



## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending March 31, 2017 (Japanese Accounting Standards)

August 10, 2016

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 Securities Code: 2131 URL: <http://www.accordiagolf.com>  
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Planned Submission Date for the Quarterly Report: August 12, 2016

Planned Starting Date for Dividend Payments: —

Supplementary documents for quarterly results: YES

Quarterly results briefing: NO

(Rounded down to nearest million yen)

## 1. Consolidated Performance for the First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – June 30, 2016)

## (1) Consolidated Operating Performance (Cumulative)

(% indicates year-on-year change)

	Operating Revenues		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	
	Yen millions	%	Yen millions	%	Yen millions	%	Yen millions	%
FY 3/2017 Q1	13,039	(2.1)	2,426	(6.8)	2,382	(15.0)	1,674	2.0
FY 3/2016 Q1	13,318	(48.5)	2,603	(42.2)	2,801	(32.4)	1,641	(42.4)

(Note) Comprehensive Income FY 3/2017 Q1: 1,661 million yen (1.1%) FY 3/2016 Q1: 1,642 million yen (-40.3%)

	Net Income per Share	Fully-Diluted Net Income per Share
	Yen	Yen
FY 3/2017 Q1	23.74	—
FY 3/2016 Q1	23.28	—

(Note) Fully-diluted net income per share for the first quarter of the fiscal year ended March 31, 2016 and the first quarter of the fiscal year ending March 31, 2017 is not presented as there are no dilutive potential shares.

## (2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio
	Yen millions	Yen millions	%
FY 3/2017 Q1	152,116	49,162	32.1
FY 3/2016	152,054	50,045	32.7

Reference: Shareholders' Equity FY 3/2017 Q1: 48,902 million yen FY 3/2016: 49,783 million yen

## 2. Dividends

	Dividends per Share				
(Record Date)	End of Q1	End of Q2	End of Q3	Fiscal Year End	Annual
	Yen	Yen	Yen	Yen	Yen
FY 3/2016	—	—	—	36.00	36.00
FY 3/2017	—				
FY 3/2017 (Forecast)		0.00	—	36.00	36.00

(Note) Revisions to dividend forecasts published most recently: NO

## 3. Forecasts for Consolidated Performance for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(% indicates year-on-year change)

	Operating Revenues		Operating Income		Ordinary Income		Profit Attributable to Owners of Parent	Net Income per Share
	Yen millions	%	Yen millions	%	Yen millions	%	Yen millions	Yen
Interim	25,200	0.7	3,300	(4.6)	3,500	(8.2)	2,100	29.73
Full Year	48,700	0.3	7,300	(0.1)	7,300	(10.3)	4,500	63.83

(Note) Revisions to performance forecasts published most recently: NO

\* Notes

(1) Changes in significant subsidiaries during the term under review (changes in subsidiaries via share exchange causing a change in the scope of consolidation): NO

New: -- company (company name: )  
 Eliminated: -- company (company name: )

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: NO

(3) Changes in accounting policies and changes or restatement of accounting estimates

- (i) Changes in accounting policies associated with the revision of accounting standards, etc.: NO
- (ii) Changes in accounting policies other than (i): NO
- (iii) Changes in accounting estimates: NO
- (iv) Restatement: NO

(4) Number of shares issued (common stock)

(i) Shares Outstanding (incl. treasury stock):

End of FY 3/2017 Q1	84,739,000 shares
End of FY 3/2016	84,739,000 shares

(ii) Treasury Stock:

End of FY 3/2017 Q1	14,234,433 shares
End of FY 3/2016	14,234,433 shares

(iii) Average Number of Shares Outstanding  
 (cumulative of consolidated quarters)

End of FY 3/2017 Q1	70,504,567 shares
End of FY 3/2016 Q1	70,504,622 shares

\* Explanation about the quarterly review of consolidated financial statements

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. The quarterly consolidated financial statements under the Financial Instruments and Exchange Act have been reviewed at the time of the announcement of this financial summary.

\* Explanation on proper use of earnings forecasts and other noteworthy items

The forecasts provided above have been prepared based on currently available information, and includes many uncertainties. Actual results may differ significantly from the above forecasts for various reasons.

For details, please refer to "1. (3) Information on future forecast including consolidated earnings forecast" of the accompanying materials.

