

**CONSOLIDATED FINANCIAL SUMMARY**  
**RESORTTRUST, INC.**

For the six-month periods ended September 30, 2002, 2003 and 2004

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

	2002 Apr. 1, 2002-Sept. 30, 2002	2003 Apr. 1, 2003-Sept. 30, 2003	2004 Apr. 1, 2004-Sept. 30, 2004	Fiscal Year		
				2003 Apr. 1, 2002-Mar. 31, 2003	2004 Apr. 1, 2003-Mar. 31, 2004	2005 target Apr. 1, 2004-Mar. 31, 2005
Net sales	31,593	32,734	35,544	65,689	71,517	72,259
Ordinary income	3,134	3,294	3,704	7,089	7,937	8,324
Net income	1,423	1,733	2,115	3,502	4,027	4,605
Net assets	21,234	23,988	29,548	22,662	26,420	
Total assets	209,659	231,705	176,333	221,823	246,418	
Net assets per share (yen)	932.69	1,056.43	1,033.50	992.65	1,145.24	
Net income per share (yen)	62.15	76.35	75.46	148.18	169.21	161.09
Net income per share (yen) (Fully Diluted)	59.48	72.36	70.52	141.38	160.73	
Owners' equity to total assets (%)	10.1	10.4	16.8	10.2	10.7	
Return on assets (%)	0.68	0.76	1.00	1.63	1.72	
Return on equity (%)	6.78	7.43	7.56	16.14	16.41	
Cash flow from operating activities	(405)	(5,684)	(347)	2,683	5,746	
Cash flow from investing activities	(1,869)	(9,190)	(3,599)	(5,102)	(14,743)	
Cash flow from financing activities	(3,450)	6,973	(581)	4,989	11,622	
Cash and cashequivalents at (interim) end of period	18,807	19,175	24,455	27,097	29,689	
Number of employees	2,912	2,930	3,010	2,833	2,977	

**RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Based on Japanese Accounting Principles)

For the six-month periods ended September 30, 2003 and 2004

	September 30					March 31	
	2003		2004			2004	
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars	Millions of yen	Percentage of total %
<b>Assets</b>							
<b>Current assets</b>							
Cash and time deposits	22,161		27,546		248,059	32,548	
Trade notes and trade accounts receivable	3,979		3,620		32,605	3,754	
Operating loans receivable	12,942		14,169		127,596	13,774	
Marketable securities	2,415		1,573		14,171	2,055	
Inventories	37,918		31,031		279,440	31,870	
Other	4,405		4,223		38,035	3,969	
Allowance for doubtful receivables	(312)		(712)		(6,417)	(653)	
<b>Total current assets</b>	<b>83,509</b>	<b>36.0</b>	<b>81,454</b>	<b>46.2</b>	<b>733,490</b>	<b>87,319</b>	<b>35.4</b>
<b>Fixed assets</b>							
<b>(1) Property and equipment at cost</b>							
Buildings and structures	51,099		42,414		381,937	54,962	
Golf course	38,129		4,686		42,200	38,132	
Land	28,625		17,751		159,854	28,963	
Other	11,841		7,901		71,155	18,291	
<b>Net property, plant and equipment</b>	<b>129,695</b>	<b>56.0</b>	<b>72,754</b>	<b>41.3</b>	<b>655,148</b>	<b>140,349</b>	<b>57.0</b>
<b>(2) Intangible assets</b>							
Consolidated Adjustments Account	807		466		4,205	630	
Other	2,805		2,158		19,436	2,866	
<b>Intangible assets</b>	<b>3,612</b>	<b>1.6</b>	<b>2,625</b>	<b>1.5</b>	<b>23,641</b>	<b>3,497</b>	<b>1.4</b>
<b>(3) Investments and other non-current assets</b>							
Investment in securities	8,388		14,367		129,382	7,963	
Other	6,546		5,751		51,795	7,869	
Allowance for doubtful receivable	(47)		(620)		(5,583)	(580)	
<b>Total investment and other non-current assets</b>	<b>14,886</b>	<b>6.4</b>	<b>19,499</b>	<b>11.0</b>	<b>175,594</b>	<b>15,252</b>	<b>6.2</b>
<b>Total fixed assets</b>	<b>148,195</b>	<b>64.0</b>	<b>94,879</b>	<b>53.8</b>	<b>854,383</b>	<b>159,099</b>	<b>64.6</b>
<b>Total assets</b>	<b>231,705</b>	<b>100.0</b>	<b>176,333</b>	<b>100.0</b>	<b>1,587,874</b>	<b>246,418</b>	<b>100.0</b>

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥ 111.05 = \$1, the approximate exchange rate on 2004.

**RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Based on Japanese Accounting Principles)

For the six-month periods ended September 30, 2003 and 2004

	September 30					March 31	
	2003		2004			2004	
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars	Millions of yen	Percentage of total %
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade notes and trade accounts payable	609		643		5,790	606	
Short-term loans payable	5,420		4,000		36,019	4,750	
Current portion of long-term debt	9,010		13,683		123,216	12,650	
Current portion of bonds	450		650		5,853	650	
Current portion of convertible bonds payable	-		1,767		15,915	-	
Income taxes payable	1,353		1,373		12,367	1,735	
Advance receipt	6,946		6,074		54,698	4,086	
Other	7,064		7,827		70,483	15,259	
<b>Total current liabilities</b>	<b>30,854</b>	<b>13.3</b>	<b>36,018</b>	<b>20.4</b>	<b>324,346</b>	<b>39,738</b>	<b>16.1</b>
<b>Long-term liabilities</b>							
Bonds	3,675		11,025		99,279	11,400	
Convertible bonds payable	3,405		-		-	3,405	
Long-term debt	19,233		12,326		111,001	13,095	
Deferred tax liabilities on land revaluation	414		156		1,412	414	
Accrued retirement allowance indemnities	309		61		557	276	
Directors' retirement benefits	891		1,032		9,297	940	
Long-term security deposits	106,936		85,204		767,259	109,095	
Other	1,636		871		7,849	880	
<b>Total long-term liabilities</b>	<b>136,501</b>	<b>58.9</b>	<b>110,678</b>	<b>62.8</b>	<b>996,657</b>	<b>139,507</b>	<b>56.6</b>
<b>Total liabilities</b>	<b>167,356</b>	<b>72.2</b>	<b>146,697</b>	<b>83.2</b>	<b>1,321,003</b>	<b>179,246</b>	<b>72.7</b>
(Minority interests in consolidated subsidiaries)							
Minority interests in consolidated subsidiaries	40,360	17.4	87	0.0	787	40,751	16.6
<b>Shareholders' equity</b>							
Common stock	3,329	1.4	4,652	2.6	41,898	3,329	1.4
Capital surplus	2,948	1.3	4,375	2.5	39,396	3,032	1.2
Retained earnings	17,492	7.6	20,743	11.8	186,790	19,331	7.8
Revaluation surplus	612	0.3	231	0.1	2,084	612	0.2
Net unrealized holding losses on securities	72	0.0	129	0.1	1,163	186	0.1
	24,455	10.3	30,131	17.1	266,083	26,493	10.7
Treasury stock	(467)	(0.2)	(583)	(0.3)	(5,250)	(72)	(0.0)
<b>Total shareholders' equity</b>	<b>23,988</b>	<b>10.4</b>	<b>29,548</b>	<b>16.8</b>	<b>266,083</b>	<b>26,420</b>	<b>10.7</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>231,705</b>	<b>100.0</b>	<b>176,333</b>	<b>100.0</b>	<b>1,587,874</b>	<b>246,418</b>	<b>100.0</b>

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥ 111.05 = \$1, the approximate exchange rate on September 30, 2004.

**RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME**



(Based on Japanese Accounting Principles)

