

December 8, 2017

Summary of Consolidated Financial Results for the Fiscal Year Ended October 31, 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 Annual General Meeting of Shareholders: January 26, 2018
 Scheduled date of filing of Annual Securities Report: January 26, 2018
 Scheduled date of payment of dividend: January 9, 2018
 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 8, 2017 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, 2017 (Nov. 1, 2016 – Oct. 31, 2017)

(1) Consolidated results of operations (Percentages shown for net sales and incomes 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	%
Fiscal year ended Oct. 31, 2017	12,300	6.3	504	(4.7)	464	3.1	233	6.5
Fiscal year ended Oct. 31, 2016	11,571	2.5	528	(19.8)	449	(27.4)	219	(32.3)

Note: Comprehensive income (million yen) Fiscal year ended Oct. 31, 2017: 254 (up 30.8%)

Fiscal year ended Oct. 31, 2016: 194 (down 41.4%)

	Profit per share	Diluted profit per share	Return on equity	Ordinary income on total assets	Operating income on net sales
	Yen	Yen	%	%	%
Fiscal year ended Oct. 31, 2017	22.83	-	7.2	3.1	4.1
Fiscal year ended Oct. 31, 2016	21.26	-	6.9	3.3	4.6

Reference: Investment gain (loss) by equity method (million yen) Fiscal year ended Oct. 31, 2017: (0)

Fiscal year ended Oct. 31, 2016: (10)

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2017	15,168	3,332	22.0	325.58
As of Oct. 31, 2016	14,794	3,173	21.5	310.08

Reference: Shareholders' equity (million yen) As of Oct. 31, 2017: 3,332 As of Oct. 31, 2016: 3,173

(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, 2017	779	(1,809)	331	1,598
Fiscal year ended Oct. 31, 2016	880	(1,768)	1,074	2,293

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, 2016	-	0.00	-	7.50	7.50	76	35.3	2.4
Fiscal year ended Oct. 31, 2017	-	0.00	-	8.00	8.00	81	35.0	2.5
Fiscal year ending Oct. 31, 2018 (forecasts)	-	0.00	-	8.00	8.00		32.8	

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2018 (Nov. 1, 2017 – Oct. 31, 2018)

(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
First half	6,000	2.1	200	27.2	20	(85.0)	(40)	—	(3.91)
Full year	13,000	5.7	700	38.8	500	7.7	250	7.0	24.43

* Notes

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

Newly added: -

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

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2017:10,234,795 shares Fiscal year ended Oct. 31, 2016:10,319,437 shares

For reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2017(Nov. 1, 2016 – Oct. 31, 2017)

(1) Non-consolidated results of operations

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Oct. 31, 2017	931	8.1	319	1.1	325	8.8	182	56.9
Fiscal year ended Oct. 31, 2016	861	7.0	316	16.5	298	25.2	116	(21.7)

	Profit per share	Diluted Profit per share
	Yen	Yen
Fiscal year ended Oct. 31, 2017	17.81	—
Fiscal year ended Oct. 31, 2016	11.26	—

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2017	4,073	793	19.5	77.50
As of Oct. 31, 2016	3,635	662	18.2	64.70

Reference: Shareholders' equity (million yen)

As of Oct. 31, 2017

793

As of Oct. 31, 2016

662

2. Non-consolidated Forecast for the Fiscal Year Ending October 31, 2018 (Nov. 1, 2017 – Oct. 31, 2018)

(Percentages represent year-over-year changes)

	Net sales		Ordinary income		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	519	11.5	25	(81.5)	(5)	—	(0.51)
Full year	1,039	11.5	220	(32.3)	140	(23.2)	13.68

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

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.

Contents of Attachments

1. Consolidated Financial Statements	2
(1) Consolidated Balance Sheets	2
(2) Consolidated Statements of Income and Comprehensive Income	4
Consolidated Statements of Income	4
Consolidated Statements of Comprehensive Income	5
(3) Consolidated Statements of Changes in Net Assets	6
(4) Consolidated Statements of Cash Flows	8
(5) Notes to Consolidated Financial Statements	10
2. Other	17
(1) Change in Directors	17
(2) Other	17

1. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	FY10/16 (As of Oct. 31, 2016)	FY10/17 (As of Oct. 31, 2017)
Assets		
Current assets		
Cash and deposits	2,428,006	1,833,234
Notes and accounts receivable-trade	1,525,821	1,657,895
Inventories	54,100	60,455
Deferred tax assets	107,747	68,446
Deposits paid	1,582,325	1,400,339
Other	362,768	246,794
Total current assets	6,060,769	5,267,166
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,023,393	7,131,050
Accumulated depreciation	(2,478,327)	(2,704,196)
Buildings and structures, net	4,545,065	4,426,854
Vehicles	5,516	16,807
Accumulated depreciation	(4,982)	(6,523)
Vehicles, net	533	10,283
Tools, furniture and fixtures	543,701	557,452
Accumulated depreciation	(359,341)	(402,438)
Tools, furniture and fixtures, net	184,359	155,014
Land	2,974,779	3,299,427
Lease assets	325,741	329,875
Accumulated depreciation	(263,612)	(287,323)
Lease assets, net	62,128	42,551
Construction in progress	75,252	1,075,409
Total property, plant and equipment	7,842,118	9,009,541
Intangible assets		
Other	25,364	23,542
Total intangible assets	25,364	23,542
Investments and other assets		
Investment securities	100,168	135,003
Stocks of subsidiaries and affiliates	0	0
Guarantee deposits	557,783	560,675
Long-term prepaid expenses	57,666	52,515
Other	150,643	119,758
Total investments and other assets	866,262	867,952
Total noncurrent assets	8,733,745	9,901,036
Total assets	14,794,515	15,168,202

	(Thousands of yen)	
	FY10/16 (As of Oct. 31, 2016)	FY10/17 (As of Oct. 31, 2017)
Liabilities		
Current liabilities		
Accounts payable-trade	177,806	220,181
Short-term loans payable	170,000	170,000
Current portion of long-term loans payable	454,312	523,015
Lease obligations	26,964	21,763
Accounts payable-other	651,711	233,474
Accrued expenses	538,560	592,789
Income taxes payable	81,557	118,804
Advances received	5,315,225	5,485,300
Provision for bonuses	269,633	158,645
Allowance for cancellation of contract	17,651	15,741
Other	95,871	95,970
Total current liabilities	7,799,294	7,635,685
Noncurrent liabilities		
Long-term loans payable	3,592,104	3,958,329
Lease obligations	40,966	22,786
Deferred tax liabilities	26,448	38,396
Net defined benefit liability	67,766	84,547
Asset retirement obligations	92,387	94,502
Other	1,925	1,698
Total noncurrent liabilities	3,821,598	4,200,260
Total liabilities	11,620,892	11,835,945
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	3,307,006	3,444,423
Treasury stock	(251,175)	(251,175)
Total shareholders' equity	3,155,831	3,293,248
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,482	41,638
Foreign currency translation adjustment	(3,690)	(2,629)
Total accumulated other comprehensive income	17,791	39,008
Total net assets	3,173,622	3,332,257
Total liabilities and net assets	14,794,515	15,168,202

(2) Consolidated Statements of Income and Comprehensive Income
Consolidated Statements of Income

	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)
Net sales	11,571,009	12,300,707
Cost of sales	8,729,315	9,434,506
Gross profit	2,841,694	2,866,201
Selling, general and administrative expenses	2,312,817	2,361,964
Operating income	528,877	504,236
Non-operating income		
Interest income	165	177
Dividends income	2,281	2,470
Contribution for tenants received	16,245	19,552
Revenue of facility usage charge	1,034	1,019
Donations	—	2,000
Subsidy income	900	1,485
Other	3,737	8,240
Total non-operating income	24,364	34,946
Non-operating expenses		
Interest expenses	59,609	62,438
Commission paid	18,125	6,256
Share of loss of entities accounted for using equity method	10,895	229
Foreign exchange losses	11,443	—
Other	3,275	6,196
Total non-operating expenses	103,349	75,120
Ordinary income	449,892	464,062
Extraordinary income		
Gain on sales of non-current assets	—	3,006
Gain on sales of investments in capital of subsidiaries and associates	108,360	—
Compensation for transfer	31,433	—
	139,793	3,006
Extraordinary loss		
Loss on retirement of noncurrent assets	10,196	707
Impairment loss	80,907	—
Loss on closing of stores	685	—
Loss on cancellation of leasehold contracts	1,906	392
Loss on valuation of investment securities	41,268	—
Loss on valuation of shares of subsidiaries and associates	3,449	—
Loss on litigation	227	—
Total extraordinary losses	138,642	1,100
Profit (loss) before income taxes	451,043	465,969
Income taxes-current	193,943	195,095
Income taxes-deferred	37,671	38,022
Total income taxes	231,614	233,118
Profit (loss)	219,429	232,851
Profit (loss) attributable to non-controlling interest	—	(832)
Profit (loss) attributable to owners of parent	219,429	233,683

