

December 9, 2016

Summary of Consolidated Financial Results for the Fiscal Year Ended October 31, 2016

[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 27, 2017
 Scheduled date of filing of Annual Securities Report: January 27, 2017
 Scheduled date of payment of dividend: January 10, 2017
 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 9, 2016 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, 2016 (Nov. 1, 2015 – Oct. 31, 2016)

(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, 2016	11,571	2.5	528	(19.8)	449	(27.4)	219	(32.3)
Fiscal year ended Oct. 31, 2015	11,288	2.9	659	7.5	619	5.8	324	11.7

Note: Comprehensive income (million yen) Fiscal year ended Oct. 31, 2016: 194 (down 41.4%)

Fiscal year ended Oct. 31, 2015: 331 (up 8.0%)

	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, 2016	21.26	-	6.9	3.3	4.6
Fiscal year ended Oct. 31, 2015	31.03	-	10.7	5.0	5.8

Reference: Investment gain (loss) by equity method (million yen) Fiscal year ended Oct. 31, 2016: (10)

Fiscal year ended Oct. 31, 2015: 13

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2016	14,794	3,173	21.5	310.08
As of Oct. 31, 2015	12,814	3,142	24.5	302.36

Reference: Shareholders' equity (million yen) As of Oct. 31, 2016: 3,173 As of Oct. 31, 2015: 3,142

(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, 2016	880	(1,768)	1,074	2,293
Fiscal year ended Oct. 31, 2015	1,233	(502)	(279)	2,108

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, 2015	-	0.00	-	8.50	8.50	88	27.4	2.9
Fiscal year ended Oct. 31, 2016	-	0.00	-	7.50	7.50	76	35.3	2.4
Fiscal year ending Oct. 31, 2017 (forecasts)	-	0.00	-	8.00	8.00		25.0	

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		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	5,960	8.0	180	35.9	150	80.0	30	188.1	2.91
Full year	12,500	8.0	700	32.4	630	40.0	330	4.8	31.98

* 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: | Yes |
| 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, 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 Oct. 31, 2016:955,605 shares As of Oct. 31, 2015:797,305 shares

3) Average number of shares outstanding during the period

Fiscal year ended Oct. 31, 2016:10,319,437 shares Fiscal year ended Oct. 31, 2015:10,452,717 shares

For reference: Summary of Non-consolidated Financial Results

1. Non-consolidated Financial Results for the Fiscal Year Ended October 31, 2016(Nov. 1, 2015 – Oct. 31, 2016)

(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, 2016	861	7.0	316	16.5	298	25.2	116	(21.7)
Fiscal year ended Oct. 31, 2015	805	18.5	271	36.5	238	50.3	148	66.8

	Profit per share	Diluted Profit per share
	Yen	Yen
Fiscal year ended Oct. 31, 2016	11.26	-
Fiscal year ended Oct. 31, 2015	14.19	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Oct. 31, 2016	3,635	662	18.2	64.70
As of Oct. 31, 2015	2,706	683	25.3	65.81

Reference: Shareholders' equity (million yen) As of Oct. 31, 2016 662 As of Oct. 31, 2015 683

2. Non-consolidated Forecast for the Fiscal Year Ending October 31, 2017 (Nov. 1, 2016 – Oct. 31, 2017)

(Percentages represent year-over-year changes)

	Net sales		Ordinary income		Profit		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Yen
First half	465	5.3	135	(9.5)	85	(12.8)	8.24
Full year	930	7.9	270	(9.7)	160	37.7	15.50

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.

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1. Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousands of yen)

	FY10/15 (As of Oct. 31, 2015)	FY10/16 (As of Oct. 31, 2016)
Assets		
Current assets		
Cash and deposits	2,143,320	2,428,006
Notes and accounts receivable-trade	1,511,721	1,525,821
Inventories	40,066	54,100
Deferred tax assets	146,129	107,747
Deposits paid	1,550,513	1,582,325
Other	205,049	362,768
Total current assets	5,596,799	6,060,769
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	5,931,623	7,023,393
Accumulated depreciation	(2,303,583)	(2,478,327)
Buildings and structures, net	3,628,039	4,545,065
Vehicles	4,956	5,516
Accumulated depreciation	(4,949)	(4,982)
Vehicles, net	6	533
Tools, furniture and fixtures	422,981	543,701
Accumulated depreciation	(334,698)	(359,341)
Tools, furniture and fixtures, net	88,282	184,359
Land	2,440,381	2,974,779
Lease assets	325,189	325,741
Accumulated depreciation	(225,325)	(263,612)
Lease assets, net	99,863	62,128
Construction in progress	98,789	75,252
Total property, plant and equipment	6,355,363	7,842,118
Intangible assets		
Goodwill	6,377	—
Other	22,894	25,364
Total intangible assets	29,272	25,364
Investments and other assets		
Investment securities	147,414	100,168
Stocks of subsidiaries and affiliates	43,313	0
Guarantee deposits	503,576	557,783
Long-term prepaid expenses	61,301	57,666
Other	77,688	150,643
Total investments and other assets	833,295	866,262
Total noncurrent assets	7,217,931	8,733,745
Total assets	12,814,731	14,794,515

