

**CONSOLIDATED FINANCIAL SUMMARY
RESORTTRUST,INC.**

For the six-month periods ended September 30,2003,2004and2005

(millions of yen)

(except per share amounts and number of employees)

| | 2003 Apr. 1, 2003-Sept. 30, 2003 | 2004 Apr. 1,2004-Sept. 30,2004 | 2005 Apr. 1,2005-Sept. 30,2005 | Fiscal Year | | |
|--|-------------------------------------|-----------------------------------|-----------------------------------|----------------------------|----------------------------|----------------------------|
| | | | | 2004 | 2005 | 2006 target |
| | | | | Apr. 1, 2003-Mar. 31, 2004 | Apr. 1, 2004-Mar. 31, 2005 | Apr. 1, 2005-Mar. 31, 2006 |
| Net sales | 32,734 | 35,544 | 44,975 | 71,517 | 74,181 | 82,000 |
| Ordinary income | 3,294 | 3,704 | 7,852 | 7,937 | 8,965 | 10,500 |
| Net income | 1,733 | 2,115 | 3,485 | 4,027 | 4,472 | 4,700 |
| Net assets | 23,988 | 29,548 | 40,765 | 26,420 | 32,235 | |
| Total assets | 231,705 | 176,333 | 187,514 | 246,418 | 183,593 | |
| Net assets per share (yen) | 1,056.43 | 1,033.50 | 1,298.44 | 1,145.24 | 1,109.15 | |
| Net income per share (yen) | 76.35 | 75.46 | 114.26 | 169.21 | 150.91 | 114.15 |
| Net income per share (yen) (Fully Diluted) | 72.36 | 70.52 | 109.37 | 160.73 | 135.07 | |
| Owners' equity to total assets (%) | 10.4 | 16.8 | 21.7 | 10.7 | 17.5 | |
| Return on assets (%) | 0.76 | 1.00 | 1.88 | 1.72 | 2.08 | |
| Return on equity (%) | 7.43 | 7.56 | 9.55 | 16.41 | 15.25 | |
| Cash flow from operating activities | (5,684) | (347) | 97 | 5,746 | 7,086 | |
| Cash flow from investing activities | (9,190) | (3,599) | (9,600) | (14,743) | (6,912) | |
| Cash flow from financing activities | 6,973 | (581) | (1,869) | 11,622 | 667 | |
| Cash and cashequivalents at (interim) end of period | 19,175 | 24,455 | 18,456 | 29,689 | 29,818 | |
| Number of employees | 2,930 | 3,010 | 3,272 | 2,977 | 2,986 | |

RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Based on Japanese Accounting Principles)
For the six-month periods ended September 30, 2004 and 2005

