



Consolidated Financial Results

For the First Half Ended April 30, 2009

This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors, including changing economic conditions, legislative and regulatory developments, delay in new product launches, and pricing and product initiatives of competitors.

Summary of Consolidated Financial Results For the First Half Ended April 30, 2009

H.I.S. Co., Ltd. (9603)

Exchange Listed:	Tokyo Stock Exchange, 1 st section
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Scheduled date of filing interim report:	June 12, 2009

1. Consolidated Financial Results (November 1, 2008 – April 30, 2009)

(1) Consolidated Operating Results

	<i>Millions of Yen</i>			
	First Half Ended April 30,			
	2009	%	2008	%
Net Sales.....	166,251	—	173,282	2.8
Operating Income.....	4,117	—	2,548	(13.4)
Ordinary Income.....	3,694	—	2,721	(18.7)
Net Income	2,350	—	1,600	(21.2)
Net Income per Share (yen).....	72.47		48.56	
Net Income per Share, Diluted (yen).....	—		—	

(2) Consolidated Financial Position

	<i>Millions of Yen</i>	
	As of April 30, 2009	As of October 31, 2008
Total Assets	102,919	103,746
Net Assets	43,461	45,210
Shareholders' Equity Ratio	41.7%	43.2%
Net Assets per Share (yen)	1,324.45	1,381.81
Note: Shareholders' equity (consolidated):	As of April 30, 2009:	42,949 million yen
	As of Oct 31, 2008:	44,810 million yen

2. Dividends

	FY Ended Oct. 31,		
	2008	2009	2009 (Forecast)
Dividends per Share			
Interim (yen)	0.00	0.00	
End of Term (yen)	24.00		24.00
Annual Dividends (yen)	24.00		24.00

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2009

	<i>Millions of Yen</i>	
	FY Ending October 31, 2009	
Net Sales	369,000	0.2%
Operating income.....	8,750	48.2%
Ordinary Income	7,100	14.4%
Net Income	4,200	68.8%
Net Income per Share (Yen)	129.52	

4. Additional Notes

(1) Changes of important subsidiaries during the fiscal period (Changes of specific subsidiary due to change in scope of consolidation):

	Yes
New:	No Companies
Excluded:	1 Company (ATB Co., Ltd.)
Please refer to page 7.	

(2) Changes in accounting principles, procedures and methods of presentation relating to the preparation of quarterly consolidated financial statements: Yes (Please refer to page 7 and 8.)

(3) Changes in principles, procedures and presentation of accounting treatment in preparing consolidated financial statements:

(i) Changes resulting from revisions to accounting standards, etc.:	Yes
(ii) Changes other than (i):	No
Please refer to page 8.	

(4) Number of shares issued (common shares)

(i) Number of shares issued end of fiscal period (including treasury stock):	
As of April 30, 2009	34,261,468 shares
As of October 31, 2008	34,261,468 shares
(ii) Number of treasury stock at end of fiscal period	
As of April 30, 2009	1,833,092 shares
As of October 31, 2008	1,832,237 shares
(iii) Average number of treasury stock during the period	
As of April 30, 2009	32,428,816 shares
As of April 30, 2008	32,953,704 shares

Notes:

1. Forecasts contain forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors. Please consult page 7 for further information concerning the projections.

2. Effective from the fiscal period under review, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12)" and the "Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14)." In addition, the quarterly consolidated financial report is prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

I. Consolidated Business Results and Financial Position

1. Business Results

During the first half of the current fiscal year, the Japanese economy struggled as corporate earnings, particularly for exporters, fell dramatically due to the rapid weakening of the global economy that started with the U.S. financial crisis last fall, and this falloff in corporate earnings led to a deterioration in the employment environment and decline in consumer spending.

Within the travel industry, in response to fuel surcharges that remained high through the end of March and the impact of deteriorating economic conditions, overseas travel continued to contract, except to some areas of Asia such as Korea, where travelers could reap the benefits of the stronger yen. According to the Japan National Tourist Organization (JNTO), the (estimated) number of Japanese departing the country from November 2008 through April 2009 is expected to have fallen by 6.2% on the previous year to around 7,676,000 people, a decrease of approximately 510,000 people.

