

# RESORTTRUST FINANCIAL DATA

## CONSOLIDATED FINANCIAL SUMMARY

2Q FY 2016 (from April 1, 2016 to September 30, 2016)



(securities code: 4681)

# CONSOLIDATED FINANCIAL SUMMARY

For the Second Quarter Ended September 30, 2014, 2015 and 2016

	2Q			Fiscal Year	
	2014/9	2015/9	2016/9	2016/3 result	2017/3 revision target
Net sales	59,603	65,721	65,207	142,249	152,000
Operating income	9,171	8,870	4,727	18,640	14,200
Ordinary income	11,533	9,570	4,761	19,439	15,100
Net income (interim)	7,521	7,062	3,612	13,044	10,200
Net assets	89,753	111,186	107,696	112,515	
Assets	357,616	393,573	392,798	407,430	
Net assets per share (yen)	838.51	1,021.17	971.53	1,019.35	
Net income per share (yen) (Primary)	76.57	67.27	33.95	123.34	
Net income per share (yen) (Fully Diluted)	71.03	61.23	31.17	112.81	
Equity ratio (%)	23.1	27.6	26.3	26.6	
Return on assets (%)	-	-	-	3.27	
Return on equity (%)	-	-	-	12.54	
Net cash provided by (used in) operating activities	1,319	(1,921)	5,616	2,616	
Net cash provided by (used in) investment activities	(18,554)	(36,662)	(1,134)	(33,824)	
Net cash provided by (used in) financing activities	53,466	(3,315)	(7,220)	(8,624)	
Cash and cash equivalents	90,616	23,508	22,707	25,476	

revised on Oct. 28,2016

**Net sales****(Millions of Yen)**

	2Q		
	2015/3	2016/3	2017/3
Membership Operations	16,837	17,744	13,804
Hotel and Restaurant Operations	32,476	37,083	37,863
Medical Operations	9,473	10,206	12,903
Others	817	686	636
Total	59,603	65,721	65,207

**Operating income****(Millions of Yen)**

	2Q		
	2015/3	2016/3	2017/3
Membership Operations	3,058	3,992	1,249
Hotel and Restaurant Operations	3,629	3,038	1,682
Medical Operations	2,174	1,632	1,571
Others	308	207	223
Total	9,171	8,870	4,727

# Business Results

## Overview of The Fiscal Year Ending March 31, 2017

### 1. Summary of Business Results

(Millions of Yen)

	2015/9 (Results)	2016/9		Year-on-year Change	Results vs. Targets
		(Results)	(target)		
Net sales	65,721	65,207	71,700	(0.8%)	(9.1%)
Operating income	8,870	4,727	6,800	(46.7%)	(30.5%)
Ordinary income	9,570	4,761	7,700	(50.2%)	(38.2%)
Net income	7,062	3,612	5,000	(48.8%)	(27.7%)

The Japanese economy during the six-month period 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 the effect of issues surrounding the UK's decision to leave the EU on the economic environment, the future outlook remained uncertain.

Under these circumstances, net sales were 65,207 million yen (-0.8% yoy), operating income was 4,727 million yen (-46.7% yoy), ordinary income was 4,761 million yen (-50.2% yoy) due to the impact of foreign exchange losses, and net income attributable to owners of parent was 3,612 million yen (-48.8% yoy). During the same period of the previous fiscal year, thanks to the considerable 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 six-month period under review, sales and income decreased because the effect of these sales came full circle and sales volume of memberships decreased, although membership sales began in August 2016 for the new exclusive membership resort "Laguna Baycourt Club" (Gamagori City, Aichi Prefecture).

### 2. Summary of Business Segments

[Membership Operations]

(Millions of Yen)

	2015/9 (Results)	2016/9		Year-on-year Change	Results vs. Targets
		(Results)	(target)		
Net sales	17,744	13,804	19,490	(22.2%)	(29.2%)
Operating income	3,992	1,249	2,950	(68.7%)	(57.6%)

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 was the effect of the sales of the new "Ashiya Baycourt Club," the second property in the Baycourt series that began sales in June 2015. However, the effect of these sales came full circle and sales volume of memberships decreased, although membership sales began in August 2016 for the new exclusive membership resort "Laguna Baycourt Club" (Gamagori City, Aichi Prefecture).

