

This English translation of the consolidated financial results were prepared for reference purposes only and is qualified in its entirety by the original Japanese version. The financial information contained in this documents are derived from our unaudited consolidated financial statements appearing in item 3 of attached materials.

May 15, 2019

Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 [Japanese GAAP]

Listed company name: Resorttrust, Inc.
 Stock exchange listing: Tokyo Stock Exchange, Nagoya Stock Exchange
 Stock code: 4681
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 Representative: Ariyoshi Fushimi, President and COO, & Representative Director
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 Scheduled date for ordinary general meeting of shareholders: June 27, 2019
 Scheduled date for dividend payment: June 28, 2019
 Scheduled date for filing of securities report: June 28, 2019
 Supplementary documents for financial results: Yes
 Financial results briefing: Yes (for securities analysts and institutional investors)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(1) Operating Results

(Millions of yen, rounded down)

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
		%		%		%		%
Fiscal year ended March 31, 2019	179,542	8.5	18,877	6.4	19,528	0.5	12,358	4.5
Fiscal year ended March 31, 2018	165,413	15.2	17,742	31.3	19,422	31.2	11,830	7.4

Note: Comprehensive income:

Fiscal year ended March 31, 2019: 11,653 million yen [2.8%]

Fiscal year ended March 31, 2018: 11,337 million yen [8.6%]

	Net income per share	Diluted net income per share	Return on equity	Ordinary income to total assets ratio	Operating income to sales ratio
	Yen	Yen	%	%	%
Fiscal year ended March 31, 2019	115.53	106.42	10.0	4.7	10.5
Fiscal year ended March 31, 2018	110.82	101.99	10.1	4.6	10.7

Reference: Equity in earnings (loss) of non-consolidated subsidiaries and associated companies:

Fiscal year ended March 31, 2019 17 million yen

Fiscal year ended March 31, 2018 15 million yen

(2) Financial Position

(Millions of yen, except per share data and percentages)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
March 31, 2019	401,426	132,050	31.7	1,190.63
March 31, 2018	421,440	125,190	28.7	1,130.11

Reference: Shareholders' equity: March 31, 2019 127,430 million yen
 March 31, 2018 120,762 million yen

(3) Cash Flows

(Millions of yen, rounded down)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of the year
Fiscal year ended March 31, 2019	16,674	(2,057)	(23,198)	23,895
Fiscal year ended March 31, 2018	8,456	(7,282)	(9,177)	32,469

2. Dividends

(Millions of yen, except per share data and percentages)

	Dividends per share (Yen)					Total amount of dividends (annual)	Payout ratio (Consolidated)	Net assets to dividends ratio (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total			
Fiscal year ended March 31, 2018	—	23.00	—	23.00	46.00	4,984	41.5	4.2
Fiscal year ended March 31, 2019	—	23.00	—	23.00	46.00	4,984	39.8	4.0
Fiscal year ending March 31, 2020 (forecast)	—	23.00	—	23.00	46.00		49.2	

3. Consolidated Results Forecast for the Fiscal Year Ending March 31, 2020 (from April 1, 2019 to March 31, 2020)

(Millions of yen, except per share data and percentages)

(Percentages indicate changes from the corresponding period of the fiscal year ended March 31, 2019.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
		%		%		%		%	Yen
For the six-month period ending September 30, 2019 (cumulative total)	85,800	10.9	8,000	31.7	8,000	22.9	5,000	25.1	46.74
For the fiscal year ending March 31, 2020 (full-year)	171,400	(4.5)	16,000	(15.2)	16,000	(18.1)	10,000	(19.1)	93.48

* **Notes**

- (1) **Changes in significant subsidiaries during the period (Changes in specified subsidiaries : None accompanying changes in scope of consolidation)**

New subsidiaries: company (Company name)

(2) **Changes in accounting policies, changes in accounting estimates and restatements**

- 1) Changes in accounting policies in accordance with revision of accounting standards : None
 2) Changes in accounting policies other than item 1) above : None
 3) Changes in accounting estimates : None
 4) Restatements : None

(3) **Number of shares issued (common stock)**

- 1) Number of shares issued at the end of the period (including treasury stock)

As of March 31, 2019 108,520,799 shares

As of March 31, 2018 108,520,799 shares

- 2) Number of treasury stock at the end of the period

As of March 31, 2019 1,493,010 shares

As of March 31, 2018 1,662,070 shares

- 3) Average number of shares during the period

As of March 31, 2019 106,971,298 shares

As of March 31, 2018 106,747,321 shares

(Reference) Overview of Non-consolidated Financial Results**1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2019 (from April 1, 2018 to March 31, 2019)****(1) Non-consolidated Operating Results**

(Percentages indicate changes from the previous fiscal year.)

	Net sales		Operating income		Ordinary income		Net income	
		%		%		%		%
Fiscal year ended March 31, 2019	134,535	8.8	11,568	1.9	12,872	(5.4)	8,652	(6.3)
Fiscal year ended March 31, 2018	123,677	16.2	11,350	51.6	13,605	42.1	9,234	23.3

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended March 31, 2019	80.89	74.43
Fiscal year ended March 31, 2018	86.51	79.55

(2) Non-consolidated Financial Position

(Millions of yen, except per share data and percentages)

	Total assets	Net assets	Equity ratio	Net assets per share
			%	Yen
March 31, 2019	328,740	100,054	30.3	932.11
March 31, 2018	349,689	95,804	27.3	894.40

Reference: Shareholders' equity: March 31, 2019 99,762 million yen
 March 31, 2018 95,574 million yen

* **These consolidated financial results are outside the scope of audit by certified public accountants or audit firms.**

* **Explanations and other special notes concerning the appropriate use of consolidated results forecasts**

The forward-looking statements such as result forecasts included in this document are based on the information available to the Company at the time of the announcement and on certain assumptions considered reasonable. Actual results may differ materially from the forecast depending on a range of factors.