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)
Profit (loss)	219,429	232,851
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,139)	20,155
Foreign currency translation adjustment	—	831
Share of other comprehensive income of associates accounted for using equity method	(21,084)	229
Total other comprehensive income	(25,223)	21,216
Comprehensive income	194,205	254,067
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	194,205	254,900
Comprehensive income attributable to non-controlling interests	—	(832)

(3) Consolidated Statement of changes in equity

FY10/16(Nov. 1, 2015 – Oct. 31, 2016)

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	100,000	3,201,195	(201,774)	3,099,420
Changes of items during the period				
Retained earnings		(88,341)		(88,341)
Profit attributable to owners of parent		219,429		219,429
Treasury Stock			(49,400)	(49,400)
Change of scope of consolidation				
Change of scope of equity method		(25,277)		(25,277)
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	105,810	(49,400)	56,410
Balance at the end of current period	100,000	3,307,006	(251,175)	3,155,831

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total changes of items during the period		
Balance at the beginning of current period	25,622	17,393	43,015		3,142,435
Changes of items during the period					
Retained earnings					(88,341)
Profit attributable to owners of parent					219,429
Treasury Stock					(49,400)
Change of scope of consolidation					
Change of scope of equity method					(25,277)
Net changes of items other than shareholders' equity	(4,139)	(21,084)	(25,223)		(25,223)
Total changes of items during the period	(4,139)	(21,084)	(25,223)		31,186
Balance at the end of current period	21,482	(3,690)	17,791		3,173,622

FY10/16(Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	100,000	3,307,006	(251,175)	3,155,831
Changes of items during the period				
Retained earnings		(76,760)		(76,760)
Profit attributable to owners of parent		233,683		233,683
Treasury Stock				
Change of scope of consolidation		(19,505)		(19,505)
Change of scope of equity method				
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	137,417	—	137,417
Balance at the end of current period	100,000	3,444,423	(251,175)	3,293,248

	Accumulated other comprehensive income			Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total changes of items during the period		
Balance at the beginning of current period	21,482	(3,690)	17,791		3,173,622
Changes of items during the period					
Retained earnings					(76,760)
Profit attributable to owners of parent					233,683
Treasury Stock					
Change of scope of consolidation					(19,505)
Change of scope of equity method					
Net changes of items other than shareholders' equity	20,155	1,061	21,216	—	21,216
Total changes of items during the period	20,155	1,061	21,216	—	158,634
Balance at the end of current period	41,638	(2,629)	39,008	—	3,332,257

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)
Cash flows from operating activities		
Profit (loss) before income taxes	451,043	465,969
Depreciation	285,934	332,564
Amortization of long-term prepaid expenses	11,466	19,235
Amortization of goodwill	6,377	—
Impairment loss	80,907	—
Increase (decrease) in provision for bonuses	(8,695)	(110,988)
Increase (decrease) in allowance for cancellation of contract	(12,817)	(1,910)
Increase (decrease) in net defined benefit liability	19,626	16,781
Interest and dividends income	(2,447)	(2,648)
Interest expenses	59,609	62,438
Loss (gain) on sales of non-current assets	—	(3,006)
Gain on sales of investments in capital of subsidiaries and associates	(108,360)	—
Loss (gain) on valuation of investment securities	41,268	—
Share of (profit) loss of entities accounted for using equity method	10,895	229
Loss on retirement of non-current assets	10,196	707
Loss on closing of stores	685	—
Loss on valuation of shares of subsidiaries and associates	3,449	—
Compensation for transfer	(31,433)	—
Donations	—	(2,000)
Decrease (increase) in notes and accounts receivable-trade	(14,100)	(124,413)
Decrease (increase) in inventories	(14,033)	(2,443)
Decrease (increase) in deposits paid	(31,812)	181,985
Increase (decrease) in notes and accounts payable-trade	43,593	50,674
Increase (decrease) in accounts payable-other	(106,463)	(172,756)
Increase (decrease) in advances received	658,274	170,074
Increase (decrease) in accrued consumption taxes	2,806	(2,560)
Decrease (increase) in consumption taxes refund receivable	(91,573)	93,580
Other payments	(30,351)	1,577
Subtotal	1,234,047	973,090
Interest and dividends income received	2,447	2,648
Interest expenses paid	(64,864)	(62,676)
Proceeds from compensation for removal	31,433	—
Proceeds from donations	—	2,000
Income taxes paid	(320,755)	(135,158)
Other, net	(1,721)	—
Net cash provided by (used in) operating activities	880,586	779,904

(Thousands of yen)

