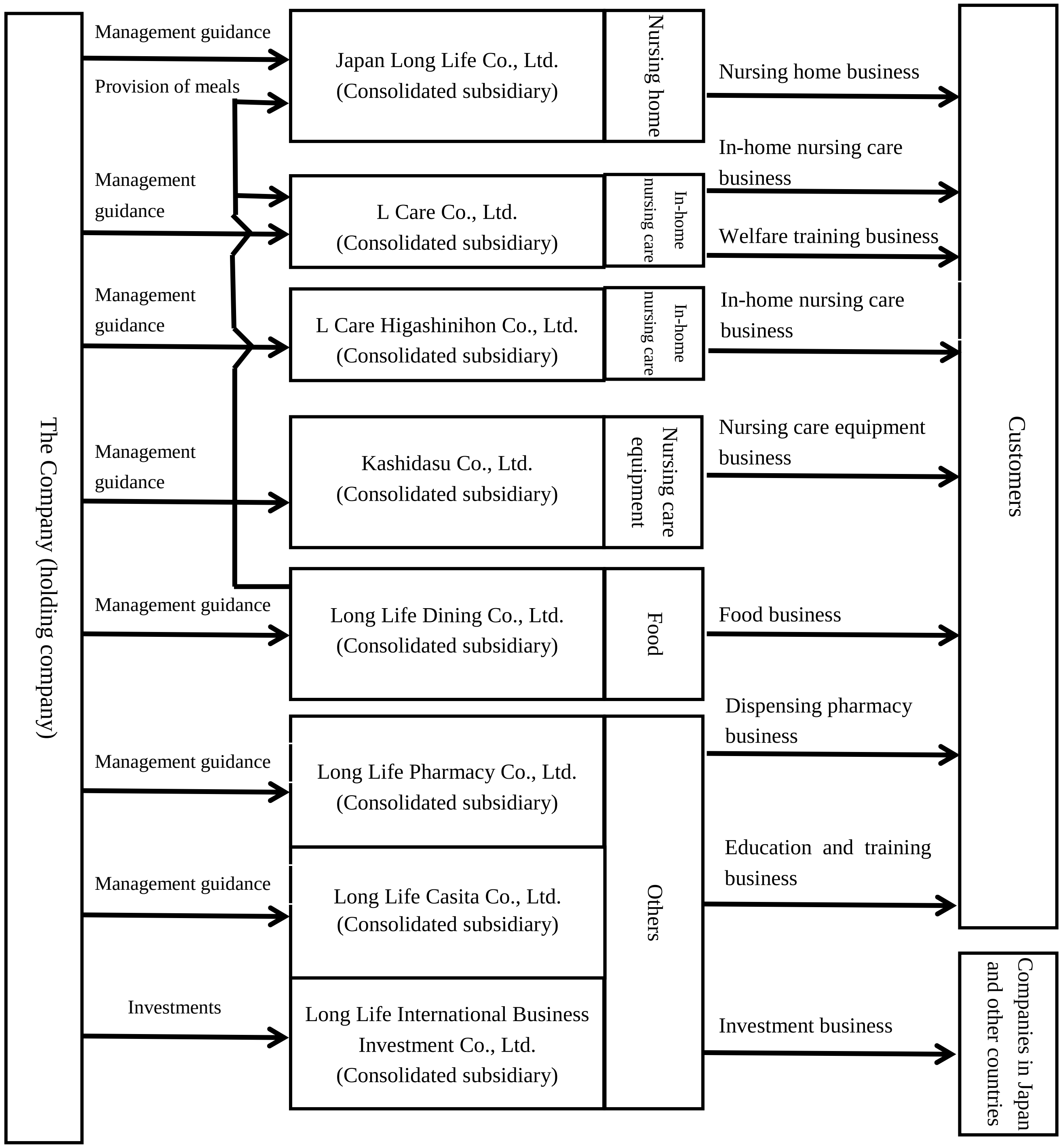
In the nursing home business, consolidated subsidiary Japan Long Life Co., Ltd. operates nursing homes and group homes.

In the in-home nursing care business, consolidated subsidiaries L Care Co., Ltd. and L Care Higashinihon Co., Ltd. provide a comprehensive lineup of in-home nursing care services. L Care Higashinihon Co., Ltd. changed its name from Nihonbicoh Corporation on May 1, 2013.

In the nursing care equipment business, consolidated subsidiary Kashidasu Co., Ltd. rents and sells nursing care equipment.

In the food business, consolidated subsidiary Long Life Dining Co., Ltd. provides meals and other services to nursing homes and other facilities.

In addition, there is an investment business operated by consolidated subsidiary Long Life International Business Investment Co., Ltd. that makes investments in companies in Japan and other countries. Consolidated subsidiary Long Life Pharmacy is involved in the dispensing pharmacy business. The education and training business operated by Long Life Casita Co., Ltd., which was included in the scope of consolidation in the current fiscal year with capital and business alliance partner Total Life Support Research Institute Co., Ltd. on April 5, 2013.


The Company (holding company)
Management guidance
Provision of meals
Japan Long Life Co., Ltd.
(Consolidated subsidiary)
Nursing home
Nursing home business
Management guidance
L Care Co., Ltd.
(Consolidated subsidiary)
In-home nursing care
In-home nursing care business
Welfare training business
Management guidance
L Care Higashinihon Co., Ltd.
(Consolidated subsidiary)
In-home nursing care
In-home nursing care business
Management guidance
Kashidasu Co., Ltd.
(Consolidated subsidiary)
Nursing care equipment
Nursing care equipment business
Management guidance
Long Life Dining Co., Ltd.
(Consolidated subsidiary)
Food
Food business
Management guidance
Long Life Pharmacy Co., Ltd.
(Consolidated subsidiary)
Dispensing pharmacy business
Management guidance
Long Life Casita Co., Ltd.
(Consolidated subsidiary)
Education and training business
Investments
Long Life International Business Investment Co., Ltd.
(Consolidated subsidiary)
Others
Investment business
Customers
Companies in Japan and other countries

3. Management Policies

(1) Basic Management Policy

Since its establishment, the LONGLIFE Group has been dedicated to being a major source of nursing care services in an aging society. As a private-sector provider of nursing care services, we pursue to achieve sustained growth while building a sound base for services, know-how and a powerful brand. Our philosophy is to have as many customers as possible experience the excitement of learning that “LONGLIFE can provide even this kind of service.” We will continue to aim to offer the best possible nursing care services so that we can be a source of dreams and emotions. The Group will fully utilize the resources accumulated thus far to achieve more progress and advance to the next stage of its development. To accomplish these goals, we will increase our investments in established businesses and reinforce our base of operations to establish a distinctive identity in the senior care services industry. As an organization dedicated to the “total support for ‘second life’,” we plan to offer high-quality nursing care services in China, Indonesia and other countries.