	(Thousands of yen)	
	FY10/15	FY10/16
	(As of Oct. 31, 2015)	(As of Oct. 31, 2016)
Liabilities		
Current liabilities		
Accounts payable-trade	134,212	177,806
Short-term loans payable	170,000	170,000
Current portion of long-term loans payable	259,231	454,312
Lease obligations	49,400	26,964
Accounts payable-other	494,910	651,711
Accrued expenses	524,595	538,560
Income taxes payable	172,275	81,557
Advances received	4,656,951	5,315,225
Provision for bonuses	278,329	269,633
Allowance for cancellation of contract	30,468	17,651
Other	141,631	95,871
Total current liabilities	6,912,006	7,799,294
Noncurrent liabilities		
Long-term loans payable	2,528,418	3,592,104
Lease obligations	60,510	40,966
Deferred tax liabilities	29,771	26,448
Net defined benefit liability	48,139	67,766
Asset retirement obligations	88,637	92,387
Other	4,812	1,925
Total noncurrent liabilities	2,760,288	3,821,598
Total liabilities	9,672,295	11,620,892
Net assets		
Shareholders' equity		
Capital stock	100,000	100,000
Retained earnings	3,201,195	3,307,006
Treasury stock	(201,774)	(251,175)
Total shareholders' equity	3,099,420	3,155,831
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	25,622	21,482
Foreign currency translation adjustment	17,393	(3,690)
Total accumulated other comprehensive income	43,015	17,791
Total net assets	3,142,435	3,173,622
Total liabilities and net assets	12,814,731	14,794,515

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

	FY10/15 (Nov. 1, 2014 – Oct. 31, 2015)	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)
Net sales	11,288,182	11,571,009
Cost of sales	8,548,062	8,729,315
Gross profit	2,740,119	2,841,694
Selling, general and administrative expenses	2,080,381	2,312,817
Operating income	659,738	528,877
Non-operating income		
Interest income	622	165
Dividends income	2,135	2,281
Contribution for tenants received	14,073	16,245
Revenue of facility usage charge	1,176	1,034
Subsidy income	708	900
Share of profit of entities accounted for using equity method	13,098	—
Refunded consumption taxes	9,363	—
Other	8,130	3,737
Total non-operating income	49,309	24,364
Non-operating expenses		
Interest expenses	58,813	59,609
Commission paid	21,487	18,125
Share of loss of entities accounted for using equity method	—	10,895
Foreign exchange losses	—	11,443
Other	9,378	3,275
Total non-operating expenses	89,679	103,349
Ordinary income	619,367	449,892
Extraordinary income		
Gain on sales of investments in capital of subsidiaries and associates	—	108,360
Compensation for transfer	—	31,433
	—	139,793
Extraordinary loss		
Loss on retirement of noncurrent assets	1,946	10,196
Impairment loss	879	80,907
Loss on closing of stores	14,983	685
Loss on cancellation of leasehold contracts	896	1,906
Loss on cancellation of lease contracts	—	41,268
Loss on valuation of shares of subsidiaries and associates	—	3,449
Settlement package	5,000	—
Loss on litigation	1,369	227
Total extraordinary losses	25,075	138,642
Income before income taxes and minority interests	594,292	451,043
Income taxes-current	306,316	193,943
Income taxes-deferred	(36,381)	37,671
Total income taxes	269,934	231,614
Income before minority interests	324,357	219,429
Net income	324,357	219,429

Consolidated Statements of Comprehensive Income

(Thousands of yen)

	FY10/15 (Nov. 1, 2014 – Oct. 31, 2015)	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)
Income before minority interests	324,357	219,429
Other comprehensive income		
Valuation difference on available-for-sale securities	5,747	(4,139)
Share of other comprehensive income of associates accounted for using equity method	1,238	(21,084)
Total other comprehensive income	6,986	(25,223)
Comprehensive income	331,344	194,205
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	331,344	194,205

(3) Consolidated Statements of Changes in Net Assets

FY10/15(Nov. 1, 2014 – Oct. 31, 2015)

(Thousands of yen)

	Shareholders' equity			
	Capital stock	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	100,000	2,935,075	(126,806)	2,908,269
Changes of items during the period				
Retained earnings		(58,237)		(58,237)
Profit attributable to owners of parent		324,357		324,357
Treasury Stock			(74,968)	(74,968)
Net changes of items other than shareholders' equity				
Total changes of items during the period	—	266,119	(74,968)	191,151
Balance at the end of current period	100,000	3,201,195	(201,774)	3,099,420