For the six-month periods ended September 30, 2003 and 2004

	Six months ended September 30					Fiscal year	
	2003		2004			2004	
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars	Millions of yen	Percentage of total %
<b>Net sales</b>	<b>32,734</b>	<b>100.0</b>	<b>35,544</b>	<b>100.0</b>	<b>320,078</b>	<b>71,517</b>	<b>100.0</b>
<b>Cost of sales</b>	<b>5,797</b>	<b>17.7</b>	<b>7,470</b>	<b>21.0</b>	<b>67,269</b>	<b>15,724</b>	<b>22.0</b>
<b>Gross profit</b>	<b>26,937</b>	<b>82.3</b>	<b>28,074</b>	<b>79.0</b>	<b>252,809</b>	<b>55,793</b>	<b>78.0</b>
<b>Selling, general and administrative expenses</b>	<b>23,794</b>	<b>72.7</b>	<b>24,355</b>	<b>68.5</b>	<b>219,316</b>	<b>47,737</b>	<b>66.7</b>
<b>Operating income</b>	<b>3,143</b>	<b>9.6</b>	<b>3,719</b>	<b>10.5</b>	<b>33,492</b>	<b>8,055</b>	<b>11.3</b>
<b>Non-operating income</b>	<b>383</b>	<b>1.2</b>	<b>324</b>	<b>0.9</b>	<b>2,918</b>	<b>600</b>	<b>0.8</b>
Interest income	38		62		566	76	
Dividend income	4		3		34	10	
Installment interest and fees	25		21		197	48	
Gain on investment securities	-		127		1,147	-	
Other	315		108		972	465	
<b>Non-operating expenses</b>	<b>232</b>	<b>0.7</b>	<b>339</b>	<b>1.0</b>	<b>3,054</b>	<b>717</b>	<b>1.0</b>
Interest expense	146		171		1,544	300	
Bond issue expense	21		-		-	153	
Common stock issue expense	5		10		95	5	
Loss on sales of trading securities	-		39		351	-	
Loss on sales of securities	-		58		522	58	
Other	58		60		540	199	
<b>Ordinary income</b>	<b>3,294</b>	<b>10.1</b>	<b>3,704</b>	<b>10.4</b>	<b>33,357</b>	<b>7,937</b>	<b>11.1</b>
<b>Extraordinary income</b>	<b>2</b>	<b>0.0</b>	<b>252</b>	<b>0.7</b>	<b>2,272</b>	<b>579</b>	<b>0.8</b>
Gain on sales of fixed assets	-		3		31	0	
Gain on investment securities	2		248		2,240	427	
Other	-		-		-	151	
<b>Extraordinary losses</b>	<b>84</b>	<b>0.3</b>	<b>458</b>	<b>1.3</b>	<b>4,127</b>	<b>1,466</b>	<b>2.0</b>
Loss on sales and disposal of fixed assets	60		31		287	329	
Write-down of disposal of property and equipment, net	3		319		2,879	77	
Loss on sales of investment securities	3		31		285	3	
Write-down of investment securities	0		31		287	15	
Directors' retirement benefits	15		-		-	15	
Other	-		42		386	1,024	
<b>Income before income taxes</b>	<b>3,212</b>	<b>9.8</b>	<b>3,498</b>	<b>9.8</b>	<b>31,503</b>	<b>7,050</b>	<b>9.9</b>
<b>Income taxes:</b>							
<b>Current</b>	<b>1,356</b>	<b>4.2</b>	<b>1,288</b>	<b>3.6</b>	<b>11,606</b>	<b>3,388</b>	<b>4.7</b>
<b>Deferred</b>	<b>111</b>	<b>0.3</b>	<b>81</b>	<b>0.2</b>	<b>730</b>	<b>(354)</b>	<b>(0.4)</b>
<b>Minority interests-Gain</b>	<b>10</b>	<b>0.0</b>	<b>12</b>	<b>0.0</b>	<b>113</b>	<b>-</b>	<b>-</b>
<b>Minority Interests-Loss</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10)</b>	<b>(0.0)</b>
<b>Net income</b>	<b>1,733</b>	<b>5.3</b>	<b>2,115</b>	<b>6.0</b>	<b>19,053</b>	<b>4,027</b>	<b>5.6</b>

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥ 111.05 = \$1, the approximate exchange rate on September 30, 2004.

**RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
**(Based on Japanese Accounting Principles)**  
For the six-month periods ended September 30, 2003 and 2004

	Six months ended September 30			Fiscal Year
	2003	2004		2004
	Millions of yen	Millions of yen	Thousands of U.S. dollars	Millions of yen
<b>Cash flows from operating activities</b>				
Income before income taxes	3,212	3,498	31,503	7,050
Depreciation and amortization	1,913	1,836	16,541	4,027
Amortization of consolidated adjusting accounts	179	176	1,592	355
Reserve for employees' retirement benefits	(47)	(92)	(831)	(81)
Increase in directors' retirement benefits	(0)	92	830	48
Interest and dividends income	(42)	(66)	(601)	(86)
Interest expense	146	171	1,544	300
Loss on valuation of fixed assets	3	175	1,581	77
Increase in trade receivables	(412)	(378)	(3,411)	(1,019)
Increase (decrease) in inventories	(11,836)	1,313	11,825	(12,430)
Increase in trade payables	51	43	390	49
Increase (decrease) in accounts payable	(830)	(6,838)	(61,582)	6,276
Increase in advance receipt	3,751	2,018	18,180	891
Increase (decrease) in long-term security deposits	291	(96)	(865)	2,448
Increase in accrued consumption taxes	378	568	5,116	109
Directors' bonuses paid	(121)	(183)	(1,656)	(121)
Other	(560)	(887)	△ 7,993	1,341
<b>Subtotal</b>	<b>△ 3,923</b>	<b>1,350</b>	<b>12,162</b>	<b>9,238</b>
Interest and dividends received	20	63	572	94
Interest expense paid	(144)	(172)	(1,556)	(274)
Income tax paid	(1,635)	(1,589)	(14,309)	(3,312)
<b>Net cash provided by (used in) operating activities</b>	<b>(5,684)</b>	<b>(347)</b>	<b>(3,131)</b>	<b>5,746</b>
<b>Cash flows from investing activities</b>				
Increase in time deposits	(4,552)	(968)	(8,717)	(8,328)
Decrease in time deposits	3,040	446	4,019	6,942
Purchase of securities and investment securities	(879)	(500)	(4,502)	(24)
Proceeds from sales of securities and investment securities	8	795	7,165	996
Payment for property and equipment	(6,075)	(2,468)	(22,230)	(11,931)
Increase in loans receivable	(540)	(228)	(2,056)	(1,272)
Decrease in loans receivable	14	3,906	35,174	154
Expense by undertaking of the affiliates stocks	-	(5,647)	(50,854)	-
Other	(205)	1,065	9,592	(1,280)
<b>Net cash provided by (used in) investing activities</b>	<b>(9,190)</b>	<b>(3,599)</b>	<b>(32,411)</b>	<b>(14,743)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans	892	(750)	(6,754)	222
Proceeds from long-term debt	10,000	6,000	54,030	11,000
Repayment of long-term debt	(4,750)	(5,270)	(47,461)	(8,248)
Proceeds from issuance of bonds payable	1,479	-	-	9,346
Payments of refund of bonds	(375)	(375)	(3,377)	(450)
Proceeds from issuance of common stock	-	1,000	9,006	-
Proceeds from issuance of preferred stock to minority shareholders	620	-	-	620
Payments of long-term security deposits	(438)	-	-	(438)
Cash dividends	(454)	(458)	(4,126)	(908)
Other	(0)	(727)	(6,552)	478
<b>Net cash provided by (used in) financing activities</b>	<b>6,973</b>	<b>(581)</b>	<b>(5,237)</b>	<b>11,622</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(20)</b>	<b>12</b>	<b>112</b>	<b>(33)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(7,921)</b>	<b>(4,516)</b>	<b>(40,666)</b>	<b>2,591</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>27,097</b>	<b>29,689</b>	<b>267,350</b>	<b>27,097</b>
<b>Decrease in change of consolidated subsidiaries</b>	<b>-</b>	<b>(717)</b>	<b>(6,460)</b>	<b>-</b>
<b>Cash and cash equivalents at end of period</b>	<b>19,175</b>	<b>24,455</b>	<b>220,224</b>	<b>29,689</b>

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥ 111.05 = \$1 the approximate exchange rate on September 30, 2004.