(2) Performance Targets

Based on its commitment to increasing profitability and the return on capital in order to generate returns for shareholders, the LONGLIFE Group places priority on increasing earnings per share and the return on equity. In addition, the Group places importance on year-to-year sales growth and ordinary income as a percentage of sales as indicators of its ability to achieve strong growth and maintain consistent profitability. The medium-term targets are maintaining double-digit sales growth and achieving an ordinary income-to-sales ratio of at least 10%.

(3) Medium- and Long-term Business Plan Progress

The goal of the LONGLIFE Group is to help create a pleasant and fulfilling society in which seniors account for a large share of the population. To accomplish this goal, the Group provides a comprehensive selection of nursing care services, with a focus on nursing homes and in-home nursing care, so that seniors of all types can enjoy their lives with confidence.

The Group will continue to accurately monitor changes in the needs of seniors. Operations are based on the concept of “making growing older an experience to enjoy rather than endure.” Seniors should be able to live without any worries and enjoy life styles with freedom and independence. The Group is committed to creating living environments that enable people to lead the vibrant lives they want and to supplying value-added services that cater to a diverse range of customer needs. To accomplish these goals, the Group is taking many actions. (a) Opening more nursing homes in the nursing home business; (b) Extending operations into new areas in the in-home nursing care business while deepening roots in areas where operations already exist; (c) Expanding the meal service and meal delivery service operations in the food business; (d) Rental and sale of nursing care equipment; and (e) Make substantial investments to expand the nursing care business outside Japan.

(4) Challenges

Two goals of the LONGLIFE Group are increasing the occupancy rate in the nursing home business and adding more business sites for the in-home nursing care service. To upgrade nursing home and in-home nursing care operations, the Group must strengthen its internal systems and internal controls. To provide better quality services with speed, the Group must train personnel. Accomplishing these goals will require the mutual growth and development of the nursing home business and in-home nursing care business.

The Group will take steps to raise the occupancy rate in the nursing home business and to conduct aggressive operations and improve profitability in the in-home nursing care business. In addition, the Group will increase the number of good feeling coordinators (GFC*), establish a team care framework and take other steps to differentiate itself clearly from competitors. The objective is to raise awareness of the LONGLIFE brand even more by conducting highly distinctive nursing home operations.

(a) Strengthen internal systems and internal controls

Expanding the scale of operations will require management personnel with leadership skills at each business site along with the establishment of a sound framework for operations. In addition, the Group will strengthen internal controls for two purposes. First is to prevent mistakes and improper behavior by employees when conducting business operations. Second is to establish an independent framework for overseeing business operations and an efficient administrative system.

(b) Recruit and train talented individuals

Recruiting and training talented individuals is vital to setting the LONGLIFE Group’s services apart from those of competitors. For this strategic purpose, group companies will concentrate on using their own educational facilities and training programs to develop the capabilities of employees and enable employees to become managers with leadership skills. The Group positions recruiting activities as a one of its highest priorities. Improving the terms at which people are employed is one goal. Group companies are also giving their employees more career paths and offering more types of training programs. By taking these actions, the Group is committed to offering an appealing environment for workers and improving that environment in order to maintain a quality workforce.

(c) Establish a team care framework at nursing homes

The Group will use a service director system, management director system, GFCs* and other individuals with specialized skills in order to take a team approach for providing a broad range of support to residents in nursing homes.

(d) Opening more homes in the nursing home business

Pursuing a growth strategy that aims for growth in terms of scale and earnings is one of the Group’s most important management objectives. The Group will use its expertise in operating nursing homes to increase occupancy rates by differentiating ourselves from competitors. We will operate these facilities as efficiently as possible.

(e) Increase the number of business sites for the in-home nursing care business

In the in-home nursing care business, the Group offers a comprehensive lineup of nursing care services that include even home-visit dental services and home-visit nursing. Group companies will work on further increasing the number of customers and business sites by improving the quality of services.

* Good feeling coordinators (GFCs) are professionals who use an exclusive LONGLIFE approach to nursing care that reflects traditional Japanese culture, the life style of each individual and other items. This approach allows providing new types of services that match the needs of people in Japan. The basis for these services is diversional therapy, which is a concept that originated in Australia. The Company gives GFCs the training to devise and implement many types of programs, such as concert outings and travel, that can be a source of enjoyment for customers. These coordinators are also skilled at creating living spaces and environments that are more comfortable and pleasant.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Assets		
Current assets		
Cash and deposits	736,298	*3 1,125,502
Notes and accounts receivable-trade	1,262,585	1,486,120
Inventories	*2 21,004	*2 38,738
Deferred tax assets	90,315	82,546
Deposits paid	*4 987,407	*4 1,084,533
Other	173,354	204,955
Allowance for doubtful accounts	(905)	-
Total current assets	3,270,060	4,022,397
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	*3 5,367,698	*3 6,312,485
Accumulated depreciation	(1,949,686)	(2,155,637)
Buildings and structures, net	3,418,011	4,156,847
Vehicles	6,911	5,756
Accumulated depreciation	(6,643)	(5,711)
Vehicles, net	268	44
Tools, furniture and fixtures	343,545	392,081
Accumulated depreciation	(277,090)	(307,601)
Tools, furniture and fixtures, net	66,454	84,480
Land	*3 2,367,014	*3 2,290,548
Lease assets	234,786	291,529
Accumulated depreciation	(65,542)	(116,537)
Lease assets, net	169,243	174,991
Construction in progress	176,815	-
Total property, plant and equipment	6,197,808	6,706,912
Intangible assets		
Goodwill	89,944	57,397
Other	30,501	22,857
Total intangible assets	120,446	80,254
Investments and other assets		
Investment securities	44,024	33,688
Stocks of subsidiaries and affiliates	*1 3,450	*1 13,767
Guarantee deposits	399,699	419,832
Long-term prepaid expenses	73,936	73,032
Claims provable in bankruptcy, claims provable in rehabilitation and other	200	200
Other	*1 72,040	*1 80,190
Allowance for doubtful accounts	(100)	(100)
Total investments and other assets	593,251	620,611
Total noncurrent assets	6,911,506	7,407,779
Deferred assets		
Bond issuance cost	133	-
Total deferred assets	133	-
Total assets	10,181,699	11,430,176