| | September 30 | | | | | March 31 | |
|--|-----------------|-----------------------|-----------------|-----------------------|---------------------------|-----------------|-----------------------|
| | 2004 | | 2005 | | | 2005 | |
| | Millions of yen | Percentage of total % | Millions of yen | Percentage of total % | Thousands of U.S. dollars | Millions of yen | Percentage of total % |
| Assets | | | | | | | |
| Current assets | | | | | | | |
| Cash and time deposits | 27,546 | | 20,513 | | 181,201 | 30,871 | |
| Trade notes and trade accounts receivable | 3,620 | | 4,886 | | 43,166 | 3,683 | |
| Operating loans receivable | 14,169 | | 17,274 | | 152,589 | 14,765 | |
| Marketable securities | 1,573 | | 3,503 | | 30,949 | 4,612 | |
| Inventories | 31,031 | | 40,412 | | 356,973 | 32,437 | |
| Other | 4,223 | | 5,293 | | 46,755 | 4,287 | |
| Allowance for doubtful receivables | (712) | | (711) | | (6,286) | (770) | |
| Total current assets | 81,454 | 46.2 | 91,173 | 48.6 | 805,349 | 89,886 | 49.0 |
| Fixed assets | | | | | | | |
| (1) Property and equipment at cost | | | | | | | |
| Buildings and structures | 42,414 | | 46,669 | | 412,234 | 42,547 | |
| Golf course | 4,686 | | 4,772 | | 42,154 | 4,686 | |
| Land | 17,751 | | 17,613 | | 155,581 | 17,841 | |
| Other | 7,901 | | 9,134 | | 80,690 | 8,167 | |
| Net property, plant and equipment | 72,754 | 41.3 | 78,189 | 41.7 | 690,661 | 73,242 | 39.9 |
| (2) Intangible assets | | | | | | | |
| Consolidated Adjustments Account | 466 | | 179 | | 1,583 | 290 | |
| Other | 2,158 | | 2,077 | | 18,355 | 2,169 | |
| Total intangible assets | 2,625 | 1.5 | 2,257 | 1.2 | 19,938 | 2,459 | 1.3 |
| (3) Investments and other non-current assets | | | | | | | |
| Investment in securities | 14,367 | | 7,439 | | 65,717 | 9,795 | |
| Other | 5,751 | | 9,098 | | 80,371 | 8,819 | |
| Allowance for doubtful receivable | (620) | | (644) | | (5,697) | (610) | |
| Total investment and other non-current assets | 19,499 | 11.0 | 15,893 | 8.5 | 140,392 | 18,004 | 9.8 |
| Total fixed assets | 94,879 | 53.8 | 96,340 | 51.4 | 850,991 | 93,707 | 51.0 |
| Total assets | 176,333 | 100.0 | 187,514 | 100.0 | 1,656,341 | 183,593 | 100.0 |

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥ 113.21 = \$1, the approximate exchange rate on September 30, 2005.

RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Based on Japanese Accounting Principles)
For the six-month periods ended September 30, 2004 and 2005

| | September 30 | | | | | March 31 | |
|---|-----------------|-----------------------|-----------------|-----------------------|---------------------------|-----------------|-----------------------|
