

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending October 31, 2017
(Six Months Ended April 30, 2017)

[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 filing of Quarterly Report: June 12, 2017

Scheduled date of payment of dividend: -

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes (for analysts and institutional investors)

Note: The original disclosure in Japanese was released on June 9, 2017 at 15:30 (GMT +9).

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

1. Consolidated Financial Results for the Six Months Ended April 30, 2017 (Nov. 1, 2016 – Apr. 30, 2017)

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

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Apr. 30, 2017	5,879	6.5	157	18.7	133	60.1	33	223.8
Six months ended Apr. 30, 2016	5,518	(1.3)	132	(61.4)	83	(70.6)	10	(92.4)

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2017: 35 (- %)

Six months ended Apr. 30, 2016: (24) (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2017	3.30	-
Six months ended Apr. 30, 2016	1.00	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Apr. 30, 2017	14,752	3,131	21.2	305.97
As of Oct. 31, 2016	14,794	3,173	21.5	310.08

Reference: Shareholders' equity (million yen) As of Apr. 30, 2017: 3,131 As of Oct. 31, 2016: 3,173

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2016	-	0.00	-	7.50	7.50
Fiscal year ending Oct. 31, 2017	-	0.00	-	-	-
Fiscal year ending Oct. 31, 2017 (forecasts)	-	-	-	8.00	8.00

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

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2017 (Nov. 1, 2016 – Oct. 31, 2017)

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	12,500	8.0	700	32.4	630	40.0	330	50.4	31.98

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: 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 Apr. 30, 2017:11,190,400 shares As of Oct. 31, 2016:11,190,400 shares

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

As of Apr. 30, 2017:955,605 shares As of Oct. 31, 2016:955,605shares

3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2017:10,234,795 shares Six months ended Apr. 30, 2016:10,380,988shares

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.

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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

Not applicable.

(4) Additional information

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter ended January 31, 2017, the Company has applied the Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No.26, March 28, 2016)

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY10/16 (As of Oct. 31, 2016)	Second quarter of FY10/17 (As of Apr. 30, 2017)
Assets		
Current assets		
Cash and deposits	2,428,006	2,119,062
Notes and accounts receivable-trade	1,525,821	1,540,075
Inventories	54,100	52,638
Deferred tax assets	107,747	82,852
Deposits paid	1,582,325	1,397,331
Other	362,768	231,606
Total current assets	6,060,769	5,423,565
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,023,393	7,050,200
Accumulated depreciation	(2,478,327)	(2,587,019)
Buildings and structures, net	4,545,065	4,463,180
Vehicles	5,516	4,830
Accumulated depreciation	(4,982)	(4,372)
Vehicles, net	533	457
Tools, furniture and fixtures	543,701	555,469
Accumulated depreciation	(359,341)	(380,507)
Tools, furniture and fixtures, net	184,359	174,961
Land	2,974,779	3,296,600
Lease assets	325,741	325,741
Accumulated depreciation	(263,612)	(276,105)
Lease assets, net	62,128	49,635
Construction in progress	75,252	451,661
Total property, plant and equipment	7,842,118	8,436,497
Intangible assets		
Other	25,364	21,885
Total intangible assets	25,364	21,885
Investments and other assets		
Investment securities	100,168	106,076
Stocks of subsidiaries and affiliates	0	0
Guarantee deposits	557,783	560,690
Long-term prepaid expenses	57,666	57,229
Other	150,643	146,575
Total investments and other assets	866,262	870,572
Total noncurrent assets	8,733,745	9,328,955
Total assets	14,794,515	14,752,520

