

Summary of Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending October 31, 2015
(Six Months Ended April 30, 2015)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: June 12, 2015

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 12, 2015 at 14:00 (GMT +9).

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

1. Consolidated Financial Results for the Six Months Ended April 30, 2015 (Nov. 1, 2014 – Apr. 30, 2015)

(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	%
Six months ended Apr. 30, 2015	5,590	4.1	343	6.3	283	(20.8)	136	(28.3)
Six months ended Apr. 30, 2014	5,372	4.9	323	51.0	357	96.5	190	123.5

Note: Comprehensive income (million yen) Six months ended Apr. 30, 2015: 144 (down 25.1%)

Six months ended Apr. 30, 2014: 193 (up 96.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2015	12.99	-
Six months ended Apr. 30, 2014	17.85	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Apr. 30, 2015	11,797	2,955	25.1	284.41
As of Oct. 31, 2014	11,948	2,944	24.6	278.06

Reference: Shareholders' equity (million yen) As of Apr. 30, 2015: 2,955 As of Oct. 31, 2014: 2,944

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2014	-	0.00	-	5.50	5.50
Fiscal year ending Oct. 31, 2015	-	0.00			
Fiscal year ending Oct. 31, 2015 (forecasts)			-	6.50	6.50

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

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2015 (Nov. 1, 2014 – Oct. 31, 2015)

(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	11,900	8.4	690	12.4	640	9.3	330	13.6	31.05

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, 2015:11,190,400 shares As of Oct. 31, 2014:11,190,400 shares

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

As of Apr. 30, 2015:797,305 shares As of Oct. 31, 2014:601,705shares

3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2015:10,513,328 shares Six months ended Apr. 30, 2014:10,670,949 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.

Contents of Attachments

1. Matters Related to Summary Information (Notes)	2
(1) Changes in Significant Subsidiaries during the Period	2
(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements	2
(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements	2
2. Quarterly Consolidated Financial Statements	3
(1) Quarterly Consolidated Balance Sheets	3
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	5
Quarterly Consolidated Statements of Income	
(For the Six-month Period)	5
Quarterly Consolidated Statements of Comprehensive Income	6
(For the Six-month Period)	
(3) Quarterly Consolidated Statements of Cash Flows	7
(4) Notes to Quarterly Consolidated Financial Statements	9
Going Concern Assumption	9
Significant Changes in Shareholders' Equity	9
Segment and Other Information	9

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.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Thousands of yen)

	FY10/14 (As of Oct. 31, 2014)	Second quarter of FY10/15 (As of Apr. 30, 2015)
Assets		
Current assets		
Cash and deposits	1,692,287	1,468,380
Notes and accounts receivable-trade	1,452,615	1,429,173
Inventories	40,715	40,350
Deferred tax assets	111,728	47,252
Deposits paid	1,407,914	1,421,950
Other	202,037	199,678
Total current assets	4,907,299	4,606,785
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,858,133	5,894,573
Accumulated depreciation	(2,118,092)	(2,208,469)
Buildings and structures, net	3,740,040	3,686,104
Vehicles	4,956	4,956
Accumulated depreciation	(4,942)	(4,946)
Vehicles, net	13	9
Tools, furniture and fixtures	420,964	432,502
Accumulated depreciation	(331,812)	(347,682)
Tools, furniture and fixtures, net	89,152	84,820
Land	2,284,295	2,438,561
Lease assets	304,993	318,457
Accumulated depreciation	(172,677)	(199,450)
Lease assets, net	132,315	119,006
Construction in progress	15,320	39,925
Total property, plant and equipment	6,261,137	6,368,428
Intangible assets		
Goodwill	31,887	19,132
Other	24,996	22,586
Total intangible assets	56,883	41,718
Investments and other assets		
Investment securities	138,489	148,980
Stocks of subsidiaries and affiliates	13,767	43,313
Guarantee deposits	431,593	477,163
Long-term prepaid expenses	66,098	61,294
Other	73,493	49,398
Total investments and other assets	723,443	780,150
Total noncurrent assets	7,041,464	7,190,297
Total assets	11,948,764	11,797,082

