

**CONSOLIDATED FINANCIAL SUMMARY**  
**RESORTTRUST, INC.**  
**For the Third Quarter Ended December 31, 2004**

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

|   | 2002    | 2003     | 2004     | Fiscal Year |             |
|---|---------|----------|----------|-------------|-------------|
|   |         |          |          | 2004        | 2005 target |
| Net sales   | 46,639  | 48,177   | 58,033   | 71,517      | 72,259      |
| Ordinary income                                     | 4,917   | 4,600    | 7,893    | 7,937       | 8,324       |
| Net income (interim)                                | 2,361   | 2,553    | 4,687    | 4,027       | 4,605       |
| Net assets  | 21,583  | 24,386   | 31,695   | 26,420      |             |
| Total assets  | 215,239 | 232,196  | 176,579  | 246,418     |             |
| Net assets per share (yen)                          |         | 1,073.94 | 1,106.82 | 1,145.24    |             |
| Net income per share (yen)                          |         | 112.44   | 166.01   | 169.21      | 160.83      |
| Net income per share (yen)<br>(Fully Diluted)       |         | 106.93   | 156.17   | 160.73      |             |
| Owners' equity to total assets (%)                  | 10.0    | 10.5     | 17.9     | 10.7        |             |
| Return on assets (%)                                |         |          |          | 1.72        |             |
| Return on equity (%)                                |         |          |          | 16.41       |             |
| Cash flow from operating activities                 | 971     | (3,354)  | 3,494    | 5,746       |             |
| Cash flow from investing activities                 | (3,452) | (8,643)  | (5,709)  | (14,743)    |             |
| Cash flow from financing activities                 | (813)   | 3,308    | (4,214)  | 11,622      |             |
| Cash and cashequivalents at (interim) end of period | 21,232  | 18,397   | 22,539   | 29,689      |             |
| Number of employees                                 |         | 2,956    | 3,008    | 2,977       |             |

**RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS (Unaudited)**  
**(Based on Japanese Accounting Principles)**  
**For the Third Quarter Ended December 31, 2004**

|  | December 31<br>2003 |                          | December 31<br>2004 |                          |                           | March 31<br>2004 |                          |
|--|---------------------|--------------------------|---------------------|--------------------------|---------------------------|------------------|--------------------------|
|  | Millions of yen     | Percentage<br>of total % | Millions of yen     | Percentage<br>of total % | Thousands of U.S. dollars | Millions of yen  | Percentage<br>of total % |
| <b>Assets</b>  |                     |                          |                     |                          |                           |                  |                          |
| <b>Current assets</b>                                |                     |                          |                     |                          |                           |                  |                          |
| Cash and time deposits                               | 21,346              |                          | 26,634              |                          | 255,610                   | 32,548           |                          |
| Trade notes and trade accounts receivable            | 3,775               |                          | 3,765               |                          | 36,141                    | 3,754            |                          |
| Operating loans receivable                           | 13,378              |                          | 14,522              |                          | 139,370                   | 13,774           |                          |
| Marketable securities                                | 1,697               |                          | 1,589               |                          | 15,255                    | 2,055            |                          |
| Inventories  | 40,145              |                          | 32,118              |                          | 308,240                   | 31,870           |                          |
| Other  | 4,202               |                          | 3,675               |                          | 35,270                    | 3,969            |                          |
