

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

1Q FY 2016 (from April 1, 2016 to June 30, 2016)



CONSOLIDATED FINANCIAL SUMMARY

For the First Quarter Ended June 30, 2014, 2015 and 2016

| | 1Q | | | Fiscal Year | |
|---|----------|----------|---------|------------------|------------------|
| | 2014/6 | 2015/6 | 2016/6 | 2016/3 result | 2017/3 target |
| Net sales | 27,559 | 31,680 | 31,251 | 142,249 | 160,400 |
| Operating income | 2,993 | 3,431 | 748 | 18,640 | 17,700 |
| Ordinary income | 3,266 | 3,994 | 442 | 19,439 | 19,500 |
| Net income (interim) | 1,918 | 3,281 | 218 | 13,044 | 13,200 |
| Net assets | 82,914 | 105,717 | 107,448 | 112,515 | |
| Assets | 296,948 | 383,192 | 398,258 | 407,430 | |
| Net assets per share (yen) | 770.84 | 977.06 | 970.23 | 1,019.35 | |
| Net income per share (yen) (Primary) | 19.55 | 31.59 | 2.06 | 123.34 | |
| Net income per share (yen) (Fully Diluted) | 18.12 | 28.49 | 1.83 | 112.81 | |
| Equity ratio (%) | 25.5 | 26.9 | 25.9 | 26.6 | |
| Return on assets (%) | - | - | - | 3.27 | |
| Return on equity (%) | - | - | - | 12.54 | |
| Net cash provided by (used in) operating activities | 1,802 | (5,283) | 6,256 | 2,616 | |
| Net cash provided by (used in) investment activities | (16,729) | (18,002) | (8,389) | (33,824) | |
| Net cash provided by (used in) financing activities | 2,304 | (2,119) | (1,643) | (8,624) | |
| Cash and cash equivalents | 39,343 | 40,022 | 21,668 | 25,476 | |

Net sales**(Millions of Yen)**

| | 1Q | | |
|---------------------------------|--------|--------|--------|
| | 2015/3 | 2016/3 | 2017/3 |
| Membership Operations | 7,805 | 8,919 | 6,784 |
| Hotel and Restaurant Operations | 14,987 | 17,392 | 17,871 |
| Medical Operations | 4,369 | 5,023 | 6,276 |
| Others | 397 | 345 | 319 |
| Total | 27,559 | 31,680 | 31,251 |

Operating income**(Millions of Yen)**

| | 1Q | | |
|---------------------------------|--------|--------|--------|
| | 2015/3 | 2016/3 | 2017/3 |
| Membership Operations | 975 | 1,659 | 167 |
| Hotel and Restaurant Operations | 1,081 | 920 | 123 |
| Medical Operations | 821 | 782 | 418 |
| Others | 115 | 68 | 38 |
| Total | 2,993 | 3,431 | 748 |

Business Results

Overview of The Fiscal Year Ending March 31, 2017

1. Summary of Business Results

(Millions of Yen)

| | 2015/6 (Results) | 2016/6 | | Year-on-year Change | Results vs. Targets |
|------------------|---------------------|-----------|----------|------------------------|---------------------|
| | | (Results) | (target) | | |
| Net sales | 31,680 | 31,251 | 33,300 | (1.4%) | (6.2%) |
| Operating income | 3,431 | 748 | 860 | (78.2%) | (13.0%) |
| Ordinary income | 3,994 | 442 | 1,300 | (88.9%) | (65.9%) |
| Net income | 3,281 | 218 | 800 | (93.3%) | (72.7%) |

The Japanese economy during the first quarter under review saw improvements in corporate earnings and employment circumstances. However, amid stagnant consumer spending and the emergence of overseas economic downside risks such as the effect of economic slowdown in the Chinese market and turmoil in financial markets in various areas following the UK's decision by referendum to leave the EU, the future outlook remained uncertain.

Under these circumstances, net sales were JPY 31,251 mil (-1.4% yoy), operating income was JPY 748 mil (-78.2% yoy), ordinary income was JPY 442 mil (-88.9% yoy) due to the impact of foreign exchange losses, and net income attributable to owners of parent was JPY 218 mil (-93.3% yoy). During the same period of the previous fiscal year, thanks to the effect of the sales of the new "Ashiya Baycourt Club," the second property in the Baycourt series that began sales in June 2015, contract amounts temporarily increased. However, for the first quarter under review, sales and income decreased because sales were centered on existing products including the hotel memberships of "XIV Toba Bettei" and "XIV Yugawara Rikyu," and medical memberships of "HIMEDIC Kyoto University Hospital" and "HIMEDIC Nagoya."

