

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

1Q FY 2017 (from April 1, 2017 to June 30, 2017)



**RESORTTRUST
GROUP**

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the First Quarter Ended June 30, 2015, 2016 and 2017

(Millions of yen)

	1Q			Fiscal Year	
	Apr.-Jun. 2015	Apr.-Jun. 2016	Apr.-Jun. 2017	2017/3	2018/3 target
Net sales	31,680	31,251	33,808	143,541	171,000
Operating income	3,431	748	1,616	13,514	17,000
Ordinary income	3,994	442	2,097	14,806	18,200
Net income (interim)	3,281	218	1,148	11,010	11,800
Net assets	105,717	107,448	117,131	118,379	
Assets	383,192	398,258	413,623	421,606	
Net assets per share (yen)	977.06	970.23	1,055.63	1,068.20	
Net income per share (yen) (Primary)	31.59	2.06	10.77	103.40	
Net income per share (yen) (Fully Diluted)	28.49	1.83	9.87	95.09	
Equity ratio (%)	26.9	25.9	27.2	27.0	
Return on assets (%)	-	-	-	2.66	
Return on equity (%)	-	-	-	9.91	
Net cash provided by (used in) operating activities	(5,283)	6,256	(4,304)	26,249	
Net cash provided by (used in) investment activities	(18,002)	(8,389)	(4,606)	3,881	
Net cash provided by (used in) financing activities	(2,119)	(1,643)	(1,150)	(15,593)	
Cash and cash equivalents	40,022	21,668	30,390	40,365	

Business Results

Overview of 1Q for The Fiscal Year Ending March 31, 2018

1. Summary of Business Results

(Millions of Yen)

	1Q FY2016 (Results)	1Q FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	31,251	33,808	34,300	+8.2%	(1.4%)
Operating income	748	1,616	800	+115.9%	+102.1%
Ordinary income	442	2,097	1,100	+373.6%	+90.7%
Net income	218	1,148	600	+425.2%	+91.4%

The Japanese economy during the fiscal year under review saw improvements in the circumstances surrounding employment and income. However, amid stagnant consumer spending as well as the emergence of overseas economic downside risks such as the effect of economic slowdown in the Chinese market and the effects of issues surrounding the The Japanese economy during the three-month period under review was on a moderate recovery trend, and saw continuous improvements in the corporate revenue circumstances. In addition, amid stagnant consumer spending, some areas saw signs of recovery, and consumer sentiment remained solid.

Under these circumstances, net sales were JPY 33,808 million (+8.2% yoy), operating income was JPY 1,616 million (+115.9% yoy), ordinary income was JPY 2,097 million (+373.6% yoy), and net income attributable to owners of parent was JPY 1,148 million (+425.2% yoy). This is thanks to the business contribution of the revenue from hotel management and sales of memberships carried out at “XIV Yugawara Rikyu,” which started business in March 2017, as well as the steady sales of memberships at “Laguna Baycourt Club,” which started to be sold in August 2016.

In addition, the recording method of expenses for the whole company has been modified during the three-month period under review. Results for the same period of the previous fiscal year have been calculated using the modified recording method.

2. Summary of Business Segments

[Membership Operations]

(Millions of Yen)

	1Q FY2016 (Results)	1Q FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	6,784	7,764	7,790	+14.4%	(0.3%)
Operating income	583	1,850	1,110	+217.2%	+66.7%

Membership Operation Segment resulted in increased sales and income led by steady sales of memberships at “Laguna Baycourt Club,” which began sales in August 2016.

[Hotel and Restaurant Operations]

(Millions of Yen)

	1Q FY2016 (Results)	1Q FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	17,871	18,591	18,900	+4.0%	(1.6%)
Operating income	430	481	510	+11.8%	(5.6%)

Hotel and Restaurant Operation Segment increased sales and income due to contributions made to sales by revenue from hotel operation at “XIV Yugawara Rikyu,” which started business in March 2017.

[Medical Operations]

(Millions of Yen)

	1Q FY2016 (Results)	1Q FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	6,276	7,268	7,430	+15.8%	(2.2%)
Operating income	1,454	1,084	1,100	(25.4%)	(1.4%)

Medical Operation Segment increased sales but decreased income, due to the inclusion of ACTIVA Co., Ltd., the company that manages Activa Biwa, a private nursing home, into the scope of consolidation, together with an increase in annual fees accompanied with an increased number of memberships of “Grand HIMEDIC Club,” a comprehensive medical support club, as well as an expansion in the medical examination business and merchandise business of cosmetics and supplements, etc., in addition to a decrease in sales volume of medical memberships compared with the previous fiscal year.