| | 2004 | | 2005 | | | 2005 | |
| | Millions of yen | Percentage of total % | Millions of yen | Percentage of total % | Thousands of U.S. dollars | Millions of yen | Percentage of total % |
| Liabilities | | | | | | | |
| Current liabilities | | | | | | | |
| Trade notes and trade accounts payable | 643 | | 686 | | 6,061 | 599 | |
| Short-term loans payable | 4,000 | | 4,500 | | 39,749 | 3,500 | |
| Current portion of long-term debt | 13,683 | | 9,976 | | 88,125 | 11,746 | |
| Current portion of bonds | 650 | | 850 | | 7,508 | 850 | |
| Current portion of convertible bonds payable | 1,767 | | - | | - | 1,733 | |
| Income taxes payable | 1,373 | | 3,217 | | 28,423 | 1,883 | |
| Advance receipt | 6,074 | | 5,608 | | 49,543 | 5,167 | |
| Other | 7,827 | | 8,660 | | 76,499 | 10,598 | |
| Total current liabilities | 36,018 | 20.4 | 33,500 | 17.9 | 295,910 | 36,079 | 19.7 |
| Long-term liabilities | | | | | | | |
| Bonds | 11,025 | | 11,175 | | 98,710 | 11,550 | |
| Convertible bonds payable | - | | - | | - | 4,800 | |
| Long-term debt | 12,326 | | 10,818 | | 95,557 | 10,181 | |
| Deferred tax liabilities on land revaluation | 156 | | 21 | | 191 | 36 | |
| Accrued retirement allowance indemnities | 61 | | 39 | | 349 | 65 | |
| Directors' retirement benefits | 1,032 | | 1,068 | | 9,440 | 1,057 | |
| Long-term security deposits | 85,204 | | 89,927 | | 794,343 | 87,394 | |
| Other | 871 | | 85 | | 752 | 91 | |
| Total long-term liabilities | 110,678 | 62.8 | 113,135 | 60.3 | 999,344 | 115,177 | 62.7 |
| Total liabilities | 146,697 | 83.2 | 146,635 | 78.2 | 1,295,255 | 151,256 | 82.4 |
| (Minority interests in consolidated subsidiaries) | | | | | | | |
| Minority interests in consolidated subsidiaries | 87 | 0.0 | 112 | 0.1 | 997 | 100 | 0.1 |
| Shareholders' equity | | | | | | | |
| Common stock | 4,652 | 2.6 | 7,927 | 4.2 | 70,024 | 5,020 | 2.7 |
| Capital surplus | 4,375 | 2.5 | 7,660 | 4.1 | 67,667 | 4,753 | 2.6 |
| Retained earnings | 20,743 | 11.8 | 25,581 | 13.6 | 225,963 | 22,826 | 12.4 |
| Revaluation surplus | 231 | 0.1 | 30 | 0.0 | 267 | 53 | 0.0 |
| Net unrealized holding losses on securities | 129 | 0.1 | 161 | 0.1 | 1,430 | 169 | 0.1 |
| | 30,131 | 17.1 | 41,361 | 22.1 | 365,352 | 32,823 | 17.8 |
| Treasury stock | (583) | (0.3) | (595) | (0.3) | (5,263) | (588) | (0.3) |
| Total shareholders' equity | 29,548 | 16.8 | 40,765 | 21.7 | 360,088 | 32,235 | 17.5 |
| Total liabilities, minority interests and shareholders' equity | 176,333 | 100.0 | 187,514 | 100.0 | 1,656,341 | 183,593 | 100.0 |

