

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

FY 2016 (from April 1, 2016 to March 31, 2017)



**RESORTTRUST
GROUP**

(securities code: 4681)

CONSOLIDATED FINANCIAL SUMMARY

For the Year Ended March 31, 2013, 2014,2015,2016 and 2017

(Millions of yen)

	Fiscal Year					
	2013/3	2014/3	2015/3	2016/3	2017/3	2017/3 revision target
Net sales	105,311	116,824	120,401	142,249	143,541	152,000
Operating income	12,054	15,190	16,041	18,640	13,514	14,200
Ordinary income	12,976	16,830	20,206	19,439	14,806	15,100
Net income (interim)	7,127	8,733	11,851	13,044	11,010	10,200
Net assets	73,145	81,395	104,769	112,515	118,379	
Assets	253,861	300,774	390,832	407,430	421,606	
Net assets per share (yen)	1,373.70	758.35	963.99	1,019.35	1,068.20	
Net income per share (yen) (Primary)	150.76	89.71	120.30	123.34	103.40	
Net income per share (yen) (Fully Diluted)	149.23	84.59	108.69	112.81	95.09	
Equity ratio (%)	26.1	24.7	25.5	26.6	27.0	
Return on assets (%)	2.91	3.15	3.43	3.27	2.66	
Return on equity (%)	11.40	12.42	13.61	12.54	9.91	
Net cash provided by (used in) operating activities	21,338	24,815	22,057	2,616	26,249	
Net cash provided by (used in) investment activities	(15,958)	(33,747)	(71,837)	(33,824)	3,881	
Net cash provided by (used in) financing activities	11,447	22,179	60,359	(8,624)	(15,593)	
Cash and cash equivalents	38,716	51,965	66,404	25,476	40,365	

revised on Oct. 28,2016

Net sales

(Millions of Yen)

	Fiscal Year		
	FY2014	FY2015	FY2016
Membership Operations	33,590	46,282	42,530
Hotel and Restaurant Operations	65,462	72,817	74,193
Medical Operations	19,746	21,806	25,702
Others	1,602	1,344	1,114
Total	120,401	142,249	143,541

Operating income

(Millions of Yen)

	Fiscal Year		
	FY2014	FY2015	FY2016
Membership Operations	6,230	9,898	6,988
Hotel and Restaurant Operations	4,906	4,567	3,010
Medical Operations	4,287	3,629	3,011
Others	617	545	503
Total	16,041	18,640	13,514

Business Results

Overview of The Fiscal Year Ending March 31, 2017

1. Summary of Business Results

(Millions of Yen)

	FY2015 (Results)	FY2016		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	142,249	143,541	152,000	+0.9%	(5.6%)
Operating income	18,640	13,514	14,200	(27.5%)	(4.8%)
Ordinary income	19,439	14,806	15,100	(23.8%)	(1.9%)
Net income	13,044	11,010	10,200	(15.6%)	+7.9%

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 UK's decision to leave the EU and the change of the U.S. administration on the economic environment, the future outlook remained uncertain.

Under these circumstances, net sales were JPY 143,541 million (+0.9% yoy), operating income JPY 13,514 million (-27.5% yoy), ordinary income JPY 14,806 million (-23.8% yoy), and net income attributable to owners of parent JPY 11,010 million (-15.6% yoy). The Company Group opened "XIV Yugawara Rikyu" in March 2017 and recorded deferred real estate profits as a lump sum. During 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. During the fiscal year under review, membership sales began in August 2016 for the new exclusive membership resort "Laguna Baycourt Club" (Gamagori City, Aichi Prefecture). However, sales volume of memberships decreased because the effect of the sales came full circle. Income also decreased due to an increase in opening expenses.