| Allowance for doubtful receivables                   | (293)               |                          | (698)               |                          | (6,700)                   | (653)            |                          |
| <b>Total current assets</b>                          | <b>84,253</b>       | <b>36.3</b>              | <b>81,607</b>       | <b>46.2</b>              | <b>783,186</b>            | <b>87,319</b>    | <b>35.4</b>              |
| <b>Fixed assets</b>                                  |                     |                          |                     |                          |                           |                  |                          |
| <b>(1) Property and equipment at cost</b>            |                     |                          |                     |                          |                           |                  |                          |
| Buildings and structures                             | 50,705              |                          | 42,728              |                          | 410,066                   | 54,962           |                          |
| Golf course  | 38,129              |                          | 4,686               |                          | 44,975                    | 38,132           |                          |
| Land   | 28,628              |                          | 17,816              |                          | 170,981                   | 28,963           |                          |
| Other  | 11,689              |                          | 7,972               |                          | 76,511                    | 18,291           |                          |
| <b>Net property, plant and equipment</b>             | <b>129,152</b>      | <b>55.6</b>              | <b>73,203</b>       | <b>41.5</b>              | <b>702,534</b>            | <b>140,349</b>   | <b>57.0</b>              |
| <b>(2) Intangible assets</b>                         |                     |                          |                     |                          |                           |                  |                          |
| Consolidated Adjustments Account                     | 719                 |                          | 378                 |                          | 3,633                     | 630              |                          |
| Other  | 2,770               |                          | 2,119               |                          | 20,345                    | 2,866            |                          |
| <b>Intangible assets</b>                             | <b>3,489</b>        | <b>1.5</b>               | <b>2,498</b>        | <b>1.4</b>               | <b>23,979</b>             | <b>3,497</b>     | <b>1.4</b>               |
| <b>(3) Investments and other non-current assets</b>  |                     |                          |                     |                          |                           |                  |                          |
| Investment in securities                             | 8,368               |                          | 14,192              |                          | 136,203                   | 7,963            |                          |
| Other  | 6,966               |                          | 5,696               |                          | 54,669                    | 7,869            |                          |
| Allowance for doubtful receivable                    | (34)                |                          | (620)               |                          | (5,953)                   | (580)            |                          |
| <b>Total investment and other non-current assets</b> | <b>15,300</b>       | <b>6.6</b>               | <b>19,268</b>       | <b>10.9</b>              | <b>184,920</b>            | <b>15,252</b>    | <b>6.2</b>               |
| <b>Total fixed assets</b>                            | <b>147,943</b>      | <b>63.7</b>              | <b>94,971</b>       | <b>53.8</b>              | <b>911,432</b>            | <b>159,099</b>   | <b>64.6</b>              |
| <b>Total assets</b>                                  | <b>232,196</b>      | <b>100.0</b>             | <b>176,579</b>      | <b>100.0</b>             | <b>1,694,618</b>          | <b>246,418</b>   | <b>100.0</b>             |