Under these conditions, the Group aimed to generate demand for overseas travel for its travel business, the Group's largest segment, and took various sales steps, such as aggressively expanding advertising to target not only experienced travellers, the young, and individuals, the Group's core customers, but also corporate/group, seniors, and the wealthy.

The Group worked to promote sales and generated overall demand for overseas travel. These activities included holding the customary "First Dream Fair" at the beginning of the year and implementing various measures centered on price appeals, such as launching the H.I.S. Overseas Travel Support Campaign in March, which is based on the stronger yen and lower fuel surcharges and aimed to win some of the government cash handouts paid to people residing in Japan and get more people to travel overseas, and linking up with the Visit World Campaign - a campaign to generate demand for overseas travel developed by "Visit the World Campaign" (VWC) 20 Million Person Promotion Office of the Japan Association of Travel Agents (JATA) whose slogan is "Travel Abroad More!")

As for the development of new products, this year (2009) is the 10th anniversary of the introduction of the "Impresso" brand of guided tours, and in commemoration of this, new products were introduced, including special programs such as chartered visits to popular tourist sights, particularly to Europe. In addition, since this year is also the 20th anniversary of the introduction of the "Ciao" brand of package tours, a key brand of package tours, two new brands were developed - "Ciaopresso", which is crammed full of each country's unique flavor, and "PREMIUM Ciao", which provides high-quality content and fastidious service.

In regards to sales channels, the Group worked to further raise customer convenience, and these efforts included the launch of a website specifically to sell supplementary travel products such as optional tours and the introduction of and subsequent improvements to touch-panel reservation terminals.

On the service front, the Group continuously strove to improve quality from a customer perspective. These efforts were centered on the Quality Control & Market Research Room and involved revising the content of pamphlets based on the opinion of customers, improving travel products by making detailed quality checks, and strengthening staff training as the types of customers grew and became more diversified.

Turning to overseas development, efforts were made to expand the network of overseas offices by continuing to open new ones so customers could travel with peace of mind. In addition, outbound operations were newly introduced or strengthened in some areas. Focus was also placed on expanding services at destinations, which included launching operations of H.I.S. customer only trolleys on 3 lines in Honolulu, Hawaii, in April.

In order to strengthen the Group's overall travel business, the consolidated subsidiary ATB was dissolved on December 31, 2008, and the "travel" concept that the subsidiary had proposed until then was inherited by the Company and will continue to be developed and provided to customers. In January, the Group also took over operations of the exclusive agent Yumeya Co., Ltd., whose offices are mainly located in the area centered on Musashino-shi, Tokyo, and turned the offices into directly managed ones in order to build a system for more efficient and strong sales. Furthermore, in the same month, Ohshu Express Ltd, which recorded firm earning as a comprehensive train ticket agent for Europe, became the Company's subsidiary, which will improve the Group's ability to serve individuals planning their own trips to Europe.

As a result of implementing the various measures discussed above, the Group was able to substantially increase its share of Japanese passengers heading overseas to an estimated 17.9% from the 14.8% for the previous fiscal year. However, as a result of greater price competition among travel agents and concentrated customer leisure demand on "cheap, close, short" trips, including those to Korea that have a low unit price, net sales for the travel business during the first half regrettably declined 3.9% year on year to 165,262 million yen. Although net sales fell short of initial projections, operating income rose 69.1% year on year to 5,960 million yen for various reasons including a dramatic increase in the share of passengers departing from Japan and the benefits of efforts to strength the system to control the cost of sales which had been promoted.

The Group operates two hotels in Australia, and the occupancy rates, particularly among corporate clients, for the hotel on the Gold Coast and the one in Brisbane declined making it difficult to reach initial forecasts. In addition to this, the appreciation of the yen impacted the translation of earnings into yen. Therefore, net sales declined 29.4% year on year to 992 million yen, and operating income shrank 75.7% to 49 million yen. The Watermark Hotel Sapporo, the first hotel that the Group operates in Japan, was opened in Sapporo, Hokkaido in December 2008. Since the hotel has just been recently opened it was excluded from the scope of consolidation.