2. Summary of Business Segments

[Membership Operations]

(Millions of Yen)

	FY2015 (Results)	FY2016		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	46,282	42,530	47,560	(8.1%)	(10.6%)
Operating income	9,898	6,988	6,780	(29.4%)	+3.1%

Membership Operation Segments recorded deferred real estate profits as a lump sum upon the opening of “XIV Yugawara Rikyu” in March 2017. During the previous fiscal year, the effect of the sales of the new “Ashiya Baycourt Club,” the second property in the Baycourt series that began sales in June 2015 was brought on sales. During the fiscal year under review, membership sales began in August 2016 for the new exclusive membership resort “Laguna Baycourt Club” (Gamagori City, Aichi Prefecture), however sales volume of memberships decreased because the effect of the sales came full circle. On the other hand, opening expenses increased. As a result, sales and income decreased.

[Hotel and Restaurant Operations]

(Millions of Yen)

	FY2015 (Results)	FY2016		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	72,817	74,193	75,260	+1.9%	(1.4%)
Operating income	4,567	3,010	3,120	(34.1%)	(3.5%)

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)

	FY2015 (Results)	FY2016		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	21,806	25,702	28,010	+17.9%	(8.2%)
Operating income	3,629	3,011	3,770	(17.0%)	(20.1%)

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 costs such as expenses to enrich medical examination service.

[Others]

(Millions of Yen)

	FY2015 (Results)	FY2016		Year-on-Year Change	Results vs. Targets
		(Results)	(targets)		
Net sales	1,344	1,114	1,170	(17.1%)	(4.7%)
Operating income	545	503	530	(7.8%)	(5.1%)

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 an increase in the ratio of leasing transactions within the Company Group as well as the sale of some property for rent.

3. Cash Flows

(Millions of Yen)

	FY2015 (Results)	FY2016 (Results)
Operating cash flows	2,616	26,249
Investing cash flows	(33,824)	3,881
Financing cash flows	(8,624)	(15,593)
Cash and cash equivalents	25,476	40,365

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 2015 (as of Mar. 31, 2016)	FY 2016 (as of Mar. 31, 2017)
Assets		
Current assets		
Cash and deposits	24,742	39,063
Notes and accounts receivable - trade	6,738	9,437
Operating loans	38,050	41,553
Securities	28,466	6,215
Merchandise	785	915
Real estate for sale	5,614	15,634
Raw materials and supplies	957	1,317
Real estate for sale in process	27,902	26,931
Deferred tax assets	3,985	4,810
Other	11,077	6,525
Allowance for doubtful accounts	(1,069)	(974)
Total current assets	147,250	151,430
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	93,458	93,810
Machinery, equipment and vehicles, net	2,059	2,258
Golf courses	7,568	7,585
Land	40,561	37,946
Leased assets, net	2,835	4,715
Construction in progress	5,588	4,842
Other, net	4,812	4,663
Total property, plant and equipment	156,884	155,824
Intangible assets		
Goodwill	146	4,526
Software	1,833	3,264
Other	2,360	2,600
Total intangible assets	4,341	10,391
Investments and other assets		
Investment securities	82,506	85,687
Shares of subsidiaries and associates	1,665	1,387
Long-term loans receivable	4,207	4,227
Net defined benefit asset	1,068	1,125
Deferred tax assets	1,924	1,894
Other	9,439	10,473
Allowance for doubtful accounts	(1,857)	(834)
Total investments and other assets	98,954	103,959
Total non-current assets	260,179	270,175
Total assets	407,430	421,606

(Millions of yen)