For other matters relating to the forecasts, please refer to page 5 of the attached materials.

Supplementary documents for financial results will be posted on the Company's web site today at <https://www.resorttrust.co.jp/ir/>.

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1. Overview of Operating Results, etc.

(1) Overview of Operating Results

* “Plan” for the fiscal year ended March 31, 2019 is based on the consolidated results forecast announced on May 15, 2018.

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2018 (results)	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2019 (Plan)	Year-on-year change	Change from plan
Net sales	165,413	179,542	183,600	+8.5%	(2.2)%
Operating income	17,742	18,877	19,000	+6.4%	(0.6)%
Ordinary income	19,422	19,528	19,500	+0.5%	+0.1%
Net income attributable to owners of parent	11,830	12,358	12,400	+4.5%	(0.3)%

During the fiscal year ended March 31, 2019, Japanese economy has recovered gradually through sustained improvements in employment and income conditions and corporate profits.

Under this environment, for the fiscal year ended March 31, 2019, operating income of hotel for the facilities such as Ashiya Baycourt Club, opened in February 2018, and XIV Rokko Sanctuary Villa, opened in April 2018, contributed to business results, and sales of hotel memberships for Laguna Baycourt Club, launched sales of memberships from August 2016, resulted in positive sales. Meanwhile, deferred net sales of hotel membership for Laguna Baycourt Club were fully realized due to the beginning of operation in March 2019.

As a result, the Group recorded increase in net sales and income. In addition, net sales and operating income resulted in the highest-ever level as follows. Net sales amounted to ¥179,542 million, a year-on-year increase of 8.5%, operating income was ¥18,877 million, a year-on-year increase of 6.4%, ordinary income was ¥19,528 million, a year-on-year increase of 0.5%, and net income attributable to owners of parent was ¥12,358 million, a year-on-year increase of 4.5%.

Overview of operating results by the reportable segments is as follows.

Segment profit represents the amount based on operating income of each segment.

Effective from the three-month period ended June 30, 2018, along with organization changes, the Company has changed the method of determination of business segments. Segment information for the fiscal year ended March 31, 2018 has been reported based on the method changed as stated above.

【Membership】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2018 (results)	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2019 (plan)	Year-on-year change	Change from plan
Net sales	54,114	64,029	61,240	+18.3%	+4.6%
Segment profit	16,179	19,004	16,890	+17.5%	+12.5%

In the Membership business, sales of hotel memberships for YOKOHAMA BAYCOURT CLUB, launched sales of memberships from December 2017, and other facilities resulted in positive sales. In addition, deferred net sales of hotel membership for XIV Rokko Sanctuary Villa, opened in April 2018, and Laguna Baycourt Club, opened in March 2019 were fully realized due to the beginning of operation respectively.

As a result, the Membership segment recorded increase in net sales and segment profit compared with the previous fiscal year.

【Hotel and Restaurant】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2018 (results)	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2019 (plan)	Year-on-year change	Change from plan
Net sales	79,601	80,383	84,970	+1.0%	(5.4)%
Segment profit	3,731	2,624	4,170	(29.7)%	(37.1)%

In the Hotel and Restaurant business, operating income of Ashiya Baycourt Club, opened in February 2018, and XIV Rokko Sanctuary Villa, opened in April 2018, contributed to business results. On the other hand, depreciation and other costs have increased.

As a result, the Hotel and Restaurant segment recorded increase in net sales and decrease in segment profit compared with the previous fiscal year.

【Medical】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2018 (results)	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2019 (plan)	Year-on-year change	Change from plan
Net sales	30,990	34,478	36,710	+11.3%	(6.1)%
Segment profit	5,276	6,144	5,980	+16.4%	+2.7%

In the Medical business, annual membership fees have increased along with the increase in number of members of Grand HIMEDIC Club, a comprehensive medical support club of the Group. In addition, capacity of senior residence facilities used for operation has been enhanced, and medical checkup business and article sales business including cosmetics and supplements sales have expanded.

As a result, the Medical segment recorded increase in net sales and segment profit compared with the previous fiscal year.

【Others】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2018 (results)	Fiscal year ended March 31, 2019 (results)	Fiscal year ended March 31, 2019 (plan)	Year-on-year change	Change from plan
Net sales	707	651	680	(7.9)%	(4.2)%
Segment profit	554	572	570	+3.3%	+0.4%

In the Others business, rental income from office building at R.T. DEVELOPMENT CO., LTD., a consolidated subsidiary of the Company, has decreased due to the decrease in rental properties. On the other hand, fixed assets tax and depreciation costs, etc. have decreased.

As a result, the Others segment recorded decrease in net sales and increase in segment profit compared with the previous fiscal year.

