

CONSOLIDATED FINANCIAL SUMMARY
RESORTTRUST, INC.
For the First Quarter Ended June 30, 2004

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

	2002	2003	2004	Fiscal Year	
				2004	2005 target
Net sales	14,846	14,304	16,919	71,517	76,830
Ordinary income	1,018	435	893	7,937	8,324
Net income (interim)	462	252	600	4,027	4,605
Net assets	20,618	22,423	26,675	26,420	
Total assets	206,578	224,693	240,869	246,418	
Net assets per share (yen)		987.50	964.92	1,145.24	
Net income per share (yen)		11.11	21.79	169.21	167.52
Net income per share (yen) (Fully Diluted)		10.60	20.40	160.73	
Owners' equity to total assets (%)	10.0	10.0	11.1	10.7	
Return on assets (%)				1.72	
Return on equity (%)				16.41	
Cash flow from operating activities	598	(482)	(4,149)	5,746	
Cash flow from investing activities	(986)	(6,481)	(1,333)	(14,743)	
Cash flow from financing activities	(4,353)	2,206	(792)	11,622	
Cash and cashequivalents at (interim) end of period	19,783	22,339	23,411	29,689	
Number of employees		2,984	3,264	2,977	

RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (Unaudited)
(Based on Japanese Accounting Principles)
For the First Quarter Ended June 30, 2004

	June 30 2003		March 31 2004		June 30 2004		
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars
Assets							
Current assets							
Cash and time deposits	23,837		32,548		26,768		246,872
Trade notes and trade accounts receivable	3,636		3,754		3,341		30,815
Operating loans receivable	12,536		13,774		14,042		129,506
Marketable securities	2,360		2,055		1,632		15,052
Inventories	29,293		31,870		31,707		292,419
Other	5,370		3,969		5,013		46,242
Allowance for doubtful receivables	(254)		(653)		(673)		(6,209)
Total current assets	76,778	34.2	87,319	35.4	81,831	34.0	754,697
Fixed assets							
(1) Property and equipment at cost							
Buildings and structures	51,539		54,962		55,487		511,739
Golf course	38,146		38,132		40,333		371,974
Land	28,568		28,963		28,965		267,135
Other	11,377		18,291		15,477		142,739
Net property, plant and equipment	129,631	57.7	140,349	57.0	140,263	58.2	1,293,587
(2) Intangible assets							
Consolidated Adjustments Account	895		630		544		5,019
Other	2,833		2,866		2,944		27,157
Intangible assets	3,729	1.6	3,497	1.4	3,488	1.5	32,176
(3) Investments and other non-current assets							
Investment in securities	8,343		7,963		8,293		76,492
Other	6,224		7,869		7,591		70,010
Allowance for doubtful receivable	(14)		(580)		(599)		(5,528)
Total investment and other non-current assets	14,553	6.5	15,252	6.2	15,285	6.3	140,973
Total fixed assets	147,914	65.8	159,099	64.6	159,038	66.0	1,466,736
Total assets	224,693	100.0	246,418	100.0	240,869	100.0	2,221,433

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥ 108.43 = \$1, the approximate exchange rate on June 30, 2004