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Liabilities		
Current liabilities		
Accounts payable-trade	71,831	146,314
Short-term loans payable	*3 663,668	*3 306,568
Current portion of bonds	10,000	-
Current portion of long-term loans payable	*3 560,892	*3 626,380
Lease obligations	49,176	58,765
Accounts payable-other	205,857	325,855
Accrued expenses	470,535	479,368
Income taxes payable	155,743	142,576
Advances received	3,076,852	3,574,497
Provision for bonuses	172,199	155,445
Allowance for cancellation of contract	5,522	24,830
Other	64,300	68,707
Total current liabilities	5,506,578	5,909,307
Noncurrent liabilities		
Long-term loans payable	*3 1,763,250	*3 2,466,515
Lease obligations	130,296	125,505
Deferred tax liabilities	45,704	20,380
Provision for retirement benefits	39,495	45,787
Deferred revenue of home nursing care apart from general revenue	11,880	10,800
Asset retirement obligations	75,746	81,516
Other	19,600	14,382
Total noncurrent liabilities	2,085,973	2,764,887
Total liabilities	7,592,551	8,674,195
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	2,535,408	2,698,609
Treasury stock	(62,440)	(62,440)
Total shareholders' equity	2,572,967	2,736,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14,764	5,107
Foreign currency translation adjustment	1,415	13,071
Total accumulated other comprehensive income	16,179	18,178
Minority interests	-	1,634
Total net assets	2,589,147	2,755,981
Total liabilities and net assets	10,181,699	11,430,176

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Net sales	*1 9,907,599	*1 10,445,116
Cost of sales	7,818,367	8,095,263
Gross profit	2,089,231	2,349,853
Selling, general and administrative expenses	*2 1,673,532	*2 1,829,813
Operating income	415,699	520,039
Non-operating income		
Interest income	226	235
Dividends income	1,612	2,175
Contribution for tenants received	9,936	11,322
Revenue of facility usage charge	1,288	872
Subsidy income	10,508	6,830
Contribution in income	12,753	-
Other	8,378	7,338
Total non-operating income	44,703	28,773
Non-operating expenses		
Interest expenses	56,892	67,574
Equity in losses of affiliates	23,385	22,490
Other	3,892	3,937
Total non-operating expenses	84,170	94,002
Ordinary income	376,232	454,811
Extraordinary income		
Gain on sales of noncurrent assets	*3 51	-
Gain on sales of investment securities	-	35,113
Gain on bargain purchase	1,983	-
Gain on forgiveness of debt	-	7,341
Gain on donation of cash	-	9,935
Total extraordinary income	2,034	52,390
Extraordinary loss		
Loss on sales of noncurrent assets	-	*4 52,093
Loss on retirement of noncurrent assets	*5 6,736	*5 2,307
Impairment loss	-	*6 18,327
Loss on cancellation of leasehold contracts	2,873	1,460
Loss on cancellation of lease contracts	2,737	1,203
Settlement package	924	9,836
Loss on litigation	2,328	11,281
Total extraordinary losses	15,598	96,510
Income before income taxes and minority interests	362,668	410,691
Income taxes-current	190,522	221,923
Income taxes-deferred	(47,125)	(11,827)
Total income taxes	143,396	210,095
Income before minority interests	219,271	200,595
Minority interests in loss	-	(365)
Net income	219,271	200,961

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Income before minority interests	219,271	200,595
Other comprehensive income		
Valuation difference on available-for-sale securities	(997)	(9,657)
Share of other comprehensive income of associates accounted for using equity method	1,415	11,656
Total other comprehensive income	*1 417	*1 1,998
Comprehensive income	219,689	202,594
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	219,689	202,960
Comprehensive income attributable to minority interests	-	(365)

(3) Consolidated Statements of Changes in Net Assets

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	100,000	100,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	100,000	100,000
Retained earnings		
Balance at the beginning of current period	2,349,188	2,535,408
Changes of items during the period		
Dividends from surplus	(26,971)	(37,760)
Net income	219,271	200,961
Change of scope of equity method	(6,079)	-
Total changes of items during the period	186,220	163,200
Balance at the end of current period	2,535,408	2,698,609
Treasury stock		
Balance at the beginning of current period	(62,440)	(62,440)
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	(62,440)	(62,440)
Total shareholders' equity		
Balance at the beginning of current period	2,386,747	2,572,967
Changes of items during the period		
Dividends from surplus	(26,971)	(37,760)
Net income	219,271	200,961
Change of scope of equity method	(6,079)	-
Total changes of items during the period	186,220	163,200
Balance at the end of current period	2,572,967	2,736,168
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	15,762	14,764
Changes of items during the period		
Net changes of items other than shareholders' equity	(997)	(9,657)
Total changes of items during the period	(997)	(9,657)
Balance at the end of current period	14,764	5,107

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Foreign currency translation adjustment		
Balance at the beginning of current period	-	1,415
Changes of items during the period		
Net changes of items other than shareholders' equity	1,415	11,656
Total changes of items during the period	1,415	11,656
Balance at the end of current period	1,415	13,071
Total accumulated other comprehensive income		
Balance at the beginning of current period	15,762	16,179
Changes of items during the period		
Net changes of items other than shareholders' equity	417	1,998
Total changes of items during the period	417	1,998
Balance at the end of current period	16,179	18,178
Minority interests		
Balance at the beginning of current period	-	-
Changes of items during the period		
Net changes of items other than shareholders' equity	-	1,634
Total changes of items during the period	-	1,634
Balance at the end of current period	-	1,634
Total net assets		
Balance at the beginning of current period	2,402,509	2,589,147
Changes of items during the period		
Dividends from surplus	(26,971)	(37,760)
Net income	219,271	200,961
Change of scope of equity method	(6,079)	-
Net changes of items other than shareholders' equity	417	3,632
Total changes of items during the period	186,638	166,833
Balance at the end of current period	2,589,147	2,755,981