Note: Yen amounts have been translated U.S. dollars, for convenience only at ¥113.21 = \$1, the approximate exchange rate on September 30, 2005.

RESORTTRUST,INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Based on Japanese Accounting Principles)
For the six-month periods ended September 30,2004and2005



| | Six months ended September 30 | | | | | Fiscal year | |
|---|-------------------------------|-----------------------|-----------------|-----------------------|---------------------------|-----------------|-----------------------|
| | 2004 | | 2005 | | | 2005 | |
| | Millions of yen | Percentage of total % | Millions of yen | Percentage of total % | Thousands of U.S. dollars | Millions of yen | Percentage of total % |
| Net sales | 35,544 | 100.0 | 44,975 | 100.0 | 397,278 | 74,181 | 100.0 |
| Cost of sales | 7,470 | 21.0 | 9,066 | 20.1 | 80,089 | 15,969 | 21.5 |
| Gross profit | 28,074 | 79.0 | 35,908 | 79.9 | 317,188 | 58,212 | 78.5 |
| Selling, general and administrative expenses | 24,355 | 68.5 | 28,131 | 62.6 | 248,493 | 49,213 | 66.4 |
| Operating income | 3,719 | 10.5 | 7,777 | 17.3 | 68,695 | 8,998 | 12.1 |
| Non-operating income | 324 | 0.9 | 367 | 0.8 | 3,245 | 518 | 0.7 |
| Interest income | 62 | | 57 | | 509 | 116 | |
| Dividend income | 3 | | 3 | | 33 | 10 | |
| Installment interest and fees | 21 | | 16 | | 144 | 39 | |
| Gain on investment securities | 127 | | 151 | | 1,336 | 127 | |
| Other | 108 | | 138 | | 1,221 | 224 | |
| Non-operating expenses | 339 | 1.0 | 291 | 0.7 | 2,574 | 551 | 0.7 |
| Interest expense | 171 | | 131 | | 1,158 | 324 | |
| Bond issue expense | - | | - | | - | 26 | |
| Common stock issue expense | 10 | | 63 | | 556 | 16 | |
| Loss on sales of trading securities | 39 | | - | | - | 6 | |
| Write-down of securities | 58 | | - | | - | 58 | |
| Equity in losses of associated companies | - | | 50 | | 444 | - | |
| Other | 60 | | 46 | | 414 | 119 | |
| Ordinary income | 3,704 | 10.4 | 7,852 | 17.4 | 69,365 | 8,965 | 12.1 |
| Extraordinary income | 252 | 0.7 | 65 | 0.2 | 582 | 615 | 0.8 |
| Gain on sales of fixed assets | 3 | | 15 | | 141 | 3 | |
| Gain on sales of investment securities | 248 | | 43 | | 385 | 597 | |
| Other | - | | 6 | | 56 | 13 | |
| Extraordinary losses | 458 | 1.3 | 2,154 | 4.8 | 19,031 | 2,000 | 2.7 |
| Loss on sales and disposal of fixed assets | 31 | | 173 | | 1,533 | 74 | |
| Write-down of disposal of property and equipment, net | 319 | | 1,429 | | 12,626 | 320 | |
| Loss on sales of investment securities | 31 | | 125 | | 1,104 | 45 | |
| Write-down of investment securities | 31 | | 182 | | 1,615 | 832 | |
| Allowance for doubtful receivables | - | | 15 | | 135 | 59 | |
| Directors' retirement benefits | - | | - | | - | 3 | |
| Other | 42 | | 228 | | 2,016 | 665 | |
| Income before income taxes | 3,498 | 9.8 | 5,764 | 12.8 | 50,916 | 7,580 | 10.2 |
| Income taxes: | | | | | | | |
| Current | 1,288 | 3.6 | 3,118 | 6.9 | 27,542 | 3,296 | 4.5 |
| Deferred | 81 | 0.2 | (851) | (1.9) | (7,519) | (213) | (0.3) |
| Minority interests-Gain | 12 | 0.0 | 12 | 0.0 | 109 | 25 | 0.0 |
| Net income | 2,115 | 6.0 | 3,485 | 7.8 | 30,784 | 4,472 | 6.0 |