	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016– Oct. 31, 2017)
Cash flows from investing activities		
Payments into time deposits	(135,000)	(235,021)
Proceeds from withdrawal of time deposits	35,000	135,000
Purchase of investment securities	(814)	(1,060)
Purchase of property, plant and equipment	(1,589,959)	(1,679,494)
Proceeds from sales of property, plant and equipment	—	5,002
Purchase of intangible assets	(9,601)	(5,527)
Payments for lease and guarantee deposits	(57,155)	(9,049)
Proceeds from collection of lease and guarantee deposits	2,948	6,158
Purchase of long-term prepaid expenses	(10,580)	(22,515)
Purchase of shares of subsidiaries and associates	(113,393)	—
Proceeds from sales of shares of subsidiaries and associates	115,555	—
Other, net	(5,191)	(2,819)
Net cash provided by (used in) investing activities	(1,768,192)	(1,809,328)
Cash flows from financing activities		
Proceeds from long-term loans payable	1,497,000	1,159,200
Repayment of long-term loans payable	(238,233)	(724,272)
Repayments of lease obligations	(47,050)	(27,515)
Purchase of treasury stock	(49,400)	—
Cash dividends paid	(87,821)	(76,295)
Net cash provided by (used in) financing activities	1,074,493	331,117
Effect of exchange rate change on cash and cash equivalents	(2,201)	(94)
Net increase (decrease) in cash and cash equivalents	184,685	(698,401)
Cash and cash equivalents at beginning of period	2,108,320	2,293,006
Increase in cash and cash equivalents from newly consolidated subsidiary	—	3,608
Cash and cash equivalents at end of period	2,293,006	1,598,213

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

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)

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, the food business and the resort 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
 FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

(Thousands of yen)

	Reportable segment						Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Subtotal		
Sales								
External sales	4,213,636	5,544,885	1,337,516	35,153	171,953	11,303,145	267,864	11,571,009
Inter-segment sales or transfers	—	2,144	53,360	544,949	6,181	606,635	25,851	632,487
Total	4,213,636	5,547,030	1,390,877	580,103	178,134	11,909,781	293,715	12,203,497
Segment profit (loss)	27,563	88,084	58,470	20,473	(4,534)	190,056	(26,842)	163,213
Segment assets	9,529,802	1,670,852	467,958	132,233	2,214,054	14,014,901	279,245	14,294,147
Other items								
Depreciation and amortization	185,966	51,595	19,537	2,037	13,943	273,079	3,351	276,431
Interest expenses	34,129	8,765	1,049	—	7,602	51,546	4,531	56,077
Impairment loss	47,673	33,233	—	—	—	80,907	—	80,907
Equity in losses of affiliates	—	—	—	—	—	—	(10,895)	(10,895)
Investment in equity-method affiliates	—	—	—	—	—	—	0	0
Increase in property, plant and equipment and intangible assets	382,936	41,628	8,114	2,298	1,859,999	2,294,978	—	2,294,978

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

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Reportable segment						Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Subtotal		
Sales								
External sales	4,352,678	5,870,514	1,526,967	33,326	191,376	11,974,862	325,844	12,300,707
Inter-segment sales or transfers	—	2,231	88,891	575,300	1,325	667,749	38,941	706,690
Total	4,352,678	5,872,746	1,615,858	608,627	192,701	12,642,612	364,785	13,007,397
Segment profit (loss)	186,287	42,018	56,181	15,951	(153,783)	146,655	(8,975)	137,680
Segment assets	9,833,677	1,634,574	620,602	141,897	3,132,265	15,363,016	289,359	15,652,376
Other items								
Depreciation and amortization	172,547	41,890	7,503	1,646	97,243	320,830	3,180	324,011
Interest expenses	32,848	8,622	1,335	—	33,333	76,140	4,656	80,796
Impairment loss	—	—	—	—	—	—	—	—
Equity in losses of affiliates	—	—	—	—	—	—	(229)	(229)
Investment in equity-method affiliates	—	—	—	—	—	—	0	0
Increase in property, plant and equipment and intangible assets	499,049	14,179	12,473	820	1,084,838	1,611,361	3,001	1,614,362

Note: "Others" segment is not included in any of the reportable segments and includes dispensing pharmacy 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	FY10/16	FY10/17
Total for reportable segments	11,909,781	12,642,612
Sales attributable to "Others"	293,715	364,785
Eliminations for inter-segment transactions	(632,487)	(706,690)
Sales on the consolidated financial statements	11,571,009	12,300,707

(Thousands of yen)

Profit	FY10/16	FY10/17
Total for reportable segments	190,056	146,655
Profits attributable to "Others"	(26,842)	(8,975)
Adjustments on unrealized profits	143	143
Amortization of goodwill	(6,377)	—
Corporate revenue/expenses (note)	298,863	325,287
Others	(5,950)	951
Ordinary income on the consolidated financial statements	449,892	464,062

Notes: 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.