While consolidated net sales declined 4.1% year on year to 166,251 million yen, consolidated operating income rose 61.6% to 4,117 million yen. However, as a result of non-operating expenses related to forward exchange contracts, ordinary income rose only 35.8% year on year to 3,694 million yen and net income grew 46.9% year on year to 2,350 million yen. The year-on-year changes provided above are reference figures.

2. Financial Position

Total assets as of the end of the interim consolidated fiscal period decreased by JPY 826 million from the end of the previous consolidated fiscal year to JPY 102,919 million. This was mainly the result of a decline in deferred tax assets of 1,266 million yen compared to the end of the previous fiscal year.

Liabilities as of the end of the current consolidated interim period rose JPY 921 million compared with the end of the previous consolidated fiscal year to JPY 59,457 million. This was chiefly due to an increase in operating accounts payable of 3,512 million yen compared to the end of the previous fiscal year and a decline in forward exchange contracts of 2,778 million yen compared to the end of the previous fiscal year.

Net assets at the end of the current consolidated interim fiscal period decreased JPY 1,748 million over the end of the previous consolidated fiscal year to JPY 43,461 million. This was primarily the result of a decline in foreign currency translation adjustments of 5,536 million yen compared to the end of the previous fiscal year, an increase in retained earnings of 1,790 million yen for various reasons including the recording of net income for the first half, and a decrease in deferred losses on hedges of 1,731 million yen.

Overview of Consolidated Cash Flows in the First Half Ended April 30, 2009

The balance of cash and cash equivalents as of the end of the current consolidated interim period rose by JPY 8,852 million over the end of the previous consolidated fiscal period to JPY 39,933 million.

Cash flow from operating activities

Cash inflow from operating activities for the current consolidated interim fiscal period was JPY 7,101 million. This was mainly because of a 5,106 million increase in notes and accounts payable-trade and the recording of 3,679 million yen in income before income taxes and minority interests.

Cash flow from investing activities

Cash inflow from investment activities for the current consolidated interim period was JPY 4,797 million. This was primarily the result of the fact that the 9,319 million yen in proceeds from withdrawal of time deposits and the 6,347 million yen in proceeds from collection of guarantee deposits was greater than the 8,029 million yen in payments for guarantee deposits, the 1,161 million yen in payments into time deposits, and the 890 million yen in purchase of property, plant and equipment and intangible assets.

Cash flow from financing activities

There was a net cash outflow from financing activities of 792 million yen, which was chiefly because of 778 million yen in cash dividends paid and 12 million in cash dividends paid to minority shareholders.

3. Forecasts for the Full Year

As for the outlook for the Japanese economy, conditions are projected to remain harsh for the time being even though there are expectations for a recovery in some parts. Within the travel industry, it would be an exaggeration to call overseas travel trends favorable because of these economic conditions, but depending on how the new outbreak of influenza runs its course, the trend may further improve.

While the business environment is as discussed above, being conscious of the fact that customers are becoming thriftier, the Group will stress the sense that overseas travel is a value as a result of the strengthening of the yen and elimination of fuel surcharges, which has dramatically reduced the cost of travel, and will generate further demand for overseas travel. As for sales promotions, new products will be created and aggressive advertising will be developed for summer holidays, which are becoming less concentrated at a particular time, and the five-day holiday in September. The Group is also strengthening its efforts related to the corporate/group and senior markets, and increasing reservations during the off season will lead to growth in the overall markets. As for Internet-based travel sales, efforts will include expanding sales of both connecting flights and supplementary travel products and further improving convenience. In terms of strengthening service, the Group continues to define independent travel as its core competency, is working to improve product quality and to rapidly provide correct information through its overseas network of offices, and will strive to provide safe travel that customers can enjoy with peace of mind. In regards to personalized service, the Group will reinforce each employee's consulting and customer service abilities so that they can meet diverse needs and satisfy even experience customers by proposing the optimal travel and will work to differential itself from its competitors.