	FY 2015 (as of Mar. 31, 2016)	FY 2016 (as of Mar. 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,123	1,401
Short-term loans payable	2,500	9,200
Current portion of long-term loans payable	10,342	4,616
Current portion of bonds	450	250
Lease obligations	365	662
Accounts payable - other	20,755	22,786
Income taxes payable	1,426	3,800
Accrued consumption taxes	668	494
Advances received	25,227	33,532
Unearned revenue	11,535	12,455
Provision for loss on guarantees	163	123
Other	7,234	6,454
Total current liabilities	81,794	95,778
Non-current liabilities		
Bonds payable	3,700	3,450
Bonds with subscription rights to shares	30,242	30,200
Long-term loans payable	59,723	50,258
Lease obligations	2,675	4,402
Deferred tax liabilities	851	871
Provision for directors' retirement benefits	2,306	2,171
Provision for stocks payment	904	1,078
Net defined benefit liability	1,272	1,525
Long-term guarantee deposited	103,098	102,492
Negative goodwill	342	221
Other	8,001	10,774
Total non-current liabilities	213,119	207,447
Total liabilities	294,914	303,226
Net assets		
Shareholders' equity		
Capital stock	19,588	19,588
Capital surplus	22,583	22,171
Retained earnings	65,938	71,837
Treasury shares	(3,451)	(2,788)
Total shareholders' equity	104,657	110,809
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	616	1,007
Foreign currency translation adjustment	3,334	2,222
Remeasurements of defined benefit plans	(256)	(139)
Total accumulated other comprehensive income	3,694	3,089
Subscription rights to shares	16	-
Non-controlling interests	4,146	4,480
Total net assets	112,515	118,379
Total liabilities and net assets	407,430	421,606

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

(Millions of yen)

	FY 2015 (Apr. 1, 2015 - Mar. 31, 2016)	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)
Net sales	142,249	143,541
Cost of sales	24,466	25,878
Gross profit	117,783	117,662
Selling, general and administrative expenses		
Advertising expenses	2,381	2,414
Membership service expenses	629	717
Repair and maintenance	3,525	3,283
Linen expenses	3,375	3,460
Provision of allowance for doubtful accounts	221	-
Provision for loss on guarantees	12	-
Directors' compensations	1,065	873
Salaries and bonuses	40,115	40,867
Retirement benefit expenses	662	961
Provision for directors' retirement benefits	213	233
Legal welfare expenses	5,036	5,494
Welfare expenses	1,327	1,570
Commission fee	6,997	7,430
Rent expenses	4,582	5,178
Utilities expenses	5,208	4,763
Correspondence and transportation expenses	2,929	3,012
Depreciation	6,706	7,021
Taxes and dues	2,146	2,513
Supplies expenses	2,947	2,870
Amortization of goodwill	84	534
Other	8,974	10,945
Total selling, general and administrative expenses	99,142	104,148
Operating profit	18,640	13,514
Non-operating income		
Interest income	2,212	2,250
Dividend income	109	95
Amortization of negative goodwill	120	120
Subsidy income	-	49
Reversal of allowance for doubtful accounts	40	54
Reversal of provision for loss on guarantees	-	70
Share of profit of entities accounted for using equity method	-	40
Other	180	496
Total non-operating income	2,664	3,176
Non-operating expenses		
Interest expenses paid on loans and bonds	488	593
Share issuance cost	14	-
Provision of allowance for doubtful accounts	840	753
Share of loss of entities accounted for using equity method	69	-
Guarantee charge of unearned revenue	78	26
Nondeductible consumption tax	82	120
Foreign exchange losses	114	227
Other	176	163
Total non-operating expenses	1,865	1,884
Ordinary profit	19,439	14,806

[Consolidated Statements of Income]

(Millions of yen)

	FY 2015 (Apr. 1, 2015 - Mar. 31, 2016)	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)
Extraordinary income		
Gain on step acquisitions	-	1,334
Gain on sales of non-current assets	2	796
Gain on sales of investment securities	1,275	1,174
Gain on sales of shares of subsidiaries and associates	6	4
Other	70	168
Total extraordinary income	1,355	3,477
Extraordinary losses		
Loss on change in equity	1,398	-
Loss on retirement of non-current assets	10	1
Loss on sales of non-current assets	348	193
Impairment loss	-	1,344
Loss on sales of investment securities	4	38
Loss on sales of shares of subsidiaries and associates	-	7
Directors' retirement benefits	-	276
Contribution	1,478	97
Other	22	36
Total extraordinary losses	3,263	1,993
Profit before income taxes	17,531	16,290
Income taxes - current	5,257	5,909
Income taxes - deferred	(816)	(665)
Total income taxes	4,441	5,244
Profit	13,090	11,046
Profit attributable to non-controlling interests	45	35
Profit attributable to owners of parent	13,044	11,010