(2) Overview of Financial Position

(Asset)

Current assets as of March 31, 2019 were ¥135,754 million, a 7.1% decrease from the end of the previous fiscal year. This was primarily due to increase of ¥7,273 million in real estate for sale and decreases of ¥2,624 million in cash and deposits and ¥16,270 million in real estate for sale under construction respectively, compared with the end of the previous fiscal year.

Non-current assets as of March 31, 2019 were ¥265,671 million, a 3.5% decrease from the end of the previous fiscal year. This was primarily due to increases of ¥6,946 million in buildings and structures, net due to new open of hotels and ¥2,220 million in construction in progress due to the property development such as THE KAHARA HOTEL & RESORT YOKOHAMA under construction and decrease of ¥21,124 million in investment securities respectively, compared with the end of the

previous fiscal year.

As a result, total assets as of March 31, 2019 were ¥401,426 million, a 4.7% decrease from the end of the previous fiscal year.

(Liabilities)

Current liabilities as of March 31, 2019 were ¥70,764 million, a 33.3% decrease from the end of the previous fiscal year. This was primarily due to decreases of ¥17,280 million in current portion of long-term borrowings, ¥16,355 million in Advances received respectively, compared with the end of the previous fiscal year.

Non-Current liabilities as of March 31, 2019 were ¥198,611 million, a 4.5% increase from the end of the previous fiscal year. This was primarily due to increase of ¥7,054 million in long-term borrowings and ¥1,916 million in other respectively, compared with the end of the previous fiscal year.

As a result, total liabilities as of March 31, 2019 were ¥269,375 million, a 9.1% decrease from the end of the previous fiscal year.

(Net assets)

Total net assets as of March 31, 2019 were ¥132,050 million, a 5.5% increase from the end of the previous fiscal year. This was primarily due to increase of ¥7,373 million in retained earnings compared with the end of the previous fiscal year.

(3) Overview of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018 (results)	Fiscal year ended March 31, 2019 (results)
Cash flows from operating activities	8,456	16,674
Cash flows from investing activities	(7,282)	(2,057)
Cash flows from financing activities	(9,177)	(23,198)
Cash and cash equivalents at the end of the year	32,469	23,895

Cash and cash equivalents as of March 31, 2019 decreased by ¥8,573 million from the end of the previous fiscal year to ¥23,895 million, a 26.4% decrease from the end of the previous fiscal year.

Components of consolidated cash flows and main contributing factors are detailed as follows.

1) Cash flows from operating activities

Net cash from operating activities resulted in a cash inflow of ¥16,674 million, an increase of ¥8,217 million in cash inflow compared with the previous fiscal year primarily due to the decrease in inventories, increase in accounts payable – other and decrease in advances received. Net cash provided by operating activities consists primarily of income before income taxes of ¥19,049 million and depreciation of ¥9,678 million.

2) Cash flows from investing activities

Net cash from investing activities resulted in a cash outflow of ¥2,057 million, an increase of ¥5,225 million in cash inflow compared with the previous fiscal year primarily due to the decrease in purchase of property, plant and equipment. Net cash used in investing activities consists primarily of purchase of property, plant and equipment of ¥16,019 million.

3) Cash flows from financing activities

Net cash from financing activities resulted in a cash outflow of ¥23,198 million, an increase of ¥14,021 million in cash outflow compared with the previous fiscal year primarily due to the increase in repayments of long-term borrowings. Net cash used in financing activities consists primarily of repayments of long-term borrowings of ¥19,457 million and dividends paid of ¥4,984 million.

There was no significant change in capital resources and liquidity for the fiscal year ended March 31, 2019.

(Reference) Indicators related to cash flows

	FY ended March 31, 2015	FY ended March 31, 2016	FY ended March 31, 2017	FY ended March 31, 2018	FY ended March 31, 2019
Equity ratio (%)	25.5	26.6	27.0	28.6	31.7
Equity ratio based on market price (%)	82.9	66.0	49.6	56.6	40.0
Ratio of Interest-bearing debt to cash flow ratio (years)	3.8	29.3	2.6	7.5	2.8
Interest coverage ratio (times)	43.9	5.3	44.9	13.0	24.0

Equity ratio: Total equity / Total assets

Equity ratio based on market price: Market capitalization / Total assets

Ratio of Interest-bearing debt to cash flow ratio: Interest-bearing debt / Cash flows

Interest coverage ratio: Cash flows / Interest paid

- (Notes)
1. All indicators are calculated using financial figures on a consolidated basis.
 2. Market capitalization is calculated based on the total number of shares issued excluding treasury stock at the end of the fiscal year.
 3. Cash flows refer to cash flows from operating activities. Cash flows from operating activities and Interest paid refer to “Net cash provided by operating activities” and “Interest paid” respectively on consolidated statements of cash flows.
 4. Interest-bearing debt refers to all liabilities for which interest is paid on the consolidated balance sheets.

(4) Future Outlook

- * The forward-looking statements are based on the information available to the Company at the time of the announcement. Actual results of sales and profit may differ materially from the forecast depending on a range of uncertainties and other factors such as future changes in the situation surrounding the Group’s business.

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ending March 31, 2020 (plan)	Change
Net sales	179,542	171,400	(4.5)%
Operating income	18,877	16,000	(15.2)%
Ordinary income	19,528	16,000	(18.1)%
Net income attributable to owners of parent	12,358	10,000	(19.1)%

The Japanese economy is expected to recover gradually, but our business environment is continuously expected to be uncertain due to a variety of causes for concern over political situation in and outside Japan.