2. Summary of Business Segments

[Membership Operations]

(Millions of Yen)

| | 2015/6 (Results) | 2016/6 | | Year-on-year Change | Results vs. Targets |
|------------------|---------------------|-----------|----------|------------------------|---------------------|
| | | (Results) | (target) | | |
| Net sales | 8,919 | 6,784 | 8,650 | (23.9%) | (21.6%) |
| Operating income | 1,659 | 167 | 370 | (89.9%) | (54.7%) |

Membership Operation Segment resulted in decreased sales and income led by lower sales volume of memberships. During the same period of the previous fiscal year, there were effects of sales of the new "Ashiya Baycourt Club," the second property in the Baycourt series that began sales in June 2015. However, for the first quarter under review, sales were centered on existing hotel membership products without the above contribution from the new sales of "Ashiya Baycourt Club."

[Hotel and Restaurant Operations]

(Millions of Yen)

| | 2015/6 (Results) | 2016/6 | | Year-on-year Change | Results vs. Targets |
|------------------|---------------------|-----------|----------|------------------------|---------------------|
| | | (Results) | (target) | | |
| Net sales | 17,392 | 17,871 | 18,340 | +2.8% | (2.6%) |
| Operating income | 920 | 123 | 120 | (86.5%) | +3.2% |

Hotel and Restaurant Operation Segment increased sales but decreased income due to contributions made to sales expansion by "XIV Toba Bettei" which opened in March 2016 and started full operation, but these were offset by an increase in facility maintenance costs, etc.

[Medical Operations]

(Millions of Yen)

| | 2015/6 (Results) | 2016/6 | | Year-on-year Change | Results vs. Targets |
|------------------|---------------------|-----------|----------|------------------------|---------------------|
| | | (Results) | (target) | | |
| Net sales | 5,023 | 6,276 | 5,990 | +24.9% | +4.8% |
| Operating income | 782 | 418 | 330 | (46.6%) | +26.7% |

Medical Operation Segment increased sales but decreased income due to the expansion of Senior Life Businesses and an increase in annual fees accompanied with an increased number of memberships, in addition to the inclusion of Kosei Co., Ltd., a company that provides consulting service on medical facilities management, into the scope of consolidation, but these were offset by an increase in the amount allocated to indirect costs, etc.

[Others]

(Millions of Yen)

| | 2015/6 (Results) | 2016/6 | | Year-on-year Change | Results vs. Targets |
|------------------|---------------------|-----------|----------|------------------------|---------------------|
| | | (Results) | (target) | | |
| Net sales | 345 | 319 | 320 | (7.5%) | (0.2%) |
| Operating income | 68 | 38 | 40 | (43.3%) | (2.7%) |

Other Operations Segments decreased both revenues and profits, due to the decrease of rent operated by RT Development Co., Ltd., consolidated subsidiary and the increase of property taxes.

3. Cash Flows

(Millions of Yen)

| | 2015/6 (Results) | 2016/6 (Results) |
|---------------------------|---------------------|---------------------|
| Operating cash flows | (5,283) | 6,256 |
| Investing cash flows | (18,002) | (8,389) |
| Financing cash flows | (2,119) | (1,643) |
| Cash and cash equivalents | 40,022 | 21,668 |

4. Outlook for the Fiscal Year 2016(Ending March 31, 2017)

(Millions of Yen)

| | 2016/3 (Results) | 2017/3 (target) | Year-on-year Change |
|------------------|---------------------|--------------------|------------------------|
| Net sales | 142,249 | 160,400 | +12.8% |
| Operating income | 18,640 | 17,700 | (5.0%) |
| Ordinary income | 19,439 | 19,500 | +0.3% |
| Net income | 13,044 | 13,200 | +1.2% |

Regarding the future economic climate of Japan, the Company expects a moderate recovery trend with improved corporate earnings and improved employment circumstances, but due to the sense of slowdown in the economies of China and emerging nations, the risk of shifts in exchange rates and stock prices, as well as anxiety regarding the planned additional increase in the consumption tax, there are concerns about an economic downturn.