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥113.21 = \$1, the approximate exchange rate on September 30,2005.

RESORTTRUST, INC. AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)
(Based on Japanese Accounting Principles)
For the six-month periods ended September 30, 2004 and 2005

| | Six months ended September 30 | | | Fiscal Year |
|---|-------------------------------|-----------------|---------------------------|-----------------|
| | 2004 | 2005 | | 2005 |
| | Millions of yen | Millions of yen | Thousands of U.S. dollars | Millions of yen |
| Cash flows from operating activities | | | | |
| Income before income taxes | 3,498 | 5,764 | 50,917 | 7,580 |
| Depreciation and amortization | 1,836 | 2,178 | 19,241 | 3,863 |
| Amortization of consolidated adjusting accounts | 176 | 110 | 980 | 353 |
| Reserve for employees' retirement benefits | (92) | (92) | (814) | (199) |
| Increase in directors' retirement benefits | 92 | 11 | 99 | 117 |
| Interest and dividends income | (66) | (61) | (543) | (127) |
| Interest expense | 171 | 131 | 1,159 | 324 |
| Loss on valuation of fixed assets | 175 | 1,429 | 12,627 | 175 |
| Increase in trade receivables | (378) | (3,712) | (32,795) | (1,037) |
| Increase (decrease) in inventories | 1,313 | (5,800) | (51,239) | 792 |
| Increase (decrease) in trade payables | 43 | 86 | 766 | (0) |
| Decrease in accounts payable | (6,838) | (131) | (1,165) | (6,200) |
| Increase in advance receipt | 2,018 | 440 | 3,894 | 1,112 |
| Increase (decrease) in long-term security deposits | (96) | 2,532 | 22,371 | 2,094 |
| Increase (decrease) in accrued consumption taxes | 568 | (576) | (5,091) | 861 |
| Directors' bonuses paid | (183) | (190) | (1,684) | (183) |
| Other | (887) | (359) | (3,175) | 1,069 |
| Subtotal | 1,350 | 1,760 | 15,550 | 10,596 |
| Interest and dividends received | 63 | 57 | 510 | 100 |
| Interest expense paid | (172) | (131) | (1,162) | (329) |
| Income tax paid | (1,589) | (1,589) | (14,040) | (3,280) |
| Net cash provided by (used in) operating activities | (347) | 97 | 858 | 7,086 |
| Cash flows from investing activities | | | | |
| Increase in time deposits | (968) | (1,448) | (12,796) | (3,620) |
| Decrease in time deposits | 446 | 444 | 3,930 | 2,136 |
| Purchase of securities and investment securities | (500) | (290) | (2,562) | (541) |
| Proceeds from sales of securities and investment securities | 795 | 1,638 | 14,477 | 2,101 |
| Payment for property and equipment | (2,468) | (10,107) | (89,283) | (6,017) |
| Increase in loans receivable | (228) | (23) | (211) | (225) |
| Decrease in loans receivable | 3,906 | 547 | 4,835 | 3,965 |
| Expense by undertaking of the affiliates stocks | (5,647) | (497) | (4,398) | (5,663) |
| Other | 1,065 | 136 | 1,208 | 951 |
| Net cash provided by (used in) investing activities | 3,599 | (9,600) | (84,799) | (6,912) |
| Cash flows from financing activities | | | | |
| Increase (decrease) in short-term loans | (750) | 1,000 | 8,833 | (1,250) |
| Proceeds from long-term debt | 6,000 | 5,000 | 44,166 | 10,500 |
| Repayment of long-term debt | (5,270) | (6,133) | (54,180) | (13,852) |
| Proceeds from issuance of bonds payable | - | - | - | 5,973 |
| Payments of refund of bonds | (375) | (1,375) | (12,146) | (650) |
| Proceeds from issuance of common stock | 1,000 | 225 | 1,989 | 1,495 |
| Cash dividends | (458) | (577) | (5,104) | (1,030) |
| Other | (727) | (7) | (74) | (518) |
| Net cash provided by (used in) financing activities | (581) | (1,869) | (16,515) | 667 |
| Effect of exchange rate changes on cash and cash equivalents | 12 | 11 | 102 | 4 |
| Net increase in cash and cash equivalents | (4,516) | (11,361) | (100,355) | 846 |
| Cash and cash equivalents at beginning of period | 29,689 | 29,818 | 263,387 | 29,689 |
| Decrease in change of consolidated subsidiaries | (717) | - | - | (717) |
| Cash and cash equivalents at end of period | 24,455 | 18,456 | 163,033 | 29,818 |

Note: Yen amounts have been translated into U.S. dollars, for convenience only at ¥ 113.21 = \$1 the approximate exchange rate on September 30, 2005.

**MAJOR MANAGEMENT INDICES
RESORTTRUST, INC.**

For the six-month periods ended September 30, 2003, 2004 and 2005

Net sales

(millions of yen)

| | 2003 Apr.1, 2003-Sept.30, 2003 | 2004 Apr.1, 2004-Sept.30, 2004 | 2005 Apr.1, 2005-Sept.30, 2005 | Fiscal Year 2005 Apr.1, 2004-Mar.31, 2005 |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
| Membership Operations | 8,800 | 11,226 | 18,198 | 26,410 |
| Hotel and Restaurant Operations | 18,334 | 19,895 | 21,047 | 38,167 |
| Golf Operations | 3,875 | 2,514 | 3,306 | 5,020 |
| Medical Operations | 1,274 | 1,720 | 2,269 | 3,412 |
| Other Operations | 450 | 186 | 153 | 1,170 |
| Total | 32,734 | 35,544 | 44,975 | 74,181 |

