

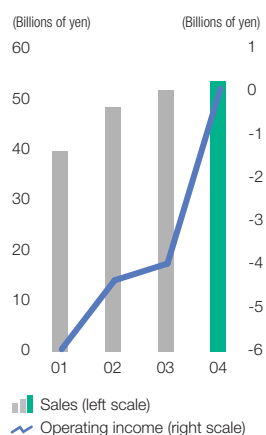
A network of 29 resort hotels and 10 golf courses nationwide

Annual guest numbers topped 4 million, and revenue rose 3.3%, to ¥53,612 million

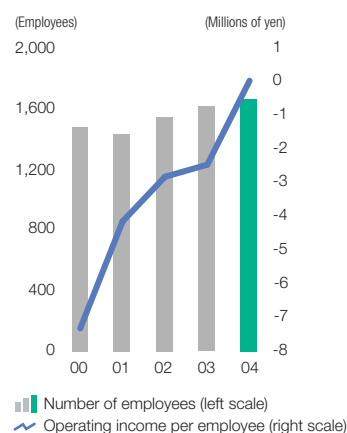


In fiscal 2003, the Japanese hotel industry was once again marked by the opening of new establishments by foreign-affiliated and business hotel chains, paralleled by the closure of traditional inns and old-established hotels in local regions. The number of domestic sightseeing tours and their average length continued to fall, a reflection of continued declines in disposable income. Despite these circumstances, guest numbers were up 5.4% (at 2,847,510) in our hotel operations, while we enjoyed a 2.1 percentage-point rise in room occupancy. Although both the number of guests and the amount of spending per guest decreased in our golf course business, overall operating income in the resort hotels operations rose to ¥81 million.

Sales and operating income



Number of employees and operating income per employee

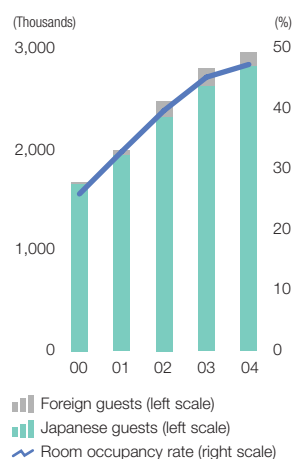




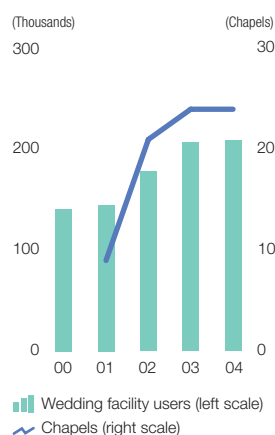
In our hotel business, we placed emphasis on individuality, devising plans unique to each hotel to cover accommodation, meals, banquets and other functions in response to the increasing number of guests from overseas and the change to resort lifestyles. With the aim of adding new value, we provided services such as the New Western-Style Banquet, which is a new style of feast with improved presentation, service and food, as well as dishes using local ingredients, an open-air café and a chapel in the woods. Looking at the sale of goods, home deliveries of traditional Japanese *Osechi ryori* New Year dishes, which feature generous proportions of local delicacies, were brisk, reaching about 21,300 sets (up 22% from the previous term), among the highest in this market. Although the domestic wedding market continued to contract as the number of Japanese of marriageable age declined further, the number of wedding guests at our hotels increased 1.1%, to 209,420, thanks to the popularity of our chapel wedding service. Some 4 million guests used our hotels in the reporting term, making our commitment to Corporate Social Responsibility (CSR) especially important in this business. As part of this commitment, we improved our risk management capability, preparing for the unexpected crises such as Severe Acute Respiratory Syndrome (SARS), which had a significant impact at the beginning of the term. We also provided support (accommodation) for sporting events for mentally disabled athletes, with the aim of creating a barrier-free society.

In our golf course business, we sought to respond to the increasingly diverse needs of our guests. For example, we improved our shop operation, especially with respect to products for senior players, based on a concept of making golf more accessible to women and seniors. We also hosted the Naraken Open (Cyprés Country Club) and the Kyushu Open (Saga Royal Golf Club) golf tournaments, inviting professional players.

Number of guests and room occupancy rates



Number of wedding facility users and number of chapels



Distribution of hotels and golf courses