Regarding the trends of the leisure-related industry and market, we expect domestic tourism to become further active as a result of new highs in the number of foreign tourists visiting Japan and the resulting improvement of infrastructure in preparation for the Tokyo Olympics. However, in the hotel and foodservice industries, securing personnel, training personnel, food safety, and thoroughness in product management are becoming major challenges.

Under such circumstances, the Company Group will continue to enhance its brand using the themes of "employee satisfaction," "customer satisfaction," "strict compliance," and "brand strength improvement" to become a "high-sense and high-quality" "brand company" whose "brand employees" challenge themselves to realize sustainable growth. Concerning forecasts for the full year, deferred real estate profits will be recorded as a lump sum upon the opening of "XIV Yugawara Rikyu," while planning to start development and sales of memberships for a membership hotel in the Central Japan region. Furthermore, in Medical Operations, we project strengthening of medical examination facilities such as "HIMEDIC Kyoto University Hospital" and "HIMEDIC NAGOYA." As a result, the Company Group forecasts net sales to increase 12.8% year-on-year to 160,400 million yen, operating income to decrease 5.0% year-on-year to 17,700 million yen, ordinary income to increase 0.3% year-on-year to 19,500 million yen, and net income attributable to owners of parent to increase 1.2% year-on-year to 13,200 million yen.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | Fiscal 2015 (April 1, 2015 to March 31, 2016) | Fiscal 2016 (April 1, 2016 to June 30, 2016) |
|--|--|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 24,742 | 22,545 |
| Notes and accounts receivable - trade | 6,738 | 5,951 |
| Operating loans | 38,050 | 38,412 |
| Securities | 28,466 | 18,534 |
| Merchandise | 785 | 852 |
| Real estate for sale | 5,614 | 4,945 |
| Raw materials and supplies | 957 | 1,006 |
| Real estate for sale in process | 27,902 | 30,210 |
| Deferred tax assets | 3,985 | 4,270 |
| Other | 11,077 | 6,560 |
| Allowance for doubtful accounts | (1,069) | (1,084) |
| Total current assets | 147,250 | 132,205 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 93,458 | 91,061 |
| Machinery, equipment and vehicles | 2,059 | 2,312 |
| Golf courses | 7,568 | 7,568 |
| Land | 40,561 | 40,967 |
| Leased assets | 2,835 | 4,210 |
| Construction in progress | 5,588 | 5,931 |
| Other | 4,812 | 4,668 |
| Total property, plant and equipment | 156,884 | 156,721 |
| Intangible assets | | |
| Goodwill | 146 | 4,027 |
| Software | 1,833 | 1,879 |
| Other | 2,360 | 2,635 |
| Total intangible assets | 4,341 | 8,542 |
| Investments and other assets | | |
| Investment securities | 82,506 | 81,427 |
| Shares of subsidiaries and associates | 1,665 | 1,692 |
| Long-term loans receivable | 4,207 | 4,360 |
| Net defined benefit asset | 1,068 | 1,053 |
| Deferred tax assets | 1,924 | 2,901 |
| Other | 9,439 | 11,172 |
| Allowance for doubtful accounts | (1,857) | (1,819) |
| Total investments and other assets | 98,954 | 100,788 |
| Total non-current assets | 260,179 | 266,052 |
| Total assets | 407,430 | 398,258 |

(Millions of yen)

