

**CONSOLIDATED FINANCIAL SUMMARY**  
**RESORTTRUST,INC.**  
**For the First Quarter Ended June 30,2005**

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

	2003	2004	2005	Fiscal Year	
				2005	2006 target
Net sales	14,304	16,919	19,222	74,181	83,106
Ordinary income	435	893	2,162	8,965	9,284
Net income (interim)	252	600	1,111	4,472	4,693
Net assets	22,423	26,675	37,801	32,235	
Total assets	224,693	240,869	186,137	183,593	
Net assets per share (yen)	987.50	964.92	1,216.27	1,109.15	
Net income per share (yen)	11.11	21.79	37.44	150.91	151.02
Net income per share (yen) (Fully Diluted)	10.60	20.40	34.31	135.07	
Owners' equity to total assets (%)	10.0	11.1	20.3	17.5	
Return on assets (%)				2.08	
Return on equity (%)				15.25	
Cash flow from operating activities	(482)	(4,149)	(4,177)	7,086	
Cash flow from investing activities	(6,481)	(1,333)	(6,326)	(6,912)	
Cash flow from financing activities	2,206	(792)	621	667	
Cash and cash equivalents at (interim) end of period	22,339	23,411	19,941	29,818	
Number of employees	2,984	3,264	3,332	2,986	

RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS (Unaudited)  
(Based on Japanese Accounting Principles)  
For the First Quarter Ended June 30, 2005

	June 30 2004		March 31 2005		June 30 2005		
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars
<b>Assets</b>							
<b>Current assets</b>							
Cash and time deposits	26,768		30,871		21,998		198,849
Trade notes and trade accounts receivable	3,341		3,683		4,245		38,373
Operating loans receivable	14,042		14,765		15,540		140,473
Marketable securities	1,632		4,612		3,852		34,821
Inventories	31,707		32,437		39,778		359,562
Other	5,013		4,287		4,249		38,415
Allowance for doubtful receivables	(673)		(770)		(708)		(6,408)
<b>Total current assets</b>	<b>81,831</b>	<b>34.0</b>	<b>89,886</b>	<b>49.0</b>	<b>88,955</b>	<b>47.8</b>	<b>804,085</b>
<b>Fixed assets</b>							
<b>(1) Property and equipment at cost</b>							
Buildings and structures	55,487		42,547		46,599		421,217
Golf course	40,333		4,686		4,693		42,428
Land	28,965		17,841		17,628		159,346
Other	15,477		8,167		7,892		71,345
<b>Net property, plant and equipment</b>	<b>140,263</b>	<b>58.2</b>	<b>73,242</b>	<b>39.9</b>	<b>76,814</b>	<b>41.3</b>	<b>694,337</b>
<b>(2) Intangible assets</b>							
Consolidated Adjustment Account	544		290		234		2,122
Other	2,944		2,169		2,135		19,303
<b>Intangible assets</b>	<b>3,488</b>	<b>1.5</b>	<b>2,459</b>	<b>1.3</b>	<b>2,370</b>	<b>1.3</b>	<b>21,425</b>
<b>(3) Investments and other non-current assets</b>							
Investment in securities	8,293		9,795		9,654		87,266
Other	7,591		8,819		8,996		81,324
Allowance for doubtful receivables	(599)		(610)		(654)		(5,916)
<b>Total investment and other non-current assets</b>	<b>15,285</b>	<b>6.3</b>	<b>18,004</b>	<b>9.8</b>	<b>17,996</b>	<b>9.6</b>	<b>162,674</b>
<b>Total fixed assets</b>	<b>159,038</b>	<b>66.0</b>	<b>93,707</b>	<b>51.0</b>	<b>97,181</b>	<b>52.2</b>	<b>878,436</b>
<b>Total assets</b>	<b>240,869</b>	<b>100.0</b>	<b>183,593</b>	<b>100.0</b>	<b>186,137</b>	<b>100.0</b>	<b>1,682,521</b>

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥ 110.63 = \$1, the approximate exchange rate on June 30, 2005