	(Thousands of yen)	
	FY10/16 (As of Oct. 31, 2016)	Second quarter of FY10/17 (As of Apr. 30, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	177,806	160,850
Short-term loans payable	170,000	170,000
Current portion of long-term loans payable	454,312	526,328
Lease obligations	26,964	24,279
Accounts payable-other	651,711	332,434
Accrued expenses	538,560	550,253
Income taxes payable	81,557	71,824
Advances received	5,315,225	5,318,777
Provision for bonuses	269,633	207,228
Allowance for cancellation of contract	17,651	13,473
Other	95,871	138,994
Total current liabilities	7,799,294	7,514,444
Noncurrent liabilities		
Long-term loans payable	3,592,104	3,878,069
Lease obligations	40,966	29,473
Deferred tax liabilities	26,448	29,331
Net defined benefit liability	67,766	74,108
Asset retirement obligations	92,387	93,785
Other	1,925	1,766
Total noncurrent liabilities	3,821,598	4,106,533
Total liabilities	11,620,892	11,620,978
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	3,307,006	3,263,969
Treasury stock	(251,175)	(251,175)
Total shareholders' equity	3,155,831	3,112,794
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,482	22,815
Foreign currency translation adjustment	(3,690)	(4,067)
Total accumulated other comprehensive income	17,791	18,748
Total net assets	3,173,622	3,131,542
Total liabilities and net assets	14,794,515	14,752,520

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

(Thousands of yen)

	First six months of FY10/16 (Nov. 1, 2015 – Apr. 30, 2016)	First six months of FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)
Net sales	5,518,352	5,879,050
Cost of sales	4,196,103	4,556,860
Gross profit	1,322,248	1,322,190
Selling, general and administrative expenses	1,189,777	1,164,954
Operating income	132,471	157,235
Non-operating income		
Interest income	140	141
Dividends income	402	448
Contribution for tenants received	7,785	10,318
Revenue of facility usage charge	477	473
Subsidy income	450	—
Other	2,489	6,412
Total non-operating income	11,745	17,794
Non-operating expenses		
Interest expenses	29,601	30,119
Commission fee	11,826	10,457
Equity in losses of affiliates	7,065	—
Other	12,398	1,050
Total non-operating expenses	60,892	41,626
Ordinary income	83,323	133,403
Extraordinary income		
Gain on sales of investments in capital of subsidiaries and associates	108,360	—
Gain on sales of non-current assets	—	3,006
Total extraordinary income	108,360	3,006
Extraordinary loss		
Loss on retirement of non-current assets	9,681	585
Loss on closing of stores	471	—
Loss on cancellation of rental contracts	184	—
Total extraordinary losses	10,337	585
Profit before income taxes	181,346	135,824
Income taxes-current	79,874	78,240
Income taxes-deferred	91,057	23,859
Total income taxes	170,932	102,099
Profit	10,413	33,724
Profit attributable to owners of parent	10,413	33,724

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

(Thousands of yen)

	First six months of FY10/16 (Nov. 1, 2015– Apr. 30, 2016)	First six months of FY10/17 (Nov. 1, 2016– Apr. 30, 2017)
Profit	10,413	33,724
Other comprehensive income		
Valuation difference on available-for-sale securities	(14,285)	1,332
Share of other comprehensive income of associates accounted for using equity method	(21,106)	376
Foreign currency translation adjustment	—	(376)
Total other comprehensive income	(35,391)	1,332
Comprehensive income	(24,977)	35,057
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(24,977)	35,057

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY10/16 (Nov. 1, 2016 Apr. 30, 2016)	First six months of FY10/17 (Nov. 1, 2017 Apr. 30, 2017)
Net cash provided by (used in) operating activities		
Income before income taxes	181,346	135,824
Depreciation	135,689	162,017
Amortization of long-term prepaid expenses	5,732	8,195
Amortization of goodwill	6,377	—
Increase (decrease) in provision for bonuses	(149,693)	(62,405)
Increase (decrease) in allowance for cancellation of contract	(16,010)	(4,178)
Increase (decrease) in net defined benefit liability	10,896	6,342
Interest and dividends income	(542)	(589)
Interest expenses	29,601	30,119
Gain on sales of investments in capital of subsidiaries and associates	(108,360)	—
Share of (profit) loss of entities accounted for using equity method	7,065	(376)
Gain on sales of non-current assets	—	(3,006)
Loss on retirement of property, plant and equipment	9,681	585
Loss on closing of stores	471	—
Proceeds from contribution	—	(2,000)
Decrease (increase) in notes and accounts receivable-trade	49,778	(14,253)
Decrease (increase) in inventories	(9,909)	1,462
Decrease (increase) in deposits paid	(22,246)	184,994
Increase (decrease) in notes and accounts payable-trade	1,556	(16,955)
Increase (decrease) in accounts payable-other	(183,207)	(51,333)
Increase (decrease) in advances received	397,160	3,551
Decrease (increase) in consumption taxes refund receivable	(466)	90,442
Increase (decrease) in accrued consumption taxes	(9,898)	(9,228)
Other, net	(68,855)	45,890
Subtotal	266,169	505,096
Interest and dividends income received	542	589
Interest expenses paid	(30,380)	(26,629)
Proceeds from contribution	—	2,000
Income taxes paid	(171,195)	(51,968)
Net cash provided by (used in) operating activities	65,135	429,089