	June 30 2003		March 31 2004		June 30 2004		
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars
Liabilities							
Current liabilities							
Trade notes and trade accounts payable	543		606		597		5,514
Short-term loans payable	3,755		4,750		3,750		34,585
Current portion of long-term debt	8,052		12,650		14,232		131,260
Current portion of bonds	1,950		650		650		5,995
Income taxes payable	168		1,735		271		2,506
Advance receipt	5,718		4,086		4,911		45,298
Other	9,741		15,259		11,018		101,617
Total current liabilities	29,929	13.3	39,738	16.1	35,432	14.7	326,774
Long-term liabilities							
Bonds	2,550		11,400		11,400		105,137
Convertible bonds payable	3,405		3,405		3,327		30,685
Long-term debt	16,808		13,095		12,640		116,578
Deferred tax liabilities on land revaluation	414		414		414		3,825
Accrued retirement allowance indemnities	306		276		280		2,583
Directors' retirement benefits	880		940		1,020		9,410
Long-term security deposits	106,245		109,095		107,679		993,076
Other	1,643		880		877		8,096
Total long-term liabilities	132,254	58.9	139,507	56.6	137,639	57.1	1,269,388
Total liabilities	162,183	72.2	179,246	72.7	173,071	71.8	1,596,162
(Minority interests in consolidated subsidiaries)							
Minority interests in consolidated subsidiaries	40,086	17.8	40,751	16.6	41,122	17.1	379,251
Shareholders' equity							
Common stock	3,329	1.5	3,329	1.4	3,495	1.5	32,235
Capital surplus	2,948	1.3	3,032	1.2	3,200	1.3	29,516
Revaluation surplus	612	0.3	612	0.2	612	0.2	5,647
Retained earnings	16,011	7.1	19,331	7.8	19,290	8.0	177,911
Net unrealized holding losses on securities	(11)	(0.0)	186	0.1	161	0.1	1,490
	22,890	10.2	26,493	10.7	26,760	11.1	246,799
Treasury stock	(467)	(0.2)	(72)	(0.0)	(84)	(0.0)	(779)
Total shareholders' equity	22,423	10.0	26,420	10.7	26,675	11.1	246,020
Total liabilities, minority interests and shareholders' equity	224,693	100.0	246,418	100.0	240,869	100.0	2,221,433

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥108.43 = \$1, the approximate exchange rate on June 30, 2004

RESORTTRUST, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)
(Based on Japanese Accounting Principles)
For the First Quarter Ended June 30, 2004

	Three months ended June 30					Fiscal Year			
	2003		2004			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 %	Millions of yen	Percentage of total %
Net sales	14,304	100.0	16,919	100.0	156,042	71,517	100.0	76,830	100.0
Cost of sales	2,181	15.2	3,210	19.0	29,605	15,724	22.0	16,465	21.4
Gross profit	12,122	84.8	13,709	81.0	126,437	55,793	78.0	60,365	78.6
Selling, general and administrative expenses	11,786	82.4	12,882	76.1	118,809	47,737	66.7	51,865	67.5
Operating income	335	2.4	827	4.9	7,628	8,055	11.3	8,500	11.1
Non-operating income	222	1.6	255	1.5	2,360	600	0.8	541	0.7
Interest income	28		20		191	76			
Dividend income	1		1		11	10			
Installment interest and fees	12		11		109	48			
Gain on sales of trading securities	-		127		1,175	202			
Other	179		94		874	263			
Non-operating expenses	122	0.9	189	1.1	1,752	717	1.0	718	1.0
Interest expense	80		91		843	300			
Bond issue expense	21		-		-	153			
Common stock issue expense	2		1		16	5			
Loss on sales of trading securities	-		58		535	-			
Other	18		38		358	257			
Ordinary income	435	3.1	893	5.3	8,236	7,937	11.1	8,324	10.8
Extraordinary income	73	0.5	148	0.8	1,372	579	0.8	-	-
Reversal of allowance for doubtful receivables	71		-		-	109			
Gain on investment of securities	-		2		27	427			
Gain on sales of fixed assets	2		145		1,345	0			
Other	-		-		-	42			
Extraordinary losses	17	0.1	21	0.1	197	1,466	2.0	70	0.1
Loss on sales and disposal of fixed assets	14		7		71	329			
Write-down of disposal of property and equipment, net	-		2		19	77			
Allowance for doubtful receivables	-		10		98	1,024			
Other	2		0		9	35			
Income before income taxes	492	3.5	1,020	6.0	9,410	7,050	9.9	8,253	10.7
Income taxes:									
Current	158	1.1	178	1.0	1,648	3,388	4.7	3,648	4.7
Deferred	74	0.5	213	1.2	1,967	(354)	(0.4)		
Minority Interests-Income(Loss)	7	0.1	27	0.2	256	(10)	(0.0)		
Net income	252	1.8	600	3.6	5,540	4,027	5.6	4,605	6.0

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥ 108.43 = \$1, the approximate exchange rate on June 30, 2004.

RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Based on Japanese Accounting Principles)
For the First Quarter Ended June 30, 2004

	Three months ended June 30			Fiscal Year
	2003	2004		2004
	Millions of yen	Millions of yen	Thousands of U.S. dollars	Millions of yen
Cash flows from operating activities				
Income before income taxes	492	1,020	9,410	7,050
Depreciation and amortization	929	1,064	9,814	4,027
Amortization of consolidated adjusting accounts	88	86	800	355
Reserve for employees' retirement benefits	(51)	3	35	(81)
Increase in directors' retirement benefits	(11)	79	737	48
Interest and dividends income	(29)	(21)	(201)	(86)
Interest expense	80	91	843	300
Increase (decrease) in trade receivables	337	145	1,345	(1,019)
Increase (decrease) in inventories	(3,211)	431	3,976	(12,430)
Increase (decrease) in trade payables	(14)	(9)	(83)	49
Increase (decrease) in accounts payable	(183)	(6,095)	(56,213)	6,276
Increase in advance receipt	2,523	824	7,608	891
Increase (decrease) in long-term security deposits	(574)	(1,416)	(13,059)	2,448
Increase in accrued consumption taxes	44	305	2,814	109
Directors' bonuses paid	(121)	(183)	(1,696)	(121)
Other	543	1,157	10,676	1,419
Subtotal	841	(2,515)	(23,196)	9,238
Interest and dividends received	35	25	236	94
Interest expense paid	(80)	(43)	(400)	(274)
Income tax paid	(1,278)	(1,616)	(14,905)	(3,312)
Net cash provided by (used in) operating activities	(482)	(4,149)	(38,265)	5,746
Cash flows from investing activities				
Increase in time deposits	(372)	(2,110)	(19,460)	(8,328)
Decrease in time deposits	348	1,612	14,873	6,942
Purchase of securities and investment securities	(824)	(514)	(4,747)	(15)
Proceeds from sales of securities and investment securities	-	652	6,017	996
Payment for property and equipment	(5,188)	(1,641)	(15,141)	(12,289)
Increase in loans receivable	(400)	(103)	(953)	(1,272)
Decrease in loans receivable	6	19	177	154
Other	(49)	752	6,936	(930)
Net cash provided by (used in) investing activities	(6,481)	(1,333)	(12,298)	(14,743)
Cash flows from financing activities				
Increase (decrease) in short-term loans	(771)	(1,000)	(9,223)	222
Proceeds from long-term debt	3,500	3,000	27,668	11,000
Repayment of long-term debt	(1,632)	(1,872)	(17,270)	(8,248)
Proceeds from issuance of convertible bonds payable	1,479	-	-	9,346
Proceeds from issuance of common stock	-	251	2,315	-
Payments of share repurchase	-	(711)	(6,565)	-
Proceeds from issuance of preferred stock to minority shareholders	351	-	-	620
Payments of long-term security deposits	(265)	-	-	(438)
Cash dividends	(454)	(458)	(4,226)	(908)
Other	(0)	(0)	(8)	28
Net cash provided by (used in) financing activities	2,206	(792)	(7,309)	11,622
Effect of exchange rate changes on cash and cash equivalents	(1)	(2)	(22)	(33)
Net increase in cash and cash equivalents	(4,757)	(6,277)	(57,894)	2,591
Cash and cash equivalents at beginning of period	27,097	29,689	273,810	27,097
Cash and cash equivalents at end of period	22,339	23,411	215,916	29,689

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥108.43 = \$1 the approximate exchange rate on June 30, 2004.

**MAJOR MANAGEMENT INDICES
RESORTTRUST, INC.**

For the First Quarter Ended June 30, 2002, 2003, 2004

Net sales

(Millions of Yen)

	2002	2003	2004	Fiscal Year 2004
Membership Operations	3,658	3,289	4,772	25,685
Hotel and Restaurant Operations	7,984	8,116	8,815	34,955
Golf Operations	2,046	2,024	2,178	7,014
Medical Operations	653	652	878	2,870
Other Operations	502	221	274	992
Total	14,846	14,304	16,919	71,517

Operating income

	2002	2003	2004	Fiscal Year 2004
Membership Operations	748	(12)	170	5,505
Hotel and Restaurant Operations	118	(14)	177	1,014
Golf Operations	466	222	186	484
Medical Operations	237	135	218	700
Other Operations	137	5	74	350
Elimination and/or Corporate	(715)	-	-	-
Total	993	335	827	8,055

Operating expenses included in the operating loss in the elimination and/or corporate column include expense of the Company's administrative divisions. Effective 2003 We chaged our accouting medthod for allocation of corporate costs and expenses, from including them in Eliminations and/or Corporate, to allocating them to each segment in order to clarify the responsibility for segment profit.

