



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

November 10, 2016

Company Name: Accordia Golf Co., Ltd. Listing Exchanges: First section of the Tokyo Stock Exchange  
 Securities Code: 2131 URL: <http://www.accordiagolf.com>  
 Representative: (Title) President & CEO (Name) Yuko Tashiro  
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Planned Submission Date for the Quarterly Report: November 11, 2016  
 Planned Starting Date for Dividend Payments: —  
 Supplementary documents for quarterly results: YES  
 Quarterly results briefing: YES (for analysts and institutional investors)

(Rounded down to nearest million yen)

### 1. Consolidated Performance for the First Half of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – September 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 H1	24,699	(1.3)	3,123	(9.7)	2,961	(22.3)	2,322	(7.4)
FY 3/2016 H1	25,030	(39.4)	3,458	(29.0)	3,811	416.4	2,507	(37.2)

(Note) Comprehensive Income FY 3/2017 H1: 2,330 million yen (-6.7%) FY 3/2016 H1: 2,498 million yen (-36.2%)

	Net Income per Share	Fully-Diluted Net Income per Share
	Yen	Yen
FY 3/2017 H1	32.93	—
FY 3/2016 H1	35.55	—

(Notes) Fully-diluted net income per share are 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 H1	150,907	49,831	32.8
FY 3/2016	152,054	50,045	32.7

Reference: Shareholders' Equity FY 3/2017 H1: 49,567 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	—	0.00	—	36.00	36.00
FY 3/2017	—	0.00			
FY 3/2017 (Forecast)			—	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
Full Year	48,700	0.3	7,300	(0.1)	7,300	(10.3)	4,500	(17.6)	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 H1	84,739,000 shares
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End of FY 3/2016	84,739,000 shares
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(ii) Treasury Stock:

End of FY 3/2017 H1	14,234,433 shares
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End of FY 3/2016	14,234,433 shares
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(iii) Average Number of Shares Outstanding  
(cumulative of consolidated quarters)

End of FY 3/2017 H1	70,504,567 shares
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End of FY 3/2016 H1	70,504,604 shares
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\* 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

<b>1. Qualitative Information on Consolidated Results, etc. for the First Half Ended September 30, 2016 .....</b>	<b>2</b>
(1) Qualitative information on consolidated results .....	2
(2) Qualitative information on consolidated financial position .....	3
(3) Information on future forecast including consolidated earnings forecast .....	4
<b>2. Matters Relating to Summary Information (Notes) .....</b>	<b>4</b>
(1) Changes in significant subsidiaries during the quarter under review .....	4
(2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements....	4
(3) Changes in accounting policies and changes or restatement of accounting estimates .....	4
<b>3. Consolidated Quarterly Financial Statements .....</b>	<b>5</b>
(1) Consolidated quarterly balance sheet.....	5
(2) Consolidated quarterly statements of income and comprehensive income.....	7
(3) Consolidated quarterly statement of cash flows.....	9
(4) Notes on quarterly consolidated financial statements .....	11
(Notes concerning the going concern assumption) .....	11
(Notes concerning extreme changes in shareholders' equity) .....	11
<b>4. Supplementary Information .....</b>	<b>12</b>
Production, orders received, and sales .....	12

## **1. Qualitative Information on Consolidated Results, etc. for the First Half Ended September 30, 2016**

### **(1) Qualitative information on consolidated results**

During the first half of the consolidated fiscal year under review, demand for golfing remained generally stable in the golf industry where the Accordia Golf Group operates. However, poor summer weather in August and September caused cancellations to increase.

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 valuable products and services to customers at reasonable prices, and took measures to attract customers through the introduction of a golf course brand and an original loyalty program and stronger coordination with driving ranges. However, the number of rounds played at the Group’s golf courses (owned or managed under contract by the Group) totaled 4.4 million (a decrease of 50,000 from the same period of the previous fiscal year) in the first half under review, reflecting voluntary golfing restraint under the effects of the 2016 Kumamoto Earthquakes in the Kyushu Region, poor summer weather and the sale of two golf courses in the previous fiscal year.

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

The Group is studying golf courses recommended for acquisition in a bid to acquire them in the current and subsequent fiscal years. In the meantime, as part of its golf course portfolio strategies, the Group sold one golf course in Hokkaido expected to generate less revenue in the future. As a result, the Group operated 135 golf courses (including 42 courses owned by the Group and 93 courses managed under contract for operations) as of the end of the first half under review.