No revisions were made to the consolidated forecasts announced on March 13, 2009.

4. Additional Notes

(1) Changes of important subsidiaries during the fiscal period (Changes of specific subsidiary due to change in scope of consolidation)

ATB Co., Ltd. was excluded from the scope of consolidation since the process to liquidate the company was initiated during the first half.

(2) Application of simplified accounting treatment and unique accounting treatment when creating quarterly consolidated financial statements:

1. Simplified accounting treatment.

The projected amount of bad debts for general accounts is calculated using reasonable criteria such as the historic bad debt percentage calculated for the previous fiscal year since there have been no notable changes in the bad debt percentage for the first half of the current fiscal year compared to the historic bad debt

percentage calculated at the end of the previous fiscal year.

In addition, deferred tax assets and deferred tax liabilities are calculated using tax planning and earnings forecasts used at the end of the previous fiscal year, since there have been no noticeable changes in factors such as the business environment or temporary fluctuations since the end of the previous fiscal year related to the probability of recovering deferred tax assets.

2. Unique accounting treatment when creating quarterly consolidated financial statements.

Tax expenses are calculated by estimating the effective tax rate after application of tax effect accounting to net income before income taxes for the fiscal year, including that for the second quarter, and then multiplying net income before income taxes for the quarter by the estimated effective tax rate.

(3) Changes in accounting principles, procedures and methods of presentation relating to the preparation of quarterly consolidated financial statements:

Effective from the fiscal period under review, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12)" and the "Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14)." In addition, the quarterly consolidated financial report is prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

	<i>Millions of Yen</i>	
	As of April 30, 2009	As of Oct 31, 2008
Assets		
Current assets:		
Cash and deposits	43,330	43,555
Accounts receivable-trade	6,166	5,652
Operating accounts receivable	9,492	8,468
Short-term investment securities	1,586	1,038
Deferred tax assets	4,552	5,684
Travel advance payments.....	9,597	10,336
Prepaid expenses	985	856
Short-term loans receivable	55	45
Short-term loans receivable to subsidiaries and affiliates ...	233	69
Accounts receivable-other	1,072	1,215
Other.....	1,623	2,019
Allowance for doubtful accounts.....	(34)	(29)
Total Current Assets	78,662	78,911
Noncurrent Assets:		
Property, plant and equipment:		
Buildings, net	3,611	5,597
Tools, furniture and fixtures, net	773	794
Land.....	1,043	1,742
Other, net.....	169	104
Total Property, Plant and Equipment	5,598	8,238
Intangible Assets.....	1,611	1,487
Investments and Other Assets:		
Investment securities	4,662	4,922
Stocks of subsidiaries and affiliates.....	3,933	3,131
Investments in capital of subsidiaries and affiliates....	4	27
Long-term loans receivable	307	403
Long-term loans receivable from subsidiaries and affiliates.....	1,022	1,020
Guarantee deposits	6,158	4,549
Deferred tax assets.....	809	944
Other.....	333	251
Allowance for doubtful accounts.....	(184)	(143)
Total Investments and Other Assets	17,047	15,109
Total Noncurrent Assets	24,256	24,835
Total Assets.....	102,919	103,746

	Millions of Yen	
	As of April 30, 2009	As of October 31, 2008
Liabilities		
Current Liabilities:		
Operating accounts payable	19,874	16,362
Current portion of long-term loans payable	—	158
Accounts payable-other	1,317	966
Accrued expenses	1,619	1,586
Income taxes payable	1,152	289
Accrued consumption taxes.....	154	362
Travel advance received.....	23,729	24,926
Provision for bonuses	2,156	2,114
Provision for directors' bonuses.....	27	53
Forward exchange contracts	4,985	7,763
Other.....	2,482	1,919
Total Current Liabilities.....	57,498	56,504
Noncurrent Liabilities:		
Long-term loans payable	50	50
Deferred tax liabilities	2	3
Provision for retirement benefits	1,417	1,425
Provision for directors' retirement benefits	356	418
Other.....	132	134
Total Noncurrent Liabilities	1,958	2,032
Total Liabilities.....	59,457	58,536
Net Assets		
Shareholders' Equity		
Capital stock	6,882	6,882
Capital surplus	7,782	7,782
Retained earnings.....	36,736	34,946
Treasury stock	(2,520)	(2,519)
Total Shareholders' Equity	48,881	47,092
Valuation and Translation Adjustments		
Valuation difference on available-for-sale securities	(27)	(181)
Deferred gains or losses on hedges.....	(2,851)	(4,582)
Foreign currency translation adjustment	(3,052)	2,483
Total Valuation and Translation Adjustments.....	(5,931)	(2,281)
Minority Interests.....	511	399
Total Net Assets	43,461	45,210
Total Liabilities and Net Assets.....	102,919	103,746

