

CONSOLIDATED FINANCIAL SUMMARY  
 RESORTTRUST,INC.  
 Years ended March 31,2000,2001,2002,2003 and 2004



(millions of yen)  
 (except per share amounts and number of employees)

	2000	2001	2002	2003	2004	2005 target
Net sales	61,147	63,770	61,412	65,689	71,517	76,830
Ordinary income	6,939	8,214	6,740	7,089	7,937	8,324
Net income (interim)	3,212	4,129	2,896	3,502	4,027	4,605
Net assets	14,996	18,541	20,731	22,662	26,420	
Total assets	187,299	204,167	209,120	221,823	246,418	
Net assets per share (yen)	677.63	811.72	904.61	992.65	1,145.24	
Net income per share (yen)	146.50	185.75	126.54	148.18	169.21	167.52
Net income per share (yen) (Fully Diluted)	143.37	185.38	122.12	141.38	160.73	
Owners' equity to total assets (%)	8.0	9.1	9.9	10.2	10.7	
Return on assets (%)	1.78	2.11	1.40	1.63	1.72	
Return on equity (%)	25.07	24.63	14.75	16.14	16.41	
Cash flow from operating activities	18,036	6,968	7,107	2,683	5,746	
Cash flow from investing activities	(16,161)	(12,369)	(6,832)	(5,102)	(14,743)	
Cash flow from financing activities	△ 528	8,810	3,367	4,989	11,622	
Cash and cashequivalents at (interim) end of period	17,170	20,612	24,563	27,097	29,689	
Number of employees	2,574	2,702	2,814	2,833	2,977	

RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
(Based on Japanese Accounting Principles)  
Years Ended March 31, 2003, 2004



	2003		2004		
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars
<b>Assets</b>					
<b>I Current assets</b>					
Cash and time deposits	28,570		32,548		308,138
Trade notes and trade accounts receivable	4,334		3,754		35,544
Operating loans receivable	12,175		13,774		130,407
Marketable securities	2,297		2,055		19,459
Inventories	26,081		31,870		301,714
Other	5,476		3,969		37,576
Allowance for doubtful receivables	(293)		(653)		(6,187)
<b>Total current assets</b>	<b>78,641</b>	<b>35.5</b>	<b>87,319</b>	<b>35.4</b>	<b>826,651</b>
<b>II Fixed assets</b>					
<b>(1) Property and equipment at cost</b>					
Buildings and structures	48,534		54,962		520,326
Golf course	38,146		38,132		361,005
Land	27,453		28,963		274,197
Other	12,094		18,291		173,166
<b>Net property, plant and equipment</b>	<b>126,228</b>	<b>56.9</b>	<b>140,349</b>	<b>57.0</b>	<b>1,328,694</b>
<b>(2) Intangible assets</b>					
Consolidated Adjustments Account	984		630		5,973
Other	2,804		2,866		27,133
<b>Intangible assets</b>	<b>3,788</b>	<b>1.7</b>	<b>3,497</b>	<b>1.4</b>	<b>33,107</b>
<b>(3) Investments and other non-current assets</b>					
Investment in securities	7,385		7,963		75,390
Other	5,824		7,869		74,498
Allowance for doubtful receivable	(45)		(580)		(5,494)
<b>Total investment and other non-current assets</b>	<b>13,164</b>	<b>5.9</b>	<b>15,252</b>	<b>6.2</b>	<b>144,394</b>
<b>Total fixed assets</b>	<b>143,181</b>	<b>64.5</b>	<b>159,099</b>	<b>64.6</b>	<b>1,506,195</b>
<b>Total assets</b>	<b>221,823</b>	<b>100.0</b>	<b>246,418</b>	<b>100.0</b>	<b>2,332,845</b>

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥ 105.63 = \$1, the approximate exchange rate on 2004