As for the trends of the tourism industry, increase in business opportunities and market expansion are expected not only because of large-scale events such as the most recent Golden week 10 consecutive holidays, the Rugby World Cup 2019 Japan and the 2020 Tokyo Olympic and Paralympic Games, but also thanks to promoting development of an environment for domestic tourism towards inbound expansion. On the other hand, growing shortage of labor due to the falling birthrate, aging population and decline in the labor force population is an urgent priority for the tourism industry. Therefore, in order to make the tourism industry a key industry, various tourism-related policies have been promoted such as creating an environment where women and senior citizens can be active and admitting foreign workers.

In order to meet such business environments, the Group has formulated “Connect 50: Together for a wonderful life,” a medium-term management plan targeting the five years from April 2018 to March 2023 (the “plan”) and the plan is underway.

The plan provides the Group with a roadmap for achieving a more robust and high-grade Group

brand based on the “Group Management” that focuses on efforts aimed at making the most of Group synergy effects while firmly protects the unique brand established in each business. The plan also provides the Group with a roadmap for fostering lifelong relationship with our customer which enables them to live healthy, pleasant and longer for their better life by providing our attentive services to them.

As prioritized measures toward the achievement of the plan, the Group will invest aggressively in education and training aiming to develop branded employees who embody our management philosophy and are able to offer the most suitable services to our customer. The Group will also invest aggressively in digitization that enables our employees to reform work style aiming at enhancement of productivity through building up work environment that enables our employees to increase in hours for coming face to face with our customer and seek pleasure from vibrant work.

From now on, the Group will draw on the know-how that stems from its membership business as the advantage of the Group as well as its tailor-made, high-value-added services taking advantage of continuous business relationship with customers to more actively develop its travel and health business market considering the area as a great opportunity for continuous creation of added value.

Advancing toward the milestone of its 50th anniversary, the Group will redouble efforts to mobilize all available resources of the Group aimed at fulfilling its social responsibility in “environment, society and governance” and running its business continuously toward sustainable growth.

Under these circumstances, as for the forecast of consolidated financial results for the fiscal year ending March 31, 2020, Laguna Baycourt Club, opened in March 2019, is expected to be in operation for the full fiscal year. In addition, annual membership fees are expected to increase along with the increase in number of members of Grand HIMEDIC Club, a comprehensive medical support club of the Group, while enhancing the capacity of senior residence facilities used for operation such as Trust Garden Ogikubo, scheduled to be opened in August 2019, and expansion of medical checkup business and article sales business including cosmetics and supplements sales are projected. On the other hand, upfront investments such as initial expenses to open new hotels are expected due to new open of Hotel Trusty Premier Nihonbashi Hamacho, scheduled to be opened in September 2019, and Hotel Trusty Premier Kumamoto, scheduled to be opened in October 2019, respectively. Moreover, for the fiscal year ended March 31, 2019, deferred net sales of hotel membership for newly opened membership hotels were fully realized due to the beginning of operation. In contrast, for the fiscal year ending March 31, 2020, no membership hotels are scheduled to be newly opened.

As a result, the Group’s current forecast of consolidated financial results for the fiscal year ending March 31, 2020 is as follows. Net sales are expected to amount to ¥171,400 million, a year-on-year decrease of 4.5%, operating income is expected to be ¥16,000 million, a year-on-year decrease of 15.2%, ordinary income is expected to be ¥16,000 million, a year-on-year decrease of 18.1%, and net income attributable to owners of parent is expected to be ¥10,000 million, a year-on-year decrease of 19.1%.

Overview of operating forecast by the reportable segments is as follows. Segment profit represents operating income of each segment.

【Membership】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ending March 31, 2020 (plan)	Change
Net sales	64,029	39,140	(38.9)%
Segment profit	19,004	13,980	(26.4)%

In the Membership business, deferred net sales of hotel membership for Laguna Baycourt Club, opened in March 2019 were fully realized due to the beginning of operation for the fiscal year ended March 31, 2019. In contrast, for the fiscal year ending March 31, 2020, no membership hotels are scheduled to be newly opened.

As a result, the Membership segment is expected to record decrease in net sales and segment profit compared with the fiscal year ended March 31, 2019.

【Hotel and Restaurant】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ending March 31, 2020 (plan)	Change
Net sales	80,383	90,630	+12.7%
Segment profit	2,624	3,160	+20.4%

In the Hotel and Restaurant business, increases in initial expenses related to open new hotels and IT and labor cost incurred as prior cost for improving productivity by using IT technology and promoting diversified work styles such as increasing the number of annual holidays including taking paid annual leave mandated by laws are expected.

On the other hand, increase in annual membership fees from new members as well as the effects of operation of Laguna Baycourt Club for the full fiscal year are expected to contribute to increase in net sales.

As a result, the Hotel and Restaurant segment is expected to record increase in net sales and segment profit compared with the fiscal year ended March 31, 2019.

【Medical】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ending March 31, 2020 (plan)	Change
Net sales	34,478	41,020	+19.0%
Segment profit	6,144	6,760	+10.0%

In the Medical business, annual membership fees are expected to increase due to the increase in number of members for Grand HIMEDIC Club, a comprehensive medical support club of the Group. In addition, enhancing the capacity of senior residence facilities used for operation including new open of facilities, expansion of medical checkup business and article sales business including cosmetics and supplements sales are projected.

