

**Summary of Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending October 31, 2018**  
**(Six Months Ended April 30, 2018)**

[Japanese GAAP]

Company name: LONGLIFE HOLDING Co., Ltd. Listing: Tokyo Stock Exchange (JASDAQ)  
 Stock code: 4355 URL: <http://longlife-holding.co.jp>  
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Scheduled date of filing of Quarterly Report: June 11, 2018

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 8, 2018 at 14:30 (GMT +9).

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

**1. Consolidated Financial Results for the Six Months Ended April 30, 2018 (Nov. 1, 2017 – Apr. 30, 2018)****(1) Consolidated results of operations**

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Apr. 30, 2018	6,379	8.3	177	5.7	(39)	—	(76)	—
Six months ended Apr. 30, 2017	5,879	—	167	—	133	60.1	33	223.8

Note: Comprehensive income (million yen)

Six months ended Apr. 30, 2018: (80) (- %)

Six months ended Apr. 30, 2017: 35 (- %)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Apr. 30, 2018	(7.43)	—
Six months ended Apr. 30, 2017	3.30	—

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Apr. 30, 2018	17,076	3,169	18.6	309.69
As of Oct. 31, 2017	15,168	3,332	22.0	325.58

Reference: Shareholders' equity (million yen)

As of Apr. 30, 2018: 3,169

As of Oct. 31, 2017: 3,332

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Oct. 31, 2017	—	0.00	-	8.00	8.00
Fiscal year ending Oct. 31, 2018	—	0.00			
Fiscal year ending Oct. 31, 2018 (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, 2018 (Nov. 1, 2017 – Oct. 31, 2018)**

(Percentages represent year-over-year changes)

	Net sales		Operating income		Ordinary income		Profit (loss) attributable to owners of parent		Profit per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	13,000	5.7	700	38.8	500	7.7	250	7.0	24.43

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, 2018:11,190,400 shares As of Oct. 31, 2017:11,190,400 shares

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

As of Apr. 30, 2018:955,605 shares As of Oct. 31, 2017:955,605shares

3) Average number of shares outstanding during the period

Six months ended Apr. 30, 2018:10,234,795 shares Six months ended Apr. 30, 2017:10,234,795shares

Indication of quarterly review procedure implementation status

The current quarterly financial report is exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for the quarterly consolidated financial statements have been completed.

Cautionary statement with respect to forecasts of future performance and other special items

Note concerning forward-looking statements

Forecasts of future performance in these materials are based on certain assumptions judged to be valid and information available to the Company's management at the time the materials were prepared. Actual results may differ significantly from these forecasts for a number of reasons.

Contents of Attachments

1. Quarterly Consolidated Financial Statements	2
(1) Quarterly Consolidated Balance Sheets	2
(2) Quarterly Consolidated Statements of Income and Comprehensive Income	4
Quarterly Consolidated Statements of Income	
(For the Six-month Period)	4
Quarterly Consolidated Statements of Comprehensive Income	5
(For the Six-month Period)	
(3) Quarterly Consolidated Statements of Cash Flows	6
2. Segment and Other Information	8

**1. Quarterly Consolidated Financial Statements**
**(1) Quarterly Consolidated Balance Sheets**

(Thousands of yen)

	FY10/17 (As of Oct. 31, 2017)	Second quarter of FY10/18 (As of Apr. 30, 2018)
Assets		
Current assets		
Cash and deposits	1,833,234	2,278,239
Notes and accounts receivable-trade	1,657,895	1,709,992
Inventories	60,455	156,160
Deferred tax assets	68,446	66,217
Deposits paid	1,400,339	1,143,256
Other	246,794	424,637
Total current assets	5,267,166	5,778,503
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	7,131,050	8,548,190
Accumulated depreciation	(2,704,196)	(2,824,503)
Buildings and structures, net	4,426,854	5,723,686
Vehicles	16,807	16,807
Accumulated depreciation	(6,523)	(8,868)
Vehicles, net	10,283	7,938
Tools, furniture and fixtures	557,452	734,140
Accumulated depreciation	(402,438)	(430,583)
Tools, furniture and fixtures, net	155,014	303,556
Land	3,299,427	3,674,516
Lease assets	329,875	340,413
Accumulated depreciation	(287,323)	(297,735)
Lease assets, net	42,551	42,678
Construction in progress	1,075,409	527,816
Total property, plant and equipment	9,009,541	10,280,193
Intangible assets		
Other	23,542	46,816
Total intangible assets	23,542	46,816
Investments and other assets		
Investment securities	135,003	125,410
Stocks of subsidiaries and affiliates		
Guarantee deposits	560,675	658,879
Long-term prepaid expenses	52,515	68,044
Other	119,758	118,596
Total investments and other assets	867,952	970,930
Total noncurrent assets	9,901,036	11,297,941
Total assets	15,168,202	17,076,445