	June 30 2004		March 31 2005		June 30 2005		
	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Millions of yen	Percentage of total %	Thousands of U.S. dollars
<b>Liabilities</b>							
<b>Current liabilities</b>							
Trade notes and trade accounts payable	597		599		610		5,521
Short-term loans payable	3,750		3,500		5,700		51,523
Current portion of long-term debt	14,232		11,746		10,887		98,417
Current portion of bonds	650		850		850		7,683
Current portion of convertible bonds	-		1,733		1,408		12,733
Income taxes payable	271		1,883		580		5,244
Advance receipt	4,911		5,167		6,337		57,288
Other	11,018		10,598		11,789		106,567
<b>Total current liabilities</b>	<b>35,432</b>	<b>14.7</b>	<b>36,079</b>	<b>19.7</b>	<b>38,164</b>	<b>20.5</b>	<b>344,975</b>
<b>Long-term liabilities</b>							
Bonds	11,400		11,550		11,550		104,402
Convertible bonds payable	3,327		4,800		-		-
Long-term debt	12,640		10,181		9,920		89,677
Deferred tax liabilities on land revaluation	414		36		36		327
Accrued retirement allowance indemnities	280		65		38		347
Directors' retirement benefits	1,020		1,057		1,055		9,539
Long term security deposits	107,679		87,394		87,371		789,766
Other	877		91		90		817
<b>Total long-term liabilities</b>	<b>137,639</b>	<b>57.1</b>	<b>115,177</b>	<b>62.7</b>	<b>110,063</b>	<b>59.1</b>	<b>994,875</b>
<b>Total liabilities</b>	<b>173,071</b>	<b>71.8</b>	<b>151,256</b>	<b>82.4</b>	<b>148,227</b>	<b>79.6</b>	<b>1,339,851</b>
(Minority interests in consolidated subsidiaries)							
Minority interests in consolidated subsidiaries	41,122	17.1	100	0.1	108	0.1	979
<b>Shareholders' equity</b>							
<b>Common stock</b>	<b>3,495</b>	<b>1.5</b>	<b>5,020</b>	<b>2.7</b>	<b>7,614</b>	<b>4.1</b>	<b>68,832</b>
<b>Capital surplus</b>	<b>3,200</b>	<b>1.3</b>	<b>4,753</b>	<b>2.6</b>	<b>7,348</b>	<b>3.9</b>	<b>66,421</b>
<b>Revaluation surplus</b>	<b>612</b>	<b>0.2</b>	<b>53</b>	<b>0.0</b>	<b>50</b>	<b>0.0</b>	<b>457</b>
<b>Retained earnings</b>	<b>19,290</b>	<b>8.0</b>	<b>22,826</b>	<b>12.4</b>	<b>23,237</b>	<b>12.5</b>	<b>210,044</b>
<b>Net unrealized holding losses on securities</b>	<b>161</b>	<b>0.1</b>	<b>169</b>	<b>0.1</b>	<b>141</b>	<b>0.1</b>	<b>1,283</b>
	<b>26,760</b>	<b>11.1</b>	<b>32,823</b>	<b>17.8</b>	<b>38,392</b>	<b>20.6</b>	<b>347,038</b>
<b>Treasury stock</b>	<b>(84)</b>	<b>(0.0)</b>	<b>(588)</b>	<b>(0.3)</b>	<b>(591)</b>	<b>(0.3)</b>	<b>(5,346)</b>
<b>Total shareholders' equity</b>	<b>26,675</b>	<b>11.1</b>	<b>32,235</b>	<b>17.5</b>	<b>37,801</b>	<b>20.3</b>	<b>341,691</b>
<b>Total liabilities, minority interests and shareholders' equity</b>	<b>240,869</b>	<b>100.0</b>	<b>183,593</b>	<b>100.0</b>	<b>186,137</b>	<b>100.0</b>	<b>1,682,521</b>

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥110.63 = \$1, the approximate exchange rate on June 30, 2005

RESORTTRUST, INC. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF INCOME (Unaudited)  
(Based on Japanese Accounting Principles)  
For the First Quarter Ended June 30, 2005