Business Results

(1) Overview of First Quarter of Fiscal Year Ending March 31, 2005

1. Summary of Business Results

	1Q FY2004 (Results)	1Q FY2005 (Results)	1Q FY2005 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	14,304	16,919	17,312	18.3	-2.3
Operating income	335	827	935	146.2	-11.6
Ordinary income	435	893	865	104.9	3.2
Net income	252	600	476	138.2	26.1

(¥ million)

In the first quarter of the March 2005 fiscal year, Japan's economic recovery hung in the balance. There was no change in the prevailing view that the economy is heading toward a convincing recovery, supported by a strong-performing manufacturing sector driven by steady growth in North America and robust expansion in China, as well as improvements in profit structures at Japanese companies and higher capital investment. However, the upturn in the corporate sector has yet to translate into a firm rebound in consumer spending.

In the leisure market, despite the first-quarter being an off-peak vacationing period, average occupancy rates at prominent hotels in Tokyo and Osaka both topped the previous year's level, according to statistics compiled by the *Nikkei Sangyo Shimbun*. Even as consumers continue to tighten discretionary spending, the Resorttrust Group achieved sharp year-on-year increases in both sales and earnings in the first quarter. Consolidated net sales climbed 18.3% to ¥16,919 million, operating income surged 146.2% to ¥827 million, ordinary income was up 104.9% at ¥893 million, and net income rose 138.2% to ¥600 million. Despite the opening of two new hotels in the previous first quarter, Hotel and Restaurant Operations suffered a quarterly operating loss in the previous year due to start-up expenses accompanying the opening of these facilities. However, in the current fiscal year, Grand XIV Hamanako, which opened on March 30, got off to a strong start. Membership Operations also benefited from brisk sales of memberships in Grand XIV Hamanako. In Medical Operations, our drive to find new members for the Grand HIMEDIC Club, for which membership sales began on May 20, was highly successful, contributing to first-quarter sales and earnings growth.

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

Effective from the previous interim fiscal period, 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 the prior first quarter have been adjusted in conformity with the present method for comparison purposes.

2. Summary of Business Segments

Membership Operations

(¥ million)

	1Q FY2004 (Results)	1Q FY2005 (Results)	1Q FY2005 (Targets)	Year-on-year change (%)	Results vs. Targets (%)
Sales	3,289	4,772	4,891	45.1	-2.4
Operating income (loss)	(12)	170	209	—	-18.4

Sales in Membership Operations climbed 45.1% year on year to ¥4,772 million, while operating income was ¥170 million compared with an operating loss of ¥12 million in the previous first quarter. This mainly reflected extremely strong sales of memberships to Grand XIV Hamanako carried over from the previous fiscal year. This stood in sharp contrast to the previous fiscal year's focus on sales of memberships to properties under development, for which the real estate portion of the total contract volume is deferred until the opening of resort facilities.

Hotel and Restaurant Operations

(¥ million)

	1Q FY2004 (Results)	1Q FY2005 (Results)	1Q FY2005 (Targets)	Year-on-year change (%)	Results vs. Targets (%)
Sales	8,116	8,815	9,173	8.6	-3.9
Operating income (loss)	(14)	177	241	—	-26.6

Despite a slight decline in occupancy rates and a downtrend in the average spending per guest at existing hotels, the long-awaited opening of Grand XIV Hamanako (Grand Opening: March 30, 2004) benefited sales and earnings growth. Consequently, sales in Hotel and Restaurant Operations climbed 8.6% to ¥8,815 million, while operating income was ¥177 million, reversing an operating loss of ¥14 million in the same period of the previous fiscal year.