As a result, the Medical segment is expected to record increase in net sales and segment profit compared with the fiscal year ended March 31, 2019.

【Others】

(Millions of yen, except percentages)

	Fiscal year ended March 31, 2019 (results)	Fiscal year ending March 31, 2020 (plan)	Change
Net sales	651	610	(6.3)%
Segment profit	572	590	+3.1%

In the Others business, rental income from the rental properties at R.T. DEVELOPMENT CO., LTD., a consolidated subsidiary of the Company, is expected to decrease due to the decrease in number of rental properties. On the other hand, administrative expenses of rental properties are expected to decrease.

As a result, the Others segment is expected to record decrease in net sales and increase in segment profit compared with the fiscal year ended March 31, 2019.

2. Basic Approach to the Selection of Accounting Standards

The Group applies accounting principles generally accepted in Japan and intends to continue using them for the immediate future as they enable comparison of consolidated financial statements across time periods and among companies.

The Group will address the application of international accounting standards as appropriate, taking into account the recent developments both in and out of Japan.

3. Consolidated Financial Statements and Primary Notes

(1) Consolidated Balance Sheets

	(Millions of yen)	
	As of March 31, 2018	As of March 31, 2019
Assets		
Current assets		
Cash and deposits	29,366	26,742
Notes and accounts receivable - trade	7,689	8,891
Operating loans	44,041	46,623
Securities	6,404	4,647
Merchandise	972	1,082
Real estate for sale	22,776	30,049
Raw materials and supplies	1,374	1,429
Real estate for sale under construction	28,116	11,845
Other	6,303	5,380
Allowance for doubtful accounts	(950)	(937)
Total current assets	146,094	135,754
Non-current assets		
Property and equipment		
Buildings and structures	178,956	187,241
Accumulated depreciation	(84,126)	(85,464)
Buildings and structures, net	94,830	101,777
Machinery, equipment and vehicles	10,767	11,025
Accumulated depreciation	(8,001)	(8,135)
Machinery, equipment and vehicles, net	2,765	2,889
Golf courses	7,591	7,591
Land	38,302	38,649
Leased assets	9,157	9,328
Accumulated depreciation	(2,468)	(3,100)
Leased assets, net	6,689	6,227
Construction in progress	15,700	17,920
Other	20,570	22,233
Accumulated depreciation	(15,849)	(17,287)
Other, net	4,721	4,945
Total property and equipment	170,600	180,001
Intangible assets		
Goodwill	4,121	3,637
Software	4,240	4,534
Other	2,638	3,634
Total intangible assets	11,001	11,806
Investments and other assets		
Investment securities	64,724	43,599
Investments in unconsolidated subsidiaries and associated companies	1,390	1,313
Long-term loans	6,163	6,120
Employees' retirement benefit asset	1,219	725
Deferred tax assets	7,596	8,234
Other	13,486	14,624
Allowance for doubtful accounts	(835)	(755)
Total investments and other assets	93,744	73,862
Total non-current assets	275,345	265,671
Total assets	421,440	401,426

(Millions of yen)

	As of March 31, 2018	As of March 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,355	1,471
Short-term borrowings	8,958	5,000
Current portion of long-term borrowings	19,119	1,839
Current portion of bonds	2,750	250
Lease obligations	848	875
Accounts payable - other	16,825	22,389
Income taxes payable	4,741	3,608
Accrued consumption taxes	1,642	997
Advances received	28,564	12,209
Unearned revenue	13,975	14,327
Allowance for loss on guarantees	179	63
Other	7,192	7,731
Total current liabilities	106,153	70,764
Non-current liabilities		
Bonds	700	450
Bonds with stock acquisition rights	29,855	29,813
Long-term borrowings	32,069	39,123
Lease obligations	6,343	5,806
Deferred tax liabilities	829	638
Accrued severance indemnities for directors and corporate auditors	2,131	2,133
Provision for shares benefit	1,294	1,697
Employees' retirement benefit liability	1,755	1,959
Long-term guarantee deposits received	33,693	32,757
Amortizable long-term guarantee deposits received	67,847	68,838
Negative goodwill	100	—
Other	13,475	15,392
Total non-current liabilities	190,096	198,611
Total liabilities	296,250	269,375
Net assets		
Shareholders' equity		
Common stock	19,590	19,590
Capital surplus	22,192	22,192
Retained earnings	78,770	86,144
Treasury stock	(2,212)	(1,852)
Total shareholders' equity	118,341	126,074
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	661	821
Foreign currency translation adjustments	1,814	858
Retirement benefit adjustment	(55)	(323)
Total accumulated other comprehensive income	2,421	1,355
Stock acquisition rights	229	292
Non-controlling interests	4,198	4,326
Total net assets	125,190	132,050
Total liabilities and net assets	421,440	401,426