## ○ Accompanying Materials – Contents

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## 1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2016

### (1) Qualitative information on consolidated results

During the first quarter of the consolidated fiscal year under review, in the golf industry, in which the Accordia Golf group operates, the demand for golfing remained generally stable, weakening slightly amid high temperatures across Japan and heavy rain in western Japan.

In these circumstances, the Accordia Golf group, while taking steps to increase the number of rounds played at facilities operated, pursued the basic strategies adopted in the new Medium-Term Management Plan (Accordia Vision 2017), whose final year is fiscal 2017 (“creation of capital gains based on a circulating business model” and “creation of stable cash flows from expanded outsourced management business”), and implemented the following management policies.

#### **Golf Course Management Business**

The Group stepped up efforts to offer customers valuable products and services at reasonable prices, and took measures to attract customers through the introduction of a golf course brand and an original royalty program and coordination with driving ranges. However, as a result of negative factors such as the mood of self-restraint that prevented people from playing after the 2016 Kumamoto Earthquakes in the Kyushu Region and heavy rain in western Japan as well as the sale of two golf courses in the previous fiscal year, the number of rounds played at the Group’s golf courses (owned or managed under contract by the Group) totaled 2.24 million (a decrease of 80,000 compared to the same period last year) for the first quarter under review.

#### **Optimization of Golf Course Portfolio through Acquisition of Golf Courses**

Regarding golf course acquisitions, the Group is proceeding with its screening aiming to make acquisitions from the second quarter. As of the end of the first quarter of the consolidated fiscal year under review, the Group operated 136 golf courses (43 courses owned by the Group and 93 courses managed under contract for operations).

#### **Driving Range Operation Business**

The Group implemented promotional strategies and enhanced its services by providing a satisfying practice environment, operating golf schools, and coordinating with other operators to attract customers to golf courses. The Group operated 26 driving ranges as of the end of the first quarter under review.

#### **Business trust-based asset-light strategy**

The Company is continuing efforts to improve the revenue of its golf courses to further improve its asset efficiency, and is making intensive preparations for additional asset-light strategies for golf courses with confirmed stable profitability.

Consequently, the Group recorded operating revenue of 13,039,156,000 yen, a decrease of 279,750,000 yen, or 2.1% year on year, during the first quarter under review.

While affected by this decline in operating revenue, operating income decreased just 176,752,000 yen, or 6.8% year on year, to 2,426,835,000 yen, due mainly to cost reduction initiatives carried out by the entire Group.

Ordinary income decreased 419,551,000 yen, or 15.0% year on year, to 2,382,292,000 yen, mainly due to a decrease of 231,023,000 yen in equity in earnings of affiliates.

Profit attributable to owners of the parent increased 32,642,000 yen, or 2.0% year on year, to 1,674,092,000 yen during the first quarter under review. This was mainly due to a decrease of 694,689,000 yen in total income taxes as a result of decline in income taxes-deferred, outweighing the absence of 350,000,000 yen in gain on the transfer of rights arising in the first quarter of the previous fiscal year.

### (2) Qualitative information on consolidated financial position

#### (Assets)

Total assets at the end of the first quarter increased 62,048,000 yen from the end of the previous fiscal year to 152,116,292,000 yen. The major factors behind the increase include a rise in cash and deposits of 552,293,000 yen,

expansion in merchandise of 173,941,000 yen mainly for the purpose of expanding sales of golfing goods and an increase of 268,044,000 yen in prepaid expenses included in the Other category under current assets despite a decline of 874,458,000 yen in investment securities mainly due to the return of contributions.

(Liabilities)

Total liabilities increased 945,579,000 yen from the end of the previous fiscal year to 102,954,158,000 yen. The major factors behind the increase include a rise of 2,300,000,000 yen in short-term loans payable due to new borrowing despite a decline of 1,344,369,000 yen in income taxes payable.

(Net assets)

Total net assets decreased 883,530,000 yen from the end of the previous fiscal year to 49,162,133,000 yen. The major factor behind the decrease was a fall of 864,071,000 yen in retained earnings after offsetting 1,674,092,000 yen of profit attributable to owners of the parent for the first quarter under review against 2,538,164,000 yen of dividend payments from retained earnings.