	(Thousands of yen)	
	FY10/17 (As of Oct. 31, 2017)	Second quarter of FY10/18 (As of Apr. 30, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	220,181	157,855
Short-term loans payable	170,000	170,000
Current portion of long-term loans payable	523,015	395,345
Lease obligations	21,763	19,654
Accounts payable-other	233,474	1,121,837
Accrued expenses	592,789	588,818
Income taxes payable	118,804	32,951
Advances received	5,485,300	5,111,113
Provision for bonuses	158,645	169,915
Allowance for cancellation of contract	15,741	15,361
Other	95,970	152,426
<b>Total current liabilities</b>	<b>7,635,685</b>	<b>7,935,279</b>
<b>Noncurrent liabilities</b>		
Long-term loans payable	3,958,329	5,711,020
Lease obligations	22,786	23,017
Deferred tax liabilities	38,396	34,874
Net defined benefit liability	84,547	94,283
Asset retirement obligations	94,502	95,233
Other	1,698	13,136
<b>Total noncurrent liabilities</b>	<b>4,200,260</b>	<b>5,971,564</b>
<b>Total liabilities</b>	<b>11,835,945</b>	<b>13,906,844</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	100,000	100,000
Retained earnings	3,444,423	3,286,128
Treasury stock	(251,175)	(251,175)
<b>Total shareholders' equity</b>	<b>3,293,248</b>	<b>3,134,953</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	41,638	34,583
Foreign currency translation adjustment	(2,629)	63
<b>Total accumulated other comprehensive income</b>	<b>39,008</b>	<b>34,647</b>
<b>Total net assets</b>	<b>3,332,257</b>	<b>3,169,600</b>
<b>Total liabilities and net assets</b>	<b>15,168,202</b>	<b>17,076,445</b>

**(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 FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)
Net sales	5,889,369	6,379,088
Cost of sales	4,556,860	4,987,890
Gross profit	1,332,509	1,391,198
Selling, general and administrative expenses	1,164,954	1,214,118
Operating income	167,554	177,079
Non-operating income		
Interest income	141	28
Dividends income	448	559
Revenue of facility usage charge	473	457
Other	6,412	3,268
Total non-operating income	7,475	4,314
Non-operating expenses		
Interest expenses	30,119	38,124
Commission fee	10,457	148,331
Taxes and dues	—	19,722
Equity in losses of affiliates	—	2,308
Other	1,050	12,818
Total non-operating expenses	41,626	221,304
Ordinary income	133,403	(39,911)
Extraordinary income		
Gain on sales of non-current assets	3,006	—
Total extraordinary income	3,006	—
Extraordinary loss		
Loss on retirement of non-current assets	585	283
Loss on cancellation of rental contracts	—	1,127
Total extraordinary losses	585	1,410
Profit before income taxes	135,824	(41,321)
Income taxes-current	78,240	32,949
Income taxes-deferred	23,859	1,798
Total income taxes	102,099	34,747
Profit	33,724	(76,069)
Profit attributable to owners of parent	33,724	(76,069)

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

(Thousands of yen)

	First six months of FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)
Profit	33,724	(76,069)
Other comprehensive income		
Valuation difference on available-for-sale securities	1,332	(7,054)
Share of other comprehensive income of associates accounted for using equity method	376	2,308
Foreign currency translation adjustment	(376)	385
Total other comprehensive income	1,332	(4,360)
Comprehensive income	35,057	(80,430)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	35,057	(80,430)
Comprehensive income attributable to non-controlling interests	—	—

**(3) Quarterly Consolidated Statements of Cash Flows**

(Thousands of yen)

	First six months of FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	135,824	(41,321)
Depreciation	162,017	167,959
Amortization of long-term prepaid expenses	8,195	12,415
Loss (gain) on valuation of interest swaps	—	11,506
Increase (decrease) in provision for bonuses	(62,405)	11,269
Increase (decrease) in allowance for cancellation of contract	(4,178)	(380)
Increase (decrease) in net defined benefit liability	6,342	9,735
Interest and dividends income	(589)	(588)
Interest expenses	30,119	38,124
Share of (profit) loss of entities accounted for using equity method	(376)	2,308
Gain on sales of non-current assets	(3,006)	—
Loss on retirement of property, plant and equipment	585	283
Loss on cancellation of rental contracts	—	1,127
Commission fee	—	148,331
Proceeds from contribution	(2,000)	—
Decrease (increase) in notes and accounts receivable-trade	(14,253)	(46,429)
Decrease (increase) in inventories	1,462	(95,705)
Decrease (increase) in deposits paid	184,994	257,082
Increase (decrease) in notes and accounts payable-trade	(16,955)	(62,326)
Increase (decrease) in accounts payable-other	(51,333)	185,371
Increase (decrease) in advances received	3,551	(379,853)
Decrease (increase) in consumption taxes refund receivable	90,442	(124,069)
Increase (decrease) in accrued consumption taxes	(9,228)	(21,825)
Other, net	45,890	60,919
Subtotal	505,096	133,936
Interest and dividends income received	589	588
Interest expenses paid	(26,629)	(38,768)
Proceeds from contribution	2,000	—
Income taxes paid	(51,968)	(105,488)
Net cash provided by (used in) operating activities	429,089	(9,732)