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

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net sales	165,413	179,542
Cost of sales	33,799	42,167
Gross profit	131,614	137,374
Selling, general, and administrative expenses		
Advertising expenses	2,677	2,452
Membership service expenses	709	698
Repair and maintenance	3,356	4,090
Linen expenses	3,640	3,983
Provision of allowance for doubtful accounts	20	—
Directors' compensations	1,114	1,130
Salaries and bonuses	44,570	45,747
Retirement benefit expenses	972	1,094
Provision for accrued severance indemnities for directors and corporate auditors	99	208
Legal welfare expenses	6,099	6,217
Welfare expenses	1,814	1,918
Commission fee	7,912	8,002
Rent expenses	5,972	6,555
Utilities expenses	5,405	5,739
Correspondence and transportation expenses	3,123	3,216
Depreciation	7,549	8,595
Taxes and dues	3,169	2,954
Supplies expenses	3,130	3,046
Amortization of goodwill	760	594
Other	11,773	12,253
Total selling, general, and administrative expenses	113,871	118,497
Operating income	17,742	18,877
Non-operating income		
Interest income	2,149	1,512
Dividend income	87	94
Amortization of negative goodwill	120	100
Equity in earnings of non-consolidated subsidiaries and associated companies	15	17
Foreign exchange gains	32	—
Insurance income	354	33
Subsidy income	75	63
Reversal of allowance for doubtful accounts	5	87
Other	261	237
Total non-operating income	3,102	2,145

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Non-operating expenses		
Interest expense	652	677
Foreign exchange losses	—	1
Provision for loss on guarantees	56	21
Commission for syndicated bank loans	7	24
Guarantee charge of unearned revenue	95	70
Nondeductible consumption taxes	432	566
Other	177	132
Total non-operating expenses	1,422	1,494
Ordinary income	19,422	19,528
Extraordinary income		
Gain on sales of non-current assets	164	162
Gain on sales of investment securities	204	505
Gain on sales of investments in unconsolidated subsidiaries and associated companies	9	7
Compensation income	86	—
Other	39	9
Total extraordinary income	505	685
Extraordinary losses		
Loss on sales of non-current assets	398	27
Loss on retirement of non-current assets	160	53
Impairment loss	457	149
Loss on sales of investment securities	180	497
Loss on sales of investments in unconsolidated subsidiaries and associated companies	—	0
Severance indemnities for directors and corporate auditors	34	40
Contribution	—	203
Other	110	192
Total extraordinary losses	1,341	1,164
Income before income taxes	18,585	19,049
Income taxes - current	7,398	7,061
Income taxes - deferred	(818)	(730)
Total income taxes	6,579	6,331
Net income	12,006	12,718
Net income attributable to non-controlling interests	175	360
Net income attributable to owners of parent	11,830	12,358

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income	12,006	12,718
Other comprehensive income:		
Net changes in unrealized gain on available-for-sale securities	(345)	159
Foreign currency translation adjustments	(407)	(956)
Retirement benefit adjustment	84	(268)
Total other comprehensive income	(668)	(1,064)
Comprehensive income	11,337	11,653
(Breakdown)		
Comprehensive income attributable to owners of parent	11,161	11,292
Comprehensive income attributable to non-controlling interests	176	360

(3) Consolidated Statements of Changes in Net Assets

For the fiscal year ended March 31, 2018

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Retirement benefit adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the year	19,588	22,171	71,837	(2,788)	110,809	1,007	2,222	(139)	3,089	—	4,480	118,379
Changes in items during the year												
Issuance of new shares(Exercise of stock acquisition rights)	2	2			4							4
Cash dividends			(4,984)		(4,984)							(4,984)
Net income attributable to owners of parent			11,830		11,830							11,830
Purchase of treasury stock				(2)	(2)							(2)
Disposal of treasury stock				577	577							577
Change in scope of consolidation			87		87							87
Purchase of shares of consolidated subsidiaries		18			18							18
Net changes other than shareholders' equity for the year						(345)	(407)	84	(668)	229	(282)	(720)
Total changes in items during the year	2	20	6,932	575	7,531	(345)	(407)	84	(668)	229	(282)	6,810
Balance at the end of the year	19,590	22,192	78,770	(2,212)	118,341	661	1,814	(55)	2,421	229	4,198	125,190

For the fiscal year ended March 31, 2019

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustments	Retirement benefit adjustment	Total accumulated other comprehensive income			
Balance at the beginning of the year	19,590	22,192	78,770	(2,212)	118,341	661	1,814	(55)	2,421	229	4,198	125,190
Changes in items during the year												
Issuance of new shares(Exercise of stock acquisition rights)					—							—
Cash dividends			(4,984)		(4,984)							(4,984)
Net income attributable to owners of parent			12,358		12,358							12,358
Purchase of treasury stock				(0)	(0)							(0)
Disposal of treasury stock				361	361							361
Change in scope of consolidation					—							—
Purchase of shares of consolidated subsidiaries					—							—
Net changes other than shareholders' equity for the year						159	(956)	(268)	(1,065)	62	128	(873)
Total changes in items during the year	—	—	7,373	360	7,733	159	(956)	(268)	(1,065)	62	128	6,860
Balance at the end of the year	19,590	22,192	86,144	(1,852)	126,074	821	858	(323)	1,355	292	4,326	132,050