	Three months ended June 30					Fiscal Year			
	2004		2005			2005		2006target	
	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>	<b>16,919</b>	<b>100.0</b>	<b>19,222</b>	<b>100.0</b>	<b>173,759</b>	<b>74,181</b>	<b>100.0</b>	<b>83,106</b>	<b>100.0</b>
<b>Cost of sales</b>	<b>3,210</b>	<b>19.0</b>	<b>3,223</b>	<b>16.8</b>	<b>29,141</b>	<b>15,969</b>	<b>21.5</b>	<b>17,145</b>	<b>20.6</b>
<b>Gross profit</b>	<b>13,709</b>	<b>81.0</b>	<b>15,999</b>	<b>83.2</b>	<b>144,618</b>	<b>58,212</b>	<b>78.5</b>	<b>65,961</b>	<b>79.4</b>
<b>Selling, general and administrative expenses</b>	<b>12,882</b>	<b>76.1</b>	<b>13,933</b>	<b>72.5</b>	<b>125,947</b>	<b>49,213</b>	<b>66.4</b>	<b>56,726</b>	<b>68.3</b>
<b>Operating income</b>	<b>827</b>	<b>4.9</b>	<b>2,065</b>	<b>10.7</b>	<b>18,670</b>	<b>8,998</b>	<b>12.1</b>	<b>9,234</b>	<b>11.1</b>
<b>Non-operating income</b>	<b>255</b>	<b>1.5</b>	<b>207</b>	<b>1.1</b>	<b>1,876</b>	<b>518</b>	<b>0.7</b>	<b>351</b>	<b>0.4</b>
Interest income	20		29		262	116			
Dividend income	1		1		12	10			
Installment interest and fees	11		8		78	39			
Gain on sales of investment securities	127		68		615	127			
Other	94		100		908	224			
<b>Non-operating expenses</b>	<b>189</b>	<b>1.1</b>	<b>110</b>	<b>0.6</b>	<b>997</b>	<b>551</b>	<b>0.7</b>	<b>301</b>	<b>0.4</b>
Interest expense	91		66		597	324			
Bond issue expense	-		-		-	26			
Common stock issue expense	1		5		48	16			
Loss on sales of trading securities	-		-		-	6			
Write-down of securities	58		-		-	58			
Other	38		39		353	119			
<b>Ordinary income</b>	<b>893</b>	<b>5.3</b>	<b>2,162</b>	<b>11.2</b>	<b>19,549</b>	<b>8,965</b>	<b>12.1</b>	<b>9,284</b>	<b>11.2</b>
<b>Extraordinary income</b>	<b>148</b>	<b>0.8</b>	<b>0</b>	<b>0.0</b>	<b>5</b>	<b>615</b>	<b>0.8</b>	<b>582</b>	<b>0.7</b>
Reversal of allowance for doubtful receivables	-		-		-	-			
Gain on investment of securities	145		0		5	597			
Gain on sales of fixed assets	2		-		-	3			
Other	-		-		-	13			
<b>Extraordinary losses</b>	<b>21</b>	<b>0.1</b>	<b>352</b>	<b>1.8</b>	<b>3,185</b>	<b>2,000</b>	<b>2.7</b>	<b>1,563</b>	<b>1.9</b>
Loss on sales and disposal of fixed assets	7		6		62	74			
Write-down of disposal of property and equipment, net	2		24		224	320			
Write-down of investment securities	-		1		9	832			
Loss on sales of investment of securities	-		4		37	45			
Allowance for doubtful receivables	10		0		2	59			
Loss on impairment of fixed assets	-		236		2,139	-			
Other	0		78		712	668			
<b>Income before income taxes</b>	<b>1,020</b>	<b>6.0</b>	<b>1,810</b>	<b>9.4</b>	<b>16,369</b>	<b>7,580</b>	<b>10.2</b>	<b>8,303</b>	<b>10.0</b>
<b>Income taxes:</b>									
<b>Current</b>	<b>178</b>	<b>1.0</b>	<b>531</b>	<b>2.8</b>	<b>4,807</b>	<b>3,296</b>	<b>4.5</b>	<b>3,610</b>	<b>4.3</b>
<b>Deferred</b>	<b>213</b>	<b>1.2</b>	<b>159</b>	<b>0.8</b>	<b>1,445</b>	<b>(213)</b>	<b>(0.3)</b>		
<b>Minority Interests-Income(Loss)</b>	<b>27</b>	<b>0.2</b>	<b>7</b>	<b>0.0</b>	<b>71</b>	<b>25</b>	<b>0.0</b>		
<b>Net income</b>	<b>600</b>	<b>3.6</b>	<b>1,111</b>	<b>5.8</b>	<b>10,046</b>	<b>4,472</b>	<b>6</b>	<b>4,693</b>	<b>5.6</b>

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥110.63 = \$1, the approximate exchange rate on June 30, 2005.

**RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)**  
**(Based on Japanese Accounting Principles)**  
**For the First Quarter Ended June 30, 2005**

	Three months ended June 30			Fiscal Year
	2004	2005		2005
	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	1,020	1,810	16,369	7,580
Depreciation and amortization	1,064	990	8,954	3,863
Amortization of consolidated adjusting accounts	86	55	502	353
Reserve for employees' retirement benefits	3	(75)	(685)	(199)
Increase in directors' retirement benefits	79	(2)	(20)	117
Interest and dividends income	(21)	(30)	(274)	(127)
Interest expense	91	66	597	324
Increase (decrease) in trade receivables	145	(1,336)	(12,084)	(1,037)
Increase (decrease) in inventories	431	(5,818)	(52,594)	792
Increase (decrease) in trade payables	(9)	11	102	(0)
Increase (decrease) in accounts payable	(6,095)	(433)	(3,923)	(6,200)
Increase in advance receipt	824	1,169	10,575	1,112
Increase (decrease) in long-term security deposits	(1,416)	(23)	(209)	2,094
Increase in accrued consumption taxes	305	(569)	(5,146)	861
Directors' bonuses paid	(183)	-	-	(183)
Other	1,157	1,660	15,008	1,245
<b>Subtotal</b>	<b>(2,515)</b>	<b>(2,525)</b>	<b>(22,829)</b>	<b>10,596</b>
Interest and dividends received	25	32	298	100
Interest expense paid	(43)	(43)	(396)	(329)
Income tax paid	(1,616)	(1,640)	(14,832)	(3,280)
<b>Net cash provided by (used in) operating activities</b>	<b>(4,149)</b>	<b>(4,177)</b>	<b>(37,760)</b>	<b>7,086</b>
<b>Cash flows from investing activities</b>				
Increase in time deposits	(2,110)	(1,025)	(9,271)	(3,620)
Decrease in time deposits	1,612	22	199	2,136
Purchase of securities and investment securities	(514)	(4)	(41)	(541)
Proceeds from sales of securities and investment securities	652	993	8,982	2,101
Payment for property and equipment	(1,641)	(6,337)	(57,282)	(5,527)
Increase in loans receivable	(103)	(9)	(90)	(225)
Decrease in loans receivable	19	19	173	3965
Purchase of shares in affiliated companies	-	-	-	(5,663)
Other	752	15	138	461
<b>Net cash provided by (used in) investing activities</b>	<b>(1,333)</b>	<b>(6,326)</b>	<b>(57,191)</b>	<b>(6,912)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in short-term loans	(1,000)	2,200	19,886	(1,250)
Proceeds from long-term debt	3,000	2,000	18,078	10,500
Repayment of long-term debt	(1,872)	(3,119)	(28,198)	(13,852)
Proceeds from issuance of convertible bonds payable	-	-	-	5,973
Redemption of bonds	-	-	-	(650)
Proceeds from issuance of common stock	251	58	528	1,495
Payments of share repurchase	(711)	(3)	(29)	(518)
Cash dividends	(458)	(513)	(4,640)	(1,030)
Other	(0)	(0)	(6)	(0)
<b>Net cash provided by (used in) financing activities</b>	<b>(792)</b>	<b>621</b>	<b>5,620</b>	<b>667</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(2)</b>	<b>6</b>	<b>58</b>	<b>4</b>
<b>Net increase in cash and cash equivalents</b>	<b>(6,277)</b>	<b>(9,876)</b>	<b>(89,273)</b>	<b>846</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>29,689</b>	<b>29,818</b>	<b>269,530</b>	<b>29,689</b>
<b>Decrease from change in scope of consolidation</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(717)</b>
<b>Cash and cash equivalents at end of period</b>	<b>23,411</b>	<b>19,941</b>	<b>180,257</b>	<b>29,818</b>

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥110.63 = \$1, the approximate exchange rate on June 30, 2005.

**MAJOR MANAGEMENT INDICES**  
**RESORTTRUST, INC.**  
For the First Quarter Ended June 30, 2004, 2005



**Net sales**

(Millions of Yen)

	2004	2005	Fiscal Year 2005
Membership Operations	4,933	7,156	27,059
Hotel and Restaurant Operations	8,815	9,302	38,167
Golf Operations	2,194	1,805	5,087
Medical Operations	893	870	3,471
Other Operations	82	88	396
<b>Total</b>	<b>16,919</b>	<b>19,222</b>	<b>74,181</b>

**Operating income**

	2004	2005	Fiscal Year 2005
Membership Operations	216	1,423	5,645
Hotel and Restaurant Operations	178	20	1,650
Golf Operations	192	379	481
Medical Operations	224	209	937
Other Operations	15	31	283
<b>Total</b>	<b>827</b>	<b>2,065</b>	<b>8,998</b>

Operating expenses included in the operating loss in the elimination and/or corporate column include expense of the Company's administrative divisions. Effective 2005 We changed our accounting method for interest income from loan, from including them in Other operations, to allocating them to each segment in order to clarify the responsibility for segment profit.