(Cash flows)

Cash and cash equivalents (hereinafter “cash”) at the end of the first quarter decreased 2,126,507,000 yen from the end of the first quarter of the previous fiscal year to 4,750,230,000 yen.

Cash flow by the type of activities is as shown below.

(Cash flow from operating activities)

During the first quarter of the consolidated fiscal year under review, cash provided by operating activities increased 194,313,000 yen compared to the first quarter of the previous consolidated fiscal year, to 523,139,000 yen. The major factors behind the cash gained included the absence of 350,000,000 yen in gain on transfer of rights recorded in the first quarter of the previous fiscal year and a decrease of 510,818,000 yen in increase (decrease) in accounts payable-other, despite a decrease in income before income taxes of 655,762,000 yen and an increase of 413,604,000 yen in income taxes paid.

(Cash flow from investing activities)

Cash provided by investing activities during the first quarter of the consolidated fiscal year under review stood at 752,912,000 yen, showing a decrease of 737,754,000 yen from the first quarter of the previous consolidated fiscal year. The major factors behind the decline included the absence of 350,000,000 yen in proceeds from gain on the transfer of rights recorded in the first quarter of the previous fiscal year and a decrease of 547,017,000 yen in proceeds from share of profits on investments in capital.

(Cash flow from financing activities)

Cash used in financing activities during the first quarter of the consolidated fiscal year under review was 723,758,000 yen. Since cash provided by financing activities during the first quarter of the previous consolidated fiscal year was 1,572,202,000 yen, this was a decrease of 2,295,960,000 yen from the same period of the previous fiscal year. The major factors behind the decrease included a decline of 2,240,000,000 yen in net increase (decrease) in short term loans payable.

(3) Information on future forecast including consolidated earnings forecast

The results for the first quarter under review were almost in line with the plan shown in the Consolidated Financial Results for the Fiscal Year Ended March 31, 2016, which was announced on May 12, 2016, and no changes were made to the consolidated earnings forecast.

**2. Matters Relating to Summary Information (Notes)**

(1) Changes in significant subsidiaries during the quarter under review

N/A

(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements

N/A

(3) Changes in accounting policies and changes or restatement of accounting estimates

N/A

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated quarterly balance sheet

(Thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2016)	As of June 30, 2016
<b>Assets</b>		
Current Assets		
Cash and Deposits	4,197,937	4,750,230
Operating Accounts Receivable	2,409,656	2,328,195
Merchandise	1,806,738	1,980,680
Raw Materials and Supplies	121,417	147,662
Other	2,491,298	3,132,117
Allowance for Doubtful Accounts	(133,218)	(133,042)
Total Current Assets	10,893,830	12,205,843
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, Net	20,127,474	19,924,752
Golf Courses	43,914,033	43,917,710
Land	29,955,191	29,967,710
Other, Net	4,651,225	4,836,297
Total Property, Plant and Equipment	98,647,925	98,646,471
Intangible Assets		
Goodwill	8,558,306	8,230,070
Other	2,553,544	2,487,085
Total Intangible Assets	11,111,850	10,717,155
Investments and Other Assets		
Investment Securities	21,305,216	20,430,757
Long-Term Loans Receivable	539,428	536,428
Other	9,817,965	9,840,609
Allowance for Doubtful Accounts	(261,973)	(260,973)
Total Investments and Other Assets	31,400,637	30,546,821
Total Non-Current Assets	141,160,413	139,910,448
Total Assets	152,054,243	152,116,292

(Thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2016)	As of June 30, 2016
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable - Trade	1,642,999	1,904,607
Short-Term Loans Payable	500,000	2,800,000
Commercial Papers	4,998,350	4,998,568
Current Portion of Long-Term Loans Payable	39,623,821	37,619,523
Income Taxes Payable	2,367,601	1,023,232
Provision	1,305,391	862,045
Other	7,961,912	8,842,926
Total Current Liabilities	58,400,076	58,050,904
Non-Current Liabilities		
Long-Term Loans Payable	16,779,482	18,495,701
Deposits on Admission	9,990,634	9,909,646
Other	16,838,385	16,497,905
Total Non-Current Liabilities	43,608,502	44,903,253
Total Liabilities	102,008,579	102,954,158
Net Assets		
Shareholders' Equity		
Capital Stock	10,940,982	10,940,982
Capital Surplus	14,122,481	14,122,481
Retained Earnings	44,769,284	43,905,212
Treasury Shares	(19,928,179)	(19,928,179)
Total Shareholders' Equity	49,904,569	49,040,497
Other Cumulative Comprehensive Income		
Deferred Gains or Losses on Hedges	(114,750)	(115,991)
Foreign Currency Translation Adjustment	(6,247)	(21,759)
Total Other Cumulative Comprehensive Income	(120,997)	(137,751)
Subscription Rights to Shares	140,424	140,424
Non-Controlling Interests	121,668	118,963
Total Net Assets	50,045,664	49,162,133
Total Liabilities and Net Assets	152,054,243	152,116,292



