

September 12, 2014

**Summary of Consolidated Financial Results**  
**for the Third Quarter of the Fiscal Year Ending October 31, 2014**  
**(Nine Months Ended July 31, 2014)**

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)  
 Stock code: 4355 URL: <http://www.longlife-holding.co.jp>  
 Representative: Masakazu Endo, CEO  
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Scheduled date of filing of Quarterly Report: September 12, 2014

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: None

Holding of quarterly financial results meeting: None

Note: The original disclosure in Japanese was released on September 12, 2014 at 15:30 (GMT +9).

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

**1. Consolidated Financial Results for the Nine Months Ended July 31, 2014 (Nov. 1, 2013 – Jul. 31, 2014)**

(1) 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	%
Nine months ended Jul. 31, 2014	8,159	6.8	491	104.4	517	165.9	268	271.9
Nine months ended Jul. 31, 2013	7,639	2.6	240	(26.4)	194	(32.1)	72	(53.7)

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2014: 276 (up 308.5%)  
 Nine months ended Jul. 31, 2013: 67 (down 56.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2014	25.20	-
Nine months ended Jul. 31, 2013	6.68	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jul. 31, 2014	11,717	2,914	24.9	275.17
As of Oct. 31, 2013	11,430	2,755	24.1	255.30

Reference: Shareholders' equity (million yen) As of Jul. 31, 2014: 2,913 As of Oct. 31, 2013: 2,754

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2013	-	0.00	-	5.00	5.00
Fiscal year ending Oct. 31, 2014	-	0.00	-	-	-
Fiscal year ending Oct. 31, 2014 (forecasts)	-	-	-	5.50	5.50

Note: Revisions to the most recently announced dividend forecast: None

**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
Full year	11,600	11.1	570	9.6	510	12.1	255	26.9	23.64

Note: Revisions to the most recently announced consolidated forecast: None

**\* Notes**

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

Newly added: - Excluded: 1 (L Care Higashinihon Co., Ltd.)

Note: Please refer to “2. Matters Related to Summary Information (Notes), (1) Changes in Significant Subsidiaries during the Period” on page 3 of the attachments for further information.

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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 |

(4) Number of outstanding shares (common stock)

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

As of Jul. 31, 2014:	11,190,400 shares	As of Oct. 31, 2013:	11,190,400 shares
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2) Number of shares of treasury stock at end of period

As of Jul. 31, 2014:	601,705 shares	As of Oct. 31, 2013:	401,657 shares
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3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2014:	10,643,230 shares	Nine months ended Jul. 31, 2013:	10,788,743 shares
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Indication of quarterly review procedure implementation status

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have been completed.

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

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on certain assumptions 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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements” on page 3 of the attachments for assumptions for forecasts and notes of caution for usage.

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## **1. Qualitative Information on Quarterly Consolidated Financial Performance**

### **(1) Explanation of Results of Operations**

In the first nine months of the current fiscal year the Japanese economy continued to recover gradually. Personal consumption remained weak due in part to a slowdown in demand following the surge ahead of the April consumption tax hike. On the other hand, backed by the continuing weakness of the yen, recovery in corporate capital expenditures and stepped up public spending, operating environment improved lifting corporate profit, employment and incomes.

In the nursing care services sector, the government enacted reforms of Social Security System. Among others, the reforms included a review of the ratio of expenses paid by high-income earners, separation of individuals who have been certified as person requiring supports from nursing care insurance benefit program. On the contrary, with demand for nursing care services climbing as the number of elderly continues to grow, recruiting personnel to provide these services has emerged as a major issue.

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 6.8% from one year earlier to 8,159 million yen, operating income increased 104.4% to 491 million yen, ordinary income increased 165.9% to 517 million yen, and net income increased 271.9% to 268 million yen.

Business segment performance was as follows.

#### **1) Nursing home business**

At the end of the third quarter of the current fiscal year, the nursing home business was operating 20 nursing homes with a total of 803 rooms for residents. The central objective in this business is to raise the occupancy ratio by optimizing the operating framework and further strengthening sales activities.