## 2 ) Business Results



### ( 1 ) Overview of First Quarter of Fiscal Year Ending March 31, 2006

#### 1 . Summary of Business Results

( ¥ million)

	1Q FY2005 (Results)	1Q FY2006 (Results)	1Q FY2006 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	16,919	19,222	19,946	13 . 6%	( 3 . 6% )
Operating income	827	2,065	1,567	149 . 7%	31 . 7%
Ordinary income	893	2,162	1,572	142 . 2%	37 . 5%
Net income	600	1,111	769	85 . 0%	44 . 4%

In the first quarter of the fiscal year ending March 31, 2006, the prospects for Japan's economic recovery remained uncertain. Real GDP, which excludes the effect of changes in the price level, rose 0.5% on average, and there were improvements in corporate profits and higher capital investment. Despite signs of a rebound in consumer spending, surges in the prices of crude oil and raw materials such as steel, concerns about the Chinese economy and other factors continued to adversely impact export industry sectors.

In the leisure market, even as consumers continued to tighten discretionary spending, average occupancy rates at prominent hotels in Tokyo and Osaka both topped the previous year's level. The Resorttrust Group achieved sharp year-on-year increases in both sales and earnings in the first quarter. Consolidated net sales rose 13.6% to ¥19,222 million, operating income surged 149.7% to ¥2,065 million, ordinary income was up 142.2% at ¥2,162 million, and net income rose 85.0% to ¥1,111 million. Hotel Trusty Shinsaibashi opened in the first quarter and temporary start-up expenses accompanying the opening of the facility squeezed profits in Hotel and Restaurant Operations. Nevertheless, Membership Operations benefited from extremely strong sales of memberships in Tokyo Baycourt Club Hotel & Spa Resort, which started in April 2005. As a result, the Resorttrust Group achieved the aforementioned sharp year-on-year increases in both sales and earnings in the first quarter.

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

Effective from the first quarter of the fiscal year ending March 31, 2006, Resorttrust will allocate interest income from lending operations chiefly targeting purchasers of resort hotel memberships and the accompanying operating expenses to each business segment depending on the type of membership purchased. This change was made to clarify accountability for earnings. Previously, these figures were reported in the Other Operations segment. 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 FY2005 (Results)	1Q FY2006 (Results)	1Q FY2006 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	4,933	7,156	7,200	45 . 1%	( 0 . 6%)
Operatingincome	216	1,423	1,180	559 . 1%	20 . 6%

Sales in membership operations climbed 45.1% year-on-year to ¥7,156 million, and operating income soared 559.1% to ¥1,423 million. This mainly reflected sales started in April 2005 of memberships to Tokyo Baycourt Club Hotel & Spa Resort, Resorttrust's first foray into urban hotels. This strong showing came despite the fact that sales of these memberships were for properties under development, which meant that only registration fees were recognized as sales. The real estate portion of the total contract volume is deferred until the opening of resort facilities.

[Hotel and Restaurant Operations]

(¥ million)

	1Q FY2005 (Results)	1Q FY2006 (Results)	1Q FY2006 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	8,115	9,302	10,206	5 . 5%	( 8 . 9%)
Operatingincome	178	20	0	(88 . 3%)	3,118 . 3%

Sales in Hotel and Restaurant Operations rose 5.5% to ¥9,302 million, while operating income fell 88.3% to ¥20 million. The openings of Grand XIV Nasu Shirakawa and Hotel Trusty Shinsaibashi contributed to sales growth, in addition to a slight increase in the average spending per guest at existing hotels. However, operating income was affected by temporary start-up expenses related to the opening of these two hotels.

[Golf Operations]

(¥ million)

	1Q FY2005 (Results)	1Q FY2006 (Results)	1Q FY2006 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	2,194	1,805	1,524	( 17 . 7%)	18 . 5%
Operatingincome	192	379	147	97 . 3%	158 . 2%

Golf Operations sales declined 17.7% to ¥1,805 million, mainly in the absence of sales at five former golf club subsidiaries after their conversion into non-consolidated subsidiaries last year. Grandee Hamanako Golf Club (Shizuoka Prefecture) sought new members, resulting in extremely brisk membership sales. Consequently, operating income surged 97.3% to ¥379 million.