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	362,668	410,691
Depreciation and amortization	258,692	335,451
Amortization of long-term prepaid expenses	10,978	11,250
Amortization of goodwill	109,960	32,547
Gain on bargain purchase	(1,983)	-
Impairment loss	-	18,327
Increase (decrease) in allowance for doubtful accounts	(3,344)	(905)
Increase (decrease) in deferred revenue of home nursing care apart from general revenue	(1,080)	(1,080)
Increase (decrease) in provision for bonuses	64,398	(16,753)
Increase (decrease) in allowance for cancellation of contract	(3,077)	19,308
Increase (decrease) in provision for retirement benefits	1,010	6,292
Interest and dividends income	(1,838)	(2,410)
Interest expenses	56,892	67,574
Equity in (earnings) losses of affiliates	23,385	22,490
Loss (gain) on sales of investment securities	-	(35,113)
Loss (gain) on sales of noncurrent assets	(51)	52,093
Loss on retirement of property, plant and equipment	6,357	2,307
Loss on retirement of intangible assets	378	-
Loss on cancel of lease contracts	2,737	1,203
Decrease (increase) in notes and accounts receivable-trade	(71,088)	(223,534)
Decrease (increase) in inventories	9,876	(17,734)
Decrease (increase) in deposits paid	(96,790)	(97,126)
Increase (decrease) in notes and accounts payable-trade	(28,750)	74,483
Increase (decrease) in accounts payable-other	33,247	(8,646)
Increase (decrease) in advances received	(123,533)	497,644
Increase (decrease) in accrued consumption taxes	(16,684)	4,861
Decrease (increase) in consumption taxes refund receivable	(14,145)	7,685
Other, net	31,185	(10,620)
Subtotal	609,400	1,150,287
Interest and dividends income received	1,838	2,410
Interest expenses paid	(54,992)	(68,622)
Income taxes paid	(58,348)	(235,173)
Net cash provided by (used in) operating activities	497,897	848,901

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Net cash provided by (used in) investing activities		
Payments into time deposits	(20,000)	(15,000)
Proceeds from withdrawal of time deposits	20,000	-
Purchase of investment securities	(643)	(22,859)
Proceeds from sales of investment securities	-	53,056
Purchase of property, plant and equipment	(732,840)	(793,275)
Proceeds from sales of property, plant and equipment	59	59,286
Purchase of intangible assets	(11,241)	(489)
Collection of loans receivable	1,106	-
Payments for lease and guarantee deposits	(12,158)	(22,920)
Proceeds from collection of lease and guarantee deposits	7,346	2,787
Purchase of long-term prepaid expenses	(7,128)	(13,275)
Purchase of stocks of subsidiaries and affiliates	-	(10,317)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	*2 (9,731)	-
Other, net	(19,911)	(24,688)
Net cash provided by (used in) investing activities	(785,143)	(787,696)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(50,576)	(357,100)
Proceeds from long-term loans payable	1,530,000	1,500,000
Repayment of long-term loans payable	(1,286,896)	(731,247)
Repayments of lease obligations	(46,088)	(53,148)
Redemption of bonds	(20,000)	(10,000)
Cash dividends paid	(26,314)	(37,505)
Proceeds from stock issuance to minority shareholders	-	2,000
Net cash provided by (used in) financing activities	100,124	312,999
Effect of exchange rate change on cash and cash equivalents	7	0
Net increase (decrease) in cash and cash equivalents	(187,113)	374,204
Cash and cash equivalents at beginning of period	903,411	716,298
Cash and cash equivalents at end of period	*1 716,298	*1 1,090,502

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 8

Names of consolidated subsidiaries:

Japan Long Life Co., Ltd.
L Care Co., Ltd.
L Care Higashinihon Co., Ltd.
Kashidasu Co., Ltd.
Long Life Dining Co., Ltd.
Long Life Pharmacy Co., Ltd.
Long Life International Business Investment Co., Ltd.
Long Life Casita Co., Ltd.

Long Life Casita Co., Ltd. was included in the scope of consolidation in the current fiscal year since the Company established this subsidiary with capital and business alliance partner Total Life Support Research Institute Co., Ltd. on April 5, 2013.

L Care Higashinihon Co., Ltd. changed its name from Nihonbicoh Corporation on May 1, 2013.

(2) Non-consolidated subsidiaries

None.

2. Application of the equity method

(1) Number of equity-method affiliates: 1

Name of equity-method affiliates:

HIKING (QINGDAO) LONGLIFE CARE SERVICE CO., LTD.

(2) Number of affiliates not accounted for by the equity method: 2

Name of affiliates not accounted for by the equity method:

Total Life Support Kenkyusho Co., Ltd.
PT. JABABEKA LONGLIFE CITY

Reason for exclusion from the scope of the application of the equity method

Total Life Support Kenkyusho and PT. JABABEKA LONGLIFE CITY are excluded from the scope of the application of the equity method, since they have a very minor effect on net income/loss (equity in earnings/losses) and retained earnings (equity in earnings) and is relatively insignificant in the context of the consolidated financial statements. Even collectively, they do not have a material impact.

3. Fiscal years of consolidated subsidiaries

The fiscal years of consolidated subsidiaries end on the closing date of the consolidated financial statements.

4. Accounting standards

(1) Valuation standards and methods for principal assets

(a) Marketable securities

i) Stocks of subsidiaries and affiliates

Stated at cost determined by the moving-average method.

ii) Available-for-sale securities

Securities with market quotations are stated by the market value method based on market price, etc. at the end of the fiscal year. (Unrealized gain or loss is included in net assets. Cost of securities sold is determined by the moving-average method.)

(b) Derivatives are valued by the market value method.

(c) Inventories

Merchandise is stated at cost determined by the specific identification method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

Supplies are valued by the last purchase price method (the carrying value on the balance sheet is written down to reflect the effect of lower profit margins).

(2) Depreciation and amortization of significant depreciable assets

(a) Property, plant and equipment (excluding lease assets)

Depreciation of property, plant and equipment is computed by the declining-balance method.

However, depreciation of buildings (excluding attached structures) acquired on or after April 1, 1998 is computed by the straight-line method.

Useful lives of principal assets are as follows:

Buildings and structures:	6-50 years
Tools, furniture and fixtures:	2-15 years

(b) Intangible assets (excluding lease assets)

Amortization of intangible assets is computed by the straight-line method.

Software for internal use is amortized over the expected useful lives of five years by the straight-line method.

(c) Lease assets

Lease assets associated with finance lease transaction where there is transfer of ownership are depreciated by the same method as depreciation method used for noncurrent assets held by the Company.

Lease assets associated with finance lease transaction where there is no transfer of ownership are depreciated by the straight-line method, assuming the lease period to be the useful life and a residual value of zero.

For finance lease transaction where there is no transfer of ownership that started on or before October 31, 2008 is computed by an accounting method that is based on the method used for ordinary lease transactions.