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥104.20 = \$1, the approximate exchange rate on December 31, 2004

|   | December 31<br>2003 |                          | December 31<br>2004 |                          |                           | March 31<br>2004 |                          |
|---|---------------------|--------------------------|---------------------|--------------------------|---------------------------|------------------|--------------------------|
|   | Millions of yen     | Percentage<br>of total % | Millions of yen     | Percentage<br>of total % | Thousands of U.S. dollars | Millions of yen  | Percentage<br>of total % |
| <b>Liabilities</b>  |                     |                          |                     |                          |                           |                  |                          |
| <b>Current liabilities</b>  |                     |                          |                     |                          |                           |                  |                          |
| Trade notes and trade accounts payable                                    | 786                 |                          | 821                 |                          | 7,880                     | 606              |                          |
| Short-term loans payable  | 3,750               |                          | 4,800               |                          | 46,065                    | 4,750            |                          |
| Current portion of long-term debt   | 11,268              |                          | 10,874              |                          | 104,361                   | 12,650           |                          |
| Current portion of bonds  | 450                 |                          | 2,583               |                          | 24,793                    | 650              |                          |
| Income taxes payable  | 110                 |                          | 1,194               |                          | 11,460                    | 1,735            |                          |
| Advance receipt   | 8,392               |                          | 3,763               |                          | 36,114                    | 4,086            |                          |
| Other   | 8,605               |                          | 10,610              |                          | 101,829                   | 15,259           |                          |
| <b>Total current liabilities</b>  | <b>33,363</b>       | <b>14.4</b>              | <b>34,646</b>       | <b>19.6</b>              | <b>332,501</b>            | <b>39,738</b>    | <b>16.1</b>              |
| <b>Long-term liabilities</b>  |                     |                          |                     |                          |                           |                  |                          |
| Bonds   | 3,675               |                          | 11,825              |                          | 113,484                   | 11,400           |                          |
| Convertible bonds payable   | 3,405               |                          | -                   |                          | -                         | 3,405            |                          |
| Long-term debt  | 15,433              |                          | 10,009              |                          | 96,062                    | 13,095           |                          |
| Deferred tax liabilities on land revaluation                              | 414                 |                          | 132                 |                          | 1,269                     | 414              |                          |
| Accrued retirement allowance indemnities                                  | 296                 |                          | 72                  |                          | 698                       | 276              |                          |
| Directors' retirement benefits  | 927                 |                          | 1,044               |                          | 10,029                    | 940              |                          |
| Long-term security deposits   | 107,899             |                          | 86,191              |                          | 827,176                   | 109,095          |                          |
| Other   | 1,631               |                          | 866                 |                          | 8,318                     | 880              |                          |
| <b>Total long-term liabilities</b>  | <b>133,684</b>      | <b>57.6</b>              | <b>110,142</b>      | <b>62.4</b>              | <b>1,057,034</b>          | <b>139,507</b>   | <b>56.6</b>              |
| <b>Total liabilities</b>  | <b>167,048</b>      | <b>71.9</b>              | <b>144,789</b>      | <b>82.0</b>              | <b>1,389,535</b>          | <b>179,246</b>   | <b>72.7</b>              |
| (Minority interests in consolidated subsidiaries )                        |                     |                          |                     |                          |                           |                  |                          |
| <b>Minority interests in consolidated subsidiaries</b>                    | <b>40,761</b>       | <b>17.6</b>              | <b>94</b>           | <b>0.1</b>               | <b>904</b>                | <b>40,751</b>    | <b>16.6</b>              |
| <b>Shareholders' equity</b>   |                     |                          |                     |                          |                           |                  |                          |
| <b>Common stock</b>   | <b>3,329</b>        | <b>1.4</b>               | <b>4,707</b>        | <b>2.7</b>               | <b>45,178</b>             | <b>3,329</b>     | <b>1.4</b>               |
| <b>Capital surplus</b>  | <b>2,948</b>        | <b>1.3</b>               | <b>4,431</b>        | <b>2.5</b>               | <b>42,531</b>             | <b>3,032</b>     | <b>1.2</b>               |
| <b>Revaluation surplus</b>  | <b>612</b>          | <b>0.3</b>               | <b>195</b>          | <b>0.1</b>               | <b>1,873</b>              | <b>612</b>       | <b>0.2</b>               |
| <b>Retained earnings</b>  | <b>17,857</b>       | <b>7.7</b>               | <b>22,803</b>       | <b>12.9</b>              | <b>218,843</b>            | <b>19,331</b>    | <b>7.8</b>               |
| <b>Net unrealized holding losses on securities</b>                        | <b>104</b>          | <b>(0.0)</b>             | <b>144</b>          | <b>0.0</b>               | <b>1,384</b>              | <b>186</b>       | <b>0.1</b>               |
|   | <b>24,853</b>       | <b>10.7</b>              | <b>32,282</b>       | <b>18.3</b>              | <b>309,810</b>            | <b>26,493</b>    | <b>10.7</b>              |
| <b>Treasury stock</b>   | <b>(467)</b>        | <b>(0.2)</b>             | <b>(586)</b>        | <b>(0.3)</b>             | <b>(5,631)</b>            | <b>(72)</b>      | <b>(0.0)</b>             |
| <b>Total shareholders' equity</b>   | <b>24,386</b>       | <b>10.5</b>              | <b>31,695</b>       | <b>17.9</b>              | <b>304,179</b>            | <b>26,420</b>    | <b>10.7</b>              |
| <b>Total liabilities, minority interests<br/>and shareholders' equity</b> | <b>232,196</b>      | <b>100.0</b>             | <b>176,579</b>      | <b>100.0</b>             | <b>1,694,618</b>          | <b>246,418</b>   | <b>100.0</b>             |

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥104.20 = \$1, the approximate exchange rate on December 31, 2004

**RESORTTRUST, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**  
**(Based on Japanese Accounting Principles)**  
**For the Third Quarter Ended December 31, 2004**