(Thousands of yen)

	First six months of FY10/17 (Nov. 1, 2016 – Apr. 30, 2017)	First six months of FY10/18 (Nov. 1, 2017 – Apr. 30, 2018)
Net cash provided by (used in) investing activities		
Payments into time deposits	—	(100,029)
Proceeds from withdrawal of time deposits	—	100,021
Purchase of investment securities	(507)	(200,563)
Proceeds from sales of investment securities	—	198,768
Purchase of property, plant and equipment	(995,037)	(762,551)
Proceeds from sales of property, plant and equipment	5,002	—
Purchase of intangible assets	(194)	(26,912)
Payments for lease and guarantee deposits	(7,490)	(100,250)
Proceeds from collection of lease and guarantee deposits	4,584	2,046
Purchase of long-term prepaid expenses	(11,778)	(38,009)
Other, net	(435)	(834)
Net cash provided by (used in) investing activities	(1,005,857)	(928,315)
Net cash provided by (used in) financing activities		
Proceeds from long-term loans payable	802,200	4,875,000
Repayment of long-term loans payable	(444,219)	(3,249,979)
Repayments of lease obligations	(14,177)	(12,416)
Cash dividends paid	(75,889)	(81,239)
Payments for commission fee	—	(148,331)
Net cash provided by (used in) financing activities	267,914	1,383,034
Effect of exchange rate change on cash and cash equivalents	(89)	9
Net increase (decrease) in cash and cash equivalents	(308,943)	444,996
Cash and cash equivalents at beginning of period	2,293,006	1,598,213
Cash and cash equivalents	1,984,062	2,043,209

## 2.Segment and Other Information

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

#### 1. Information related to sales and profit (or loss) for each reportable segment

(Thousands of yen)

	Reportable segment						Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Subtotal		
Sales								
External sales	2,130,279	2,829,883	725,941	19,676	42,361	5,748,142	141,227	5,889,369
Inter-segment sales or transfers	—	861	39,187	288,135	706	328,891	20,310	349,202
Total	2,130,279	2,830,745	765,129	307,811	43,067	6,077,033	161,537	6,238,571
Segment profit (loss)	57,674	16,168	24,114	7,494	(114,385)	(8,932)	5,554	(3,378)

Note: “Others” segment is not included in any of the reportable segments and includes dispensing pharmacy business, 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	(8,932)
Profits attributable to “Others”	5,554
Adjustments on unrealized profits	71
Amortization of goodwill	136,458
Corporate revenue/expenses (note)	251
Ordinary income on the quarterly consolidated statements of income	133,403

Note: Corporate revenue/expenses represent consulting fee income from the group companies to the Company and costs of the Company for administration of the group companies.

## II. First six months of FY10/18(Nov. 1, 2017– Apr. 30, 2018)

## 1. Information related to sales and profit (or loss) for each reportable segment

(Thousands of yen)

	Reportable segment						Others (note)	Total
	Nursing home	In-home nursing care	Nursing care equipment	Food	Resort	Subtotal		
Sales								
External sales	2,228,290	2,988,219	845,223	25,116	97,676	6,184,527	194,561	6,379,088
Inter-segment sales or transfers	—	1,370	34,199	303,638	825	340,035	9,151	349,186
Total	2,228,290	2,989,590	879,423	328,755	98,502	6,524,562	203,713	6,728,275
Segment profit (loss)	39,716	9,840	5,673	15,052	(95,701)	(25,418)	(13,202)	(38,621)

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	(25,418)
Profits attributable to “Others”	(13,202)
Adjustments on unrealized profits	71
Amortization of goodwill	(6,872)
Corporate revenue/expenses (note)	5,510
Ordinary income on the quarterly consolidated statements of income	(39,911)

Note: Corporate revenue/expenses represent consulting fee income from the group companies to the Company and costs of the Company for administration of the group companies.

*This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*