

Summary of Consolidated Financial Results
for the Third Quarter of the Fiscal Year Ending October 31, 2017
(Nine Months Ended July 31, 2017)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: September 11, 2017

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 8, 2017 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, 2017 (Nov. 1, 2016 – Jul. 31, 2017)

(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, 2017	8,999	7.0	281	5.2	249	25.5	83	(3.9)
Nine months ended Jul. 31, 2016	8,411	0.3	267	(45.7)	198	(54.6)	86	(61.6)

Note: Comprehensive income (million yen) Nine months ended Jul. 31, 2017: 93 (up 86.3%)

Nine months ended Jul. 31, 2016: 50 (down 79.0%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended Jul. 31, 2017	8.13	-
Nine months ended Jul. 31, 2016	8.37	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Jul. 31, 2017	14,718	3,190	21.7	311.70
As of Oct. 31, 2016	14,794	3,173	21.5	310.08

Reference: Shareholders' equity (million yen) As of Jul. 31, 2017: 3,190 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 ending 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 attributable to owners of parent		Net income 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 Jul. 31, 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 Jul. 31, 2017:955,605 shares As of Oct. 31, 2016:955,605shares

3) Average number of shares outstanding during the period

Nine months ended Jul. 31, 2017:10,234,795 shares Nine months ended Jul. 31, 2016:10,347,857 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

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)	Third quarter of FY10/17 (As of Jul. 31, 2017)
Assets		
Current assets		
Cash and deposits	2,428,006	1,581,688
Notes and accounts receivable-trade	1,525,821	1,618,947
Inventories	54,100	55,500
Deferred tax assets	107,747	39,409
Deposits paid	1,582,325	1,403,707
Other	362,768	275,121
Total current assets	6,060,769	4,974,373
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,023,393	7,099,746
Accumulated depreciation	(2,478,327)	(2,644,720)
Buildings and structures, net	4,545,065	4,455,026
Vehicles	5,516	16,807
Accumulated depreciation	(4,982)	(5,076)
Vehicles, net	533	11,731
Tools, furniture and fixtures	543,701	563,435
Accumulated depreciation	(359,341)	(396,010)
Tools, furniture and fixtures, net	184,359	167,424
Land	2,974,779	3,298,098
Lease assets	325,741	329,875
Accumulated depreciation	(263,612)	(282,116)
Lease assets, net	62,128	47,758
Construction in progress	75,252	859,844
Total property, plant and equipment	7,842,118	8,839,883
Intangible assets		
Other	25,364	21,784
Total intangible assets	25,364	21,784
Investments and other assets		
Investment securities	100,168	119,792
Guarantee deposits	557,783	559,941
Long-term prepaid expenses	57,666	54,904
Other	150,643	148,046
Total investments and other assets	866,262	882,685
Total noncurrent assets	8,733,745	9,744,352
Total assets	14,794,515	14,718,726

(Thousands of yen)

	FY10/16 (As of Oct. 31, 2016)	Third quarter of FY10/17 (As of Jul. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	177,806	141,721
Short-term loans payable	170,000	170,000
Current portion of long-term loans payable	454,312	526,328
Lease obligations	26,964	23,420
Accounts payable-other	651,711	347,635
Accrued expenses	538,560	593,684
Income taxes payable	81,557	24,325
Advances received	5,315,225	5,312,423
Provision for bonuses	269,633	115,327
Allowance for cancellation of contract	17,651	13,347
Other	95,871	118,660
Total current liabilities	7,799,294	7,386,874
Noncurrent liabilities		
Long-term loans payable	3,592,104	3,904,598
Lease obligations	40,966	27,624
Deferred tax liabilities	26,448	33,638
Net defined benefit liability	67,766	79,889
Asset retirement obligations	92,387	94,143
Other	1,925	1,732
Total noncurrent liabilities	3,821,598	4,141,626
Total liabilities	11,620,892	11,528,501
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	3,307,006	3,313,404
Treasury stock	(251,175)	(251,175)
Total shareholders' equity	3,155,831	3,162,229
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,482	31,578
Foreign currency translation adjustment	(3,690)	(3,582)
Total accumulated other comprehensive income	17,791	27,995
Total net assets	3,173,622	3,190,224
Total liabilities and net assets	14,794,515	14,718,726

(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 FY10/16 (Nov. 1, 2015– Jul. 31, 2016)	First nine months of FY10/17 (Nov. 1, 2016– Jul. 31, 2017)
Net sales	8,411,823	8,999,124
Cost of sales	6,391,794	6,939,591
Gross profit	2,020,028	2,059,533
Selling, general and administrative expenses	1,752,737	1,778,390
Operating income	267,291	281,142
Non-operating income		
Interest income	139	141
Dividends income	2,281	2,470
Contribution for tenants received	12,064	15,475
Revenue of facility usage charge	758	785
Subsidy income	450	1,485
Other	2,817	9,208
Total non-operating income	18,512	29,566
Non-operating expenses		
Interest expenses	44,316	46,266
Equity in losses of affiliates	12,040	108
Commission fee	18,125	10,457
Other	12,620	4,600
Total non-operating expenses	87,102	61,431
Ordinary income	198,701	249,277
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	9,847	663
Loss on closing of stores	685	—
Loss on cancellation of rental contracts	184	392
Loss on litigation	227	—
Total extraordinary losses	10,944	1,056
Profit before income taxes	296,116	251,227
Income taxes-current	114,021	100,805
Income taxes-deferred	95,528	67,262
Total income taxes	209,549	168,068
Profit	86,567	83,159
Profit attributable to owners of parent	86,567	83,159

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

(Thousands of yen)

	First nine months of FY10/16 (Nov. 1, 2015 – Jul. 31, 2016)	First nine months of FY10/17 (Nov. 1, 2016– Jul. 31, 2017)
Income before minority interests	86,567	83,159
Other comprehensive income		
Valuation difference on available-for-sale securities	(15,250)	10,095
Share of other comprehensive income of associates accounted for using equity method	(21,270)	108
Foreign currency translation adjustment	—	(108)
Total other comprehensive income	(36,521)	10,095
Comprehensive income	50,045	93,254
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	50,045	93,254

(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 FY10/16(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

Not applicable.

II. First nine months of FY10/17 (Nov. 1, 2016– Jul. 31, 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	3,221,735	4,346,652	1,069,126	27,395	108,023	8,772,934	226,189	8,999,124
Inter-segment sales or transfers	—	1,354	63,239	431,253	980	496,828	29,162	525,990
Total	3,221,735	4,348,007	1,132,366	458,649	109,004	9,269,763	255,352	9,525,115
Segment profit (loss)	104,520	16,652	39,895	11,481	(146,155)	26,395	2,271	28,666

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	26,395
Profits (losses) attributable to “Others”	2,271
Adjustments on unrealized profits	107
Corporate revenue/expenses (note)	220,127
Other	376
Ordinary income on the quarterly consolidated statements of income	249,277

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.