(d) Long-term prepaid expenses are amortized by the straight-line method.

(3) Recognition of significant allowances

(a) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable, allowances equal to the estimated amount of uncollectible receivables are booked for general receivables based on the historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

(b) Provision for bonuses

To provide for the payment of bonuses to employees, an amount accrued for the current fiscal year of the estimated future obligations is designated in the reserve account.

(c) Allowance for contract cancelations

To prepare for the future repayment of up-front deposits made by residents in the event that a contract is canceled in accordance with the cooling-off system, there is an allowance equal to the projected amount of these repayments based on the historical cancelation ratio.

(d) Provision for retirement benefits

To provide for the payment of retirement benefits to employees, an allowance is provided based on projected benefit obligations at the end of the current fiscal year.

The Company and its consolidated subsidiaries calculate projected benefit obligations by using a simplified method in which these obligations are equal to the amount that would be paid if all employees voluntarily requested benefits at the end of the fiscal year.

(e) Deferred revenue of home nursing care apart from general revenue

Some nursing home contracts include a provision in which payments for rent and other revenue occurring prior to the current fiscal year were received as a whole life deposit. For these contracts, there is an allowance equal to the projected expenses for future services so that this deposit can be allocated to expenses as corresponding services are provided at nursing homes.

(4) Accounting for hedges

(a) Hedging method

Deferred hedge treatment is adopted. For interest rate swaps, the Company uses special treatment when the conditions are fulfilled.

(b) Hedging instruments and risks hedged

Hedging instrument

Interest rate swaps

Risk hedged

Loans vulnerable to future changes in cash flows caused by changes in interest rates and other market-determined parameters

(c) Hedging policy

Hedges are used to prevent changes in future cash flows caused by changes in interest rates.

(d) Evaluation method for the effectiveness of hedges

During the time between establishment of a hedge and the determination of its effectiveness, the Company compares cumulative changes in the item hedged against cumulative changes in the market used as the hedging method or in cash flows. A decision is then reached based on the amount by which both have changed. For interest rate swaps that meet the requirements for special treatment, there is no evaluation of effectiveness on the settlement date.

(5) Method and period of goodwill amortization

Goodwill is amortized by the straight-line method over a period of five years.

(6) Scope of cash and cash equivalents on the consolidated statements of cash flows

Cash and cash equivalents consists of vault cash, deposits that can be withdrawn on demand, and short-term investments, with original maturities of three months or less, that are readily convertible known amounts of cash and present insignificant risk of change in value.

(7) Other significant accounting policies in the preparation of the consolidated financial statements

Accounting for consumption taxes

All amounts stated are exclusive of consumption taxes.

Consumption taxes that are not deductible are recorded as expenses in the corresponding fiscal years.

However, non-deductible consumption taxes associated with noncurrent assets are included in “Other” (deferred consumption taxes) in “Investments and other assets” and amortized over five years by the straight-line method.

Reclassifications

Consolidated Statements of Cash Flows

"Proceeds from collection of guarantee deposits" under "Net cash provided by (used in) investing activities" stated as a separate line item in the previous fiscal year, is presented as "Proceeds from collection of lease and guarantee deposits" in the current fiscal year. The purpose is to ensure disclosure appropriately. The prior-period consolidated financial statements are restated to conform to the current-period presentation.

Accordingly, "Proceeds from collection of guarantee deposits" (7,346 thousand yen) shown in the previous fiscal year's consolidated statements of cash flows is reclassified to "Proceeds from collection of lease and guarantee deposits."

Notes to Consolidated Balance Sheets

*1. The following items are applicable to affiliates.

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Stocks of subsidiaries and affiliates	3,450	13,767
Other under investments and other assets (Investments in capital of subsidiaries and affiliates)	55,439	44,604

*2. Breakdown of inventories

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Merchandise	16,555	28,242
Supplies	4,448	10,496
Total	21,004	38,738

*3. Assets pledged as collateral

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Time deposits	-	15,000
Buildings and structures	2,138,751	2,828,884
Land	2,163,437	2,138,606
Total	4,302,188	4,982,490

Liabilities corresponding to the above

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Short-term loans payable	466,000	134,568
Current portion of long-term loans payable	258,276	397,680
Long-term loans payable	1,168,713	2,021,592
Total	1,892,989	2,553,840

*4. Deposits paid

FY10/12 (As of Oct. 31, 2012)

Deposits paid of 987,407 thousand yen include 170,061 thousand yen for a leasing contract with Harima Special Purpose Company for the LONG LIFE AOTANI nursing home and 816,779 thousand yen in association with an up-front deposit security trust contract with Asahi Trust Co., Ltd.

FY10/13 (As of Oct. 31, 2013)

Deposits paid of 1,084,533 thousand yen include 132,319 thousand yen for a leasing contract with Harima Special Purpose Company for the LONG LIFE AOTANI nursing home and 951,657 thousand yen in association with an up-front deposit security trust contract with Asahi Trust Co., Ltd.

Notes to Consolidated Statements of Income

*1. Provision of allowance for contract cancellation which is deducted from net sales is as follows.

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Provision of allowance for contract cancellation	5,522	24,830

*2. Major items of selling, general and administrative expenses

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Advertising expenses	211,142	288,431
Salaries and allowances	475,792	539,882
Directors' compensations	179,825	168,602
Provision for bonuses	27,370	25,362

*3. Breakdown of gain on sales of noncurrent assets

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Vehicles	51	-
Total	51	-

*4. Breakdown of loss on sales of noncurrent assets

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Buildings and structures	-	11,563
Land	-	40,529
Total	-	52,093

*5. Breakdown of loss on retirement of noncurrent assets

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Buildings and structures	5,741	1,890
Vehicles	5	-
Tools, furniture and fixtures	609	416
Software	378	-
Total	6,736	2,307

*6. Impairment loss

The Group recognized impairment losses on the following groups of assets.

FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)

(1) Impairment losses on assets

Location	Use	Item	Impairment loss
Chuo-ku, Kobe City	Business assets	Buildings and structures Tools, furniture and fixtures	18,327 thousand yen

(2) Reason for decision to post impairment losses

At some business sites in the nursing home business, there are consistent operating losses and total estimated future cash flows are less than the book values of the corresponding assets. For these asset groups, book values have been written down to the amounts that can be recovered and the reductions were recognized as an impairment loss.

(3) Method used to group assets

Assets are grouped in accordance with business categories by using primarily business sites, which are generally the smallest independent cash-flow generating units.