[Others]

(Millions of Yen)

	1Q FY2016 (Results)	1Q FY2017		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	319	183	180	(42.4%)	+2.1%
Operating income	135	49	30	(63.3%)	+65.8%

Other Operations Segments decreased sales and income, due to a decrease in rent income from office buildings operated by RT Development Co., Ltd., a consolidated subsidiary, in line with a decrease in leasing properties.

3. Cash Flows

(Millions of Yen)

	1Q FY2016 (Results)	1Q FY2017 (Results)
Operating cash flows	6,256	(4,304)
Investing cash flows	(8,389)	(4,606)
Financing cash flows	(1,643)	(1,150)
Cash and cash equivalents	21,668	30,390

4. Outlook for the Fiscal Year 2017(Ending March 31, 2018)

(Millions of Yen)

	FY2016 (Results)	FY 2017 (targets)	Year-on-year Change
Net sales	143,541	171,000	+19.1%
Operating income	13,514	17,000	+25.8%
Ordinary income	14,806	18,200	+22.9%
Net income	11,010	11,800	+7.2%

Regarding the future economic climate of Japan, the Company expects a moderate economic recovery trend with lasting improvement of environment surrounding corporate earnings. The Company also expects that consumer confidence remains steady in the future with some signs of recovery in consumer spending despite sluggishness in overall consumer spending.

Regarding the trends of the leisure-related industry and market, both demand from foreign tourists visiting Japan and demand for domestic travel seem to remain buoyant since economic development and income increases in emerging countries in Asia will continue, and infrastructure development for the Tokyo Olympics and Paralympics will progress in spite of a slowdown in the growing number of foreign tourists visiting Japan and a decreasing trend in foreign tourists' expenditures.

In the hotel and food service industries, investment in rationalization of facilities and labor-saving, in addition to investment in securing and training personnel, is expected to be further promoted since a sense of a labor shortage is extremely widespread in the industries.

Amid such an environment, the Company Group has made "working style reform" and "a challenge to the top-class brand" our theme and has been making efforts to create a virtuous circle environment where our staff members can experience joy of vigorous work and pleasure of enhancing productivity, which leads to an increase in revenues. We will enhance its brand by drawing maximum synergy of products and services provided by the Company Group in order to acquire trust from our customers as a group which is truly indispensable for them throughout their lifetime. We will fulfill our social responsibility in "environment, society and governance" and maintain sustainable growth-oriented management so that we can be a close partner of our customers and contribute to flexible lifestyle.

Under these circumstances, the Company Group will record deferred real estate profits as a lump sum upon the start of full operation of "XIV Yugawara Rikyu" which opened in March 2017 and the opening of "Ashiya Baycourt Club" which is scheduled in February 2018. In addition, the Company Group plans to start development of hotels in the Kanto region and to sell the memberships. In Medical Operations, it is expected that revenues from registration fees and annual fees will increase accompanied with increased sales of memberships for "Grand HIMEDIC Club," a comprehensive medical support club. Expansion of facilities for senior residence, medical examination business and business related to sale of goods including cosmetics and supplements is also expected. As a result, the Company Group forecasts net sales to increase 19.1% year-on-year to 171,000 million yen, operating income to increase 25.8% year-on-year to 17,000 million yen, ordinary income to increase 22.9% year-on-year to 18,200 million yen, and net income attributable to owners of parent to increase 7.2% year-on-year to 11,800 million yen.

Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY 2016 (as of Mar. 31, 2017)	1Q FY 2017 (as of Jun. 30, 2017)
Assets		
Current assets		
Cash and deposits	39,063	27,996
Notes and accounts receivable - trade	9,437	6,472
Operating loans	41,553	42,398
Securities	6,215	8,299
Merchandise	915	901
Real estate for sale	15,634	15,110
Raw materials and supplies	1,317	1,294
Real estate for sale in process	26,931	31,385
Deferred tax assets	4,810	4,510
Other	6,525	6,959
Allowance for doubtful accounts	(974)	(1,035)
Total current assets	151,430	144,292
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93,810	92,033
Machinery, equipment and vehicles, net	2,258	2,224
Golf courses	7,585	7,585
Land	37,946	38,035
Leased assets, net	4,715	4,589
Construction in progress	4,842	6,052
Other, net	4,663	4,337
Total property, plant and equipment	155,824	154,859
Intangible assets		
Goodwill	4,526	5,141
Software	3,264	3,090
Other	2,600	2,823
Total intangible assets	10,391	11,054
Investments and other assets		
Investment securities	85,687	83,240
Shares of subsidiaries and associates	1,387	1,376
Long-term loans receivable	4,227	4,705
Net defined benefit asset	1,125	1,101
Deferred tax assets	1,894	1,475
Other	10,473	12,308
Allowance for doubtful accounts	(834)	(790)
Total investments and other assets	103,959	103,417
Total non-current assets	270,175	269,330
Total assets	421,606	413,623

(Millions of yen)

	FY 2016 (as of Mar. 31, 2017)	1Q FY 2017 (as of Jun. 30, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,401	1,191
Short-term loans payable	9,200	9,183
Current portion of long-term loans payable	4,616	6,575
Current portion of bonds	250	2,750
Lease obligations	662	665
Accounts payable - other	22,786	12,118
Income taxes payable	3,800	611
Accrued consumption taxes	494	1,363
Advances received	33,532	36,977
Unearned revenue	12,455	15,007
Provision for loss on guarantees	123	107
Other	6,454	10,921
Total current liabilities	95,778	97,473
Non-current liabilities		
Bonds payable	3,450	950
Bonds with subscription rights to shares	30,200	30,189
Long-term loans payable	50,258	47,323
Lease obligations	4,402	4,261
Deferred tax liabilities	871	892
Provision for directors' retirement benefits	2,171	2,063
Provision for stocks payment	1,078	1,129
Net defined benefit liability	1,525	1,560
Long-term guarantee deposited	102,492	98,691
Negative goodwill	221	191
Other	10,774	11,764
Total non-current liabilities	207,447	199,018
Total liabilities	303,226	296,491
Net assets		
Shareholders' equity		
Capital stock	19,588	19,588
Capital surplus	22,171	22,171
Retained earnings	71,837	70,581
Treasury shares	(2,788)	(2,678)
Total shareholders' equity	110,809	109,662
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,007	1,970
Foreign currency translation adjustment	2,222	1,109
Remeasurements of defined benefit plans	(139)	(137)
Total accumulated other comprehensive income	3,089	2,943
Non-controlling interests	4,480	4,525
Total net assets	118,379	117,131
Total liabilities and net assets	421,606	413,623

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

(Millions of yen)

	1Q FY 2016 (Apr. 1, 2016 - Jun. 30, 2016)	1Q FY 2017 (Apr. 1, 2017 - Jun. 30, 2017)
Net sales	31,251	33,808
Cost of sales	4,281	4,370
Gross profit	26,970	29,438
Selling, general and administrative expenses		
Salaries and bonuses	10,282	10,849
Provision for directors' retirement benefits	71	30
Repair and maintenance	1,084	741
Provision of allowance for doubtful accounts	4	65
Utilities expenses	1,106	1,203
Depreciation	1,700	1,825
Other	11,972	13,107
Total selling, general and administrative expenses	26,221	27,822
Operating profit	748	1,616
Non-operating income		
Interest income	563	576
Dividend income	21	3
Amortization of negative goodwill	30	30
Reversal of allowance for doubtful accounts	21	43
Reversal of provision for loss on guarantees	15	16
Share of profit of entities accounted for using equity method	42	3
Foreign exchange gains	-	48
Other	120	92
Total non-operating income	815	814
Non-operating expenses		
Interest expenses paid on loans and bonds	144	150
Guarantee charge of unearned revenue	24	9
Nondeductible consumption tax	66	114
Foreign exchange losses	863	-
Other	22	58
Total non-operating expenses	1,120	333
Ordinary profit	442	2,097

[Consolidated Statements of Income]

(Millions of yen)