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from operating activities:		
Income before income taxes	18,585	19,049
Depreciation	8,609	9,678
Impairment loss	457	149
Amortization of goodwill and negative goodwill	639	494
Increase (decrease) in allowance for doubtful accounts	(23)	(93)
Increase (decrease) in employees' retirement benefit liability	234	297
Increase (decrease) in accrued severance indemnities for directors and corporate auditors	(39)	1
Interest and dividend income	(2,236)	(1,606)
Interest expense	652	677
Foreign exchange losses (gains)	(23)	(66)
Decrease (increase) in notes and accounts receivable - trade	(638)	(3,734)
Decrease (increase) in inventories	(8,553)	7,982
Increase (decrease) in notes and accounts payable - trade	(39)	120
Increase (decrease) in accounts payable - other	(3,624)	3,531
Increase (decrease) in advances received	(4,967)	(16,357)
Increase (decrease) in long-term guarantee deposits received	(956)	54
Increase (decrease) in accrued consumption taxes	1,532	(656)
Other, net	3,720	3,928
Subtotal	13,328	23,450
Interest and dividend received	2,368	1,808
Interest paid	(649)	(695)
Income taxes paid	(6,590)	(7,889)
Net cash provided by (used in) operating activities	8,456	16,674
Cash flows from investing activities:		
Payments into time deposits	(3,097)	(6,030)
Proceeds from withdrawal of time deposits	3,831	3,097
Purchases of securities	(10,610)	(9,644)
Proceeds from sales and redemption of securities	13,617	11,390
Purchases of investment securities	(1,041)	(3,001)
Proceeds from sales and redemption of investment securities	18,047	21,213
Purchases of investments in unconsolidated subsidiaries and associated companies	(15)	(4)
Proceeds from sales of investments in unconsolidated subsidiaries and associated companies	22	25
Purchase of property, plant and equipment	(23,008)	(16,019)
Purchase of intangible assets	(2,131)	(2,336)
Payments for loans receivable	(2,232)	(548)
Collection of loans receivable	669	542
Purchases of shares of subsidiaries resulting in change in scope of consolidation	(1,398)	—
Other, net	65	(742)
Net cash provided by (used in) investing activities	(7,282)	(2,057)

(Millions of yen)

	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Cash flows from financing activities:		
Increase (decrease) in short-term borrowings, net	241	(4,312)
Proceeds from long-term borrowings	1,390	9,231
Repayments of long-term borrowings	(5,075)	(19,457)
Redemption of bonds	(550)	(2,750)
Purchases of treasury stock	(2)	(0)
Proceeds from disposals of treasury stock	436	207
Dividends paid	(4,984)	(4,984)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(100)	(3)
Increase (decrease) in deposits received from unconsolidated subsidiaries and associated companies, net	460	(20)
Other, net	(991)	(1,108)
Net cash provided by (used in) financing activities	(9,177)	(23,198)
Effect of exchange rate changes on cash and cash equivalents	40	8
Net increase (decrease) in cash and cash equivalents	(7,962)	(8,573)
Cash and cash equivalents at the beginning of the year	40,365	32,469
Increase (decrease) in cash and cash equivalents due to changes in scope of consolidation	66	—
Cash and cash equivalents at the end of the year	32,469	23,895

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

Not applicable

(Significant Accounting Policies Applied in Preparing Consolidated Financial Statements)

(Significant Changes in Scope of Consolidations)

ACTIVA Co., Ltd. and Trust Grace, Inc. consolidated subsidiaries, were excluded from the scope of consolidation due to the fact that Trust Garden, Inc., a consolidated subsidiary, acquired ACTIVA Co., Ltd. and Trust Grace, Inc. by absorption-type merger.

(Changes in Presentation)

(Application of the “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

Effective from the beginning of the fiscal year ended March 31, 2019, the Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018).

Accordingly, deferred tax assets were presented in “Investments and other assets” and deferred tax liabilities were presented in “Non-current liabilities”.

As a result, deferred tax assets of ¥5,557 million presented in “Current assets” and deferred tax liabilities of ¥75 million presented in “Non-current liabilities” in the consolidated balance sheet as of March 31, 2018 have been reclassified into deferred tax assets of ¥7,596 million presented in “Investments and other assets”. Therefore, deferred tax liabilities presented in “Non-current liabilities” as of March 31, 2018 have been presented as ¥829 million.

(Segment Information, etc.)

[Segment Information]

1 Overview of reportable segments

(1) Identifying reportable segments

Reportable segments of the Group are components of an entity about which separate financial information is available and for which such information is evaluated regularly by the Board of Directors of the Company in deciding how to allocate resources and in assessing performance.

The Group has established the following three reportable segments: the “membership” segment; the “hotel and restaurant” segment; and the “medical” segment.

(2) Products and services of each reportable segment

The “membership” segment is engaged in the sale of hotel memberships, providing finance for purchasers of hotel memberships and construction of membership hotels.

The “hotel and restaurant” segment is engaged in the operations of hotels, restaurants and others, including such as cleaning of hotels, providing services to members (sales in Wonder Net operations, handling of renewal fees and registration fees, sales in the travel division, mail-order sales, handling of commission fees from mutual exploitation of membership hotels), business of non-life insurance agencies, manufacturing and sale of hair accessories and providing services in beauty.

The “medical” segment is engaged in the sale and management of medical memberships, providing finance for purchasers of medical memberships, consulting for management of medical care centers, rental service of medical care facilities and home care service.

2 Methods of measurement for the amounts of net sales, profits, assets, liabilities and other items for each reportable segment

The accounting methods used for each reportable segment are consistent with those applied in preparing consolidated financial statements of the Company. Reportable segment profit represents operating income. Assets, liabilities and other items were omitted since the Company considered there to be no significant need for the disclosure of the financial results.