(2) Consolidated quarterly statements of income and comprehensive income

(Consolidated statement of income for the first quarter)

(Thousand yen)

	First Quarter of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to June 30, 2015)	First Quarter of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to June 30, 2016)
Operating Revenues	13,318,907	13,039,156
Operating Expenses		
Business Expenses	9,761,239	9,557,455
Selling, General, and Administrative Expenses	954,080	1,054,865
Total Operating Expenses	10,715,319	10,612,321
Operating Income	2,603,587	2,426,835
Non-Operating Income		
Interest Income	4,456	3,767
Equity in Earnings of Affiliates	460,399	229,376
Rent Income	33,973	15,866
Other	50,167	20,917
Total Non-Operating Income	548,997	269,928
Non-Operating Expenses		
Interest Expense	306,634	265,142
Syndicate Loan Fees	8,500	8,500
Other	35,606	40,829
Total Non-Operating Expenses	350,740	314,471
Ordinary Income	2,801,844	2,382,292
Extraordinary Income		
Gain on Sale of Non-Current Assets	435	13,819
Gain on Insurance Adjustment	58	20,607
Compensation Income	32,639	–
Gain on Forgiveness of Debts	264	1,126
Gain on Transfer of Rights	350,000	–
Penalty Income	–	62,910
Total Extraordinary Income	383,397	98,463
Extraordinary Losses		
Loss on Sale and Retirement of Non-Current Assets	15,653	2,983
Loss on Disaster	289	346
Compensation Expenses	36,110	–
Total Extraordinary Losses	52,053	3,329
Income before Income Taxes	3,133,188	2,477,426
Income Taxes - Current	1,164,730	910,631
Income Taxes - Deferred	329,035	(111,555)
Total Income Taxes	1,493,765	799,075
Net Income	1,639,422	1,678,350
Profit (Loss) Attributable to Non-Controlling Interests	(2,027)	4,257
Profit Attributable to Owners of Parent	1,641,450	1,674,092

(Consolidated statement of comprehensive income for the first quarter)		(Thousand yen)
	First Quarter of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to June 30, 2015)	First Quarter of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to June 30, 2016)
Net Income	1,639,422	1,678,350
Other Comprehensive Income		
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	3,336	(16,753)
Total Other Comprehensive Income	3,336	(16,753)
Comprehensive Income	1,642,759	1,661,596
Comprehensive Income Attributable to		
Comprehensive Income Attributable to Owners of Parent	1,644,786	1,657,338
Comprehensive Income Attributable to Non- Controlling Interests	(2,027)	4,257

(3) Consolidated quarterly statement of cash flows

(Thousand yen)