Sales increased 6.7% to 2,985 million yen and there was an ordinary income of 257 million yen compared with ordinary loss of 12 million yen one year earlier.

#### **2) In-home nursing care business**

There were 144 services in this business segment as of the end of the third quarter. Major activities include increasing the utilization rates of existing locations and conducting extensive sales activities for the provision of services that are not covered by nursing care insurance including welfare services for persons with disabilities. L Care Higashinihon Co., Ltd. was absorbed by the Company's consolidated subsidiary L Care Co., Ltd., which became the surviving company, after which L Care Higashinihon Co., Ltd. was dissolved on January 1, 2014.

Sales increased 3.8% to 4,138 million yen and ordinary income increased 112.7% to 103 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.

Sales increased 16.8% to 862 million yen and ordinary income increased 180.8% to 43 million yen.

#### **4) Food business**

The food business mainly involves the preparation of meals which are served at our 42 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 increased 102.3% to 26 million yen and there was an ordinary income of 17 million yen compared with ordinary loss of 2 million yen one year earlier.

## 5) Others

This segment includes the following three businesses: the dispensing pharmacy business operated by consolidated subsidiary Long Life Pharmacy Co., Ltd., the education and training business operated by consolidated subsidiary Long Life Casita Co., Ltd., and the investment business operated by consolidated subsidiary Long Life International Business Investment Co., Ltd. that makes investments in companies in Japan and other countries.

Sales increased 42.5% to 147 million yen and there was an ordinary loss of 39 million yen compared with ordinary loss of 15 million yen one year earlier.

### (2) Explanation of Financial Position

Total assets increased by 286 million yen over the end of the previous fiscal year to 11,717 million yen at the end of the third quarter of the current fiscal year.

Current assets increased by 669 million yen to 4,691 million yen. This was primarily attributable to increases of 482 million yen in cash and deposits, and 265 million yen in deposits paid, and decreases of 55 million yen in notes and accounts receivable-trade, and 35 million yen in deferred tax assets.

Noncurrent assets decreased by 382 million yen to 7,025 million yen. The primary causes were an increase of 88 million yen in investments and other assets, and a decrease of 455 million yen in property, plant and equipment.

Current liabilities increased by 218 million yen to 6,128 million yen. This was mainly caused by an increase of 483 million yen in advances received, and decreases of 88 million yen in accounts payable-other, 69 million yen in income taxes payable, 57 million yen in provision for bonuses, and 52 million yen in accounts payable-trade.

Noncurrent liabilities decreased by 89 million yen to 2,674 million yen mainly because of decreases of 53 million yen in long-term loans payable and 28 million yen in lease obligations.

Net assets increased by 158 million yen to 2,914 million yen, and the equity ratio was 24.9%.

### (3) Explanation of Consolidated Forecast and Other Forward-looking Statements

There are no revisions to the consolidated forecast for the fiscal year ending October 31, 2014 that was announced on December 13, 2013.

## 2. Matters Related to Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the Period

L Care Higashinohon Co., Ltd., a consolidated subsidiary of the Company, was absorbed by another consolidated subsidiary L Care Co., Ltd., the surviving company, after which L Care Higashinohon Co., Ltd. was dissolved. As a result, from the first quarter of the current fiscal year, L Care Higashinohon Co., Ltd. is excluded from the scope of consolidation.