**MAJOR MANAGEMENT INDICES**  
**RESORTTRUST, INC.**

For the six-month periods ended September 30, 2002, 2003 and 2004

**Net sales**

( millions of yen )

	2002	2003	2004	Fiscal Year 2004
	Apr.1, 2002-Sept.30, 2002	Apr.1, 2003-Sept.30, 2003	Apr.1, 2004-Sept.30, 2004	Apr.1, 2003-Mar.31, 2004
Membership Operations	7,757	8,800	10,905	25,685
Hotel and Restaurant Operation	18,139	18,334	19,895	34,955
Golf Operations	3,605	3,875	2,484	7,014
Medical Operations	1,339	1,274	1,691	2,870
Other Operations	751	450	566	992
<b>Total</b>	<b>31,593</b>	<b>32,734</b>	<b>35,544</b>	<b>71,517</b>

**Operating income**

( million of yen )

	2002	2003	2004	Fiscal Year 2004
	Apr.1, 2002-Sept.30, 2002	Apr.1, 2003-Sept.30, 2003	Apr.1, 2004-Sept.30, 2004	Apr.1, 2003-Mar.31, 2004
Membership Operations	906	1,344	1,426	5,505
Hotel and Restaurant Operation	1,290	947	1,307	1,014
Golf Operations	339	416	225	484
Medical Operations	379	322	468	700
Other Operations	243	112	290	350
<b>Total</b>	<b>3,159</b>	<b>3,143</b>	<b>3,719</b>	<b>8,055</b>

**Business Results****(1) Overview of First Half of Year Ending March 31, 2005****1. Summary of Business Results**

(¥ million)

	First half FY2004 (Results)	First half FY2005 (Results)	First half FY2005 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	32,734	35,544	37,189	8.6	(4.4)
Operating income	3,143	3,719	3,815	18.3	(2.5)
Ordinary income	3,294	3,704	3,701	12.5	0.1
Net income	1,733	2,115	2,045	22.0	3.4

During the first half of fiscal 2005, the year ending March 31, 2005, Japan's economic recovery hung in the balance. The Bank of Japan's quarterly economic survey, the *tankan*, released October 1, found that business sentiment among major Japanese manufacturing companies has continued to improve over the past six consecutive quarters, and the foundations of the economy steadily recovered. There was still 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, soaring crude oil prices and other negative factors adversely impacted the economy.

In the leisure market, despite the first half of fiscal 2005 being a vacationing period, the number of guests in the entire hotel industry and net sales were severely hit by a spell of unseasonably hot weather, the successive landfall of large typhoons, and concentrated rainstorms.

The Resorttrust Group achieved year-on-year increases in both sales and earnings in the first half of fiscal 2005. Consolidated net sales climbed 8.6% to ¥35,544 million, operating income rose 18.3% to ¥3,719 million, ordinary income was up 12.5% at ¥3,704 million, and net income rose 22.0% to ¥2,115 million.

Although two new hotels were opened in the first half of the previous fiscal year, start-up expenses accompanying the opening of these facilities held down first-half earnings in Hotel and Restaurant Operations. However, in the current fiscal year, Grand XIV Hamanako, which opened on March 30, 2004, 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 6, was highly successful, contributing to first-half sales and earnings growth.

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

## 2. Summary of Business Segments

### Membership Operations

(¥ million)

	First half FY2004 (Results)	First half FY2005 (Results)	First half FY2005 (Targets)	Year-on-year change (%)	Results vs. Targets (%)
Sales	8,800	10,905	10,213	23.9	6.8
Operating income	1,344	1,426	1,419	6.2	0.5

Sales in Membership Operations climbed 23.9% year on year to ¥10,905 million, while operating income rose 6.2% to ¥1,426 million. This mainly reflected extremely strong sales of memberships to Grand XIV Hamanako (opened March 30, 2004) 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

	First half FY2004 (Results)	First half FY2005 (Results)	First half FY2005 (Targets)	Year-on-year change (%)	Results vs. Forecasts (%)
Sales	18,334	19,895	20,577	8.5	(3.3)
Operating income	947	1,307	1,430	38.1	(8.6)

Despite a slight decline in occupancy rates and a downtrend in the average spending per guest at existing hotels, resulting from the successive landfall of large typhoons and concentrated rainstorms, the long-awaited opening of Grand XIV Hamanako (opened March 30, 2004) benefited sales and earnings growth. Consequently, sales in Hotel and Restaurant Operations climbed 8.5% to ¥19,895 million, while operating income soared 38.1% to ¥1.307 million.

### Golf Operations

	First half FY2004 (Results)	First half FY2005 (Results)	First half FY2005 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Sales	3,875	2,484	4,466	(35.9)	(44.4)
Operating income	416	225	431	(45.9)	(47.7)

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. However, Resorttrust sold its memberships in five golf club subsidiaries and applied the equity method so that they became non-consolidated affiliates. Consequently, overall sales in Golf Operations fell 35.9% to ¥2,484 million. Operating income fell 45.9% year-on-year to ¥225 million.

