

RESORTTRUST FINANCIAL DATA

CONSOLIDATED FINANCIAL SUMMARY

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



RESORTTRUST
GROUP

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.



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