## [Medical Operations]

(¥ million)

	1Q FY2005 (Results)	1Q FY2006 (Results)	1Q FY2006 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	893	870	952	(2.7%)	(8.6%)
Operating income	224	209	219	(6.8%)	(4.6%)

Medical Operations sales declined 2.7% to ¥870 million and operating income fell 6.8% to ¥209 million despite continued favorable first-quarter sales of Grand HIMEDIC Club memberships, which began in May 2004.

## [Other Operations]

(¥ million)

	1Q FY2005 (Results)	1Q FY2006 (Results)	1Q FY2006 (Targets)	Year-on-year Change (%)	Results vs. Targets (%)
Net sales	82	88	63	6.9%	38.5%
Operating income	15	31	19	109.7%	59.9%

In Other Operations, Resorttrust benefited from steady lease income generated by renting vacant space in its Tokyo head office building. As a result, overall sales in Other Operations increased 6.9% to ¥88 million. Operating income soared 109.7% to ¥31 million.

### 3 . Cash Flows

( ¥ million)

	1Q FY2005 (Results)	1Q FY2006 (Results)	FY2005 (Results)
Operating cash flows	(4,149)	(4,177)	7,086
Investing cash flows	(1,333)	(6,326)	(6,912)
Financing cash flows	(792)	621	667
Cash and cash equivalents	23,411	19,941	29,818

During the first quarter of the fiscal year ending March 31, 2006, cash and cash equivalents decreased ¥9,876 million. As a result, cash and cash equivalents stood at ¥19,941 million as of June 30, 2005, the end of the first quarter, down 33.1% from March 31, 2005.

#### [Operating Cash Flows]

Operating activities used net cash of ¥4,177 million, compared with ¥4,149 million in the same period of the previous fiscal year. This was mainly due to an increase in inventories of ¥5,818 million resulting chiefly from the start in April 2005 of construction of Tokyo Baycourt Club Hotel & Spa Resort and construction of XIV Kyoto Yase Rikyu continued from last year. This was partially offset by income before income taxes of ¥1,810 million.

#### [Investing Cash Flows]

Investing activities used net cash of ¥6,326 million, compared with ¥1,333 million in the same period of the previous fiscal year. The major uses of cash were payments of ¥6,337 million for the acquisition of property and equipment mainly related to the opening of Hotel Trusty Shinsaibashi.

#### [Financing Cash Flows]

Financing activities provided net cash of ¥621 million, compared with net cash of ¥792 million used in the previous first quarter. This was the result of outflows for the repayment and reacquisition of long-term loans prompted by funding requirements.

## ( 2 ) Outlook for the Year Ending March 31, 2006

	FY2005 (Results)	FY2006 (Targets)	Difference (%)
Net sales	74,181	83,106	12 . 0%
Operating income	8,998	9,234	2 . 6%
Ordinary income	8,965	9,284	3 . 6%
Net income	4,472	4,693	4 . 9%

The economic outlook calls for a stronger recovery, despite the fact that business conditions are expected to remain difficult in the near term due to a slow rebound in consumer spending. Despite this harsh climate, Resorttrust's business plan for the March 2006 fiscal year targets net sales of ¥83,106 million, up 12.0% year-on-year; operating income of ¥9,234 million, up 2.6%; ordinary income of ¥9,284 million, up 3.6%; and net income of ¥4,693 million, up 4.9%. Forecasts initially announced on May 19, 2005 have not been revised.

Resorttrust expects the strong first quarter membership sales, which began on April 7, 2005, to continue for Tokyo Baycourt Club Hotel & Spa Resort, the Company's first urban resort scheduled to open in March 2008. Resorttrust also expects brisk sales to continue for membership sales that began in October 2004 for XIV Kyoto Yase Rikyu, scheduled to open in December 2006. In sales of memberships to properties under development, however, the recognition of the real estate portion of the total contract volume in sales and earnings will be delayed until the opening of each of these hotels. As a result, Membership Operations is expected to record only a slight increase in earnings, despite very strong sales. Hotel and Restaurant Operations are projected to see higher earnings due to the opening of Grand XIV Nasu Shirakawa in April 2005 and XIV Naruto Sanctuary Villa Due in July 2005, and to growth in annual membership fees, reflecting an increase in members.