|   | Nine months ended December 31 |                       |                 |                       |                           | 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 % |
| <b>Net sales</b>                                      | 48,177                        | 100.0                 | 58,033          | 100.0                 | 556,946                   | 71,517          | 100.0                 | 72,259          | 100.0                 |
| <b>Cost of sales</b>                                  | 8,357                         | 17.3                  | 13,284          | 22.9                  | 127,486                   | 15,724          | 22.0                  | 16,465          | 22.8                  |
| <b>Gross profit</b>                                   | 39,819                        | 82.7                  | 44,749          | 77.1                  | 429,460                   | 55,793          | 78.0                  | 55,794          | 77.2                  |
| <b>Selling, general and administrative expenses</b>   | 35,281                        | 73.3                  | 36,785          | 63.4                  | 353,030                   | 47,737          | 66.7                  | 47,294          | 65.4                  |
| <b>Operating income</b>                               | 4,538                         | 9.4                   | 7,963           | 13.7                  | 76,430                    | 8,055           | 11.3                  | 8,500           | 11.8                  |
| <b>Non-operating income</b>                           | 459                           | 1.0                   | 371             | 0.6                   | 3,568                     | 600             | 0.8                   | 541             | 0.7                   |
| Interest income                                       | 56                            |                       | 87              |                       | 844                       | 76              |                       |                 |                       |
| Dividend income                                       | 4                             |                       | 3               |                       | 38                        | 10              |                       |                 |                       |
| Installment interest and fees                         | 37                            |                       | 31              |                       | 301                       | 48              |                       |                 |                       |
| Gain on sales of trading securities                   | 145                           |                       | 127             |                       | 1,226                     | 202             |                       |                 |                       |
| Other   | 215                           |                       | 120             |                       | 1,159                     | 263             |                       |                 |                       |
| <b>Non-operating expenses</b>                         | 396                           | 0.9                   | 442             | 0.7                   | 4,246                     | 717             | 1.0                   | 718             | 1.0                   |
| Interest expense                                      | 219                           |                       | 250             |                       | 2,399                     | 300             |                       |                 |                       |
| Bond issue expense                                    | 21                            |                       | 20              |                       | 199                       | 153             |                       |                 |                       |
| Common stock issue expense                            | 5                             |                       | 10              |                       | 102                       | 5               |                       |                 |                       |
| Loss on sales of trading securities                   | 58                            |                       | 81              |                       | 781                       | 58              |                       |                 |                       |
| Other   | 92                            |                       | 79              |                       | 764                       | 199             |                       |                 |                       |
| <b>Ordinary income</b>                                | 4,600                         | 9.5                   | 7,893           | 13.6                  | 75,752                    | 7,937           | 11.1                  | 8,324           | 11.5                  |
| <b>Extraordinary income</b>                           | 109                           | 0.2                   | 318             | 0.5                   | 3,061                     | 579             | 0.8                   | -               | -                     |
| Reversal of allowance for doubtful receivables        | 9                             |                       | -               |                       | -                         | 109             |                       |                 |                       |
| Gain on sales of fixed assets                         | -                             |                       | 3               |                       | 34                        | 0               |                       |                 |                       |
| Gain on investment of securities                      | 99                            |                       | 315             |                       | 3,027                     | 427             |                       |                 |                       |
| Other   | -                             |                       | -               |                       | -                         | 42              |                       |                 |                       |
| <b>Extraordinary losses</b>                           | 182                           | 0.3                   | 489             | 0.8                   | 4,694                     | 1,466           | 2.0                   | 70              | 0.1                   |
| Loss on sales and disposal of fixed assets            | 66                            |                       | 35              |                       | 337                       | 329             |                       |                 |                       |
| Write-down of disposal of property and equipment, net | 28                            |                       | 320             |                       | 3,071                     | 77              |                       |                 |                       |
| Loss on sales of investment securities                | 70                            |                       | 38              |                       | 371                       | 3               |                       |                 |                       |
| Write-down of investment securities                   | -                             |                       | 1               |                       | 12                        | 15              |                       |                 |                       |
| Directors' retirement benefits                        | 15                            |                       | 3               |                       | 32                        | 15              |                       |                 |                       |
| Allowance for doubtful receivables                    | -                             |                       | 55              |                       | 534                       | 1,024           |                       |                 |                       |
| Other   | -                             |                       | 35              |                       | 336                       | -               |                       |                 |                       |
| <b>Income before income taxes</b>                     | 4,528                         | 9.4                   | 7,723           | 13.3                  | 74,119                    | 7,050           | 9.9                   | 8,253           | 11.4                  |
| <b>Income taxes:</b>                                  |                               |                       |                 |                       |                           |                 |                       |                 |                       |
| <b>Current</b>  | 1,331                         | 2.8                   | 2,666           | 4.6                   | 25,587                    | 3,388           | 4.7                   | 3,648           | 5.0                   |
| <b>Deferred</b>                                       | 635                           | 1.3                   | 350             | 0.6                   | 3,364                     | (354)           | (0.4)                 |                 |                       |
| <b>Minority Interests-Income(Loss)</b>                | 8                             | 0.0                   | 19              | 0.0                   | 185                       | (10)            | (0.0)                 |                 |                       |
| <b>Net income</b>                                     | 2,553                         | 5.3                   | 4,687           | 8.1                   | 44,983                    | 4,027           | 5.6                   | 4,605           | 6.4                   |

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥104.20=\$1, the approximate exchange rate on December 31, 2004.

**RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
**(Based on Japanese Accounting Principles)**  
**For the Third Quarter Ended December 31, 2004**

|   | Nine months ended December 31 |                 |                           | 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  | 4,528                         | 7,723           | 74,119                    | 7,050           |
| Depreciation and amortization                                       | 2,905                         | 2,829           | 27,151                    | 4,027           |
| Amortization of consolidated adjusting accounts                     | 267                           | 265             | 2,545                     | 355             |
| Reserve for employees' retirement benefits                          | (60)                          | (61)            | (590)                     | (81)            |
| Increase in directors' retirement benefits                          | 35                            | 104             | 1,004                     | 48              |
| Interest and dividends income                                       | (61)                          | (91)            | (882)                     | (86)            |
| Interest expense  | 219                           | 250             | 2,399                     | 300             |
| Increase (decrease) in trade receivables                            | (644)                         | (876)           | (8,413)                   | (1,019)         |
| Increase (decrease) in inventories                                  | (14,073)                      | 226             | 2,176                     | (12,430)        |
| Increase (decrease) in trade payables                               | 229                           | 221             | 2,124                     | 49              |
| Increase (decrease) in accounts payable                             | (371)                         | (5,866)         | (56,301)                  | 6,276           |
| Increase in advance receipt   | 5,197                         | (292)           | (2,805)                   | 891             |
| Increase (decrease) in long-term security deposits                  | 1,252                         | 891             | 8,555                     | 2,448           |
| Increase in accrued consumption taxes                               | 507                           | 761             | 7,307                     | 109             |
| Directors' bonuses paid   | (121)                         | (183)           | (1,765)                   | (121)           |
| Other   | 302                           | 897             | 8,614                     | 1,419           |
| <b>Subtotal</b>   | <b>114</b>                    | <b>6,798</b>    | <b>65,240</b>             | <b>9,238</b>    |
| Interest and dividends received                                     | 49                            | 93              | 894                       | 94              |
| Interest expense paid   | (217)                         | (251)           | (2,412)                   | (274)           |
| Income tax paid   | (3,299)                       | (3,145)         | (30,188)                  | (3,312)         |
| <b>Net cash provided by (used in) operating activities</b>          | <b>(3,354)</b>                | <b>3,494</b>    | <b>33,534</b>             | <b>5,746</b>    |
| <b>Cash flows from investing activities</b>                         |                               |                 |                           |                 |
| Increase in time deposits   | (6,231)                       | (1,990)         | (19,099)                  | (8,328)         |
| Decrease in time deposits   | 4,756                         | 464             | 4,460                     | 6,942           |
| Purchase of securities and investment securities                    | (883)                         | (500)           | (4,798)                   | (24)            |
| Proceeds from sales of securities and investment securities         | 1,198                         | 1,047           | 10,054                    | 996             |
| Payment for property and equipment                                  | (6,954)                       | (3,723)         | (35,734)                  | (12,289)        |
| Increase in loans receivable  | (637)                         | 238             | (2,290)                   | (1,272)         |
| Decrease in loans receivable  | 15                            | 3,924           | 37,663                    | 154             |
| Expense by undertaking of the affiliates stocks                     | -                             | (5,647)         | (54,197)                  | -               |
| Other   | 92                            | 952             | 9,145                     | (921)           |
| <b>Net cash provided by (used in) investing activities</b>          | <b>(8,643)</b>                | <b>(5,709)</b>  | <b>(54,797)</b>           | <b>(14,743)</b> |
| <b>Cash flows from financing activities</b>                         |                               |                 |                           |                 |
| Increase (decrease) in short-term loans                             | (777)                         | 50              | 480                       | 222             |
| Proceeds from long-term debt  | 11,000                        | 6,000           | 57,582                    | 11,000          |
| Repayment of long-term debt   | (7,292)                       | (10,396)        | (99,774)                  | (8,248)         |
| Proceeds from issuance of convertible bonds payable                 | 1,479                         | 979             | 9,398                     | 9,346           |
| Payments of refund of bonds   | (375)                         | (375)           | (3,599)                   | (450)           |
| Proceeds from issuance of common stock                              | -                             | 1,075           | 10,321                    | -               |
| Proceeds from issuance of preferred stock to minority shareholders  | 620                           | -               | -                         | 620             |
| Payments of long-term security deposits                             | (438)                         | -               | -                         | (438)           |
| Cash dividends  | (908)                         | (1,030)         | (9,887)                   | (908)           |
| Other   | (0)                           | (517)           | (4,963)                   | 478             |
| <b>Net cash provided by (used in) financing activities</b>          | <b>3,308</b>                  | <b>(4,214)</b>  | <b>(40,444)</b>           | <b>11,622</b>   |
| <b>Effect of exchange rate changes on cash and cash equivalents</b> | <b>(9)</b>                    | <b>(2)</b>      | <b>(21)</b>               | <b>(33)</b>     |
| <b>Net increase in cash and cash equivalents</b>                    | <b>(8,699)</b>                | <b>(6,431)</b>  | <b>(61,727)</b>           | <b>2,591</b>    |
| <b>Cash and cash equivalents at beginning of period</b>             | <b>27,097</b>                 | <b>29,689</b>   | <b>284,926</b>            | <b>27,097</b>   |
| <b>Decrease in change of consolidated subsidiaries</b>              | <b>-</b>                      | <b>(717)</b>    | <b>(6,885)</b>            | <b>-</b>        |
| <b>Cash and cash equivalents at end of period</b>                   | <b>18,397</b>                 | <b>22,539</b>   | <b>216,314</b>            | <b>29,689</b>   |