Operating income

(million of yen)

| | 2003 Apr.1, 2003-Sept.30, 2003 | 2004 Apr.1, 2004-Sept.30, 2004 | 2005 Apr.1, 2005-Sept.30, 2005 | Fiscal Year 2005 Apr.1, 2004-Mar.31, 2005 |
|---------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|---|
| Membership Operations | 1,344 | 1,562 | 4,904 | 5,348 |
| Hotel and Restaurant Operations | 947 | 1,327 | 1,589 | 1,629 |
| Golf Operations | 416 | 238 | 487 | 453 |
| Medical Operations | 322 | 487 | 692 | 900 |
| Other Operations | 112 | 103 | 103 | 667 |
| Total | 3,143 | 3,719 | 7,777 | 8,998 |

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

| | First half FY2005 (Results) | First half FY2006 (Results) | First half FY2006 (Targets) | Year-on-year Change (%) | Results vs. Targets (%) |
|------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------|
| Net sales | 35,544 | 44,975 | 44,970 | 26.5 | 0.0 |
| Operating income | 3,719 | 7,777 | 7,777 | 109.1 | - |
| Ordinary income | 3,704 | 7,852 | 7,852 | 112.0 | - |
| Net income | 2,115 | 3,485 | 3,303 | 64.7 | 5.5 |

(¥ million)

During the first half of fiscal 2006, the year ending March 31, 2006, Japan's economic recovery proceeded at a slower pace, due to numerous uncertainties, including a spike in crude oil prices. On October 3, 2005, the Bank of Japan announced in its quarterly Short-term Economic Survey of Enterprises (*Tankan* survey). The survey, which was conducted in September 2005, showed that the business confidence diffusion index (DI) for major Japanese manufacturers had improved for the second straight quarter to a positive 19 percentage points. Particularly noteworthy was that the DI for retailers, including department stores, had increased three points to a positive 10 percentage points, the highest level in the eight-and-a-half years since the March 1997 *Tankan* survey. This record DI for retailers reflected robust consumer spending. Even so, negative factors such as high crude oil prices and a surge in material costs cast a pall of uncertainty over the prospects for a full-fledged economic recovery.

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 fiscal year. In this context, the Resorttrust Group achieved substantial year-on-year increases in both sales and earnings in the first fiscal half. Consolidated net sales climbed 26.5% to ¥44,975 million, operating income rose 109.1% to ¥7,777 million, ordinary income was up 112.0% at ¥7,852 million, and net income increased 64.7% to ¥3,485 million.

The most significant factors in Membership Operations were extremely strong sales of memberships for Tokyo Baycourt Club Hotel & Spa Resort, which began in April 2005, in addition to steady growth in sales of memberships to the XIV series of suburban resorts. Another contributing factor was higher sales and earnings from the opening of new hotels in Hotel and Restaurant Operations. This included the opening of two membership resort hotels—Grand XIV Nasushirakawa in Fukushima Prefecture in April 2005 and XIV Naruto Sanctuary Villa Due in Tokushima Prefecture the following July—as well as the opening in June 2005 of Hotel Trusty Shinsaibashi in Osaka, a hotel based on an innovative conceptual approach.

In Medical Operations, Resorttrust began sales of memberships for Grand HIMEDIC Club University of Tokyo Hospital. Steady sales of these memberships have helped the Resorttrust Group as a whole to achieve substantial growth in sales and earnings.

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, specifically Membership Operations, Golf Operations and Medical Operations, 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 first half of the previous fiscal year have been adjusted in conformity with the present method for comparison purposes.

2. Summary of Business Segments

Membership Operations

(¥ million)

| | First half FY2005 (Results) | First half FY2006 (Results) | First half FY2006 (Targets) | Year-on-year change (%) | Results vs. Targets (%) |
|------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------|
| Sales | 11,226 | 18,198 | 16,762 | 62.1 | 8.6 |
| Operating income | 1,562 | 4,904 | 4,904 | 213.9 | - |

In Membership Operations, in April 2005, Resorttrust launched sales of memberships to Tokyo Baycourt Club Hotel & Spa Resort, its first urban resort project. Because these membership sales apply to a property still under construction, the real estate portion of the contract volume is deferred and only registration fees are recorded until the opening of the resort. Even so, membership sales were extremely brisk. Furthermore, memberships to the XIV series of suburban luxury resort hotels tracked forecasts, supported by improved economic conditions. As a result, sales in Membership Operations increased 62.1% year on year to ¥18,198 million, and operating income climbed 213.9% to ¥4,904 million.