	(Thousands of yen)	
	FY10/14 (As of Oct. 31, 2014)	Second quarter of FY10/15 (As of Apr. 30, 2015)
Liabilities		
Current liabilities		
Accounts payable-trade	104,054	126,357
Short-term loans payable	204,668	195,005
Current portion of long-term loans payable	533,443	249,447
Lease obligations	55,420	54,148
Accounts payable-other	309,516	296,222
Accrued expenses	504,484	482,754
Income taxes payable	170,280	71,997
Advances received	4,183,820	4,259,781
Provision for bonuses	226,445	97,721
Allowance for cancellation of contract	23,323	19,243
Other	118,745	92,195
Total current liabilities	6,434,201	5,944,874
Noncurrent liabilities		
Long-term loans payable	2,309,982	2,642,307
Lease obligations	90,523	76,907
Deferred tax liabilities	29,499	31,360
Provision for retirement benefits	42,208	48,647
Asset retirement obligations	88,600	90,545
Other	9,163	6,554
Total noncurrent liabilities	2,569,976	2,896,321
Total liabilities	9,004,177	8,841,196
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	2,935,075	3,013,376
Treasury stock	(126,806)	(201,774)
Total shareholders' equity	2,908,269	2,911,602
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,874	26,910
Foreign currency translation adjustment	16,154	17,373
Total accumulated other comprehensive income	36,028	44,284
Minority interests	288	—
Total net assets	2,944,586	2,955,886
Total liabilities and net assets	11,948,764	11,797,082

(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 FY10/14 (Nov. 1, 2013 – Apr. 30, 2014)	First six months of FY10/15 (Nov. 1, 2014 – Apr. 30, 2015)
Net sales	5,372,210	5,590,714
Cost of sales	4,164,784	4,232,652
Gross profit	1,207,425	1,358,061
Selling, general and administrative expenses	884,309	1,014,693
Operating income	323,116	343,368
Non-operating income		
Interest income	216	290
Dividends income	143	360
Contribution for tenants received	7,210	7,820
Revenue of facility usage charge	674	547
Subsidy income	2,474	249
Contribution in income	51,408	—
Other	8,836	6,189
Total non-operating income	70,965	15,456
Non-operating expenses		
Interest expenses	33,057	29,963
Commission fee	—	17,000
Equity in losses of affiliates	2,455	20,853
Other	1,304	7,898
Total non-operating expenses	36,817	75,715
Ordinary income	357,264	283,109
Extraordinary loss		
Loss on sales of noncurrent assets	18,005	—
Loss on retirement of noncurrent assets	2	9
Impairment loss	8,064	—
Loss on closing of stores	—	9,092
Loss on cancellation of leasehold contracts	1,665	789
Loss on litigation	722	516
Total extraordinary losses	28,461	10,408
Income before income taxes and minority interests	328,802	272,701
Income taxes-current	116,357	72,813
Income taxes-deferred	22,884	63,348
Total income taxes	139,241	136,162
Income before minority interests	189,560	136,539
Minority interests in loss	(865)	—
Net income	190,426	136,539

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

(Thousands of yen)

	First six months of FY10/14 (Nov. 1, 2013 – Apr. 30, 2014)	First six months of FY10/15 (Nov. 1, 2014 – Apr. 30, 2015)
Income before minority interests	189,560	136,539
Other comprehensive income		
Valuation difference on available-for-sale securities	1,986	7,036
Share of other comprehensive income of associates accounted for using equity method	1,720	1,218
Total other comprehensive income	3,707	8,255
Comprehensive income	193,268	144,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	194,134	144,794
Comprehensive income attributable to minority interests	(865)	—

(3) Quarterly Consolidated Statements of Cash Flows

(Thousands of yen)