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥104.20=\$1 the approximate exchange rate on December 31, 2004.

**MAJOR MANAGEMENT INDICES**  
**RESORTTRUST, INC.**  
**For the Third Quarter Ended December 31, 2004**

**Net sales**

(Millions of Yen)

|                                 | 2002   | 2003   | 2004   | Fiscal Year<br>2004 |
|---------------------------------|--------|--------|--------|---------------------|
| Membership Operations           | 11,229 | 12,237 | 21,334 | 25,685              |
| Hotel and Restaurant Operations | 27,015 | 27,439 | 29,675 | 34,955              |
| Golf Operations                 | 5,422  | 5,839  | 3,818  | 7,014               |
| Medical Operations              | 2,005  | 1,959  | 2,332  | 2,870               |
| Other Operations                | 966    | 700    | 873    | 992                 |
| Total                           | 46,639 | 48,177 | 58,033 | 71,517              |

**Operating income**

|                                 | 2002  | 2003  | 2004  | Fiscal Year<br>2004 |
|---------------------------------|-------|-------|-------|---------------------|
| Membership Operations           | 1,387 | 1,615 | 4,554 | 5,505               |
| Hotel and Restaurant Operations | 1,901 | 1,539 | 1,869 | 1,014               |
| Golf Operations                 | 568   | 614   | 475   | 484                 |
| Medical Operations              | 599   | 489   | 571   | 700                 |
| Other Operations                | 392   | 279   | 492   | 350                 |
| Total                           | 4,850 | 4,538 | 7,963 | 8,055               |

## **Business Results**

### **(1) Overview of First Nine Months of Year Ending March 31, 2005**

#### **1. Summary of Business Results**



(¥ million)

|                  | 3Q FY2004 (Results) | 3Q FY2005 (Results) | 3Q FY2005 (Targets) | Year-on-year Change (%) | Results vs. Targets (%) |
|------------------|---------------------|---------------------|---------------------|-------------------------|-------------------------|
| Net sales        | 48,177              | 58,033              | 56,712              | 20.50%                  | 2.30%                   |
| Operating income | 4,538               | 7,963               | 7,662               | 75.50%                  | 3.90%                   |
| Ordinary income  | 4,600               | 7,893               | 7,493               | 71.60%                  | 5.30%                   |
| Net income       | 2,553               | 4,687               | 4,154               | 83.60%                  | 12.80%                  |

During the first nine months of fiscal 2005, the year ending March 31, 2005, the Japan economy failed to dispel concerns about the future. While market conditions improved and there were signs the economy had turned the corner, observers grew more cautious about the prospects for an actual recovery in consumer spending.