### (2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

### (3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY10/13 (As of Oct. 31, 2013)	Third quarter of FY10/14 (As of Jul. 31, 2014)
Assets		
Current assets		
Cash and deposits	1,125,502	1,608,422
Notes and accounts receivable-trade	1,486,120	1,430,635
Inventories	38,738	35,931
Deferred tax assets	82,546	46,638
Deposits paid	1,084,533	1,349,914
Other	204,955	220,406
<b>Total current assets</b>	<b>4,022,397</b>	<b>4,691,949</b>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	6,312,485	5,797,252
Accumulated depreciation	(2,155,637)	(2,068,940)
Buildings and structures, net	4,156,847	3,728,311
Vehicles	5,756	4,956
Accumulated depreciation	(5,711)	(4,937)
Vehicles, net	44	18
Tools, furniture and fixtures	392,081	423,310
Accumulated depreciation	(307,601)	(336,498)
Tools, furniture and fixtures, net	84,480	86,812
Land	2,290,548	2,284,295
Lease assets	291,529	298,261
Accumulated depreciation	(116,537)	(158,634)
Lease assets, net	174,991	139,627
Construction in progress	-	12,000
<b>Total property, plant and equipment</b>	<b>6,706,912</b>	<b>6,251,064</b>
Intangible assets		
Goodwill	57,397	38,264
Other	22,857	26,851
<b>Total intangible assets</b>	<b>80,254</b>	<b>65,116</b>
Investments and other assets		
Investment securities	33,688	128,191
Stocks of subsidiaries and affiliates	13,767	13,767
Guarantee deposits	419,832	432,049
Long-term prepaid expenses	73,032	66,959
Claims provable in bankruptcy, claims provable in rehabilitation and other	200	-
Other	80,190	68,047
Allowance for doubtful accounts	(100)	-
<b>Total investments and other assets</b>	<b>620,611</b>	<b>709,016</b>
<b>Total noncurrent assets</b>	<b>7,407,779</b>	<b>7,025,197</b>
<b>Total assets</b>	<b>11,430,176</b>	<b>11,717,146</b>

(Thousands of yen)

	FY10/13 (As of Oct. 31, 2013)	Third quarter of FY10/14 (As of Jul. 31, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	146,314	93,428
Short-term loans payable	306,568	274,667
Current portion of long-term loans payable	626,380	583,966
Lease obligations	58,765	56,484
Accounts payable-other	325,855	237,474
Accrued expenses	479,368	499,296
Income taxes payable	142,576	73,198
Advances received	3,574,497	4,057,774
Provision for bonuses	155,445	97,770
Allowance for cancellation of contract	24,830	23,405
Other	68,707	130,703
<b>Total current liabilities</b>	<b>5,909,307</b>	<b>6,128,168</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	2,466,515	2,412,794
Lease obligations	125,505	97,157
Deferred tax liabilities	20,380	25,829
Provision for retirement benefits	45,787	41,877
Deferred revenue of home nursing care apart from general revenue	10,800	-
Asset retirement obligations	81,516	86,813
Other	14,382	10,468
<b>Total noncurrent liabilities</b>	<b>2,764,887</b>	<b>2,674,941</b>
<b>Total liabilities</b>	<b>8,674,195</b>	<b>8,803,109</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	100,000	100,000
Retained earnings	2,698,609	2,912,872
Treasury stock	(62,440)	(126,806)
<b>Total shareholders' equity</b>	<b>2,736,168</b>	<b>2,886,066</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	5,107	13,489
Foreign currency translation adjustment	13,071	14,106
<b>Total accumulated other comprehensive income</b>	<b>18,178</b>	<b>27,596</b>
<b>Minority interests</b>	<b>1,634</b>	<b>374</b>
<b>Total net assets</b>	<b>2,755,981</b>	<b>2,914,036</b>
<b>Total liabilities and net assets</b>	<b>11,430,176</b>	<b>11,717,146</b>

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income**
**Quarterly Consolidated Statements of Income  
(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY10/13 (Nov. 1, 2012 – Jul. 31, 2013)	First nine months of FY10/14 (Nov. 1, 2013 – Jul. 31, 2014)
Net sales	7,639,044	8,159,618
Cost of sales	5,990,742	6,284,349
Gross profit	1,648,301	1,875,268
Selling, general and administrative expenses	1,407,578	1,383,273
Operating income	240,723	491,994
Non-operating income		
Interest income	174	217
Dividends income	2,175	1,801
Contribution for tenants received	7,760	11,209
Revenue of facility usage charge	740	1,017
Subsidy income	4,490	6,615
Contribution in income	-	51,908
Other	6,930	7,882
Total non-operating income	22,271	80,652
Non-operating expenses		
Interest expenses	50,960	48,692
Equity in losses of affiliates	13,836	5,127
Other	3,641	1,587
Total non-operating expenses	68,438	55,407
Ordinary income	194,555	517,239
Extraordinary income		
Gain on sales of investment securities	35,113	-
Gain on forgiveness of debts	7,341	-
Total extraordinary income	42,454	-
Extraordinary loss		
Loss on sales of noncurrent assets	-	18,005
Loss on retirement of noncurrent assets	389	2,622
Impairment loss	-	8,064
Loss on cancellation of leasehold contracts	-	2,055
Settlement package	9,395	-
Loss on litigation	11,281	710
Total extraordinary losses	21,066	31,459
Income before income taxes and minority interests	215,944	485,779
Income taxes-current	99,466	182,430
Income taxes-deferred	45,041	36,402
Total income taxes	144,507	218,833
Income before minority interests	71,437	266,946
Minority interests in loss	(681)	(1,259)
Net income	72,118	268,206