	First six months of FY10/14 (Nov. 1, 2013 – Apr. 30, 2014)	First six months of FY10/15 (Nov. 1, 2014 – Apr. 30, 2015)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	328,802	272,701
Depreciation and amortization	156,969	143,559
Amortization of long-term prepaid expenses	6,060	5,489
Amortization of goodwill	12,754	14,466
Impairment loss	8,064	—
Increase (decrease) in allowance for doubtful accounts	(100)	—
Increase (decrease) in deferred revenue of home nursing care apart from general revenue	(10,800)	—
Increase (decrease) in provision for bonuses	(38,058)	(128,724)
Increase (decrease) in allowance for cancellation of contract	(6,757)	(4,080)
Increase (decrease) in provision for retirement benefits	(5,576)	—
Increase (decrease) in net defined benefit liability	—	6,439
Interest and dividends income	(360)	(650)
Interest expenses	33,057	29,963
Equity in (earnings) losses of affiliates	2,455	20,853
Loss (gain) on sales of property, plant and equipment	18,005	—
Loss on retirement of property, plant and equipment	2	9
Loss on closing of stores	—	9,092
Decrease (increase) in notes and accounts receivable-trade	54,499	23,442
Decrease (increase) in inventories	3,736	365
Decrease (increase) in deposits paid	(197,644)	(14,035)
Increase (decrease) in notes and accounts payable-trade	2,402	22,303
Increase (decrease) in accounts payable-other	10,945	(36,076)
Increase (decrease) in advances received	342,779	75,960
Decrease (increase) in consumption taxes refund receivable	6,415	432
Increase (decrease) in accrued consumption taxes	26,727	(29,052)
Other, net	(2,067)	(15,448)
Subtotal	752,314	397,011
Interest and dividends income received	360	650
Interest expenses paid	(33,083)	(26,219)
Income taxes paid	(142,515)	(171,209)
Net cash provided by (used in) operating activities	577,077	200,232

(Thousands of yen)

	First six months of FY10/14 (Nov. 1, 2013 – Apr. 30, 2014)	First six months of FY10/15 (Nov. 1, 2014 – Apr. 30, 2015)
Net cash provided by (used in) investing activities		
Purchase of investment securities	(80,925)	(464)
Purchase of property, plant and equipment	(184,878)	(217,623)
Proceeds from sales of property, plant and equipment	472,131	—
Purchase of intangible assets	(10,211)	(1,056)
Payments for lease and guarantee deposits	(23,152)	(47,219)
Proceeds from collection of lease and guarantee deposits	5,807	1,649
Purchase of long-term prepaid expenses	(3,102)	(2,974)
Purchase of shares of subsidiaries and associates	—	(31,546)
Other, net	(609)	(1,954)
Net cash provided by (used in) investing activities	175,060	(301,189)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(94,900)	(9,663)
Proceeds from long-term loans payable	200,000	1,150,000
Repayment of long-term loans payable	(323,550)	(1,101,671)
Repayments of lease obligations	(22,603)	(28,378)
Purchase of treasury stock	(64,365)	(74,968)
Cash dividends paid	(53,055)	(58,333)
Net cash provided by (used in) financing activities	(358,474)	(123,014)
Effect of exchange rate change on cash and cash equivalents	10	64
Net increase (decrease) in cash and cash equivalents	393,673	(223,906)
Cash and cash equivalents at beginning of period	1,090,502	1,657,287
Cash and cash equivalents at end of period	1,484,175	1,433,380

(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 FY10/14 (Nov. 1, 2013 – Apr. 30, 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	1,951,134	2,716,710	578,418	24,236	5,270,500	101,710	5,372,210
Inter-segment sales or transfers	5,110	4,077	22,393	229,107	260,688	2,267	262,955
Total	1,956,244	2,720,787	600,812	253,343	5,531,188	103,977	5,635,165
Segment profit (loss)	168,313	62,962	29,287	10,684	271,247	(17,401)	253,846

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	271,247
Profits attributable to "Others"	(17,401)
Adjustments on unrealized profits	69
Amortization of goodwill	(12,754)
Corporate revenue/expenses (note)	116,104
Ordinary income on the quarterly consolidated statements of income	357,264

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 FY10/15 (Nov. 1, 2014 – Apr. 30, 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	Subtotal		
Sales							
External sales	1,995,386	2,746,379	712,941	23,050	5,477,757	112,956	5,590,714
Inter-segment sales or transfers	—	4,776	13,962	245,313	264,052	1,805	265,858
Total	1,995,386	2,751,155	726,904	268,364	5,741,810	114,762	5,856,572
Segment profit (loss)	53,372	133,142	33,245	10,565	230,325	(50,010)	180,314

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	230,325
Profits attributable to “Others”	(50,010)
Adjustments on unrealized profits	71
Amortization of goodwill	(14,466)
Corporate revenue/expenses (note)	117,189
Ordinary income on the quarterly consolidated statements of income	283,109

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.