	2003		2004		
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars
<b>Liabilities</b>					
<b>I Current liabilities</b>					
Trade notes and trade accounts payable	557		606		5,745
Short-term loans payable	4,527		4,750		44,968
Current portion of long-term debt	8,335		12,650		119,762
Current portion of bonds	450		650		6,154
Income taxes payable	1,651		1,735		16,431
Advance receipt	3,195		4,086		38,689
Other	9,671		15,259		144,457
<b>Total current liabilities</b>	<b>28,388</b>	<b>12.8</b>	<b>39,738</b>	<b>16.1</b>	<b>376,207</b>
<b>II Long-term liabilities</b>					
Bonds	2550		11,400		107,924
Convertible bonds payable	3,405		3,405		32,240
Long-term debt	14,658		13,095		123,972
Deferred tax liabilities on land revaluation	414		414		3,926
Accrued retirement allowance indemnities	357		276		2,615
Directors' retirement benefits	891		940		8,902
Long-term security deposits	107,085		109,095		1,032,805
Other	1,683		880		8,339
<b>Total long-term liabilities</b>	<b>131,046</b>	<b>59.1</b>	<b>139,507</b>	<b>56.6</b>	<b>1,320,723</b>
<b>Total liabilities</b>	<b>159,435</b>	<b>71.9</b>	<b>179,246</b>	<b>72.7</b>	<b>1,696,930</b>
<b>(Minority interests in consolidated subsidiaries)</b>					
<b>Minority interests in consolidated subsidiaries</b>	<b>39,725</b>	<b>17.9</b>	<b>40,751</b>	<b>16.6</b>	<b>385,793</b>
<b>Shareholders' equity</b>					
<b>I Common stock</b>	<b>3,329</b>	<b>1.5</b>	<b>3,329</b>	<b>1.4</b>	<b>31,523</b>
<b>II Capital surplus</b>	<b>2,948</b>	<b>1.3</b>	<b>3,032</b>	<b>1.2</b>	<b>28,711</b>
<b>III Revaluation surplus</b>	<b>612</b>	<b>0.3</b>	<b>612</b>	<b>0.2</b>	<b>5,797</b>
<b>IV Retained earnings</b>	<b>16,333</b>	<b>7.4</b>	<b>19,331</b>	<b>7.8</b>	<b>183,015</b>
<b>V Net unrealized holding losses on securities</b>	<b>(95)</b>	<b>(0.1)</b>	<b>186</b>	<b>0.1</b>	<b>1,764</b>
	<b>23,129</b>	<b>10.4</b>	<b>26,493</b>	<b>10.7</b>	<b>250,810</b>
<b>VI Treasury stock</b>	<b>(467)</b>	<b>(0.2)</b>	<b>(72)</b>	<b>(0.0)</b>	<b>(687)</b>
<b>Total shareholders' equity</b>	<b>22,662</b>	<b>10.2</b>	<b>26,420</b>	<b>10.7</b>	<b>250,123</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>221,823</b>	<b>100.0</b>	<b>246,418</b>	<b>100.0</b>	<b>2,332,845</b>

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥ 105.63 = \$1, the approximate exchange rate on 2004

RESORTTRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME  
(Based on Japanese Accounting Principles)  
Years Ended March 31, 2003, 2004