**Quarterly Consolidated Statements of Comprehensive Income**  
**(For the Nine-month Period)**

(Thousands of yen)

	First nine months of FY10/13 (Nov. 1, 2012 – Jul. 31, 2013)	First nine months of FY10/14 (Nov. 1, 2013 – Jul. 31, 2014)
Income before minority interests	71,437	266,946
Other comprehensive income		
Valuation difference on available-for-sale securities	(11,646)	8,382
Share of other comprehensive income of associates accounted for using equity method	7,858	1,035
Total other comprehensive income	(3,788)	9,417
Comprehensive income	67,648	276,364
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	68,330	277,624
Comprehensive income attributable to minority interests	(681)	(1,259)

**(3) Notes to Quarterly Consolidated Financial Statements**

**Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

I. First nine months of FY10/13 (Nov. 1, 2012 – Jul. 31, 2013)

1. Information related to sales and profit (or loss) for each reportable segment

(Thousands of yen)

	Reportable segment					Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Subtotal		
Sales							
External sales	2,797,338	3,986,990	738,567	12,950	7,535,847	103,196	7,639,044
Inter-segment sales or transfers	9,199	3,357	41,087	297,321	350,966	982	351,948
Total	2,806,538	3,990,348	779,654	310,272	7,886,813	104,178	7,990,992
Segment profit (loss)	(12,093)	48,869	15,630	(2,470)	49,935	(15,747)	34,187

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

2. Reconciliation of reported quarterly consolidated statements of income with total profit (or loss) for reportable segments

Reconciliation items

(Thousands of yen)

Profit	Amount
Total for reportable segments	49,935
Profits (losses) attributable to "Others"	(15,747)
Adjustments on unrealized profits	114
Amortization of goodwill	(19,132)
Corporate revenue/expenses (note 1)	179,483
Other (note 2)	(97)
Ordinary income on the quarterly consolidated statements of income	194,555

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.

3. Information related to impairment losses on noncurrent assets, goodwill, etc. for each reportable segment

Not applicable.

II. First nine months of FY10/14 (Nov. 1, 2013 – Jul. 31, 2014)

1. Information related to sales and profit (or loss) for each reportable segment

(Thousands of yen)

	Reportable segment					Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Subtotal		
Sales							
External sales	2,985,206	4,138,313	862,875	26,202	8,012,598	147,019	8,159,618
Inter-segment sales or transfers	5,110	6,830	32,885	351,373	396,199	3,446	399,645
Total	2,990,316	4,145,144	895,760	377,575	8,408,797	150,466	8,559,264
Segment profit (loss)	257,989	103,943	43,888	17,058	422,879	(39,001)	383,878

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

2. Reconciliation of reported quarterly consolidated statements of income with total profit (or loss) for reportable segments

Reconciliation items

(Thousands of yen)

Profit	Amount
Total for reportable segments	422,879
Profits (losses) attributable to "Others"	(39,001)
Adjustments on unrealized profits	113
Amortization of goodwill	(19,132)
Corporate revenue/expenses (note)	152,380
Ordinary income on the quarterly consolidated statements of income	517,239

Note: 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.

3. Information related to impairment losses on noncurrent assets, goodwill, etc. for each reportable segment

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.*