2. Consolidated Statements of Income for the First Half (6 Months)

Millions of Yen

	Nov 1, 2008 to April 30, 2009
Net Sales	166,251
Cost of sales	138,438
Gross Profit	27,813
Selling, general and administrative expenses	23,696
Operating Income	4,117
Non-operating Income	
Interest income	407
Equity in earnings of affiliates	267
Other	99
Total Non-operating Income	774
Non-operating Expenses	
Foreign exchange losses	1,168
Other	27
Total Non-operating Expenses	1,196
Ordinary Income	3,694
Extraordinary Income	
Gain on sales of noncurrent assets	1
Gain on sales of investment securities	0
Other	0
Total extraordinary income	2
Extraordinary Loss	
Loss on retirement of noncurrent assets	14
Loss on sales of noncurrent assets	0
Other	3
Total extraordinary losses	17
Income Before Income Taxes and Minority Interests	3,679
Income Taxes	1,211
Minority Interests in Income	117
Net Income	2,350

3. Consolidated Statements of Income for the Second Quarter (3 months)

Millions of Yen

	Feb 1, 2009 to April 30, 2009
Net Sales	83,230
Cost of sales.....	68,732
Gross Profit	14,497
Selling, general and administrative expenses	12,150
Operating Income	2,346
Non-operating Income and Expenses	
Non-operating Income	
Interest income	192
Foreign exchange gains	325
Equity in earnings of affiliates.....	108
Other.....	42
Total Non-operating Income.....	669
Non-operating Expenses	
Loss on investments in partnership.....	15
Other.....	4
Total Non-operating Expenses.....	19
Ordinary Income	2,996
Extraordinary Income	
Gain on sales of investment securities.....	0
Reversal of allowance for doubtful accounts.....	52
Other.....	0
Total extraordinary income.....	52
Extraordinary Loss	
Loss on retirement of noncurrent assets.....	6
Loss on sales of noncurrent assets.....	0
Loss on sales of investment securities.....	2
Total extraordinary losses	8
Income Before Income Taxes and Minority Interests	3,039
Income Taxes	1,149
Minority Interests in Income	1
Net Income	1,888

4. Consolidated Statements of Cash Flows

Nov 1, 2008 – April 30, 2009

I. Cash flows from operating activities

Income before income taxes and minority interests	3,679
Depreciation and amortization	568
Amortization of goodwill	23
Increase (decrease) in allowance for doubtful accounts	124
Increase (decrease) in provision for bonuses	52
Increase (decrease) in provision for directors' bonuses	(22)
Increase (decrease) in provision for retirement benefits	65
Increase (decrease) in provision for directors' retirement benefits	(62)
Interest and dividends income	(407)
Equity in (earnings) losses of affiliates	(267)
Foreign exchange losses (gains)	(32)
Interest expenses	0
Loss (gain) on sales of investment securities	2
Loss (gain) on sales of property, plant and equipment	(1)
Loss on retirement of property, plant and equipment	14
Other loss (gain)	24
Decrease (increase) in notes and accounts receivable-trade	(2,272)
Decrease (increase) in travel advance payments	457
Decrease (increase) in other assets	(311)
Increase (decrease) in notes and accounts payable-trade	5,106
Increase (decrease) in accrued consumption taxes	(166)
Increase (decrease) in accrued expenses	130
Increase (decrease) in travel advances received	(284)
Increase (decrease) in other liabilities	185
Sub-total	6,607
Interest and dividends income received	482
Interest expenses paid	(0)
Income taxes (paid) refund	12
Net cash provided by (used in) operating activities	7,101