Hotel and Restaurant Operations

| | First half FY2005 (Results) | First half FY2006 (Results) | First half FY2006 (Targets) | Year-on-year change (%) | Results vs. Targets (%) |
|------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------|
| Sales | 19,895 | 21,047 | 23,065 | 5.8 | (8.8) |
| Operating income | 1,327 | 1,589 | 1,589 | 19.7 | - |

In Hotel and Restaurant Operations, the successive opening of new membership resort hotels such as Grand XIV Nasushirakawa (opened in April 2005 in Fukushima Prefecture) and XIV Naruto Sanctuary Villa Due (opened in July 2005 in Tokushima Prefecture), as well as the opening of hotels based on innovative conceptual approaches such as Hotel Trusty Shinsaibashi (opened in June 2005 in Osaka), contributed to higher sales. In addition, there was a slight increase in average spending per guest at existing hotels. As a result, sales in Hotel and Restaurant Operations rose 5.8% to ¥21,047 million, and operating income increased 19.7% to ¥1,589 million.

Golf Operations

| | First half FY2005 (Results) | First half FY2006 (Results) | First half FY2006 (Targets) | Year-on-year Change (%) | Results vs. Targets (%) |
|------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------|
| Sales | 2,514 | 3,306 | 2,936 | 31.5 | 12.6 |
| Operating income | 238 | 487 | 487 | 104.4 | - |

In Golf Operations, sales increased 31.5% year on year to ¥3,306 million and operating income rose 104.4% to ¥487 million. This increase was mainly attributable to extremely strong sales of memberships to Grandee Hamanako Golf Club (Shizuoka Prefecture) following an additional offering of memberships. Golf Operations also benefited from a steady return in customers to existing golf courses and other factors.

Medical Operations

| | First half FY2005 (Results) | First half FY2006 (Results) | First half FY2006 Forecasts | Year-on-year Change (%) | Results vs. Targets (%) |
|------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------|
| Sales | 1,720 | 2,269 | 2,078 | 31.9 | 9.2 |
| Operating income | 487 | 692 | 692 | 41.9 | - |

In Medical Operations, sales of memberships to Grand HIMEDIC Club, which have been sold since May 2004, have remained unchanged from the previous year's level. In addition, memberships to Grand HIMEDIC Club University of Tokyo Hospital, for which sales began in June 2005, have sold well. As a result, sales in Medical Operations climbed 31.9% to ¥2,269 million and operating income rose 41.9% to ¥692 million.

Other Operations

| | First half FY2005 (Results) | First half FY2006 (Results) | First half FY2006 (Targets) | Year-on-year Change (%) | Results vs. Targets (%) |
|------------------|-----------------------------|-----------------------------|-----------------------------|-------------------------|-------------------------|
| Sales | 186 | 153 | 127 | (17.5) | 20.7 |
| Operating income | 103 | 103 | 103 | 0.3 | - |

Sales in Other Operations decreased 17.5% to ¥153 million and operating income rose 0.3% to ¥103 million. In Other Operations, Resorttrust benefited from steady lease income generated by renting vacant space in its Tokyo head office building.

3. Cash Flows

(¥ million)

| | First half FY2005 (Results) | First half FY2006 (Results) | FY 2006 (Results) |
|---------------------------|-----------------------------------|-----------------------------------|----------------------|
| Operating cash flows | (347) | 97 | 7,086 |
| Investing cash flows | (3,599) | (9,600) | (6,912) |
| Financing cash flows | (581) | (1,869) | 667 |
| Cash and cash equivalents | 24,455 | 18,456 | 29,818 |

As of September 30, 2005, cash and cash equivalents were ¥18,456 million, down ¥11,361 million, or 38.1%, from March 31, 2005.