(4) Method for calculating recoverable amount

The amount of assets that can be recovered is determined by using the utility value of assets. Since no future cash flows are expected, full book value of these asset groups were recognized as an impairment loss.

Notes to Consolidated Statements of Comprehensive Income

*1. Re-classification adjustments and tax effect with respect to other comprehensive income

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Valuation difference on available-for-sale securities:		
Amount incurred during the year	(3,715)	19,764
Re-classification adjustments	-	(35,113)
Before tax effect adjustments	(3,715)	(15,348)
Tax effect	2,717	5,691
Valuation difference on available-for-sale securities	(997)	(9,657)
Share of other comprehensive income of associates accounted for using equity method		
Amount incurred during the year	1,415	11,656
Total other comprehensive income	417	1,998

Notes to Consolidated Statements of Changes in Net Assets

FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)

1. Type and number of outstanding shares and treasury stock (Shares)

	Number of shares as of Nov. 1, 2011	Increase	Decrease	Number of shares as of Oct. 31, 2012
Outstanding shares				
Ordinary shares of common stock	11,190,400	-	-	11,190,400
Total	11,190,400	-	-	11,190,400
Treasury stock				
Ordinary shares of common stock	401,657	-	-	401,657
Total	401,657	-	-	401,657

2. Items related to acquisition rights for new shares

Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on December 9, 2011	Ordinary shares of common stock	26,971	Retained earnings	2.5	Oct. 31, 2011	Jan. 13, 2012

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on December 14, 2012	Ordinary shares of common stock	37,760	Retained earnings	3.5	Oct. 31, 2012	Jan. 15, 2013

FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)

1. Type and number of outstanding shares and treasury stock (Shares)

	Number of shares as of Nov. 1, 2012	Increase	Decrease	Number of shares as of Oct. 31, 2013
Outstanding shares				
Ordinary shares of common stock	11,190,400	-	-	11,190,400
Total	11,190,400	-	-	11,190,400
Treasury stock				
Ordinary shares of common stock	401,657	-	-	401,657
Total	401,657	-	-	401,657

2. Items related to acquisition rights for new shares

Not applicable.

3. Dividends

(1) Dividend payment

Resolution	Type of share	Total amount of dividend (thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on December 14, 2012	Ordinary shares of common stock	37,760	Retained earnings	3.5	Oct. 31, 2012	Jan. 15, 2013

(2) Dividends with a record date in the current fiscal year but an effective date in the following fiscal year

Resolution	Type of share	Total amount of dividend (thousands of yen)	Source of funds	Dividend per share (yen)	Record date	Effective date
Board of Directors' meeting on December 13, 2013	Ordinary shares of common stock	53,943	Retained earnings	5.0	Oct. 31, 2013	Jan. 14, 2014

Notes to Consolidated Statements of Cash Flows

*1. Reconciliation of cash and cash equivalents of the statements of cash flows and account balances of balance sheets is made as follows.

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Cash and deposits	736,298	1,125,502
Time deposit with maturities over three months	(20,000)	(35,000)
Cash and cash equivalents	716,298	1,090,502

*2. Breakdown of assets and liabilities of consolidated subsidiary newly included in the consolidation through stock acquisition

FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)

Breakdown of assets and liabilities of Long Life Pharmacy Co., Ltd. as of the date the Company made it a consolidated subsidiary upon the acquisition of its shares, and the relationship with the acquisition cost of Long Life Pharmacy stock, and net outlays for the acquisition

	(Thousands of yen)
Current assets	18,140
Noncurrent assets	21,521
Current liabilities	(11,039)
Noncurrent liabilities	(20,039)
Negative goodwill	(1,983)
Acquisition cost for Long Life Pharmacy	6,600
Acquisition cost for loan claims	7,000
Cash and cash equivalents	(3,868)
Net outlays for acquisition of Long Life Pharmacy	9,731

Segment and Other Information

a. Segment data

1. Overview of reportable segment

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which the Board of Directors performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

The LONGLIFE Group uses a pure holding company structure in which individual operating companies determine comprehensive strategies for their respective activities in Japan and other countries and conduct those activities.

Consequently, there are four reportable business segments that are determined by service categories based on the activities of operating companies: the nursing home business, the in-home nursing care business, the nursing care equipment business, and the food business.

2. Calculation methods for sales, profit (or loss), assets, liabilities, and other items for each reportable segment

The accounting methods for reportable segments are generally the same as those listed in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements."

Profits for reportable segments are generally ordinary income figures.

Inter-segment sales or transfers are based on market prices.

3. Information related to sales, profit (or loss), assets, liabilities, and other items for each reportable segment

FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)

(Thousands of yen)

	Reportable segment					Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Subtotal		
Sales							
External sales	3,851,475	5,603,392	329,124	94,619	9,878,612	28,987	9,907,599
Inter-segment sales or transfers	469	6,631	31,384	451,236	489,721	-	489,721
Total	3,851,944	5,610,023	360,509	545,856	10,368,334	28,987	10,397,321
Segment profit (loss)	134,015	91,063	32,994	(9,957)	248,117	(30,211)	217,905
Segment assets	7,492,825	1,762,824	193,810	131,479	9,580,939	96,415	9,677,355
Other items							
Depreciation and amortization	171,256	55,375	21,375	3,143	251,151	394	251,546
Amortization of goodwill	-	84,450	-	-	84,450	-	84,450
Interest expenses	35,354	17,261	633	396	53,646	23	53,669
Equity in losses of affiliates	-	-	-	-	-	23,385	23,385
Investment in equity-method affiliates	-	-	-	-	-	55,439	55,439
Increase in property, plant and equipment and intangible assets	662,279	127,998	47,277	-	837,555	834	838,390

Notes: 1. "Others" segment is not included in any of the reportable segments and includes investment business and dispensing pharmacy business.

2. The name of the food service business was changed to the food business in the current fiscal year.

FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)

(Thousands of yen)

	Reportable segment					Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Subtotal		
Sales							
External sales	3,879,440	5,357,786	1,041,948	15,724	10,294,900	150,216	10,445,116
Inter-segment sales or transfers	12,200	5,138	53,208	408,166	478,713	2,254	480,967
Total	3,891,640	5,362,924	1,095,157	423,891	10,773,614	152,470	10,926,084
Segment profit (loss)	172,955	57,004	27,625	(2,840)	254,745	(26,727)	228,017
Segment assets	8,600,994	1,673,573	420,423	107,696	10,802,688	148,611	10,951,299
Other items							
Depreciation and amortization	228,570	65,071	27,083	2,743	323,469	1,475	324,944
Amortization of goodwill	-	7,037	-	-	7,037	-	7,037
Interest expenses	49,321	14,202	906	642	65,072	724	65,797
Impairment loss	18,327	-	-	-	18,327	-	18,327
Equity in losses of affiliates	-	-	-	-	-	22,490	22,490
Investment in equity-method affiliates	-	-	-	-	-	44,604	44,604
Increase in property, plant and equipment and intangible assets	979,108	164,487	25,030	902	1,169,529	9,496	1,179,026

Note: “Others” segment is not included in any of the reportable segments and includes dispensing pharmacy business, education and training business and investment business.