[Consolidated Statements of Comprehensive Income]

(Millions of yen)

	FY 2015 (Apr. 1, 2015 - Mar. 31, 2016)	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)
Profit	13,090	11,046
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,130)	388
Foreign currency translation adjustment	663	(1,112)
Remeasurements of defined benefit plans, net of tax	(513)	116
Total other comprehensive income	(3,981)	(607)
Comprehensive income	9,109	10,438
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,068	10,406
Comprehensive income attributable to non-controlling interests	41	32

(3) Consolidated Statements of Cash Flows

(Millions of yen)

	FY 2015 (Apr. 1, 2015 - Mar. 31, 2016)	FY 2016 (Apr. 1, 2016 - Mar. 31, 2017)
Cash flows from operating activities		
Profit before income taxes	17,531	16,290
Depreciation	7,030	7,746
Impairment loss	-	1,344
Amortization of goodwill (negative goodwill)	(36)	414
Increase (decrease) in allowance for doubtful accounts	285	(130)
Increase (decrease) in net defined benefit liability	(17)	350
Increase (decrease) in provision for directors' retirement benefits	203	(42)
Interest and dividend income	(2,322)	(2,345)
Interest expenses paid on loans and bonds	488	593
Foreign exchange losses (gains)	805	735
Decrease (increase) in notes and accounts receivable - trade	(11,439)	(6,160)
Decrease (increase) in inventories	(13,379)	(9,443)
Increase (decrease) in notes and accounts payable - trade	30	273
Increase (decrease) in accounts payable - other	3,338	6,764
Increase (decrease) in advances received	11,922	7,134
Increase (decrease) in long-term guarantee deposits received	109	(740)
Increase (decrease) in accrued consumption taxes	(2,314)	(222)
Other, net	(2,942)	5,566
Subtotal	9,293	28,128
Interest and dividend income received	2,273	2,463
Interest expenses paid	(490)	(584)
Income taxes paid	(8,460)	(3,758)
Net cash provided by (used in) operating activities	2,616	26,249
Cash flows from investing activities		
Payments into time deposits	(1,657)	(829)
Proceeds from withdrawal of time deposits	1,158	1,318
Purchase of securities	(68,719)	(9,768)
Proceeds from sales and redemption of securities	81,251	32,740
Purchase of investment securities	(48,826)	(12,560)
Proceeds from sales and redemption of investment securities	13,385	9,582
Purchase of shares of subsidiaries and associates	(13)	(153)
Proceeds from sales of shares of subsidiaries and associates	13	13
Purchase of property, plant and equipment	(4,940)	(13,964)
Purchase of intangible assets	(1,236)	(2,041)
Payments of loans receivable	(2,720)	(348)
Collection of loans receivable	146	170
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(5,475)
Other, net	(1,664)	5,197
Net cash provided by (used in) investing activities	(33,824)	3,881
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(2,500)	5,990
Proceeds from long-term loans payable	4,577	300
Repayments of long-term loans payable	(6,725)	(15,941)
Redemption of bonds	(450)	(450)
Purchase of treasury shares	(1,379)	(1)
Proceeds from disposal of treasury shares	1,623	484
Cash dividends paid	(4,914)	(4,982)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(4)	(463)
Net increase (decrease) in deposits received from subsidiaries and affiliates	(40)	(5)
Other, net	1,188	(524)
Net cash provided by (used in) financing activities	(8,624)	(15,593)
Effect of exchange rate change on cash and cash equivalents	(151)	23
Net increase (decrease) in cash and cash equivalents	(39,983)	14,561
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)	326
Cash and cash equivalents at end of period	25,476	40,365

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