

RESORTTRUST FINANCIAL DATE

Fiscal 2013 (ending March 31, 2014)

CONSOLIDATED FINANCIAL SUMMARY

Years Ended March 31, 2010, 2011, 2012, 2013 and 2014



RESORTTRUST
GROUP

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

Years Ended March 31, 2010, 2011, 2012, 2013 and 2014

	Fiscal Year					
	2010	2011	2012	2013	2014	2014 revision target
Net sales	103,645	108,976	99,894	105,311	116,824	114,400
Operating income	11,191	13,172	9,891	12,054	15,119	14,400
Ordinary income	10,916	13,341	9,443	12,976	16,731	15,800
Net income (interim)	4,184	3,300	5,415	7,127	8,605	8,400
Net assets	60,273	61,379	64,883	73,145	81,418	
Assets	256,573	237,359	235,151	253,861	300,761	
Net assets per share (yen)	1,152.74	1,171.84	1,256.39	1,373.70	※ 758.58	
Net income per share (yen) (Primary)	90.62	71.37	115.95	150.76	※ 88.39	
Net income per share (yen) (Fully Diluted)	90.51	71.07	115.71	149.23	※ 83.35	
Equity rate (%)	20.7	23.0	25.0	26.1	24.7	
Return on assets (%)	1.67	1.34	2.29	2.91	3.10	
Return on equity (%)	8.10	6.12	9.55	11.40	12.23	
Net cash provided by (used in) operating activities	21,270	14,126	19,657	21,338	24,773	
Net cash provided by (used in) investment activities	(5,341)	(5,962)	(15,546)	(15,958)	(33,747)	
Net cash provided by (used in) financing activities	(1,457)	(19,131)	(3,351)	11,447	22,221	
Cash and cash equivalents	39,592	21,446	21,888	38,716	51,965	

※A 1-for-2 stock split has been conducted as of January 1, 2014.

Net sales**(Millions of Yen)**

	Fiscal Year		
	2012	2013	2014
Membership Operations	29,199	28,418	32,171
Hotel and Restaurant Operations	52,184	54,765	57,784
Golf Operations	7,607	8,671	8,623
Medical Operations	10,455	12,698	17,341
Others	447	757	904
Total	99,894	105,311	116,824

Operating income**(Millions of Yen)**

	Fiscal Year		
	2012	2013	2014
Membership Operations	3,684	3,951	5,839
Hotel and Restaurant Operations	4,902	4,826	4,733
Golf Operations	249	617	549
Medical Operations	827	2,334	3,743
Others	226	323	253
Total	9,891	12,054	15,119

Business Results

(1) Overview of the Fiscal Year Ending March 31, 2014

1. Summary of Business Results

(¥ million)

	FY2013 (Results)	FY2014		Year-on-year Change	Results vs. Targets
		(Results)	(revision target)		
Net sales	105,311	116,824	114,400	+10.9%	+2.1%
Operating income	12,054	15,119	14,400	+25.4%	+5.0%
Ordinary income	12,976	16,731	15,800	+28.9%	+5.9%
Net income	7,127	8,605	8,500	+20.7%	+1.2%

For Japanese economy during the consolidated accounting period under review, it is recovery trend with improvement in production, employment and income environment are seen driven by new economic policy of government and such. The spike in demand ahead of the consumption tax hike also affected the market at the end of the period.

Under these circumstances, for consolidated accounting period under review, the group launched the sale of memberships of XIV Toba Villa, purely Japanese style high-end, members-only resort hotel in January 2014; sales for Medical Membership and Hotel Membership were strong supported by advance in demand just before the consumption tax hike; and Sun Members resort facility Resorpia Hakone reopened in April 2013 renovated, and Hotel Trusty Kanazawa Korinbo, the seventh facility in the Hotel Trusty lineup, newly opened for business in June, both of which contribute to revenue of the Group. As a result, both sales and income for the fiscal year under review increased, with the figures as follows: , nets sales increased 10.9% to ¥116,824 million, operating income surged 25.4% to ¥15,119 million and ordinary income stood at ¥16,731million, up 28.9% from the previous fiscal year. And, the Group recorded net income of ¥8,605 million, up 20.7% year on year.

An overview of segment information, including business results, is presented below.

2. Summary of Business segments

【Membership Operations】

(¥ million)

	FY2013 (Results)	FY2014		Year-on-year Change	Results vs. Targets
		(Results)	(revision target)		
Net sales	28,418	32,171	30,500	+13.2%	+5.6%
Operating income	3,951	5,839	5,600	+47.8%	+4.3%

Membership Operations resulted in increases both in sales and profit from effect of new release of the sale of memberships of XIV Toba Villa from January 2014 and such.

