

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending October 31, 2016
(Nine Months Ended July 31, 2016)

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)
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Scheduled date of filing of Quarterly Report: September 12, 2016

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 9, 2016 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, 2016 (Nov. 1, 2015 – Jul. 31, 2016)

(1) Consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended Jul. 31, 2016	8,411	0.3	267	(45.7)	198	(54.6)	86	(61.6)
Nine months ended Jul. 31, 2015	8,388	2.8	492	0.0	437	(15.4)	225	(16.0)

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2016: 50 (down 79.0%)

Nine months ended Jul. 31, 2015: 238 (down 13.8%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2016	8.37	-
Nine months ended Jul. 31, 2015	21.51	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jul. 31, 2016	13,858	3,029	21.9	296.00
As of Oct. 31, 2015	12,814	3,142	24.5	302.36

Reference: Shareholders' equity (million yen) As of Jul. 31, 2016: 3,029 As of Oct. 31, 2015: 3,142

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ending Oct. 31, 2015	-	0.00	-	8.50	8.50
Fiscal year ending Oct. 31, 2016	-	0.00	-		
Fiscal year ending Oct. 31, 2016 (forecasts)				7.50	7.50

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

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2016 (Nov. 1, 2015 – Oct. 31, 2016)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	11,760	4.2	500	(24.2)	400	(35.4)	200	(38.3)	19.27

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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in scope of consolidation): None

Newly added: -

Excluded: -

(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: Yes

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, 2016:11,190,400 shares As of Oct. 31, 2015:11,190,400 shares

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

As of Jul. 31, 2016:955,605 shares As of Oct. 31, 2015:797,305shares

3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2016:10,347,857 shares Nine months ended Jul. 31, 2015:10,472,810 shares

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.

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1. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(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

Adoption of accounting standards related to business combinations

The Accounting Standard for Business Combinations (Accounting Standards Board of Japan (ASBJ) Statement No.21) of September 13, 2013, the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22) of September 13, 2013, and the Accounting Standard for Business Divestitures (ASBJ Statement No.7) of September 13, 2013, have been applied from the first quarter of the current fiscal year.

A change in presentation has been made to 'net income', and the previous account of 'minority interests' has changed to 'non-controlling interests'. To reflect these changes in presentation, certain items in the consolidated financial statements for the third period of the previous fiscal year and the previous fiscal year, have been reclassified.

Application of the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016

Pursuant to an amendment in the Corporation Tax Act, the Company has applied the Practical Solution on a Change in Depreciation Method due to Tax Reform 2016 (Practical Issue Task Force (PITF) No.32 issued on June 17, 2016) from the third quarter of the current fiscal year. Accordingly, the Company changed the depreciation method for facilities attached to buildings and structures acquired on and after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change in accounting policies to the quarterly consolidated financial statements for the third quarter under review is immaterial.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY10/15 (As of Oct. 31, 2015)	Third quarter of FY10/16 (As of Jul. 31, 2016)
Assets		
Current assets		
Cash and deposits	2,143,320	2,437,153
Notes and accounts receivable-trade	1,511,721	1,433,003
Inventories	40,066	49,980
Deferred tax assets	146,129	49,406
Deposits paid	1,550,513	1,558,893
Other	205,049	323,153
Total current assets	5,596,799	5,851,591
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,931,623	5,986,971
Accumulated depreciation	(2,303,583)	(2,424,311)
Buildings and structures, net	3,628,039	3,562,659
Vehicles	4,956	4,956
Accumulated depreciation	(4,949)	(4,954)
Vehicles, net	6	1
Tools, furniture and fixtures	422,981	470,069
Accumulated depreciation	(334,698)	(361,096)
Tools, furniture and fixtures, net	88,282	108,972
Land	2,440,381	2,946,402
Lease assets	325,189	330,259
Accumulated depreciation	(225,325)	(258,956)
Lease assets, net	99,863	71,303
Construction in progress	98,789	406,433
Total property, plant and equipment	6,355,363	7,095,773
Intangible assets		
Goodwill	6,377	—
Other	22,894	24,607
Total intangible assets	29,272	24,607
Investments and other assets		
Investment securities	147,414	125,158
Stocks of subsidiaries and affiliates	43,313	2,119
Guarantee deposits	503,576	547,967
Long-term prepaid expenses	61,301	59,421
Other	77,688	152,191
Total investments and other assets	833,295	886,856
Total noncurrent assets	7,217,931	8,007,237
Total assets	12,814,731	13,858,829

(Thousands of yen)