Golf Operations

(¥ million)

	1Q FY2004 (Results)	1Q FY2005 (Results)	1Q FY2005 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Sales	2,024	2,178	2,290	7.6	-4.9
Operating income (loss)	222	186	245	-15.8	-23.8

Beginning with the current fiscal year, Resorttrust was contracted to operate Grace Hill Country Club in Mie Prefecture. In June, Grandee Hamanako Golf Club was opened. The Company also began operating the Oakmont Golf Club, whose operation was previously outsourced to a third party. Consequently, overall sales in Golf Operations rose 7.6% to ¥2,178 million. Operating income fell 15.8% year on year to ¥186 million due to lackluster earnings at an existing golf course, Grandee Naruto Golf Club 36.

Medical Operations

(¥ million)

	1Q FY2004 (Results)	1Q FY2005 (Results)	1Q FY2005 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Sales	652	878	665	34.7	32.1
Operating income (loss)	135	218	134	61.4	62.3

Because memberships to HIMEDIC Yamanakako Club are close to full capacity, its ability to perform diagnostic procedures for all members is approaching a limit. For this reason, Resorttrust began marketing new memberships to the Grand HIMEDIC Club on May 6, 2004. The result was much higher sales and earnings in this segment. Overall sales in Medical Operations were up 34.7% at ¥878 million, while operating income climbed 61.4% to ¥218 million.

Other Operations

(¥ million)

	1Q FY2004 (Results)	1Q FY2005 (Results)	1Q FY2005 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Sales	221	274	292	23.9	-6.2
Operating income (loss)	5	74	105	1,228	-29.5

In Other Operations, Resorttrust benefited from the elimination of leasing expenses related to its formerly leased head office building in Tokyo upon acquisition of and relocation to our new Tokyo head office building in August 2003. Vacant spaces in the new head office were leased to various tenants, generating leasing income. Consequently, overall sales in Other Operations increased 23.9% to ¥274 million. Operating income was up 1,228% at ¥74 million.

3. Cash Flows

(¥ million)

	1Q FY2004 (Results)	1Q FY2005 (Results)	FY 2004 (Results)
Operating cash flows	(482)	(4,149)	5,746
Investing cash flows	(6,481)	(1,333)	(14,743)
Financing cash flows	2,206	(792)	11,622
Cash and cash equivalents	22,339	23,411	29,689

During the first quarter of the fiscal year ending March 31, 2005, cash and cash equivalents decreased ¥6,277 million. As a result, cash and cash equivalents stood at ¥23,411 million as of June 30, 2004, the end of the first quarter, down 21.1% from March 31, 2004.

Operating Cash Flows

Operating activities used net cash of ¥4,149 million, compared with ¥482 million in the same period of the previous fiscal year. This mainly reflected a decrease of ¥6,095 million in accrued expenses to construction companies upon the completion of Grand XIV Hamanako, partially offset by income before income taxes of ¥1,020 million.



Investing Cash Flows

Investing activities used net cash of ¥1,333 million, compared with ¥6,481 million in the same period of the previous fiscal year. The major uses of cash were outlays for time deposits and other items of ¥2,110 million. In the previous first quarter, the major components were payments of ¥965 million for the acquisition of property and equipment related to the opening of the conceptually innovative Hotel Trusty Nagoya Sakae.

Financing Cash Flows

Financing activities used net cash of ¥792 million, compared with net cash of ¥2,206 million provided in the previous first quarter. This was mainly the result of the purchase of ¥711 million in treasury stock.

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

(¥ million)

	FY2004 (Results)	FY2005 (Targets)	Difference (%)
Net sales	71,517	76,830	7.4
Operating income	8,055	8,500	5.5
Ordinary income	7,937	8,324	4.9
Net income	4,027	4,605	14.4

The economic outlooks 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's business plan for fiscal 2005 envisages income from registration fees accompanying membership sales at XIV Karuizawa Sanctuary Villa, which is scheduled to open in December 2004, along with the recognition of the real estate portion of the membership sales related to this opening. The start of membership sales for XIV Kyoto (provisional name) in this autumn is also 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 numbers. 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. Ordinary income is projected to increase 4.9% to ¥8,324 million, while net income is expected to climb 14.4% to ¥4,605 million. Forecasts initially announced on May 20 have not been revised.