【Hotel and Restaurant Operations】

(¥ million)

	FY2013 (Results)	FY2014		Year-on-year Change	Results vs. Targets
		(Results)	(revision target)		
Net sales	54,765	57,784	57,550	+5.5%	+0.4%
Operating income	4,826	4,733	4,450	(1.9%)	+6.4%

Hotel and Restaurant Operations resulted in increased sales and decreased income. In April 2013, the Sun Members resort facility Resorpia Hakone reopened after being remodeled, while in June Hotel Trusty Kanazawa Korinbo, the seventh facility in the Hotel Trusty lineup, newly opened for business. While these moves contributed to profits, the increase mainly in business commencement expenses and expenses for repair and maintenance was reflected in the quarterly results for this segment.

【Golf Operations】

(¥ million)

	FY2013 (Results)	FY2014		Year-on-year Change	Results vs. Targets
		(Results)	(revision target)		
Net sales	8,671	8,623	8,641	(0.6%)	(0.2%)
Operating income	617	549	550	(11.0%)	(0.1%)

Golf Operations decreased in sales and income, primarily attributable to the decline in the volume of golf course membership sales at the consolidated subsidiary the KANSAI GOLF CLUB compared to the same quarter of the previous fiscal year.

【Medical Operations】

(¥ million)

	FY2013 (Results)	FY2014		Year-on-year Change	Results vs. Targets
		(Results)	(revision target)		
Net sales	12,698	17,341	16,807	+36.6%	+3.2%
Operating income	2,334	3,743	3,420	+60.3%	+9.5%

Medical Operations resulted in increased sales and income, primarily reflecting strong sales of memberships in "GRAND HIMEDIC CLUB" and due to an increase in income from annual membership fees accompanying the growth in membership.

【Others】

(¥ million)

	FY2013 (Results)	FY2014		Year-on-year Change	Results vs. Targets
		(Results)	(revision target)		
Net sales	757	904	900	+19.3%	+0.3%
Operating income	323	253	380	(21.8%)	(33.4%)

In other operations, RT Development Co., Ltd., a consolidated subsidiary, resulted in increased revenue and decreased profit from acquisition costs incurred in new investment property and such while rent revenue from office buildings increased.

3. Cash Flows

(¥ million)

	FY2013 (Results)	FY2014 (Results)
Operating cash flows	21,338	24,773
Investing cash flows	(15,958)	(33,747)
Financing cash flows	11,447	22,221
Cash and cash equivalents	38,716	51,965

4. Outlook for the Fiscal Year Ending March 31, 2014

(¥ million)

	FY2014 (Results)	FY2015 (target)	Year-on-year Change
Net sales	116,824	114,600	(1.9%)
Operating income	15,119	15,200	+0.5%
Ordinary income	16,731	15,900	(5.0%)
Net income	8,605	9,800	+13.9%

For Japanese economic situations to come, although sentiments of both business and consumer are sagging temporarily because of wariness after the consumption tax hike, decline in actual employee income derived from the tax hike and such, these are considered to move gradually toward recovery along with increase in production and improvement in employment and income environment due to steady performance of domestic demand.

Regarding trend in leisure related industries and markets, there are some bright signs in domestic tourism such as increase in number of foreign travelers visiting Japan and hosting of 2020 Olympic Games in Tokyo, and leisure activities will continue to be stronger especially for domestic tourism.

Under these circumstances, the Group, under new business structure with three operational headquarters, will drive business operation strongly while improving management quality by such as setting up a section dedicated to compliance and strengthening internal control to meet customer's expectations so that we keep value of Resorttrust Brand and expand our business more. For financial outlook for the full year, we plan to implement the development of XIV Kanto (provisional) and start selling the membership from fall in 2014 as new look of "XIV" series other than continuing the membership sale of XIV Toba Villa, launched in January 2014. However, under the condition that revenue derived from these unestablished facilities will be deferred, the Group forecasts that consolidated sales will decline 1.9% from the same period in the previous year to ¥114,600 million, operating income will increase 0.5% to ¥15,200 million, ordinary income will decline 5.0% to ¥15,900 million, and net income will increase 13.9% to ¥9,800 million. Net income is forecasted to set a record high because such extraordinary losses as incurred for the current term will not incur.