(Thousands of yen)

Assets	FY10/16	FY10/17
Total for reportable segments	14,014,901	15,363,016
Assets attributable to the "Others"	279,245	289,359
Offsetting of receivables	(3,135,428)	(4,557,353)
Corporate assets (note)	3,635,796	4,073,180
Total assets on the consolidated financial statements	14,794,515	15,168,202

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	
	FY10/16	FY10/17	FY10/16	FY10/17	FY10/16	FY10/17	FY10/16	FY10/17
Depreciation and amortization	273,079	320,830	3,351	3,180	9,503	8,553	285,934	332,564
Amortization of goodwill	—	—	—	—	6,377	—	6,377	—
Interest expenses	51,546	76,140	4,531	4,656	3,531	(18,358)	59,609	62,438
Share of loss of entities accounted for using equity method	—	—	(10,895)	(229)	—	—	(10,895)	(229)
Impairment loss	80,907	—	—	—	—	—	80,907	—
Investment in equity-method affiliates	—	—	0	0	—	—	0	0
Increase in property, plant and equipment and intangible assets	2,294,978	1,611,361	—	3,001	8,238	1,165	2,303,216	1,615,527

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

FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

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	4,580,408	Nursing home, in-home nursing care, nursing care equipment

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

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

This information is omitted because the Company has no external sales outside Japan.

3. Information by major client

(Thousands of yen)

Company name	Net sales	Business segment
Osaka Federation of National Health Insurance Organizations	4,557,766	Nursing home, in-home nursing care, nursing care equipment

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

FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

(Thousands of yen)

	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Others	Elimination or corporate	Total
Impairment loss	47,673	33,233	—	—	—	—	—	80,907

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Others	Elimination or corporate	Total
Impairment loss	—	—	—	—	—	—	—	—

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

FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

(Thousands of yen)

	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Others	Elimination or corporate	Total
Amortization for the period	—	—	—	—	—	—	6,377	6,377
Balance at end of period	—	—	—	—	—	—	—	—

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.

Goodwill was occurred 1,711 thousands of yen by purchase of investment payments of subsidiaries.

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

(Thousands of yen)

	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Others	Elimination or corporate	Total
Amortization for the period	—	—	—	—	—	—	—	—
Balance at end of period	—	—	—	—	—	—	—	—

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

FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)

Not applicable.

FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)

Not applicable.

f. Per Share Information

(Yen)

	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)
Net assets per share	310.08	325.58
Net income per share	21.26	22.83

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	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)	FY10/17 (Nov. 1, 2016 – Oct. 31, 2017)
Profit attributable to owners of parent	219,429	233,683
Amounts not available to common shareholders	—	—
Profit attributable to owners of parent available to common shares	219,429	233,683
Average number of common shares outstanding during the period	10,319,437 shares	10,234,795 shares

g. Subsequent Events

(Syndicated loan agreement)

(1) Contract date

November 1, 2017

(2) Participating financial institutions

The Bank of Tokyo-Mitsubishi UFJ, Ltd .

Kansai Urban Banking Corporation

The Minato Bank, Ltd.

The Kinki Osaka Bank, Ltd.

The Nanto Bank, Ltd.

(3) Contract amount

¥4,500,000 thousand

(4) Interest rates

3 months TIBOR + 1.00%

(5) Intended use of the proceeds

Capital expenditure and Refinancing

(6) Borrowing period

From November 1, 2017 to October 29, 2032

(7) Final Repayment dates

October 29, 2032

(8) Assets pledged as collateral

JAPAN LONGLIFE Co., Ltd.

Buildings and structures ¥1,553,586 thousand

Land ¥1,504,476 thousand

LONGLIFE RESORT Co., Ltd.

Buildings and structures ¥971,310 thousand

Land ¥884,279 thousand

(9) Financial restraint clause

① Total consolidated net assets at the end of each fiscal year beginning October 31, 2017 shall be equal to or exceed of total consolidated net assets at the end of the most recent fiscal year or 75% of total consolidated net assets as of October 31, 2016, whichever is greater.

② For the fiscal year ended October 31, 2017 and thereafter, ordinary income (loss) presented in the consolidated statement of income for the accounting period of each fiscal year shall not be loss for two consecutive fiscal years.

2. 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.