| | Fiscal 2015 (April 1, 2015 to March 31, 2016) | Fiscal 2016 (April 1, 2016 to June 30, 2016) |
|---|--|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 1,123 | 1,036 |
| Short-term loans payable | 2,500 | 2,500 |
| Current portion of long-term loans payable | 10,342 | 9,474 |
| Current portion of bonds | 450 | 450 |
| Lease obligations | 365 | 544 |
| Accounts payable - other | 20,755 | 11,556 |
| Income taxes payable | 1,426 | 492 |
| Accrued consumption taxes | 668 | 1,041 |
| Advances received | 25,227 | 27,502 |
| Unearned revenue | 11,535 | 13,844 |
| Provision for loss on guarantees | 163 | 147 |
| Other | 7,234 | 11,707 |
| Total current liabilities | 81,794 | 80,299 |
| Non-current liabilities | | |
| Bonds payable | 3,700 | 3,700 |
| Bonds with subscription rights to shares | 30,242 | 30,232 |
| Long-term loans payable | 59,723 | 59,111 |
| Lease obligations | 2,675 | 3,983 |
| Deferred tax liabilities | 851 | 844 |
| Provision for directors' retirement benefits | 2,306 | 2,009 |
| Provision for stocks payment | 904 | 917 |
| Net defined benefit liability | 1,272 | 1,336 |
| Long-term guarantee deposited | 103,098 | 99,359 |
| Negative goodwill | 342 | 311 |
| Other | 8,001 | 8,705 |
| Total non-current liabilities | 213,119 | 210,510 |
| Total liabilities | 294,914 | 290,809 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 19,588 | 19,588 |
| Capital surplus | 22,583 | 22,562 |
| Retained earnings | 65,938 | 63,666 |
| Treasury shares | (3,451) | (3,243) |
| Total shareholders' equity | 104,657 | 102,573 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 616 | (1,094) |
| Foreign currency translation adjustment | 3,334 | 2,051 |
| Remeasurements of defined benefit plans | (256) | (244) |
| Total accumulated other comprehensive income | 3,694 | 711 |
| Subscription rights to shares | 16 | - |
| Non-controlling interests | 4,146 | 4,163 |
| Total net assets | 112,515 | 107,448 |
| Total liabilities and net assets | 407,430 | 398,258 |

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
[Quarterly Consolidated Statements of Income]

(Millions of yen)

| | Fiscal 2015 (April 1, 2015 to June 30, 2015) | Fiscal 2016 (April 1, 2016 to June 30, 2016) |
|---|---|---|
| Net sales | 31,680 | 31,251 |
| Cost of sales | 3,754 | 4,281 |
| Gross profit | 27,925 | 26,970 |
| Selling, general and administrative expenses | | |
| Salaries and bonuses | 9,987 | 10,282 |
| Provision for directors' retirement benefits | 34 | 71 |
| Repair and maintenance | 732 | 1,084 |
| Provision of allowance for doubtful accounts | 67 | 4 |
| Provision for loss on guarantees | 5 | - |
| Utilities expenses | 1,308 | 1,106 |
| Depreciation | 1,591 | 1,700 |
| Other | 10,768 | 11,972 |
| Total selling, general and administrative expenses | 24,494 | 26,221 |
| Operating income | 3,431 | 748 |
| Non-operating income | | |
| Interest income | 480 | 563 |
| Dividend income | 28 | 21 |
| Interests and charge for installment payment | 0 | 0 |
| Amortization of negative goodwill | 30 | 30 |
| Reversal of allowance for doubtful accounts | 1 | 21 |
| Reversal of provision for loss on guarantees | - | 15 |
| Share of profit of entities accounted for using equity method | 2 | 42 |
| Foreign exchange gains | 163 | - |
| Other | 62 | 120 |
| Total non-operating income | 769 | 815 |
| Non-operating expenses | | |
| Interest expenses paid on loans and bonds | 129 | 144 |
| Guarantee charge of unearned revenue | 12 | 24 |
| Nondeductible consumption tax | 51 | 66 |
| Foreign exchange losses | - | 863 |
| Other | 13 | 22 |
| Total non-operating expenses | 206 | 1,120 |
| Ordinary income | 3,994 | 442 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 0 | 0 |
| Gain on sales of investment securities | 1,249 | - |
| Gain on redemption of investment securities | - | 114 |
| Gain on sales of shares of subsidiaries and associates | 5 | 1 |
| Gain on reversal of subscription rights to shares | 11 | 6 |
| Other | - | 0 |
| Total extraordinary income | 1,266 | 122 |
| Extraordinary losses | | |
| Loss on change in equity | 1,398 | - |
| Loss on retirement of non-current assets | 18 | 29 |
| Loss on sales of non-current assets | - | 1 |
| Loss on sales of shares of subsidiaries and associates | - | 7 |
| Directors' retirement benefits | - | 105 |
| Other | 2 | - |
| Total extraordinary losses | 1,419 | 142 |
| Profit before income taxes | 3,841 | 422 |
| Income taxes - current | 1,141 | 381 |
| Income taxes - deferred | (627) | (189) |
| Total income taxes | 514 | 191 |
| Profit | 3,327 | 230 |
| Profit attributable to non-controlling interests | 45 | 11 |
| Profit attributable to owners of parent | 3,281 | 218 |

[Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

| | Fiscal 2015 (April 1, 2015 to June 30, 2015) | Fiscal 2016 (April 1, 2016 to June 30, 2016) |
|--|--|--|
| Profit | 3,327 | 230 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (1,267) | (1,711) |
| Foreign currency translation adjustment | (285) | (1,283) |
| Remeasurements of defined benefit plans, net of tax | (14) | 11 |
| Total other comprehensive income | (1,567) | (2,983) |
| Comprehensive income | 1,759 | (2,753) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 1,715 | (2,763) |
| Comprehensive income attributable to non-controlling interests | 44 | 10 |

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

| | Fiscal 2015 (April 1, 2015 to June 30, 2015) | Fiscal 2016 (April 1, 2016 to June 30, 2016) |
|--|---|---|
| Cash flows from operating activities | | |
| Profit before income taxes | 3,841 | 422 |
| Depreciation | 1,669 | 1,818 |
| Amortization of goodwill (negative goodwill) | (0) | 88 |
| Increase (decrease) in allowance for doubtful accounts | 66 | (21) |
| Increase (decrease) in net defined benefit liability | (20) | 85 |
| Increase (decrease) in provision for directors' retirement benefits | 24 | (204) |
| Interest and dividend income | (509) | (584) |
| Interest expenses paid on loans and bonds | 129 | 144 |
| Foreign exchange losses (gains) | (177) | 863 |
| Decrease (increase) in notes and accounts receivable - trade | (2,820) | 407 |
| Decrease (increase) in inventories | (5,485) | (1,808) |
| Increase (decrease) in notes and accounts payable - trade | (116) | (79) |
| Increase (decrease) in accounts payable - other | (971) | (2,155) |
| Increase (decrease) in advances received | 4,911 | 2,254 |
| Increase (decrease) in long-term guarantee deposits received | (4,085) | (3,873) |
| Increase (decrease) in accrued consumption taxes | (1,346) | 326 |
| Other, net | 3,651 | 9,286 |
| Subtotal | (1,241) | 6,969 |
| Interest and dividend income received | 512 | 757 |
| Interest expenses paid | (133) | (144) |
| Income taxes paid | (4,420) | (1,326) |
| Net cash provided by (used in) operating activities | (5,283) | 6,256 |
| Cash flows from investing activities | | |
| Payments into time deposits | (200) | (10) |
| Proceeds from withdrawal of time deposits | 250 | 270 |
| Purchase of securities | (23,497) | (2,142) |
| Proceeds from sales and redemption of securities | 27,500 | 8,687 |
| Purchase of investment securities | (26,879) | (3,838) |
| Proceeds from sales and redemption of investment securities | 8,500 | 2,000 |
| Purchase of shares of subsidiaries and associates | 7 | 9 |
| Proceeds from sales of shares of subsidiaries and associates | (3,375) | (7,627) |
| Purchase of property, plant and equipment | (37) | (38) |
| Purchase of intangible assets | 31 | 39 |
| Payments of loans receivable | - | (5,414) |
| Collection of loans receivable | (301) | (325) |
| Net cash provided by (used in) investing activities | (18,002) | (8,389) |
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | - | 300 |
| Proceeds from long-term loans payable | (1,949) | (1,780) |
| Repayments of long-term loans payable | (0) | (0) |
| Proceeds from issuance of bonds | 112 | 126 |
| Cash dividends paid | (2,425) | (2,490) |
| Other, net | 2,144 | 2,200 |
| Net cash provided by (used in) financing activities | (2,119) | (1,643) |
| Effect of exchange rate change on cash and cash equivalents | (33) | (31) |
| Net increase (decrease) in cash and cash equivalents | (25,437) | (3,807) |
| Cash and cash equivalents at beginning of period | 66,404 | 25,476 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | (944) | - |
| Cash and cash equivalents at end of period | 40,022 | 21,668 |

Disclaimer Regarding Forward-looking Statements

Any statements in this presentation document, other than those of historical fact, are forward-looking statements about the future performance of Resorttrust, Inc.

and its group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.



RESORTTRUST
GROUP