### Medical Operations

	First half FY2004 (Results)	First half FY2005 (Results)	First half FY2005 Forecasts	Year-on-year Change (%)	Results vs. Forecasts (%)
Sales	1,274	1,691	1,368	32.8	23.6
Operating income	322	468	277	45.3	68.6

Because memberships of 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 for 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 32.8% at ¥1,691 million, while operating income climbed 45.3% to ¥468 million.

### Other Operations

	First half FY2004 (Results)	First half FY2005 (Results)	First half FY2005 (Targets)	Year-on-year Change (%)	Results vs. Forecasts (%)
Sales	450	566	562	25.9	0.9
Operating income	112	290	256	158.2	13.1

In Other Operations, Resorttrust benefited from moving out of its formerly leased head office building in Tokyo after acquiring its 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 25.9% to ¥566 million. Operating income soared 158.2% to ¥290 million.

**3. Cash Flows**

(¥ million)

	First half FY2004 (Results)	First half FY2005 (Results)	FY 2004 (Results)
Operating cash flows	(5,684)	(347)	5,746
Investing cash flows	(9,190)	(3,599)	(14,743)
Financing cash flows	6,973	(581)	11,622
Cash and cash equivalents	19,175	24,455	29,689

During the first half of the fiscal year ending March 31, 2005, cash and cash equivalents decreased ¥5,233 million from March 31, 2004. As a result, cash and cash equivalents stood at ¥24,455 million as of September 30, 2004, the end of the first half of the year, down 17.6% from March 31, 2004.

**Operating Cash Flows**

Operating activities used net cash of ¥347 million, compared with ¥5,684 million in the same period of the previous fiscal year. This mainly reflected a decrease of ¥6,838 million in accrued expenses to construction companies upon the completion of Grand XIV Hamanako, partially offset by income before income taxes of ¥3,498 million.

**Investing Cash Flows**

Investing activities used net cash of ¥3,599 million, compared with ¥9,190 million in the same period of the previous fiscal year. The major use of cash was the payment of ¥2,468 million for the acquisition of property and equipment related to the opening of Grand XIV Hamanako.

**Financing Cash Flows**

Financing activities used net cash of ¥581 million, compared with net cash of ¥6,973 million provided in the same period of the previous fiscal year. Despite proceeds of ¥1,000 million from the issue of stock accompanying the exercise of stock options.

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

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.

Persevering in this 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 November 2004, along with the recognition of the real estate portion of the membership sales related to this opening. The portion of registration fees of membership sales for XIV Kyoto, which started in October 2004, is also expected to contribute to sales. Nevertheless, Membership Operations sales are forecast to decline because no large facility is scheduled to open. 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.

With Golf Operations and the new challenge of the Power Brand Plan, the new medium-term 5-year management plan, Resorttrust enacted various measures to generate earnings while streamlining its balance sheet. As the result of one such measure, five golf club subsidiaries became non-consolidated affiliates in the period under review, lowering sales in Golf Operations. Consequently, we have revised consolidated earnings forecasts initially announced on May 20, 2004. Looking forward, Resorttrust will focus its energies on the operations outsourcing business.

Revision of numerical forecasts for fiscal year ending March 31, 2005

	Forecasts announced May 20 (A)	Revised forecasts (B)	Difference (B-A)	Difference (%)	(¥ million) FY 2004 results
Net sales	76,830	72,259	(4,571)	(5.9)%	71,517
Operating income	8,500	8,500	-	-	8,055
Ordinary income	8,324	8,324	-	-	7,937
Net income	4,605	4,605	-	-	4,027

Note: Non-consolidated forecasts have not been revised.

**Projected Dividend for the Year**

Resorttrust forecasts an ordinary dividend for the fiscal year ending March 31, 2005 of ¥40 per share, including an interim dividend of ¥20 per share.

These forecasts for the fiscal year ending March 31, 2005 represent projected figures subject to various influences, such as unexpected changes in the business environment. Thus, these forecasts are not guaranteed by the Resorttrust Group.

The tankan is issued every three-months (quarterly)