Operating Cash Flows

Operating activities provided net cash of ¥97 million during the first half of the fiscal year, compared with net cash of ¥347 million used during the same period a year earlier. Income before income taxes provided cash of ¥5,764 million. However, this was outweighed by an increase in inventories of ¥5,800 million, reflecting the start of construction of Tokyo Baycourt Club Hotel & Spa Resort in April 2005 and the construction of XIV Kyoto Yase Rikyu continued from the previous year.

Investing Cash Flows

Investing activities used net cash of ¥9,600 million, compared with ¥3,599 million in the first half of the previous fiscal year. The major uses of cash were payments of ¥10,107 million for the acquisition of property and equipment related to the successive opening of hotels such as Grand XIV Nasushirakawa, XIV Naruto Sanctuary Villa Due, and Hotel Trusty Shinsaibashi.

Financing Cash Flows

Financing activities used net cash of ¥1,869 million, compared with ¥581 million in the first half of the previous fiscal year. This was the result of the repayment and reacquisition of long-term loans in line with funding requirements.

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

Although the economic outlook calls for a stronger recovery overall, the prospects for a full-fledged recovery remain unclear due to uncertainties such as rising crude oil prices and material costs. Despite this uncertain outlook, Resorttrust's business plan for the March 2006 fiscal year projects that strong sales of memberships for Tokyo Baycourt Club Hotel & Spa Resort (scheduled to open in March 2008), which began on April 7, 2005, will continue after the first fiscal half. This will be Resorttrust's first urban resort. In addition, Resorttrust is projecting sustained brisk sales of memberships for XIV Kyoto Yase Rikyu (scheduled to open in December 2006), which have been sold since October 2004. By region, strong sales of memberships to Grand XIV Nasushirakawa, the first undertaking of its kind in the Northern Kanto region, are expected in line with the Company's growing market visibility, particularly in the Tokyo region.

In Hotel and Restaurant Operations, Resorttrust expects to see the opening of Grand XIV Nasushirakawa in April 2005, followed by XIV Naruto Sanctuary Villa Due in July, to make new contributions to sales. In addition, Resorttrust expects higher income from annual membership fees in line with an increase in members. In Medical Operations, Resorttrust is posting extremely strong membership sales for Grand HIMEDIC Club University of Tokyo Hospital.

On the other hand, an equity-method affiliate scheduled at the beginning of the current fiscal year to become a consolidated subsidiary and come within the scope of consolidation during the current fiscal year is no longer expected to qualify as a consolidated subsidiary. In addition, a loss on revaluation of preferred stock of a golf-club affiliate and other losses were posted as an extraordinary loss during the interim period under review. In light of this performance, for the entire Group Resorttrust projects net sales to climb 10.5% to ¥82,000 million, operating income to rise 16.7% to ¥10,500 million, ordinary income to be up 17.1% at ¥10,500 million, and net income to increase 5.1% to ¥4,700 million.

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

| | (¥ million) | | |
|------------------|------------------|------------------|----------------|
| | FY2005 (Results) | FY2006 (Targets) | Difference (%) |
| Net sales | 74,181 | 82,000 | 10 . 5% |
| Operating income | 8,998 | 10,500 | 16 . 7% |
| Ordinary income | 8,965 | 10,500 | 17 . 1% |
| Net income | 4,472 | 4,700 | 5 . 1% |

(Outlook for Appropriations of Earnings)

The projected dividend per share applicable to the fiscal year is ¥40, including an interim dividend per share of ¥20.

*Full-year forecasts may differ from actual results due to unforeseeable changes in economic conditions and a variety of other factors.