4. Reconciliation of reported consolidated financial statements with total profit (or loss) for reportable segments

Reconciliation items (Thousands of yen)

Sales	FY10/12	FY10/13
Total for reportable segments	10,368,334	10,773,614
Sales attributable to “Others”	28,987	152,470
Eliminations for inter-segment transactions	(489,721)	(480,967)
Sales on the consolidated financial statements	9,907,599	10,445,116

(Thousands of yen)

Profit	FY10/12	FY10/13
Total for reportable segments	248,117	254,745
Profits attributable to “Others”	(30,211)	(26,727)
Adjustments on unrealized profits	152	152
Amortization of goodwill	(25,509)	(25,509)
Corporate revenue/expenses (note 1)	183,813	252,270
Others (note 2)	(129)	(118)
Ordinary income on the consolidated financial statements	376,232	454,811

Notes: 1. Corporate revenue/expenses represent consulting fee income from the group companies to the Company and costs of the Company for administration of the group companies.

2. “Other” is the write-down of depreciable assets resulting from revisions of book values based on the fair valuations of these assets.

(Thousands of yen)

Assets	FY10/12	FY10/13
Total for reportable segments	9,580,939	10,802,688
Assets attributable to the “Others”	96,415	148,611
Offsetting of receivables	(306,495)	(423,753)
Corporate assets (note)	810,839	902,630
Total assets on the consolidated financial statements	10,181,699	11,430,176

Note: Corporate assets represent the assets of the Company.

(Thousands of yen)

Other items	Total for reportable segments		Others		Adjustments		Amounts shown on consolidated financial statements	
	FY10/12	FY10/13	FY10/12	FY10/13	FY10/12	FY10/13	FY10/12	FY10/13
Depreciation and amortization	251,151	323,469	394	1,475	7,146	10,506	258,692	335,451
Amortization of goodwill	84,450	7,037	-	-	25,509	25,509	109,960	32,547
Interest expenses	53,646	65,072	23	724	3,222	1,777	56,892	67,574
Equity in losses of affiliates	-	-	23,385	22,490	-	-	23,385	22,490
Impairment loss	-	18,327	-	-	-	-	-	18,327
Investment in equity-method affiliates	-	-	55,439	44,604	-	-	55,439	44,604
Increase in property, plant and equipment and intangible assets	837,555	1,169,529	834	9,496	28,477	9,893	866,867	1,188,919

Notes: 1. Adjustments to depreciation and amortization consist of adjustments to corporate expenses and to unrealized profits.
2. Adjustments to amortization of goodwill are not allocated to reportable segments.
3. Adjustments to interest expenses are not allocated to reportable segments.
4. Adjustments to an increase in property, plant and equipment and intangible assets consist of the capital investments in the Company.

b. Related information

FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable since the Company has no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

3. Information by major client

(Thousands of yen)

Company name	Net sales	Business segment
Osaka Federation of National Health Insurance Organizations	4,220,550	Nursing home, in-home nursing care, nursing care equipment

FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)

1. Information by product or service

This information is omitted because the same information is presented in segment information.

2. Information by region

(1) Net sales

Not applicable since the Company has no external sales outside Japan.

(2) Property, plant and equipment

Not applicable because there is no property, plant and equipment outside Japan.

3. Information by major client

(Thousands of yen)

Company name	Net sales	Business segment
Osaka Federation of National Health Insurance Organizations	4,413,482	Nursing home, in-home nursing care, nursing care equipment

c. Information related to impairment of noncurrent assets for each reportable segment

FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)

Not applicable.

FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)

(Thousands of yen)

	Nursing home	In-home nursing care	Food	Nursing care equipment	Others	Elimination or corporate	Total
Impairment loss	18,327	-	-	-	-	-	18,327

d. Information related to goodwill amortization and the unamortized balance for each reportable segment

FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)

(Thousands of yen)

	Nursing home	In-home nursing care	Food	Nursing care equipment	Others	Elimination or corporate	Total
Amortization for the period	-	84,450	-	-	-	25,509	109,960
Balance at end of period	-	7,037	-	-	-	82,907	89,944

Note: Elimination or corporate is the amortization of goodwill associated with the acquisition of stock of a subsidiary that cannot be allocated to any reportable segment.

FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)

(Thousands of yen)

	Nursing home	In-home nursing care	Food	Nursing care equipment	Others	Elimination or corporate	Total
Amortization for the period	-	7,037	-	-	-	25,509	32,547
Balance at end of period	-	-	-	-	-	57,397	57,397

Note: Elimination or corporate is the amortization of goodwill associated with the acquisition of stock of a subsidiary that cannot be allocated to any reportable segment.

e. Information related to gain on bargain purchase for each reportable segment

FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)

Gain on bargain purchase of 1,983 thousand yen was booked in the dispensing pharmacy business which is included in “Others” business segment. This was due to the purchase of all shares of Aoi Corporation (currently Long Life Pharmacy Co., Ltd.) stock by the Company on June 1, 2012.

FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)

Not applicable.

Per Share Information

(Yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Net assets per share	239.99	255.30
Net income per share	20.32	18.63

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities.
2. The following is a reconciliation of net income per share

(Thousands of yen)

Items	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Net income	219,271	200,961
Amounts not available to common shareholders	-	-
Net income available to common shares	219,271	200,961
Average number of common shares outstanding during the period	10,788,743 shares	10,788,743 shares

Subsequent Events

Not applicable.

Omission of Disclosure

Disclosure of the notes on leases, related party information, deferred tax accounting, financial instruments, marketable securities, derivatives, retirement benefits, stock options, business combinations, asset retirement obligations, and rental and other properties was omitted due to the minor necessity of disclosure.