	Accumulated other comprehensive income			Minority 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	19,874	16,154	36,028	288	2,944,586
Changes of items during the period					
Retained earnings					(58,237)
Profit attributable to owners of parent					324,357
Treasury Stock					(74,968)
Net changes of items other than shareholders' equity	5,747	1,238	6,986	(288)	6,698
Total changes of items during the period	5,747	1,238	6,986	(288)	197,849
Balance at the end of current period	25,622	17,393	43,015	—	3,142,435

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 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			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 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

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY10/15 (Nov. 1, 2014 – Oct. 31, 2015)	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	594,292	451,043
Depreciation and amortization	290,236	285,934
Amortization of long-term prepaid expenses	11,298	11,466
Amortization of goodwill	27,221	6,377
Impairment loss	879	80,907
Increase (decrease) in provision for bonuses	51,884	(8,695)
Increase (decrease) in allowance for cancellation of contract	7,145	(12,817)
Increase (decrease) in net defined benefit liability	5,931	19,626
Interest and dividends income	(2,758)	(2,447)
Interest expenses	58,813	59,609
Gain on sales of investments in capital of subsidiaries and associates	—	(108,360)
Loss on cancellation of lease contracts	—	41,268
Equity in (earnings) losses of affiliates	(13,098)	10,895
Loss on retirement of property, plant and equipment	1,946	10,196
Loss on closing of stores	14,983	685
Loss on valuation of shares of subsidiaries and associates	—	3,449
Compensation for transfer	—	(31,433)
Decrease (increase) in notes and accounts receivable-trade	(59,105)	(14,100)
Decrease (increase) in inventories	648	(14,033)
Decrease (increase) in deposits paid	(142,598)	(31,812)
Increase (decrease) in notes and accounts payable-trade	30,158	43,593
Increase (decrease) in accounts payable-other	200,389	(106,463)
Increase (decrease) in advances received	473,131	658,274
Increase (decrease) in accrued consumption taxes	(23,822)	(2,806)
Decrease (increase) in consumption taxes refund receivable	(2,225)	(91,573)
Other payments	59,624	(30,351)
Subtotal	1,584,975	1,234,047
Interest and dividends income received	2,758	2,447
Interest expenses paid	(50,356)	(64,864)
Proceeds from compensation for removal	—	31,433
Income taxes paid	(340,320)	(320,755)
Other, net	—	(1,721)
Net cash provided by (used in) operating activities	1,233,057	880,586

(Thousands of yen)

	FY10/15 (Nov. 1, 2014 – Oct. 31, 2015)	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)
Net cash provided by (used in) investing activities		
Payments into time deposits	(35,000)	(135,000)
Proceeds from withdrawal of time deposits	35,000	35,000
Purchase of investment securities	(890)	(814)
Purchase of property, plant and equipment	(378,715)	(1,589,959)
Purchase of intangible assets	(4,896)	(9,601)
Payments for asset retirement obligations	(2,779)	—
Payments for lease and guarantee deposits	(79,067)	(57,155)
Proceeds from collection of lease and guarantee deposits	7,084	2,948
Purchase of long-term prepaid expenses	(9,063)	(10,580)
Purchase of stocks of subsidiaries and affiliates	(29,546)	—
Purchase of shares of subsidiaries and associates	—	(113,393)
Proceeds from sales of shares of subsidiaries and associates	—	115,555
Purchase of investment payments of subsidiaries and affiliates	(2,000)	—
Other, net	(2,744)	(5,191)
Net cash provided by (used in) investing activities	(502,169)	(1,768,192)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(34,668)	—
Proceeds from long-term loans payable	1,150,000	1,497,000
Repayment of long-term loans payable	(1,205,776)	(238,233)
Repayments of lease obligations	(56,228)	(47,050)
Purchase of treasury stock	(74,968)	(49,400)
Cash dividends paid	(57,839)	(87,821)
Net cash provided by (used in) financing activities	(279,480)	1,074,493
Effect of exchange rate change on cash and cash equivalents	75	(2,201)
Net increase (decrease) in cash and cash equivalents	451,032	184,685
Cash and cash equivalents at beginning of period	1,657,287	2,108,320
Cash and cash equivalents at end of period	2,108,320	2,293,006

(5) Notes to Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

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 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 consolidated financial statements for the fiscal year is immaterial.

Additional information**Revision of the amount of deferred tax assets and deferred tax liabilities due to changes in corporation tax rate**

The “Act for Partial Amendment of the Income Tax Act, etc.” and the “Act for Partial Amendment of the Local Tax Act, etc.” were promulgated on March 31, 2015. As a result, the effective statutory tax rate used to measure the Company’s deferred tax assets and liabilities was changed from 35.33% to 34.78% for the temporary differences expected to be realized or settled in the year beginning November 1, 2016 and November 1, 2017, and 34.56% for the temporary differences expected to be realized or settled from January 1, 2018, respectively.