CONSOLIDATED BALANCE SHEETS

(Based on Japanese Accounting Principles)

(Millions of yen)

	March 31 2014	March 31 2013
Assets		
Current assets		
Cash and deposits	46,151	29,443
Notes and accounts receivable – trade	5,979	4,247
Operating loans	23,305	23,423
Securities	15,698	28,399
Merchandise	610	470
Real estate for sale	5,845	12,489
Raw materials and supplies	899	795
Real estate for sale in process	8,985	7,374
Deferred tax assets	4,036	4,283
Other	3,039	4,800
Allowance for doubtful accounts	(645)	(1,715)
Total current assets	113,907	114,012
Non-current assets		
Property, plant and equipment		
Buildings and structures	132,310	120,159
Accumulated depreciation	(70,954)	(67,210)
Buildings and structures, net	61,355	52,949
Machinery, equipment and vehicles	12,167	11,418
Accumulated depreciation	(10,021)	(9,678)
Machinery, equipment and vehicles, net	2,146	1,739
Golf courses	11,036	11,036
Land	39,176	27,691
Leased assets	4,017	3,882
Accumulated depreciation	(1,478)	(1,216)
Leased assets, net	2,538	2,665
Construction in progress	2,303	2,144
Other	13,270	12,917
Accumulated depreciation	(11,861)	(11,542)
Other, net	1,409	1,374
Total property, plant and equipment	119,967	99,601
Intangible assets		
Goodwill	359	268
Software	791	876
Other	1,952	1,998
Total intangible assets	3,104	3,142
Investments and other assets		
Investment securities	49,889	21,954
Shares of subsidiaries and associates	1,592	1,219
Long-term loans receivable	1,357	1,393
Net defined benefit asset	225	—
Deferred tax assets	1,425	1,708
Other	15,773	17,370
Allowance for doubtful accounts	(6,483)	(6,540)
Total investments and other assets	63,781	37,104
Total non-current assets	186,853	139,849
Total assets	300,761	253,861

CONSOLIDATED BALANCE SHEETS

(Based on Japanese Accounting Principles)

(Millions of yen)

	March 31 2014	March 31 2013
Liabilities		
Current liabilities		
Notes and accounts payable – trade	913	893
Short-term loans payable	750	150
Current portion of long-term loans payable	7,089	8,127
Current portion of bonds	1,675	1,100
Lease obligations	438	526
Accounts payable – other	12,761	6,558
Income taxes payable	4,594	2,483
Accrued consumption taxes	664	877
Advances received	3,354	744
Provision for loss on guarantees	150	135
Other	16,142	13,589
Total current liabilities	48,532	35,186
Non-current liabilities		
Bonds payable	2,100	3,775
Bonds with subscription rights to shares	15,064	—
Long-term loans payable	37,893	27,310
Lease obligations	2,385	2,564
Deferred tax liabilities	1,072	1,060
Provision for retirement benefits	—	778
Provision for directors' retirement benefits	1,997	1,574
Provision for stocks payment	256	99
Net defined benefit liability	1,038	—
Long-term guarantee deposited	103,924	105,161
Negative goodwill	583	704
Other	4,493	2,502
Total non-current liabilities	170,810	145,529
Total liabilities	219,343	180,716
Net assets		
Shareholders' equity		
Capital stock	14,258	14,258
Capital surplus	13,969	13,906
Retained earnings	49,085	43,391
Treasury shares	(4,366)	(5,679)
Total shareholders' equity	72,946	65,877
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,306	395
Remeasurements of defined benefit plans	159	—
Total valuation and translation adjustments	1,465	395
Subscription rights to shares	133	287
Minority interests	6,872	6,585
Total net assets	81,418	73,145
Total liabilities and net assets	300,761	253,861

CONSOLIDATED STATEMENTS OF INCOME

(Based on Japanese Accounting Principles)

(Millions of yen)

	March 31 2014	March 31 2013
Net sales	116,824	105,311
Cost of sales	21,383	19,994
Gross profit	95,440	85,316
Selling, general and administrative expenses		
Advertising expenses	1,379	1,197
Membership service expenses	715	599
Repair and maintenance	3,763	3,108
Linen expenses	3,226	3,150
Provision of allowance for doubtful accounts	—	11
Provision for loss on guarantees	14	53
Directors' compensations	765	753
Salaries and bonuses	31,523	28,350
Retirement benefit expenses	681	747
Provision for directors' retirement benefits	430	57
Legal welfare expenses	4,124	3,693
Welfare expenses	429	640
Commission fee	5,607	5,202
Rent expenses	3,377	3,395
Utilities expenses	5,288	4,863
Correspondence and transportation expenses	2,622	2,433
Depreciation	5,218	5,129
Taxes and dues	1,834	1,368
Supplies expenses	2,496	2,089
Amortization of goodwill	127	78
Other	6,695	6,337
Total selling, general and administrative expenses	80,321	73,261
Operating income	15,119	12,054
Non-operating income		
Interest income	796	554
Dividend income	86	71
Interests and charge for installment payment	2	3
Amortization of negative goodwill	120	120
Insurance premiums refunded cancellation	—	65
Subsidy income	49	37
Reversal of allowance for doubtful accounts	1,085	656
Share of profit of entities accounted for using equity method	87	—
Other	152	189
Total non-operating income	2,381	1,700
Non-operating expenses		
Interest expenses paid on loans and bonds	278	256
Amortization of bond issuance cost	27	32
Share issuance cost	5	8
Share of loss of entities accounted for using equity method	—	107
Commission for syndicate loan	58	44
Guarantee charge of unearned revenue	4	2
Undeductible consumption tax	262	201
Other	131	125
Total non-operating expenses	768	778
Ordinary income	16,731	12,976