5. Non-consolidated Financial Statements

(1) Balance Sheets

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Assets		
Current assets		
Cash and deposits	300,654	373,751
Prepaid expenses	6,513	7,364
Deferred tax assets	8,768	10,460
Accounts receivable-other	70	5,890
Accounts receivable-other from subsidiaries and affiliates	11,597	-
Other	1,904	1,983
Total current assets	329,508	399,450
Noncurrent assets		
Property, plant and equipment		
Buildings	25,410	24,513
Accumulated depreciation	(9,006)	(10,348)
Buildings, net	16,403	14,164
Structures	200	200
Accumulated depreciation	(8)	(34)
Structures, net	191	165
Tools, furniture and fixtures	35,121	41,242
Accumulated depreciation	(32,162)	(36,628)
Tools, furniture and fixtures, net	2,958	4,613
Land	11,928	11,928
Total property, plant and equipment	31,482	30,872
Intangible assets		
Software	5,624	4,089
Telephone subscription right	1,498	1,498
Other	421	379
Total intangible assets	7,544	5,967
Investments and other assets		
Investment securities	44,024	33,688
Stocks of subsidiaries and affiliates	362,335	370,335
Long-term loans receivable from subsidiaries and affiliates	7,000	31,000
Guarantee deposits	28,843	28,973
Other	100	2,342
Total investments and other assets	442,304	466,340
Total noncurrent assets	481,331	503,179
Total assets	810,839	902,630

(Thousands of yen)

	FY10/12 (As of Oct. 31, 2012)	FY10/13 (As of Oct. 31, 2013)
Liabilities		
Current liabilities		
Current portion of long-term loans payable	39,996	39,996
Accounts payable-other	8,633	9,902
Accrued expenses	10,145	12,864
Income taxes payable	65,473	73,041
Accrued consumption taxes	10,245	9,164
Provision for bonuses	7,145	8,503
Other	3,921	4,125
Total current liabilities	145,560	157,598
Noncurrent liabilities		
Long-term loans payable	93,344	53,348
Deferred tax liabilities	9,528	3,741
Provision for retirement benefits	1,858	2,291
Asset retirement obligations	4,008	4,076
Total noncurrent liabilities	108,740	63,458
Total liabilities	254,300	221,056
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Capital surplus		
Other capital surplus	190,000	190,000
Total capital surpluses	190,000	190,000
Retained earnings		
Legal retained earnings	-	10,818
Other retained earnings		
Retained earnings brought forward	314,215	438,089
Total retained earnings	314,215	448,908
Treasury stock	(62,440)	(62,440)
Total shareholders' equity	541,774	676,467
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	14,764	5,107
Total valuation and translation adjustments	14,764	5,107
Total net assets	556,539	681,574
Total liabilities and net assets	810,839	902,630

(2) Statements of Income

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Operating revenue		
Consulting fee income	585,970	695,880
Total operating revenue	585,970	695,880
Operating expenses		
Advertising expenses	23,853	34,489
Directors’ compensations	80,160	83,490
Salaries and allowances	112,679	110,789
Provision for bonuses	7,145	8,503
Legal welfare expenses	20,748	24,406
Traveling and transportation expenses	19,803	23,315
Rents	26,765	24,514
Commission fee	49,762	66,782
Depreciation	7,169	10,659
Other	53,145	57,740
Total operating expenses	401,234	444,692
Operating income	184,735	251,187
Non-operating income		
Interest income	208	764
Dividends income	1,610	2,173
Revenue of facility usage charge	216	236
Other	429	552
Total non-operating income	2,464	3,726
Non-operating expenses		
Interest expenses	3,386	2,501
Other	0	142
Total non-operating expenses	3,386	2,644
Ordinary income	183,813	252,270
Extraordinary income		
Gain on sales of investment securities	-	35,113
Total extraordinary income	-	35,113
Extraordinary loss		
Loss on debt forgiveness	22,166	-
Loss on litigation	-	2,000
Total extraordinary losses	22,166	2,000
Income before income taxes	161,646	285,383
Income taxes-current	83,529	114,717
Income taxes-deferred	(5,141)	(1,787)
Total income taxes	78,387	112,930
Net income	83,259	172,453

(3) Statements of Changes in Net Assets

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	100,000	100,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	100,000	100,000
Capital surplus		
Other capital surplus		
Balance at the beginning of current period	190,000	190,000
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	190,000	190,000
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	-	-
Changes of items during the period		
Dividends from surplus	-	10,818
Total changes of items during the period	-	10,818
Balance at the end of current period	-	10,818
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of current period	257,928	314,215
Changes of items during the period		
Dividends from surplus	(26,971)	(48,579)
Net income	83,259	172,453
Total changes of items during the period	56,287	123,873
Balance at the end of current period	314,215	438,089
Total retained earnings		
Balance at the beginning of current period	257,928	314,215
Changes of items during the period		
Dividends from surplus	(26,971)	(37,760)
Net income	83,259	172,453
Total changes of items during the period	56,287	134,692
Balance at the end of current period	314,215	448,908
Treasury stock		
Balance at the beginning of current period	(62,440)	(62,440)
Changes of items during the period		
Total changes of items during the period	-	-
Balance at the end of current period	(62,440)	(62,440)
Total shareholders' equity		
Balance at the beginning of current period	485,487	541,774
Changes of items during the period		
Dividends from surplus	(26,971)	(37,760)
Net income	83,259	172,453
Total changes of items during the period	56,287	134,692
Balance at the end of current period	541,774	676,467

(Thousands of yen)

	FY10/12 (Nov. 1, 2011 – Oct. 31, 2012)	FY10/13 (Nov. 1, 2012 – Oct. 31, 2013)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	15,762	14,764
Changes of items during the period		
Net changes of items other than shareholders' equity	(997)	(9,657)
Total changes of items during the period	(997)	(9,657)
Balance at the end of current period	14,764	5,107
Total valuation and translation adjustments		
Balance at the beginning of current period	15,762	14,764
Changes of items during the period		
Net changes of items other than shareholders' equity	(997)	(9,657)
Total changes of items during the period	(997)	(9,657)
Balance at the end of current period	14,764	5,107
Total net assets		
Balance at the beginning of current period	501,249	556,539
Changes of items during the period		
Dividends from surplus	(26,971)	(37,760)
Net income	83,259	172,453
Net changes of items other than shareholders' equity	(997)	(9,657)
Total changes of items during the period	55,289	125,035
Balance at the end of current period	556,539	681,574

6. Other

(1) Change in Directors

Not applicable.

(2) Other

Not applicable.

This summary report is solely a translation of "Kessan Tanshin" (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.