Nov 1, 2008 – April 30, 2009

II. Cash flows from investment activities	
Payments into time deposits	(1,161)
Proceeds from withdrawal of time deposits	9,319
Proceeds from redemption of securities	200
Purchase of property, plant and equipment and intangible assets	(890)
Proceeds from sales of property, plant and equipment and intangible assets	3
Purchase of investment securities	(484)
Purchase of stocks of subsidiaries and affiliates	(407)
Proceeds from sales of investment securities	3
Proceeds from redemption of investment securities	7
Proceeds from sales of stocks of subsidiaries and affiliates	42
Payments of loans receivable	(62)
Collection of loans receivable	98
Payments for transfer of business	(179)
Payments for guarantee deposits	(8,029)
Proceeds from collection of guarantee deposits	6,347
Other, net	(10)
Net cash provided by (used in) investment activities	4,797
III. Cash flows from financing activities	
Cash dividends paid	(778)
Cash dividends paid to minority shareholders	(12)
Purchase of treasury stock	(1)
Proceeds from disposal of treasury stock	0
Net cash provided by (used in) financing activities	(792)
IV. Effect of exchange rate change on cash and cash equivalents	(2,070)
V. Net increase (decrease) in cash and cash equivalents	9,035
VI. Cash and cash equivalents at beginning of period	31,080
VII. Increase in cash and cash equivalents from newly consolidated subsidiary	545
VIII. Increase (decrease) in cash and cash equivalent resulting from change of scope of consolidation	(729)
IX. Cash and cash equivalents at end of period	39,933

Effective from the fiscal period under review, the Company has adopted the "Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No.12)" and the "Guidance on Accounting Standard for Quarterly Financial Reporting (ASBJ Guidance No.14)." In addition, the quarterly consolidated financial report is prepared in accordance with the "Regulation for Quarterly Consolidated Financial Statements."

5. Notes Regarding Going Concern

None

6. Segment Information

Segment Information by Business

Current Consolidated Second Quarter (Feb. 1, 2009 - April 30, 2009)

(Millions of Yen)

	Travel business	Hotel business	Other businesses	Total	Eliminations & Corporate	Consolidated
Net sales						
(1) Sales to outside customers	82,778	445	6	83,230	—	83,230
(2) Inter-segment sales / transfers	(0)	9	—	9	(9)	—
Total	82,778	454	6	83,239	(9)	83,230
Operating Income	3,380	46	6	3,432	(1,086)	2,346

Current Consolidated First Half (Nov. 1, 2008 - April 30, 2009)

(Millions of Yen)

	Travel business	Hotel business	Other businesses	Total	Eliminations & Corporate	Consolidated
Net sales						
(1) Sales to outside customers	165,262	975	13	166,251	—	166,251
(2) Inter-segment sales / transfers	0	17	—	17	(17)	—
Total	165,262	992	13	166,269	(17)	166,251
Operating Income	5,960	49	12	6,022	(1,905)	4,117

Notes:

1. Business segments are classified according to those used internally by management.
2. The main business of each segment is as follows:
 - Travel business: Travel business and associated businesses
 - Hotel business: Ownership and operation of hotels
 - Other businesses: Real estate business

Segment Information by Geographical Area

Current Consolidated Second Quarter (Feb. 1, 2009 - April 30, 2009)

(Millions of Yen)

	Japan	America	Asia / Oceania	Europe	Total	Eliminations & Corporate	Consolidated
Net sales							
(1) Sales to outside customers	81,511	224	1,009	484	83,230	—	83,230
(2) Inter-segment sales / transfers	26	4,031	3,545	894	8,497	(8,497)	—
Total	81,538	4,255	4,555	1,378	91,727	(8,497)	83,230
Operating Income (Expense)	2,992	67	424	(51)	3,432	(1,086)	2,346