The effect of this change in corporation tax rate to the consolidated financial statements for the fiscal year is immaterial.

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

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

(Thousands of yen)

	Reportable segment						Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Subtotal		
Sales								
External sales	4,136,482	5,547,791	1,323,360	41,091	—	11,048,725	239,456	11,288,182
Inter-segment sales or transfers	—	6,914	45,816	500,354	—	553,085	3,803	556,889
Total	4,136,482	5,554,705	1,369,177	541,445	—	11,601,811	243,260	11,845,071
Segment profit (loss)	159,017	179,272	85,415	18,587	(2,246)	440,046	(32,214)	407,831
Segment assets	9,296,759	1,755,612	407,585	124,571	89,000	11,693,529	270,472	11,964,002
Other items								
Depreciation and amortization	185,758	63,214	25,602	2,365	—	276,941	4,036	280,977
Interest expenses	36,312	10,747	1,854	29	—	48,945	4,376	53,321
Impairment loss	—	879	—	—	—	879	—	879
Equity in losses of affiliates	—	—	—	—	—	—	13,098	13,098
Investment in equity-method affiliates	—	—	—	—	—	—	33,972	33,972
Increase in property, plant and equipment and intangible assets	94,183	25,838	1,158	110	—	121,290	12,033	133,324

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

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	—	—	—	—	—	—	—	—
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.

4. Reconciliation of reported consolidated financial statements with total profit (or loss) for reportable segments

Reconciliation items (Thousands of yen)

Sales	FY10/15	FY10/16
Total for reportable segments	11,601,811	11,909,781
Sales attributable to "Others"	243,260	293,715
Eliminations for inter-segment transactions	(556,889)	(632,487)
Sales on the consolidated financial statements	11,288,182	11,571,009

(Thousands of yen)

Profit	FY10/15	FY10/16
Total for reportable segments	440,046	190,056
Profits attributable to "Others"	(32,214)	(26,842)
Adjustments on unrealized profits	143	143
Amortization of goodwill	(27,221)	(6,377)
Corporate revenue/expenses (note)	238,614	298,863
Others	—	(5,950)
Ordinary income on the consolidated financial statements	619,367	449,892

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	FY10/15	FY10/16
Total for reportable segments	11,693,529	14,014,901
Assets attributable to the "Others"	270,472	279,245
Offsetting of receivables	(1,855,561)	(3,135,428)
Corporate assets (note)	2,706,291	3,635,796
Total assets on the consolidated financial statements	12,814,731	14,794,515

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	
	FY10/15	FY10/16	FY10/15	FY10/16	FY10/15	FY10/16	FY10/15	FY10/16
Depreciation and amortization	276,941	273,079	4,036	3,351	9,258	9,503	290,236	285,934
Amortization of goodwill	—	—	—	—	27,221	6,377	27,221	6,377
Interest expenses	48,945	51,546	4,376	4,531	5,491	3,531	58,813	59,609
Equity in profit (losses) of affiliates	—	—	13,098	(10,895)	—	—	13,098	(10,895)
Impairment loss	879	89,907	—	—	—	—	879	80,907
Investment in equity-method affiliates	—	—	33,972	0	—	—	33,972	0
Increase in property, plant and equipment and intangible assets	121,290	2,294,978	12,033	—	260,253	8,238	393,577	2,303,216

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

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

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	4,964,611	Nursing home, in-home nursing care, nursing care equipment

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

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

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

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

(Thousands of yen)

	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Others	Elimination or corporate	Total
Impairment loss	—	879	—	—	—	—	—	879

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

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

FY10/15 (Nov. 1, 2014– Oct. 31, 2015)

(Thousands of yen)

	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Others	Elimination or corporate	Total
Amortization for the period	—	—	—	—	—	—	27,221	27,221
Balance at end of period	—	—	—	—	—	—	6,377	6,377

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.

FY10/16 (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.

e. Information related to gain on bargain purchase for each reportable segment

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

Not applicable.

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

Not applicable.

f. Per Share Information

(Yen)

	FY10/15 (Nov. 1, 2014 – Oct. 31, 2015)	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)
Net assets per share	302.36	310.08
Net income per share	31.03	21.26

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	FY10/15 (Nov. 1, 2014 – Oct. 31, 2015)	FY10/16 (Nov. 1, 2015 – Oct. 31, 2016)
Net income	324,357	219,429
Amounts not available to common shareholders	—	—
Net income available to common shares	324,357	219,429
Average number of common shares outstanding during the period	10,452,717 shares	10,319,437 shares

g. Subsequent Events

Not applicable.

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.