In the leisure market, the operating environment remained difficult. As consumers' discretionary spending tightened, companies were forced to take more aggressive measures to attract customers. Under these conditions, in membership sales, Resortrust recorded strong sales of memberships to XIV Kyoto Yase Rikyu, where sales began on October 4, 2004. In addition, total contract volumes far exceeded plan in sales of memberships to XIV Hamanako, carrying on from the previous year. Furthermore, due to the opening of XIV Karuizawa Sanctuary Villa on November 28, the previously deferred real estate portion of the total contract volume was booked as sales, becoming a major factor behind a sharp rise in sales and earnings in Membership Operations. Moreover, the opening of XIV Hamanako amid continuing sluggishness in occupancy rates and average spending per guest at existing hotels had a positive effect on hotel management operations. Overall, consolidated net sales rose by 20.5% year on year to ¥58,033 million. On the earnings front, operating income increased 75.5% to ¥7,963 million, ordinary income rose

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

## 2. Summary of Business Segments

### Membership Operations

(¥ million)

|                  | 3Q<br>FY2004 (Results) | 3Q<br>FY2005 (Results) | 3Q<br>FY2005 (Targets) | Year-on-year Change (%) | Results<br>vs.<br>Targets (%) |
|------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------------|
| Sales            | 12,237                 | 21,334                 | 20,293                 | 74.30%                  | 5.10%                         |
| Operating income | 1,615                  | 4,554                  | 4,188                  | 182.00%                 | 8.80%                         |

Sales in Membership Operations climbed 74.3% year on year to ¥21,334 million, while operating income soared 182.0% to ¥4,554 million, reflecting a number of factors. In addition to continuing strong sales of memberships to XIV Hamanako, which opened in March 2004. Another factor was the inclusion in sales of the previously deferred real estate portion of the total contract volume due to the November 2004 opening of XIV Karuizawa Sanctuary Villa.

### Hotel and Restaurant Operations

(¥ million)

|                  | 3Q<br>FY2004 (Results) | 3Q<br>FY2005 (Results) | 3Q<br>FY2005 (Targets) | Year-on-year Change (%) | Results<br>vs.<br>Targets (%) |
|------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------------|
| Sales            | 27,439                 | 29,675                 | 30,078                 | 8.10%                   | (1.3%)                        |
| Operating income | 1,539                  | 1,869                  | 2,048                  | 21.50%                  | (8.8%)                        |

Sales in Hotel and Restaurant Operations rose 8.1% to ¥29,675 million and operating income climbed 21.5% to ¥1,869 million. The significant increases in sales and earnings were due to the opening of XIV Hamanako on March 21, 2004, and came despite persistent declines in occupancy rates and average spending per guest at existing hotels, resulting from a string of typhoons that made landfall in Japan and other severe storms.

## Golf Operations

|                  | 3Q<br>FY2004 (Results) | 3Q<br>FY2005 (Results) | 3Q<br>FY2005 (Targets) | Year-on-year Change (%) | Results<br>vs.<br>Targets (%) |
|------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------------|
| Sales            | 5,839                  | 3,818                  | 3,426                  | (34.6%)                 | 11.40%                        |
| Operating income | 614                    | 475                    | 612                    | (22.6%)                 | (22.3%)                       |

Golf Operations sales decreased 34.6% to ¥3,818 million and operating income declined 22.6% to ¥475 million, the result of applying the equity method to five former golf club subsidiaries that became non-consolidated subsidiaries. Beginning in the current fiscal year, Resorttrust has been operating the Grace Hill Country Club in Mie Prefecture under contract. Furthermore, in June 2004, Resorttrust opened the Grandee Hamanako Golf Club and began operating under contract the Oakmont Golf Club restaurant.