	1Q FY 2016 (Apr. 1, 2016 - Jun. 30, 2016)	1Q FY 2017 (Apr. 1, 2017 - Jun. 30, 2017)
Extraordinary income		
Gain on sales of non-current assets	0	0
Gain on sales of investment securities	-	13
Gain on redemption of investment securities	114	17
Gain on sales of shares of subsidiaries and associates	1	2
Gain on reversal of subscription rights to shares	6	-
Other	0	-
Total extraordinary income	122	34
Extraordinary losses		
Loss on retirement of non-current assets	29	11
Loss on sales of non-current assets	1	-
Loss on redemption of investment securities	-	59
Loss on sales of shares of subsidiaries and associates	7	-
Directors' retirement benefits	105	34
Other	-	47
Total extraordinary losses	142	153
Profit before income taxes	422	1,978
Income taxes - current	381	468
Income taxes - deferred	(189)	317
Total income taxes	191	785
Profit	230	1,192
Profit attributable to non-controlling interests	11	44
Profit attributable to owners of parent	218	1,148

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	1Q FY 2016 (Apr. 1, 2016 - Jun. 30, 2016)	1Q FY 2017 (Apr. 1, 2017 - Jun. 30, 2017)
Profit	230	1,192
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,711)	963
Foreign currency translation adjustment	(1,283)	(1,112)
Remeasurements of defined benefit plans, net of tax	11	2
Total other comprehensive income	(2,983)	(146)
Comprehensive income	(2,753)	1,046
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,763)	1,002
Comprehensive income attributable to non-controlling interests	10	44

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	1Q FY 2016 (Apr. 1, 2016 - Jun. 30, 2016)	1Q FY 2017 (Apr. 1, 2017 - Jun. 30, 2017)
Cash flows from operating activities		
Profit before income taxes	422	1,978
Depreciation	1,818	2,040
Amortization of goodwill (negative goodwill)	88	161
Increase (decrease) in allowance for doubtful accounts	(21)	16
Increase (decrease) in net defined benefit liability	85	39
Increase (decrease) in provision for directors' retirement benefits	(204)	(107)
Interest and dividend income	(584)	(580)
Interest expenses paid on loans and bonds	144	150
Foreign exchange losses (gains)	863	(28)
Decrease (increase) in notes and accounts receivable - trade	407	2,219
Decrease (increase) in inventories	(1,808)	(3,925)
Increase (decrease) in notes and accounts payable - trade	(79)	(201)
Increase (decrease) in accounts payable - other	(2,155)	(7,244)
Increase (decrease) in advances received	2,254	3,445
Increase (decrease) in long-term guarantee deposits received	(3,873)	(3,805)
Increase (decrease) in accrued consumption taxes	326	1,291
Other, net	9,286	3,017
Subtotal	6,969	(1,532)
Interest and dividend income received	757	774
Interest expenses paid	(144)	(158)
Income taxes paid	(1,326)	(3,387)
Net cash provided by (used in) operating activities	6,256	(4,304)
Cash flows from investing activities		
Payments into time deposits	(10)	(10)
Proceeds from withdrawal of time deposits	270	60
Purchase of securities	(2,142)	(3,611)
Proceeds from sales and redemption of securities	8,687	2,195
Purchase of investment securities	(3,838)	-
Proceeds from sales and redemption of investment securities	2,000	3,010
Purchase of shares of subsidiaries and associates	-	(1)
Proceeds from sales of shares of subsidiaries and associates	9	7
Purchase of property, plant and equipment and intangible assets	(7,627)	(4,288)
Payments of loans receivable	(38)	(517)
Collection of loans receivable	39	38
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(5,414)	(1,398)
Other, net	(325)	(90)
Net cash provided by (used in) investing activities	(8,389)	(4,606)
Cash flows from financing activities		
Proceeds from long-term loans payable	300	-
Repayments of long-term loans payable	(1,780)	(975)
Purchase of treasury shares	(0)	(0)
Proceeds from disposal of treasury shares	126	77
Cash dividends paid	(2,490)	(2,492)
Other, net	2,200	2,241
Net cash provided by (used in) financing activities	(1,643)	(1,150)
Effect of exchange rate change on cash and cash equivalents	(31)	20
Net increase (decrease) in cash and cash equivalents	(3,807)	(10,041)
Cash and cash equivalents at beginning of period	25,476	40,365
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	66
Cash and cash equivalents at end of period	21,668	30,390

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.



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