	2003		2004			2005target	
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars	Millions of yen	Percentage of total %
<b>I Net sales</b>	<b>65,689</b>	<b>100.0</b>	<b>71,517</b>	<b>100.0</b>	<b>677,061</b>	<b>76,830</b>	<b>100.0</b>
<b>II Cost of sales</b>	<b>13,928</b>	<b>21.2</b>	<b>15,724</b>	<b>22.0</b>	<b>148,863</b>	<b>16,465</b>	<b>21.4</b>
<b>Gross profit</b>	<b>51,760</b>	<b>78.8</b>	<b>55,793</b>	<b>78.0</b>	<b>528,198</b>	<b>60,365</b>	<b>78.6</b>
<b>III Selling, general and administrative expenses</b>	<b>44,705</b>	<b>68.1</b>	<b>47,737</b>	<b>66.7</b>	<b>451,935</b>	<b>51,865</b>	<b>67.5</b>
<b>Operating income</b>	<b>7,055</b>	<b>10.7</b>	<b>8,055</b>	<b>11.3</b>	<b>76,263</b>	<b>8,500</b>	<b>11.1</b>
<b>IV Non-operating income</b>	<b>669</b>	<b>1.0</b>	<b>600</b>	<b>0.8</b>	<b>5,681</b>	<b>541</b>	<b>0.7</b>
Interest income	71		76		720		
Dividend income	7		10		96		
Installment interest and fees	64		48		457		
Gain on sales of trading securities	—		202		1,913		
Other	526		263		2,494		
<b>V Non-operating expenses</b>	<b>635</b>	<b>0.9</b>	<b>717</b>	<b>1.0</b>	<b>6,795</b>	<b>718</b>	<b>1.0</b>
Interest expense	234		300		2,847		
Bond issue expense	72		153		1,455		
Common stock issue expense	17		5		51		
Loss on sales of trading securities	138		—		—		
Other	172		257		2,441		
<b>Ordinary income</b>	<b>7,089</b>	<b>10.8</b>	<b>7,937</b>	<b>11.1</b>	<b>75,149</b>	<b>8,324</b>	<b>10.8</b>
<b>VI Extraordinary income</b>	<b>65</b>	<b>0.1</b>	<b>579</b>	<b>0.8</b>	<b>5,486</b>	<b>—</b>	<b>—</b>
Reversal of allowance for doubtful receivables	31		109		1,037		
Gain on investment of securities	3		427		4,043		
Gain on sales of fixed assets	30		0		8		
Other	3		42		398		
<b>VII Extraordinary losses</b>	<b>195</b>	<b>0.3</b>	<b>1,466</b>	<b>2.0</b>	<b>13,884</b>	<b>70</b>	<b>0.1</b>
Loss on sales and disposal of fixed assets	64		329		3,115		
Write-down of disposal of property and equipment, net	12		77		737		
Write-down of investment securities	108		15		149		
Loss on sales of investment of securitise	—		3		37		
Allowance for doubtful receivables	—		1,024		9,695		
Directors' retirement benefits	10		15		150		
<b>Income before income taxes</b>	<b>6,959</b>	<b>10.6</b>	<b>7,050</b>	<b>9.9</b>	<b>66,751</b>	<b>8,253</b>	<b>10.7</b>
<b>Income taxes:</b>							
Current	3,447	5.3	3,388	4.7	32,082	3,648	4.7
Deferred	11	0.0	(354)	(0.4)	(3,354)		
Minority Interests-Loss	1	0.0	10	0.0	101		
<b>Net income</b>	<b>3,502</b>	<b>5.3</b>	<b>4,027</b>	<b>5.6</b>	<b>38,124</b>	<b>4,605</b>	<b>6.0</b>

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥ 105.63 = \$1, the approximate exchange rate on 2004.

RESORTTRUST,INC. AND CONSOLIDATED SUBSIDIARIES  
**CONSOLIDATED CASH FLOW STATEMENT**  
 (Based on Japanese Accounting Principles)  
 Years Ended March 31, 2003,2004