### **Driving Range Operation Business**

The Group advanced measures for attracting customers and bolstered its services by providing a satisfying practice environment, operating golf schools and coordinating more closely with other operators in sending customers to golf courses. The Group also closed an unprofitable indoor driving range in metropolitan Tokyo, and opened the Accordia Golf Studio in Minato-ku, Tokyo, as an indoor driving range under a new brand. As a result, the Group operated 26 driving ranges as of the end of the first half 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 24,699,087,000 yen, a decrease of 331,137,000 yen, or 1.3% year on year, for the first half under review.

Reflecting the decline in operating revenue stated above, operating income for the Group decreased 334,697,000 yen, or 9.7% year on year, to 3,123,842,000 yen.

Ordinary income decreased 849,720,000 yen, or 22.3% year on year, to 2,961,476,000 yen, mainly due to a fall of 311,817,000 yen in equity in earnings of affiliates and an increase of 247,499,000 yen in syndicate loan fees associated with new borrowing.

Profit attributable to owners of the parent decreased 184,842,000 yen, or 7.4% year on year, to 2,322,272,000 yen, primarily reflecting a fall of 933,932,000 yen in total income taxes that resulted from a 562,297,000 yen in gain on transfer of rights in connection with the transfer of the photovoltaic power generation business in the first half of the previous fiscal year, the absence of an 115,239,000 yen impairment loss posted in the first half of the previous fiscal year and a decline in income taxes – deferred.

(2) Qualitative information on consolidated financial position

(Assets)

Total assets at the end of the first half under review decreased 1,146,407,000 yen from the end of the previous fiscal year, to 150,907,836,000 yen. Major factors behind the decrease included a fall of 520,680,000 yen in goodwill due to goodwill amortization and a decline of 533,357,000 yen in investment securities mainly owing to the return of contributions.

(Liabilities)

Total liabilities decreased 932,149,000 yen from the end of the previous fiscal year, to 101,076,429,000 yen. Major factors included an increase of 2,800,000,000 yen in short-term loans payable caused by new borrowing, a drop of 1,095,434,000 yen in total long-term loans payable including their current portion mainly due to loan repayment, a fall of 1,151,781,000 yen in income taxes payable, a decline of 866,763,000 yen in unearned revenue included in other non-current liabilities caused by the passage of time and a reduction of 336,939,000 yen in deposits on admission that resulted mainly from their repayment.

(Net assets)

Total net assets decreased 214,257,000 yen from the end of the previous fiscal year, to 49,831,406,000 yen. Major factors included a fall of 215,892,000 yen in retained earnings that resulted from the deduction of 2,538,164,000 yen in dividends paid from the earnings from 2,322,272,000 yen in profit attributable to owners of the parent.

(Cash flows)

Cash and cash equivalents (hereinafter “cash”) at the end of the first half under review decreased 145,560,000 yen from the end of the first half of the previous fiscal year, to 3,993,882,000 yen.

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

(Cash flow from operating activities)

Cash provided by operating activities decreased 8,233,077,000 yen from the first half of the previous fiscal year, to 1,312,865,000 yen in the first half under review. Major factors for the decrease included a fall of 1,110,918,000 yen in income before income taxes and an increase of 7,600,110,000 yen in income taxes paid due to a decline of 6,996,985,000 yen in funds obtained mainly through the refund of income taxes in the first half of the previous fiscal year.

(Cash flow from investing activities)

Cash provided by investing activities amounted to 243,796,000 yen in the first half under review. Such cash increased 475,635,000 yen from the first half of the previous fiscal year when cash used in investing activities was 231,839,000 yen. Major factors for the increase included the absence of 702,934,000 yen in the purchase of shares in subsidiaries resulting in a change in the scope of consolidation that was posted in the first half of the previous fiscal year.

(Cash flow from financing activities)

Cash used in financing activities decreased 6,898,986,000 yen from the first half of the previous fiscal year, to 1,760,716,000 yen in the first half under review. Major factors for the decrease included the absence of 595,090,000 yen in proceeds from sale and leasebacks posted in the first half of the previous fiscal year and a decline of 7,074,694,000 yen in repayments of long-term loans payable.