[Hotel and Restaurant Operations]

(Millions of Yen)

	2015/9 (Results)	2016/9		Year-on-year Change	Results vs. Targets
		(Results)	(target)		
Net sales	37,083	37,863	39,060	+2.1%	(3.1%)
Operating income	3,038	1,682	2,050	(44.6%)	(17.9%)

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 frequent unfavorable weather conditions such as typhoons and an increase in costs such as personnel expenses in line with strengthening the personnel structure ahead of new openings and facility maintenance costs.

## [Medical Operations]

(Millions of Yen)

	2015/9 (Results)	2016/9		Year-on-year Change	Results vs. Targets
		(Results)	(target)		
Net sales	10,206	12,903	12,510	+26.4%	+3.1%
Operating income	1,632	1,571	1,570	(3.7%)	+0.1%

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 allocated amount of indirect costs.

## [Others]

(Millions of Yen)

	2015/9 (Results)	2016/9		Year-on-year Change	Results vs. Targets
		(Results)	(target)		
Net sales	686	636	640	(7.4%)	(0.6%)
Operating income	207	223	230	+7.5%	(2.8%)

Other Operations Segments decreased sales but increased income, due to a decrease in rent income from office buildings operated by RT Development Co., Ltd., a consolidated subsidiary, in line with an increase in the ratio of leasing transactions within the Company Group, but this was offset by a decrease of facility maintenance costs.

**3. Cash Flows**

(Millions of Yen)

	2015/9 (Results)	2016/9 (Results)
Operating cash flows	(1,921)	5,616
Investing cash flows	(36,662)	(1,134)
Financing cash flows	(3,315)	(7,220)
Cash and cash equivalents	23,508	22,707

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

(Millions of Yen)

	2016/3 (Results)	2017/3 (Revision target)	Year-on-year Change
Net sales	142,249	152,000	+6.9%
Operating income	18,640	14,200	(23.8%)
Ordinary income	19,439	15,100	(22.3%)
Net income	13,044	10,200	(21.8%)

revised on Oct. 28,2016

In view of recent business conditions, forecasts were revised on October 28, 2016. For details, please see the "Notice of Revision of Forecasts" announced on the same day.

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 membership sales are projected for the exclusive membership resort "Laguna Baycourt Club" that began sales in August 2016. Furthermore, in Medical Operations, we project strengthening of medical examination facilities such as "HIMEDIC Kyoto University Hospital" and "HIMEDIC NAGOYA." However, the considerable effect of new sales of "Ashiya Baycourt Club" during the same period of the previous fiscal year has already come full circle. As a result, the Company Group forecasts net sales to increase 6.9% year-on-year to 152,000 million yen, operating income to decrease 23.8% year-on-year to 14,200 million yen, ordinary income to decrease 22.3% year-on-year to 15,100 million yen, and net income attributable to owners of parent to decrease 21.8% year-on-year to 10,200 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 September 30, 2016)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	24,742	23,350
Notes and accounts receivable - trade	6,738	7,761
Operating loans	38,050	38,646
Securities	28,466	9,953
Merchandise	785	873
Real estate for sale	5,614	4,818
Raw materials and supplies	957	1,266
Real estate for sale in process	27,902	35,197
Deferred tax assets	3,985	3,943
Other	11,077	6,204
Allowance for doubtful accounts	(1,069)	(1,034)
<b>Total current assets</b>	<b>147,250</b>	<b>130,981</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	93,458	87,828
Machinery, equipment and vehicles	2,059	2,211
Golf courses	7,568	7,568
Land	40,561	40,980
Leased assets	2,835	4,126
Construction in progress	5,588	6,944
Other	4,812	4,311
<b>Total property, plant and equipment</b>	<b>156,884</b>	<b>153,972</b>
<b>Intangible assets</b>		
Goodwill	146	4,552
Software	1,833	2,210
Other	2,360	2,681
<b>Total intangible assets</b>	<b>4,341</b>	<b>9,445</b>
<b>Investments and other assets</b>		
Investment securities	82,506	78,860
Shares of subsidiaries and associates	1,665	1,693
Long-term loans receivable	4,207	4,430
Net defined benefit asset	1,068	1,039
Deferred tax assets	1,924	3,168
Other	9,439	11,046
Allowance for doubtful accounts	(1,857)	(1,839)
<b>Total investments and other assets</b>	<b>98,954</b>	<b>98,399</b>
<b>Total non-current assets</b>	<b>260,179</b>	<b>261,817</b>
<b>Total assets</b>	<b>407,430</b>	<b>392,798</b>