	FY10/15 (As of Oct. 31, 2015)	Third quarter of FY10/16 (As of Jul. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	134,212	114,028
Short-term loans payable	170,000	170,000
Current portion of long-term loans payable	259,231	230,881
Lease obligations	49,400	30,700
Accounts payable-other	494,910	414,540
Accrued expenses	524,595	530,630
Income taxes payable	172,275	36,566
Advances received	4,656,951	5,443,926
Provision for bonuses	278,329	134,749
Allowance for cancellation of contract	30,468	24,558
Other	141,631	163,749
Total current liabilities	6,912,006	7,294,331
Noncurrent liabilities		
Long-term loans payable	2,528,418	3,310,922
Lease obligations	60,510	47,340
Deferred tax liabilities	29,771	20,762
Net defined benefit liability	48,139	63,879
Asset retirement obligations	88,637	89,712
Other	4,812	2,418
Total noncurrent liabilities	2,760,288	3,535,035
Total liabilities	9,672,295	10,829,366
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	3,201,195	3,174,143
Treasury stock	(201,774)	(251,175)
Total shareholders' equity	3,099,420	3,022,968
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,622	10,371
Foreign currency translation adjustment	17,393	(3,877)
Total accumulated other comprehensive income	43,015	6,494
Total net assets	3,142,435	3,029,462
Total liabilities and net assets	12,814,731	13,858,829

(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 FY10/15 (Nov. 1, 2014– Jul. 31, 2015)	First nine months of FY10/16 (Nov. 1, 2015– Jul. 31, 2016)
Net sales	8,388,410	8,411,823
Cost of sales	6,358,484	6,391,794
Gross profit	2,029,925	2,020,028
Selling, general and administrative expenses	1,537,761	1,752,737
Operating income	492,164	267,291
Non-operating income		
Interest income	290	139
Dividends income	2,135	2,281
Contribution for tenants received	10,720	12,064
Revenue of facility usage charge	920	758
Subsidy income	249	450
Other	6,778	2,817
Total non-operating income	21,095	18,512
Non-operating expenses		
Interest expenses	44,475	44,316
Equity in losses of affiliates	274	12,040
Commission fee	21,487	18,125
Other	9,368	12,620
Total non-operating expenses	75,606	87,102
Ordinary income	437,653	198,701
Extraordinary income		
Gain on sales of investments in capital of subsidiaries and associates	—	108,360
Total extraordinary income	—	108,360
Extraordinary loss		
Loss on retirement of non-current assets	9	9,847
Loss on closing of stores	14,983	685
Loss on cancellation of rental contracts	789	184
Settlement package	5,000	—
Loss on litigation	516	227
Total extraordinary losses	21,299	10,944
Profit before income taxes	416,353	296,116
Income taxes-current	137,740	114,021
Income taxes-deferred	53,333	95,528
Total income taxes	191,073	209,549
Profit	225,279	86,567
Profit attributable to owners of parent	225,279	86,567

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

(Thousands of yen)

	First nine months of FY10/15 (Nov. 1, 2014 – Jul. 31, 2015)	First nine months of FY10/16 (Nov. 1, 2015– Jul. 31, 2016)
Income before minority interests	225,279	86,567
Other comprehensive income		
Valuation difference on available-for-sale securities	10,645	(15,250)
Share of other comprehensive income of associates accounted for using equity method	2,205	(21,270)
Total other comprehensive income	12,850	(36,521)
Comprehensive income	238,130	50,045
Comprehensive income attributable to Comprehensive income attributable to owners of the parent	238,130	50,045

(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 FY10/15(Nov. 1, 2014 – Jul. 31, 2015)

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	Resort	Subtotal		
Sales								
External sales	3,021,119	4,160,011	1,000,242	29,553	-	8,210,927	177,482	8,388,410
Inter-segment sales or transfers	-	6,509	28,840	371,053	-	406,404	2,771	409,175
Total	3,021,119	4,166,520	1,029,083	400,607	-	8,617,331	180,254	8,797,586
Segment profit (loss)	86,707	170,938	44,521	15,084	(893)	316,357	(39,974)	276,383

Note: "Others" segment is not included in any of the reportable segments and includes dispensing pharmacy 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	316,357
Profits (losses) attributable to "Others"	(39,974)
Adjustments on unrealized profits	107
Amortization of goodwill	(20,844)
Corporate revenue/expenses (note)	182,007
Ordinary income on the quarterly consolidated statements of income	437,653

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.

II. First nine months of FY10/16 (Nov. 1, 2015– Jul. 31, 2016)

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	Resort	Subtotal		
Sales								
External sales	3,132,292	4,109,228	943,004	28,225	-	8,212,751	199,071	8,411,823
Inter-segment sales or transfers	-	1,435	45,688	407,301	-	454,425	13,296	467,722
Total	3,132,292	4,110,664	988,693	435,527	-	8,667,177	212,368	8,879,545
Segment profit (loss)	2,173	54,070	48,935	18,106	(103,135)	20,150	(33,543)	(13,392)

Note: “Others” segment is not included in any of the reportable segments and includes dispensing pharmacy 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	20,150
Profits (losses) attributable to “Others”	(33,543)
Adjustments on unrealized profits	107
Amortization of goodwill	(6,377)
Corporate revenue/expenses (note)	218,363
Ordinary income on the quarterly consolidated statements of income	198,701

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

From the first quarter of the current fiscal year, the Resort business was isolated from the Others in consideration of its significance.

4. 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.