(3) Information on future forecast including consolidated earnings forecast

The results for the first half 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 September 30, 2016
<b>Assets</b>		
Current Assets		
Cash and Deposits	4,197,937	3,993,882
Operating Accounts Receivable	2,409,656	2,317,510
Merchandise	1,806,738	2,040,982
Raw Materials and Supplies	121,417	152,606
Other	2,491,298	2,805,637
Allowance for Doubtful Accounts	(133,218)	(130,589)
Total Current Assets	10,893,830	11,180,030
Non-Current Assets		
Property, Plant and Equipment		
Buildings and Structures, Net	20,127,474	19,726,626
Golf Courses	43,914,033	43,853,080
Land	29,955,191	29,964,927
Other, Net	4,651,225	4,973,665
Total Property, Plant and Equipment	98,647,925	98,518,299
Intangible Assets		
Goodwill	8,558,306	8,037,626
Other	2,553,544	2,446,140
Total Intangible Assets	11,111,850	10,483,766
Investments and Other Assets		
Investment Securities	21,305,216	20,771,858
Long-Term Loans Receivable	539,428	536,428
Other	9,817,965	9,678,428
Allowance for Doubtful Accounts	(261,973)	(260,976)
Total Investments and Other Assets	31,400,637	30,725,739
Total Non-Current Assets	141,160,413	139,727,805
Total Assets	152,054,243	150,907,836

(Thousand yen)

	Previous Consolidated Fiscal Year (As of March 31, 2016)	As of September 30, 2016
<b>Liabilities</b>		
Current Liabilities		
Accounts Payable - Trade	1,642,999	2,012,792
Short-Term Loans Payable	500,000	3,300,000
Commercial Papers	4,998,350	4,998,581
Current Portion of Long-Term Loans Payable	39,623,821	23,686,428
Income Taxes Payable	2,367,601	1,215,820
Provision	1,305,391	1,772,650
Other	7,961,912	7,070,461
Total Current Liabilities	58,400,076	44,056,734
Non-Current Liabilities		
Long-Term Loans Payable	16,779,482	31,621,441
Deposits on Admission	9,990,634	9,653,695
Other	16,838,385	15,744,557
Total Non-Current Liabilities	43,608,502	57,019,694
Total Liabilities	102,008,579	101,076,429
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	44,553,392
Treasury Shares	(19,928,179)	(19,928,179)
Total Shareholders' Equity	49,904,569	49,688,676
Other Cumulative Comprehensive Income		
Deferred Gains or Losses on Hedges	(114,750)	(94,892)
Foreign Currency Translation Adjustment	(6,247)	(26,651)
Total Other Cumulative Comprehensive Income	(120,997)	(121,543)
Subscription Rights to Shares	140,424	140,424
Non-Controlling Interests	121,668	123,848
Total Net Assets	50,045,664	49,831,406
Total Liabilities and Net Assets	152,054,243	150,907,836



(2) Consolidated quarterly statements of income and comprehensive income

(Consolidated statement of income for the first half)

(Thousand yen)

	First Half of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to September 30, 2015)	First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)
Operating Revenues	25,030,225	24,699,087
Operating Expenses		
Business Expenses	19,658,577	19,410,639
Selling, General, and Administrative Expenses	1,913,108	2,164,605
Total Operating Expenses	21,571,685	21,575,244
Operating Income	3,458,539	3,123,842
Non-Operating Income		
Interest Income	8,556	7,565
Equity in Earnings of Affiliates	866,086	554,269
Rent Income	51,889	28,384
Other	93,438	83,543
Total Non-Operating Income	1,019,971	673,763
Non-Operating Expenses		
Interest Expense	609,015	532,769
Syndicate Loan Fees	8,500	255,999
Other	49,799	47,360
Total Non-Operating Expenses	667,315	836,129
Ordinary Income	3,811,196	2,961,476
Extraordinary Income		
Gain on Sale of Non-Current Assets	2,514	14,176
Gain on Insurance Adjustment	1,354	12,618
Gain on Negative Goodwill	19,535	—
Gain on Sales of Shares of Subsidiaries and Associates	—	145,354
Compensation Income	33,537	—
Gain on Forgiveness of Debts	570	1,610
Gain on Transfer of Rights	562,297	—
Settlement received	—	62,910
Total Extraordinary Income	619,809	236,670
Extraordinary Losses		
Loss on Sale and Retirement of Non-Current Assets	24,059	25,316
Impairment Loss	115,239	—
Loss on Disaster	3,936	7,349
Compensation Expenses	36,110	—
Head office transfer cost	—	17,753
Other	—	6,985
Total Extraordinary Losses	179,345	57,405
Income before Income Taxes	4,251,660	3,140,741
Income Taxes - Current	1,539,020	1,067,290
Income Taxes - Deferred	204,238	(257,964)
Total Income Taxes	1,743,258	809,325
Net Income	2,508,401	2,331,415
Profit (Loss) Attributable to Non-Controlling Interests	1,287	9,143
Profit Attributable to Owners of Parent	2,507,114	2,322,272