(Thousands of yen)

	First six months of FY10/16 (Nov. 1, 2016 Apr. 30, 2016)	First six months of FY10/17 (Nov. 1, 2017 Apr. 30, 2017)
Net cash provided by (used in) investing activities		
Payments into time deposits	(100,000)	—
Purchase of investment securities	(481)	(507)
Purchase of property, plant and equipment	(656,751)	(995,037)
Proceeds from sales of property, plant and equipment	—	5,002
Purchase of intangible assets	(2,575)	(194)
Payments for lease and guarantee deposits	(1,828)	(7,490)
Proceeds from collection of lease and guarantee deposits	729	4,584
Purchase of long-term prepaid expenses	(1,814)	(11,778)
Payments for investments in capital of subsidiaries and associates	(113,393)	—
Proceeds from sales of investments in capital of subsidiaries and associates	115,555	—
Other, net	(1,739)	(435)
Net cash provided by (used in) investing activities	(762,301)	(1,005,857)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	719,000	802,200
Repayment of long-term loans payable	(114,348)	(444,219)
Repayments of lease obligations	(26,754)	(14,177)
Purchase of treasury stock	(26,126)	—
Cash dividends paid	(87,599)	(75,889)
Net cash provided by (used in) financing activities	464,171	267,914
Effect of exchange rate change on cash and cash equivalents	(2,189)	(89)
Net increase (decrease) in cash and cash equivalents	(235,184)	(308,943)
Cash and cash equivalents at beginning of period	2,108,320	2,293,006
Cash and cash equivalents at end of period	1,873,135	1,984,062

(4) Notes to Quarterly Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

I. First six months of FY10/16(Nov. 1, 2015– Apr. 30, 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	2,020,231	2,695,545	647,199	22,690	—	5,385,665	132,686	5,518,352
Inter-segment sales or transfers	—	835	26,845	271,147	—	298,828	8,978	307,807
Total	2,020,231	2,696,380	674,044	293,837	—	5,684,494	141,664	5,826,159
Segment profit (loss)	(67,253)	43,704	43,743	14,274	(72,987)	(38,518)	(21,078)	(59,596)

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	(38,518)
Profits attributable to "Others"	(21,078)
Adjustments on unrealized profits	71
Amortization of goodwill	(6,377)
Corporate revenue/expenses (note)	149,226
Ordinary income on the quarterly consolidated statements of income	83,323

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 six months of FY10/17(Nov. 1, 2016– Apr. 30, 2017)

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	2,119,960	2,829,883	725,941	19,676	42,361	5,737,823	141,227	5,879,050
Inter-segment sales or transfers	—	861	39,187	288,135	706	328,891	20,310	349,202
Total	2,119,960	2,830,745	765,129	307,811	43,067	6,066,714	161,537	6,228,252
Segment profit (loss)	57,674	16,168	24,114	7,494	(114,385)	(8,932)	5,554	(3,378)

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	(8,932)
Profits attributable to “Others”	5,554
Adjustments on unrealized profits	71
Amortization of goodwill	136,458
Corporate revenue/expenses (note)	251
Ordinary income on the quarterly consolidated statements of income	133,403

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.

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.