(Millions of yen)

	Fiscal 2015 (April 1, 2015 to March 31, 2016)	Fiscal 2016 (April 1, 2016 to September 30, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	1,123	1,143
Short-term loans payable	2,500	-
Current portion of long-term loans payable	10,342	8,168
Current portion of bonds	450	250
Lease obligations	365	551
Accounts payable - other	20,755	7,936
Income taxes payable	1,426	1,839
Accrued consumption taxes	668	796
Advances received	25,227	33,586
Unearned revenue	11,535	10,638
Provision for loss on guarantees	163	148
Other	7,234	8,661
<b>Total current liabilities</b>	<b>81,794</b>	<b>73,720</b>
<b>Non-current liabilities</b>		
Bonds payable	3,700	3,575
Bonds with subscription rights to shares	30,242	30,221
Long-term loans payable	59,723	57,805
Lease obligations	2,675	3,883
Deferred tax liabilities	851	860
Provision for directors' retirement benefits	2,306	2,132
Provision for stocks payment	904	960
Net defined benefit liability	1,272	1,403
Long-term guarantee deposited	103,098	100,765
Negative goodwill	342	281
Other	8,001	9,490
<b>Total non-current liabilities</b>	<b>213,119</b>	<b>211,381</b>
<b>Total liabilities</b>	<b>294,914</b>	<b>285,101</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	19,588	19,588
Capital surplus	22,583	22,562
Retained earnings	65,938	67,060
Treasury shares	(3,451)	(3,070)
<b>Total shareholders' equity</b>	<b>104,657</b>	<b>106,140</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	616	(1,995)
Foreign currency translation adjustment	3,334	(425)
Remeasurements of defined benefit plans	(256)	(233)
<b>Total accumulated other comprehensive income</b>	<b>3,694</b>	<b>(2,654)</b>
Subscription rights to shares	16	-
Non-controlling interests	4,146	4,210
<b>Total net assets</b>	<b>112,515</b>	<b>107,696</b>
<b>Total liabilities and net assets</b>	<b>407,430</b>	<b>392,798</b>

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

(Millions of yen)

	Fiscal 2015 (April 1, 2015 to September 30, 2015)	Fiscal 2016 (April 1, 2016 to September 30, 2016)
Net sales	65,721	65,207
Cost of sales	7,793	8,506
Gross profit	57,928	56,700
Selling, general and administrative expenses		
Salaries and bonuses	20,139	20,382
Provision for directors' retirement benefits	173	195
Repair and maintenance	1,458	1,734
Provision of allowance for doubtful accounts	185	-
Provision for loss on guarantees	25	-
Utilities expenses	2,741	2,416
Depreciation	3,228	3,428
Other	21,104	23,815
Total selling, general and administrative expenses	49,057	51,972
Operating income	8,870	4,727
Non-operating income		
Interest income	1,039	1,100
Dividend income	52	47
Interests and charge for installment payment	0	0
Amortization of negative goodwill	60	60
Reversal of allowance for doubtful accounts	-	48
Reversal of provision for loss on guarantees	-	15
Share of profit of entities accounted for using equity method	0	43
Other	111	225
Total non-operating income	1,264	1,541
Non-operating expenses		
Interest expenses paid on loans and bonds	249	286
Guarantee charge of unearned revenue	29	52
Commission for syndicate loan	4	17
Nondeductible consumption tax	56	69
Provision of allowance for doubtful accounts	72	-
Foreign exchange losses	88	1,039
Other	64	41
Total non-operating expenses	564	1,507
Ordinary income	9,570	4,761
Extraordinary income		
Gain on step acquisitions	-	1,334
Gain on sales of non-current assets	0	1
Gain on sales of investment securities	1,249	1,043
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	2,501
Extraordinary losses		
Loss on change in equity	1,398	-
Impairment loss	-	1,334
Loss on retirement of non-current assets	24	107
Loss on sales of non-current assets	0	1
Loss on sales of investment securities	-	0
Loss on sales of shares of subsidiaries and associates	-	7
Directors' retirement benefits	-	105
Contribution	-	97
Other	2	-
Total extraordinary losses	1,425	1,652
Profit before income taxes	9,412	5,610
Income taxes - current	2,475	1,703
Income taxes - deferred	(174)	276
Total income taxes	2,301	1,980
Profit	7,110	3,630
Profit attributable to non-controlling interests	48	17
Profit attributable to owners of parent	7,062	3,612