	2003	2004	
	Millions of yen	Millions of yen	Thousands of U.S. dollars
<b>I Cash flows from operating activities</b>			
Income before income taxes	6,959	7,050	66,751
Depreciation and amortization	4,046	4,027	38,129
Amortization of consolidated adjusting accounts	518	355	3,367
Reserve for employees' retirement benefits	(89)	(81)	(769)
Increase in directors' retirement benefits	46	48	461
Interest and dividends income	(78)	(86)	(816)
Interest expense	234	300	2,847
Loss on valuation of fixed assets	12	77	737
Increase in trade receivables	(1,017)	(1,019)	(9,653)
Increase (decrease) in inventories	(7,747)	(12,430)	(117,682)
Increase (decrease) in trade payables	2	49	465
Increase (decrease) in accounts payable	(1,310)	6,276	59,420
Increase (decrease) in advance receipt	963	891	8,440
Increase in long-term security deposits	4,686	2,448	23,178
Increase (decrease) in accrued consumption taxes	(1,148)	109	1,033
Directors' bonuses paid	(122)	(121)	(1,148)
Increase (decrease) in doubtful receivables	(46)	887	8,398
Other	412	454	4,306
<b>Subtotal</b>	<b>6,322</b>	<b>9,238</b>	<b>87,464</b>
Interest and dividends received	123	94	893
Interest expense paid	(236)	(274)	(2,597)
Income tax paid	(3,526)	(3,312)	(31,359)
<b>Net cash provided by (used in) operating activities</b>	<b>2,683</b>	<b>5,746</b>	<b>54,400</b>
<b>II Cash flows from investing activities</b>			
Increase in time deposits	(1,034)	(8,328)	(78,849)
Decrease in time deposits	2,153	6,942	65,729
Purchase of securities	(5,509)	-	-
Proceeds from sales of securities	12,508	941	8,913
Purchase of investment securities	(4,080)	(24)	(228)
Proceeds from sales of investment securities	509	55	525
Payment for property and equipment	(6,649)	(11,931)	(112,958)
Increase in loans receivable	(1,880)	(1,272)	(12,049)
Decrease in loans receivable	186	154	1,464
Financial support to affiliate under rehabilitation	(718)	-	-
Decrease in loans for affiliate under rehabilitation	-	(733)	(6,947)
Other	(587)	(546)	(5,173)
<b>Net cash provided by (used in) investing activities</b>	<b>(5,102)</b>	<b>(14,743)</b>	<b>(139,574)</b>
<b>III Cash flows from financing activities</b>			
Increase (decrease) in short-term loans	(722)	222	2,108
Proceeds from long-term debt	8,800	11,000	104,137
Repayment of long-term debt	(4,691)	(8,248)	(78,088)
Proceeds from issuance of convertible bonds payable	2,927	9,346	88,481
Redemption of bonds	(400)	(450)	(4,260)
Proceeds from issuance of common stock	21	-	-
Proceeds from issuance of preferred stock to minority shareholders	1,505	620	5,873
Payments of long-term security deposits	(1,070)	(438)	(4,148)
Cash dividends	(914)	(908)	(8,599)
Other	(466)	478	4,527
<b>Net cash provided by (used in) financing activities</b>	<b>4,989</b>	<b>11,622</b>	<b>110,031</b>
<b>IV Effect of exchange rate changes on cash and cash equivalents</b>	<b>(36)</b>	<b>(33)</b>	<b>(320)</b>
<b>V Net increase in cash and cash equivalents</b>	<b>2,534</b>	<b>2,591</b>	<b>24,538</b>
<b>VI Cash and cash equivalents at beginning of period</b>	<b>24,563</b>	<b>27,097</b>	<b>256,531</b>
<b>VII Cash and cash equivalents at end of period</b>	<b>27,097</b>	<b>29,689</b>	<b>281,068</b>

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥105.63 = \$1 the approximate exchange rate on 2004.

MAJOR MANAGEMENT INDICES  
RESORTTRUST,INC.



Net sales

Years ended March 31,2000,2001,2002,2003 and 2004

(Millions of Yen)

	2000	2001	2002	2003	2004
Membership Operations	23,154	21,211	17,371	20,235	25,685
Hotel and Restaurant Operations	28,123	30,672	34,188	34,415	34,955
Golf Operations	5,514	5,614	5,367	6,890	7,014
Condominium Operations	4,354	3,109	1,234	—	—
Medical Operations	—	2,739	2,615	2,964	2,870
Other Operations	—	422	634	1,183	992
Total	61,147	63,770	61,412	65,689	71,517

Operating income

	2000	2001	2002	2003	2004
Membership Operations	7,664	6,548	5,407	3,532	5,505
Hotel and Restaurant Operations	2,168	2,561	2,176	1,652	1,014
Golf Operations	453	107	(115)	471	484
Condominium Operations	820	703	(44)	—	—
Medical Operations	—	662	699	908	700
Other Operations	—	172	239	489	350
Elimination and/or Corporate	(4,665)	(3,153)	(2,248)	—	—
Total	6,440	7,602	6,115	7,055	8,055

※1. Effective December 2001,RESORTTRUST withdrew from condominium operations,after judging that it would be difficult to develop suburban luxury condominiums that capture synergies with its resorts under current economic conditions.