	First Quarter of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to June 30, 2015)	First Quarter of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to June 30, 2016)
Cash Flows from Operating Activities		
Income before Income Taxes	3,133,188	2,477,426
Depreciation	718,671	734,189
Amortization of Goodwill	313,276	328,372
Increase (Decrease) in Allowance for Doubtful Accounts	(401)	(1,175)
Increase (Decrease) in Provision for Bonuses	276,661	(264,855)
Increase (Decrease) in Provision for Point Card Certificates	(117,442)	25,550
Increase (Decrease) in Provision for Shareholder Benefit Program	(191,307)	(204,040)
Interest Income	(4,456)	(3,767)
Interest Expense	306,634	265,142
Share of (Profit) Loss of Entities Accounted for Using Equity Method	(460,399)	(229,376)
Loss (Gain) on Sales and Retirement of Non-Current Assets	15,218	(10,835)
Gain on Transfer of Rights	(350,000)	–
Decrease (Increase) in Notes and Accounts Receivable - Trade	(7,069)	81,460
Increase (Decrease) in Notes and Accounts Payable - Trade	217,087	261,608
Increase (Decrease) in Accounts Payables - Other	(606,576)	(95,757)
Increase (Decrease) in Unearned Revenue	(424,994)	(418,577)
Other	(248,338)	200,977
Subtotal	2,569,751	3,146,342
Interest Income Received	14,181	7,549
Interest Expenses Paid	(302,936)	(264,977)
Income Taxes Paid	(1,952,171)	(2,365,775)
Net Cash Provided by (used in) Operating Activities	328,825	523,139
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(335,682)	(229,047)
Proceeds from Sales of Property, Plant and Equipment	15,927	23,900
Purchase of Intangible Assets	(47,036)	(131,152)
Proceeds from Transfer of Rights	350,000	–
Proceeds from Share of Profits on Investments in Capital	1,634,097	1,087,079
Decrease (Increase) in Short-Term Loans Receivable	(59,800)	90
Other	(66,839)	2,041
Net Cash Provided by (Used in) Investing Activities	1,490,666	752,912

	First Quarter of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to June 30, 2015)	First Quarter of the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to June 30, 2015)
Cash Flows from Financing Activities		
Net Increase (Decrease) in Short-Term Loans Payable	4,540,000	2,300,000
Net Increase (Decrease) in Commercial Papers	(8,162)	(7,229)
Proceeds from Long-Term Loans Payable	—	600,000
Repayments of Long-Term loans Payable	(211,576)	(888,078)
Cash Dividends Paid	(2,232,372)	(2,249,002)
Repayments of Finance Lease Obligations	(450,505)	(417,515)
Dividends Paid to Non-Controlling Interests	(6,060)	(6,962)
Repayments of Long-Term Deposits Received	(59,121)	(54,969)
Net Cash Provided by (used in) Financing Activities	1,572,202	(723,758)
Net Increase (Decrease) in Cash and Cash Equivalents	3,391,694	552,293
Beginning Cash & Cash Equivalents Balance	3,485,043	4,197,937
Ending Cash & Cash Equivalents Balance	6,876,737	4,750,230

(4) Notes on quarterly consolidated financial statements

(Notes concerning the going concern assumption)

N/A

(Notes concerning extreme changes in shareholders' equity)

N/A

#### 4. Supplementary Information

##### Production, orders received, and sales

###### Production

There are no applicable items, as the Corporate Group is mainly engaged in the golf business.

Segment information and geographical information are not provided, as the Group is engaged solely in the golf business and related business, and does not have consolidated subsidiaries or representative offices located in countries or regions outside of Japan. The figures stated are sales by revenue category (hereinafter referred to as “sales performance”).

###### Purchasing Activities as Cost of Goods

Purchasing activities as cost of goods for the first quarter of the fiscal year ending March 2017 is as follows.

Revenue Category	Purchases (thousand yen)	Compared to Same Period in Previous Fiscal Year (%)
Products (Golf Equipment, etc.)	999,433	20.3
Raw Materials, etc. (Restaurants)	742,038	(7.0)
Total	1,741,472	6.9

- (Notes)
1. Amounts indicated are based on purchases prices.
  2. The above figures do not include consumption tax, etc.
  3. As golf is an outdoor sport, purchases by the Corporate Group tend to be high in the first and third quarters when the climate is moderate (spring and autumn, respectively) and low in the second and fourth quarters when the climate is extreme (summer and winter, respectively).

###### Orders Received

There are no applicable items, as the Corporate Group is mainly engaged in the golf business.

###### Sales Performance

Sales performance by revenue category for the first quarter of the fiscal year ending March 2017 is as follows.

Revenue Category	Sales (thousand yen)	Compared to Same Period in Previous Fiscal Year (%)
Golf Course Operation	7,769,261	(3.3)
Restaurants	2,383,808	0.0
Golf Equipment Sales	1,185,508	(6.7)
Other	1,700,578	4.3
Total	13,039,156	(2.1)

- (Notes)
1. The above figures do not include consumption tax, etc.
  2. As golf is an outdoor sport, sales of the Corporate Group tend to be high in the first and third quarters when the climate is moderate (spring and autumn, respectively) and low in the second and fourth quarters when the climate is extreme (summer and winter, respectively).