(Consolidated statement of comprehensive income for the first half)		(Thousand yen)
	First Half of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to September 30, 2015)	First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)
Net Income	2,508,401	2,331,415
Other Comprehensive Income		
Share of Other Comprehensive Income of Entities Accounted for Using Equity Method	(9,717)	(545)
Total Other Comprehensive Income	(9,717)	(545)
Comprehensive Income	2,498,683	2,330,869
Comprehensive Income Attributable to		
Comprehensive Income Attributable to Owners of Parent	2,497,396	2,321,726
Comprehensive Income Attributable to Non- Controlling Interests	1,287	9,143

(3) Consolidated quarterly statement of cash flows

(Thousand yen)

	First Half of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to September 30, 2015)	First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)
Cash Flows from Operating Activities		
Income before Income Taxes	4,251,660	3,140,741
Depreciation	1,455,523	1,549,782
Amortization of Goodwill	626,552	660,743
Impairment Loss	115,239	—
Increase (Decrease) in Allowance for Doubtful Accounts	(704)	(1,252)
Increase (Decrease) in Provision for Bonuses	(15,755)	19,133
Increase (Decrease) in Provision for Point Card Certificates	(128,231)	35,322
Increase (Decrease) in Provision for Shareholder Benefit Program	360,613	413,203
Interest Income	(8,556)	(7,565)
Interest Expense	609,015	532,769
Share of (Profit) Loss of Entities Accounted for Using Equity Method	(866,086)	(554,269)
Loss (Gain) on Sales and Retirement of Non-Current Assets	21,545	11,140
Loss (Gain) on Sales of Shares of Subsidiaries and Associates	—	(145,354)
Gain on Negative Goodwill	(19,535)	—
Gain on Transfer of Rights	(562,297)	—
Decrease (Increase) in Notes and Accounts Receivable - Trade	4,795	89,250
Increase (Decrease) in Notes and Accounts Payable - Trade	342,918	369,793
Increase (Decrease) in Accounts Payables - Other	(928,521)	(326,626)
Increase (Decrease) in Unearned Revenue	(879,987)	(862,818)
Other	407,404	(834,004)
Subtotal	4,785,592	4,089,988
Interest Income Received	14,201	7,566
Interest Expenses Paid	(602,885)	(533,613)
Income Taxes Paid	5,349,034	(2,251,076)
Net Cash Provided by (used in) Operating Activities	9,545,942	1,312,865
Cash Flows from Investing Activities		
Purchase of Property, Plant and Equipment	(1,329,286)	(835,839)
Proceeds from Sales of Property, Plant and Equipment	20,292	24,244
Purchase of Intangible Assets	(62,959)	(159,158)
Purchase of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	(702,934)	—
Proceeds from Sales of Shares of Subsidiaries Resulting in Change in Scope of Consolidation	—	259,648
Proceeds from Share of Profits on Investments in Capital	1,634,097	1,087,079
Decrease (Increase) in Short-Term Loans Receivable	(59,740)	180
Proceeds from Transfer of Rights	562,297	—
Other	(293,605)	(132,358)
Net Cash Provided by (Used in) Investing Activities	(231,839)	243,796

	First Half of the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to September 30, 2015)	First Half of the Fiscal Year Ending March 31, 2017 (From April 1, 2016 to September 30, 2016)
Cash Flows from Financing Activities		
Net Increase (Decrease) in Short-Term Loans Payable	2,840,000	2,800,000
Net Increase (Decrease) in Commercial Papers	(15,978)	(14,097)
Proceeds from Long-Term Loans Payable	700,000	1,110,823
Repayments of Long-Term Loans Payable	(9,280,952)	(2,206,257)
Purchase of Treasury Shares	(72)	–
Cash Dividends Paid	(2,535,317)	(2,538,729)
Repayments of Finance Lease Obligations	(897,290)	(850,523)
Proceeds from Sale and Leasebacks	595,090	–
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	(8,659,702)	(1,760,716)
Net Increase (Decrease) in Cash and Cash Equivalents	654,400	(204,054)
Beginning Cash & Cash Equivalents Balance	3,485,043	4,197,937
Ending Cash & Cash Equivalents Balance	4,139,443	3,993,882

(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 half 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.)	1,796,290	19.5
Raw Materials, etc. (Restaurants)	1,418,409	(3.0)
Total	3,214,699	8.5

- (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 half 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	14,579,117	(2.2)
Restaurants	4,591,042	1.5
Golf Equipment Sales	2,211,920	(4.9)
Other	3,317,006	1.1
Total	24,699,087	(1.3)

- (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).