CONSOLIDATED STATEMENTS OF INCOME

(Based on Japanese Accounting Principles)

(Millions of yen)

	March 31 2014	March 31 2013
Extraordinary income		
Compensation income	84	226
Gain on sales of non-current assets	1	1
Gain on sales of investment securities	—	0
Gain on bargain purchase	13	—
Gain on sales of shares of subsidiaries and associates	11	14
Other	11	1
Total extraordinary income	123	243
Extraordinary losses		
Loss on valuation of investments in capital	1,000	—
Loss on retirement of non-current assets	213	28
Loss on sales of non-current assets	1	14
Loss on valuation of non-current assets	—	0
Impairment loss	316	1,663
Other	12	4
Total extraordinary losses	1,544	1,710
Income before income taxes and minority interests	15,310	11,508
Income taxes – current	6,817	4,936
Income taxes – deferred	(42)	(763)
Total income taxes	6,775	4,173
Income before minority interests	8,534	7,335
Minority interests in income (loss)	(70)	208
Net income	8,605	7,127

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Based on Japanese Accounting Principles)

(Millions of yen)

	March 31 2014	March 31 2013
Cash flows from operating activities		
Income before income taxes and minority interests	15,310	11,508
Depreciation	5,523	5,482
Impairment loss	316	1,663
Amortization of goodwill (negative goodwill)	6	(42)
Increase (decrease) in allowance for doubtful accounts	(1,126)	(725)
Increase (decrease) in provision for retirement benefits	—	533
Increase (decrease) in net defined benefit liability	277	—
Amount of money on securities contribution to employees' retirement benefits trust	—	(1,000)
Increase (decrease) in provision for directors' retirement benefits	423	57
Interest and dividend income	(883)	(626)
Interest expenses paid on loans and bonds	278	256
Loss on valuation of non-current assets	—	0
Decrease (increase) in notes and accounts receivable – trade	(1,596)	1,046
Decrease (increase) in inventories	4,481	7,490
Increase (decrease) in notes and accounts payable – trade	(14)	12
Increase (decrease) in accounts payable – other	534	(1,672)
Increase (decrease) in advances received	2,577	(69)
Increase (decrease) in long-term guarantee deposits received	(1,259)	395
Increase (decrease) in accrued consumption taxes	(342)	177
Other, net	4,562	1,273
Subtotal	29,067	25,763
Interest and dividend income received	753	587
Interest expenses paid	(270)	(258)
Income taxes paid	(4,777)	(4,754)
Net cash provided by (used in) operating activities	24,773	21,338
Cash flows from investing activities		
Payments into time deposits	(2,514)	(1,519)
Proceeds from withdrawal of time deposits	3,504	5,119
Purchase of securities	(40,491)	(51,201)
Proceeds from sales and redemption of securities	53,900	41,000
Purchase of investment securities	(28,086)	(7,274)
Proceeds from sales and redemption of investment securities	1,800	1,300
Purchase of shares of subsidiaries and associates	(433)	(21)
Proceeds from sales of shares of subsidiaries and associates	24	24
Purchase of property, plant and equipment	(18,439)	(3,005)
Purchase of intangible assets	(264)	(336)
Payments of loans receivable	(124)	(69)
Collection of loans receivable	2,123	226
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,373)	(419)
Other, net	(2,372)	218
Net cash provided by (used in) investing activities	(33,747)	(15,958)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	600	—
Proceeds from long-term loans payable	17,828	22,704
Repayments of long-term loans payable	(8,282)	(9,954)
Proceeds from issuance of bonds	15,047	1,467
Redemption of bonds	(1,100)	(2,800)
Purchase of treasury shares	(11)	(1)
Proceeds from disposal of treasury shares	1,128	1,667
Cash dividends paid	(2,911)	(2,120)
Cash dividends paid to minority shareholders	(0)	(0)
Net increase (decrease) in deposits received from subsidiaries and affiliates	100	100
Other, net	(176)	385
Net cash provided by (used in) financing activities	22,221	11,447
Effect of exchange rate change on cash and cash equivalents	1	0
Net increase (decrease) in cash and cash equivalents	13,248	16,828
Cash and cash equivalents at beginning of period	38,716	21,888
Cash and cash equivalents at end of period	51,965	38,716

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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