## Medical Operations

(¥ million)

|                  | 3Q<br>FY2004 (Results) | 3Q<br>FY2005 (Results) | 3Q<br>FY2005 (Targets) | Year-on-year Change (%) | Results<br>vs.<br>Targets (%) |
|------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------------|
| Sales            | 1,959                  | 2,332                  | 2,049                  | 19.00%                  | 13.80%                        |
| Operating income | 489                    | 571                    | 386                    | 16.70%                  | 47.80%                        |

Medical Operations sales rose 19.0% to ¥2,332 million and operating income increased 16.7% to ¥571 million. On May 6, 2004, Resorttrust began marketing new memberships for the Grand HIMEDIC CLUB. This action was taken because Resorttrust is approaching the limit of its ability to perform diagnostic services for all members of the HIMEDIC Yamanakako Club, whose membership is close to full capacity.

## Other Operations

(¥ million)

|                  | 3Q<br>FY2004 (Results) | 3Q<br>FY2005 (Results) | 3Q<br>FY2005 (Targets) | Year-on-year Change (%) | Results<br>vs.<br>Targets (%) |
|------------------|------------------------|------------------------|------------------------|-------------------------|-------------------------------|
| Sales            | 700                    | 873                    | 863                    | 24.60%                  | 1.20%                         |
| Operating income | 279                    | 492                    | 426                    | 76.00%                  | 15.50%                        |

In Other Operations, Resorttrust benefited from moving out of its leased head office building in Tokyo after acquiring its new Tokyo head office building in August 2003. Vacant space in the new head office was leased to tenants, generating lease income. Consequently, overall sales in Other Operations increased 24.6% to ¥873 million. Operating income soared 76.0% to ¥492 million.

**(2) Cash Flows**

(¥ million)

|                           | 3Q<br>FY2004<br>(Results) | 3Q<br>FY2005<br>(Results) | FY2004<br>(Results) |
|---------------------------|---------------------------|---------------------------|---------------------|
| Operating cash flows      | (3,354)                   | 3,494                     | 5,746               |
| Investing cash flows      | (8,643)                   | (5,709)                   | (14,743)            |
| Financing cash flows      | 3,308                     | (4,214)                   | 11,622              |
| Cash and cash equivalents | 18,397                    | 22,539                    | 29,689              |

During the first nine months of the fiscal year ending March 31, 2005, cash and cash equivalents decreased ¥7,149 million from March 31, 2004. As a result, cash and cash equivalents stood at ¥22,539 million as of December 31, 2004, down 24.1% from March 31, 2004.

**Operating Cash Flows**

Operating activities provided net cash of ¥3,494 million, compared with net cash used of ¥3,354 million in the same period of the previous fiscal year. This mainly reflected a decrease of ¥5,866 million in accrued expenses to construction companies upon the completion of Grand XIV Hamanako, which was offset by income before income taxes of ¥7,723 million.

**Investing Cash Flows**

Investing activities used net cash of ¥5,709 million, compared with ¥8,643 million in the same period of the previous fiscal year. The major use of cash was the payment of ¥3,723 million for the acquisition of property and equipment related to the opening of the Grand XIV Hamanako.

**Financing Cash Flows**

Financing activities used net cash of ¥4,214 million, compared with net cash provided of ¥3,308 million in the same period of the previous fiscal year. This mainly reflected ¥10,396 million in outflows for the repayment of long-term loans.

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

(¥ million)

|                  | FY2004 (Results) | FY2005 (Targets) | Difference (%) |
|------------------|------------------|------------------|----------------|
| Net sales        | 71,517           | 72,259           | 1.00%          |
| Operating income | 8,055            | 8,500            | 5.50%          |
| Ordinary income  | 7,937            | 8,324            | 4.90%          |
| Net income       | 4,027            | 4,605            | 14.40%         |

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.

In this climate, Resorttrust's business plan for fiscal 2005 envisages sales from registration fees accompanying membership sales at XIV Karuizawa Sanctuary Villa (opened November 2004) that started in April 2003, along with the recognition as sales of the real estate portion of the total contract volume related to this opening. Strong sales of memberships to XIV Kyoto Yase Rikyu began in October 2004 are also expected to continue. In Hotel and Restaurant Operations, Resorttrust expects to post higher sales from the first full year of operation of Grand XIV Hamanako, which opened in March 2004, as well as growth in annual membership fees, reflecting an increase in members. Consequently, Resorttrust is projecting net sales of ¥72,259 million, up 1.0% year on year; operating income of ¥8,500 million, up 5.5%; ordinary income of ¥8,324 million, up 4.9%; and net income of ¥4,605 million, up 14.4%.