※2. Operating expenses included in the operating loss in the elimination and corporate column include expense of the Company's administrative divisions.  
Effective 2003 the Companies changed our accounting method for allocation of corporate costs and expenses,from including them in Eliminations & Corporate,to allocating them to each segment in order to clarify the responsibility for segment profit.

## 1. Summary of Business Results

During the year ended March 31, 2004, Japan's economy showed clear signs of a recovery, such as a rally in the Nikkei Stock Average, alongside an upswing in private-sector capital expenditures and gradual improvement in corporate performances. Notable were increased exports to China and other parts of Asia, and growth in digital home electronics and other products, both attesting to cyclical economic growth. Nevertheless, consumer spending remained soft in the absence of signs of improvement in personal income levels or the employment environment and a full-fledged rebound in business conditions thus remains to be seen.

In the leisure market, last year's unseasonably cool summer and extended rainy season caused the hotel industry to suffer a decline in guests compared with the same period a year ago, forcing a relatively large number of hotels to contend with a fall in occupancy rates. Looking at consolidated business results for the fiscal year under review, in our Membership Operations, membership sales at XIV Karuizawa Sanctuary Villa, which began in April last year, contributed to overall sales growth. Another factor underpinning growth in sales and earnings was that Resorttrust recognized as sales the real estate portion of the total contract volume for memberships related to the opening of Grand XIV Hamanako in March 2004. Meanwhile, Hotel and Restaurant Operations benefited from the opening of new hotels such as the XIV Naruto Sanctuary Villa and Hotel Trusty Nagoya Sakae, which contributed to higher overall sales. As a result, consolidated net sales increased 8.9% year on year to ¥71,517 million, and operating income rose 14.2% to ¥8,055 million. Ordinary income was ¥7,937 million, up 12.0% year on year, and net income rose 15.0% to ¥4,

Effective from the current fiscal year, Resorttrust has decided to allocate the operating expenses of corporate divisions at companies filing consolidated financial statements to business segments to clarify their accountability for earnings. Previously, these expenses were treated as unallocated expenses. Figures for prior fiscal years have been adjusted in conformity with the present method for comparison purposes.

An overview of segment information, including business results, is presented below.

## 2. Summary of Business Segments



### Membership Operations

Sales in Membership Operations climbed 26.9% year on year to ¥25,685 million, while operating income soared 55.9% to ¥5,505 million. The primary reason for this sales growth was that Resorttrust recognized as sales the advances from the real estate portion, which is equivalent to approximately half of the deferred total contract volume, received since the start of membership sales in April 2002, following the opening of Grand XIV Hamanako in March 2004. Another significant factor was robust membership sales of ¥7,138 million at XIV Karuizawa Sanctuary Villa, a figure 35.2% higher than the forecast of ¥5,281 million.

### Hotel and Restaurant Operations

Overall sales from hotel operations rose due to an increase in overnight visitors reflecting the opening of XIV Naruto Sanctuary Villa (opened March 21, 2003) and Hotel Trusty Nagoya Sakae (opened April 6, 2003). However, sales at existing hotels declined slightly due to last year's unseasonably cool summer and extended rainy season. Moreover, Resorttrust incurred outlays of ¥211 million for supplies as well as an increase in personnel and other expenses related to the opening of Hotel Trusty Nagoya Sakae. Consequently, while sales in Hotel and Restaurant Operations rose 1.6% year on year to ¥34,955 million, operating income fell 38.6% to ¥1,014 million.