3 Net sales, profits, assets and other items for each reportable segment

For the fiscal year ended March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segment				Others (*1)	Total
	Membership	Hotel and Restaurant	Medical	Total		
Net sales:						
Sales to external customers	54,114	79,601	30,990	164,705	707	165,413
Intersegment sales or transfers	11	2,468	108	2,588	767	3,356
Total	54,125	82,070	31,098	167,294	1,475	168,769
Segment profit	16,179	3,731	5,276	25,187	554	25,741

Note *1: "Others" is a business segment that is not included in reportable segments. It includes the businesses of real estate rental and cottage management, etc.

For the fiscal year ended March 31, 2019 (from April 1, 2018 to March 31, 2019)

(Millions of yen)

	Reportable segment				Others (*1)	Total
	Membership	Hotel and Restaurant	Medical	Total		
Net sales:						
Sales to external customers	64,029	80,383	34,478	178,891	651	179,542
Intersegment sales or transfers	56	2,274	246	2,577	779	3,357
Total	64,085	82,657	34,725	181,468	1,430	182,899
Segment profit	19,004	2,624	6,144	27,773	572	28,345

Note *1: "Others" is a business segment that is not included in reportable segments. It includes the businesses of real estate rental and cottage management, etc.

4 Differences between the totals of reportable segments and the same under the consolidated financial statements

(Millions of yen)

Net sales:	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segments total	167,294	181,468
Others	1,475	1,430
Eliminations	(3,356)	(3,357)
Net sales in the consolidated statements of income	165,413	179,542

(Millions of yen)

Segment profit:	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Reportable segments total	25,187	27,773
Others	554	572
Corporate expenses (*1)	(7,999)	(9,468)
Operating income in the consolidated statements of income	17,742	18,877

Note*1: Corporate expenses mainly consist of general and administrative expenses not attributable to reportable segments.

5 Change in reportable segments, etc.

Along with organization changes, the Company has changed the method of determination of business segments effective from the fiscal year ended March 31, 2019. As a result, for the existed “membership” segment, operations of sale of golf course memberships and two subsidiaries that operate golf businesses have been moved to the “hotel and restaurant” segment. In addition, for the existed “hotel and restaurant” segment, NIPPON SWISS PERFECTION Co., Ltd. has been moved to the “medical” segment.

Segment information for the fiscal year ended March 31, 2018 has been prepared and reported on the basis of reporting segments after the change.

6 Loss on impairment of non-current assets or certain information on goodwill for each reportable segment

(Significant loss on impairment of non-current assets)

In the Hotel and Restaurant business segment, the Company recognized ¥104 million of impairment loss in connection with the closure of its facilities for the fiscal year ended March 31, 2019.

(Significant Changes in the Amount of Goodwill)

In the Medical business segment, the Company recognized goodwill in connection with the succession of “Life Assist Bashamichi” a private nursing home, by its subsidiary Trust Garden, Inc. following an absorption-type split.

Increase in the amount of goodwill due to the above event was ¥110 million for the fiscal year ended March 31, 2019.

(Per Share Information)

	(Yen)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net assets per share	1,130.11	1,190.63
Net income per share	110.82	115.53
Diluted net income per share	101.99	106.42

Note 1: Basis for calculating net income per share and diluted net income per share are as follows:

	(Millions of yen, except number of shares)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Net income per share		
Net income attributable to owners of parent	11,830	12,358
Amount not attributable to common shareholders	—	—
Net income attributable to owners of parent related to common stock	11,830	12,358
Average number of shares of common stock outstanding during the year (thousands of shares)	106,747	106,971
Diluted net income per share		
Adjustment on net income attributable to owners of parent	(30)	(29)
Amortization of bond premium etc., net of tax (*1)	[(30)]	[(29)]
Increase in the number of common stock (thousands of shares)	8,944	8,884
Stock acquisition rights (thousands of shares)	[—]	[—]
Convertible bond-type bonds with stock acquisition rights (thousands of shares)	[8,944]	[8,884]
Summary of diluted shares that were not included in the calculation of diluted net income per share due to lack of dilutive effect	The 4th series of stock acquisition rights approved at the Board of Directors meeting held on June 29, 2017. Common stock 1,095,100 shares	The 4th series of stock acquisition rights approved at the Board of Directors meeting held on June 29, 2017. Common stock 1,095,100 shares

Note 2: Basis for calculating net assets per share are as follows:

	(Millions of yen, except number of shares)	
	Fiscal year ended March 31, 2018	Fiscal year ended March 31, 2019
Total net assets	125,190	132,050
Amount deducted from total net assets	4,427	4,619
Stock acquisition rights	[229]	[292]
Non-controlling interests	[4,198]	[4,326]
Net assets at the end of the fiscal year related to common stock	120,762	127,430
Number of common stock at the end of the year used in the calculation of net assets per share (thousands of shares)	106,858	107,027

Note 1: This is the amount of premium amortization for the fiscal year (after deducting an amount equivalent to tax) resulting from the issuance of the bonds at an amount higher than the face amount.

Note 2: The Company's own share in the trust recorded as treasury shares under shareholders' equity is included in treasury shares to be excluded from the average number of shares during the period used for calculating net income per share and treasury shares to be excluded from the number of shares

outstanding at the end of the fiscal year used for calculating net assets per share. Number of treasury shares excluded from the average number of shares during the period used for calculating net income per share were 1,619,074 for the previous fiscal year, and 1,395,904 for the current fiscal year. Number of treasury shares excluded from the number of shares outstanding at the end of fiscal year used for calculating net assets per share were 1,508,700 for the previous fiscal year, and 1,339,200 for the current fiscal year.