## [Quarterly Consolidated Statements of Comprehensive Income]

(Millions of yen)

	<b>Fiscal 2015</b> (April 1, 2015 to September 30, 2015)	<b>Fiscal 2016</b> (April 1, 2016 to September 30, 2016)
Profit	7,110	3,630
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,869)	(2,612)
Foreign currency translation adjustment	565	(3,759)
Remeasurements of defined benefit plans, net of tax	(28)	22
Total other comprehensive income	(1,332)	(6,349)
Comprehensive income	5,778	(2,718)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,735	(2,735)
Comprehensive income attributable to non-controlling interests	42	16

## (3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2015 (April 1, 2015 to September 30, 2015)	Fiscal 2016 (April 1, 2016 to September 30, 2016)
<b>Cash flows from operating activities</b>		
Profit before income taxes	9,412	5,610
Depreciation	3,385	3,741
Impairment loss	-	1,334
Amortization of goodwill (negative goodwill)	(12)	176
Increase (decrease) in allowance for doubtful accounts	259	(51)
Increase (decrease) in net defined benefit liability	(22)	178
Increase (decrease) in provision for directors' retirement benefits	163	(80)
Interest and dividend income	(1,091)	(1,147)
Interest expenses paid on loans and bonds	249	286
Foreign exchange losses (gains)	78	990
Decrease (increase) in notes and accounts receivable - trade	(7,810)	(1,654)
Decrease (increase) in inventories	(9,743)	(6,750)
Increase (decrease) in notes and accounts payable - trade	34	39
Increase (decrease) in accounts payable - other	(1,091)	(4,145)
Increase (decrease) in advances received	11,507	7,188
Increase (decrease) in long-term guarantee deposits received	(2,386)	(2,466)
Increase (decrease) in accrued consumption taxes	(1,619)	511
Other, net	746	2,175
<b>Subtotal</b>	<b>2,058</b>	<b>5,937</b>
Interest and dividend income received	972	1,219
Interest expenses paid	(251)	(286)
Income taxes paid	(4,700)	(1,253)
<b>Net cash provided by (used in) operating activities</b>	<b>(1,921)</b>	<b>5,616</b>
<b>Cash flows from investing activities</b>		
Payments into time deposits	(215)	(753)
Proceeds from withdrawal of time deposits	265	1,292
Purchase of securities	(45,502)	(5,658)
Proceeds from sales and redemption of securities	41,500	22,137
Purchase of investment securities	(34,716)	(7,293)
Proceeds from sales and redemption of investment securities	8,500	7,072
Purchase of shares of subsidiaries and associates	(0)	-
Proceeds from sales of shares of subsidiaries and associates	7	9
Purchase of property, plant and equipment and intangible assets	(5,476)	(12,151)
Payments of loans receivable	(77)	(120)
Collection of loans receivable	84	80
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(5,475)
Other, net	(1,031)	(275)
<b>Net cash provided by (used in) investing activities</b>	<b>(36,662)</b>	<b>(1,134)</b>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	(2,500)
Proceeds from long-term loans payable	500	300
Repayments of long-term loans payable	(3,485)	(4,541)
Redemption of bonds	(225)	(325)
Purchase of treasury shares	(2)	(0)
Proceeds from disposal of treasury shares	230	265
Cash dividends paid	(2,425)	(2,490)
Other, net	2,092	2,071
<b>Net cash provided by (used in) financing activities</b>	<b>(3,315)</b>	<b>(7,220)</b>
Effect of exchange rate change on cash and cash equivalents	(52)	(31)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(41,951)</b>	<b>(2,768)</b>
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)	-
<b>Cash and cash equivalents at end of period</b>	<b>23,508</b>	<b>22,707</b>

## **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