### Golf Operations

Golf membership sales decreased ¥947 million from the same period last year, after Resorttrust sold nearly all memberships at Grandee Hamanako Golf Club. This decline was outweighed by an increase in operation and management income of ¥1,033 million due to favorable turnout at the Tradition Golf Club in Aichi Prefecture, which opened in October 2002, and other existing golf clubs. As a result, overall sales in Golf Operations increased 1.8% to ¥7,014 million and operating income rose 2.6% to ¥484 million.

### Medical Operations

Membership sales at our HIMEDIC Yamanakako Club declined ¥168 million year on year to ¥860 million, from ¥1,028 million in the previous fiscal year, as the number of members approached the capacity of this facility. Consequently, overall sales in Medical Operations decreased 3.2% year on year to ¥2,870 million. Operating income was down 22.9% to ¥700 million.

### Other Operations

Overall sales in Other Operations declined 16.1% to ¥992 million, while operating income decreased 28.4% to ¥350 million. This reflected the absence of condominium sales of ¥335 million in the same period of the previous fiscal year due to our withdrawal from this business. Another factor was the booking of registration and other expenses of ¥86 million related to the purchase of our Tokyo head office building by subsidiary RT DEVELOPMENT CO., LTD.

### 3. Cash Flows

During the year ended March 31, 2004, cash and cash equivalents (hereinafter “cash”) increased ¥2,591 million. As a result, cash and cash equivalents stood at ¥29,689 million as of March 31, 2004, 9.6% more than at March 31, 2003.

#### **(Operating Cash Flows)**

Operating activities provided net cash of ¥5,746 million, compared with ¥2,683 million in the corresponding period of the previous fiscal year. This was chiefly due to an increase of ¥6,832 million in accrued expenses to construction companies upon the completion of Grand XIV Hamanako at the end of March 2004. However, this was partially offset by an increase in inventories following the payment of ¥9,429 million to the Tokyo Metropolitan Government for the future site of an urban resort that Resorttrust plans to open in spring 2008 in Tokyo Waterfront City, popularly known as Odajiba.

#### **(Investing Cash Flows)**

Investing activities used net cash of ¥14,743 million, compared with ¥5,102 million in the same period of the previous fiscal year. The primary uses of cash were the payment of ¥3,170 million for subsidiary RT DEVELOPMENT’s purchase of Resorttrust’s head office building in Tokyo and the acquisition of property and equipment related to the openings of XIV Hamanako and the conceptually innovative Hotel Trusty Nagoya Sakae.

#### **(Financing Cash Flows)**

Financing activities provided net cash of ¥11,622 million, compared with ¥4,989 million in the same period of the previous fiscal year. Cash was mainly provided by proceeds from long-term debt to fund the acquisition of the site for a major urban resort, the issuance of ¥1,500 million in bonds by subsidiary RT DEVELOPMENT to fund the purchase of Resorttrust’s head office building in Tokyo and procurement of ¥7,000 million through the issuance of the first series of unsecured bonds, popularly known as XIV Bonds, in February 2004.

## **(2) Outlook for the Year Ending March 31, 2005**



### **1. Business Outlook**

The economic outlook calls for a stronger recovery, despite the fact that business conditions are expected to remain difficult in the near term, due to a slow rebound in consumer spending. Despite this difficult climate, Resorttrust forecasts an increase in registration fees accompanying membership sales at XIV Karuizawa Sanctuary Villa, which began in April 2003. The opening of XIV Karuizawa Sanctuary Villa is planned for December 2004, and Resorttrust expects to recognize the real estate portion of the membership sales related to this opening. The start of membership sales for XIV Kyoto (provisional name) in September 2004 is expected to contribute to sales. Nevertheless, Membership Operations sales are forecast to decline due to the fact that no large facility is scheduled for opening. In Hotel and Restaurant Operations, Resorttrust expects to post higher revenues from the first full year of operation of Grand XIV Hamanako, which opened in March 2004, and increased income from operation and management fees (annual membership fees), reflecting the increase in members. In the fiscal year ending March 31, 2005, the Resorttrust Group forecasts net sales to increase 7.4% year on year to ¥76,830 million and operating income to climb 5.5% to ¥8,500 million. Ordin