Current Consolidated First Half (Nov. 1, 2008 - April 30, 2009)

(Millions of Yen)

	Japan	America	Asia / Oceania	Europe	Total	Eliminations & Corporate	Consolidated
Net sales							
(1) Sales to outside customers	155,775	3,067	4,797	2,610	166,251	—	166,251
(2) Inter-segment sales / transfers	73	7,704	6,871	1,390	16,040	(16,040)	—
Total	155,849	10,771	11,669	4,001	182,292	(16,040)	166,251
Operating Income	4,431	350	1,160	80	6,022	(1,905)	4,117

Notes:

- Countries and regions are classified by geographical proximity.
- The breakdown of regions other than Japan is as follows:
 - America: U.S.A., Canada, Mexico, the Bahamas, Guam, Saipan
 - Asia/Oceania: Hong Kong, South Korea, Singapore, Indonesia, Thailand, Malaysia, Cambodia, Macau, India, Vietnam, United Arab Emirates, Australia, Fiji
 - Europe: The United Kingdom, Germany, France, Italy, Spain

Overseas Sales

In this term, overseas sales are omitted from this report because this item accounted for less than 10% of consolidated sales.

7. Significant Change in Shareholders' Equity

None

Reference

	First Half ended April 30, 2008	%
Net sales	173,282	100.0
Cost of sales	148,202	85.5
Gross profit.....	25,079	14.5
Selling, general and administrative expenses	22,531	13.0
Operating income	2,548	1.5
Non-operating income		
Interest income	353	
Income from equity-accounted affiliates.....	98	
Others	124	
Total non-operating income	576	0.3
Non-operating expenses		
Interest expense	3	
Foreign exchange losses	352	
Loss on partnership investment	4	
Others	42	
Total non-operating expenses	402	0.2
Ordinary income	2,721	1.6
Extraordinary gains		
Gain on sale of fixed assets	1	
Gain on sale of investment securities	23	
Refunded foreign tax.....	12	
Others	7	
Total extraordinary gains	44	0.0
Extraordinary losses		
Loss on disposal of fixed assets	19	
Loss on sale of fixed assets	2	
Loss on valuation on investment securities	17	
Penalty for cancellation.....	19	
Loss on prior period adjustment.....	56	
Others	3	
Total extraordinary losses	117	0.1
Net income before income taxes	2,648	1.5
Total taxes.....	1,010	0.6
Minority interests	38	0.0
Net income	1,600	0.9

2. Consolidated Statements of Cash Flows

Nov 1, 2007 – April 30, 2008

I. Cash flows from operating activities

Income before income taxes and minority interests	2,648
Depreciation and amortization	578
Amortization of goodwill	19
Increase in allowance for doubtful accounts	6
Decrease in provision for bonuses	(100)
Decrease in provision for directors' bonuses	(9)
Increase in provision for retirement benefits	66
Increase in provision for directors' retirement benefits	14
Increase in accrued interest for travel funds	3
Interest and dividends income	(373)
Equity in earnings of affiliates	(98)
Foreign exchange losses	481
Interest expenses	3
Loss on investment partnership	4
Gain on sales of investment securities	(23)
Loss on sales of investment securities	1
Loss on valuation of investment securities	17
Gain on sales of property, plant and equipment	(1)
Loss on sales of property, plant and equipment	2
Loss on retirement of property, plant and equipment	18
Other loss	66
Increase in notes and accounts receivable-trade	(147)
Increase in travel advance payments	(1,902)
Decrease in other assets	118
Increase in notes and accounts payable-trade	3,542
Decrease in accrued consumption taxes	(178)
Decrease in accrued expenses	(75)
Decrease in travel advances received	(1,179)
Decrease in other liabilities	(111)
Sub-total	3,390
Interest and dividends income received	364
Interest expenses paid	(3)
Income taxes paid	(1,173)
Net cash provided by (used in) operating activities	2,577

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II. Cash flows from investment activities

Increase in term deposits	(4,459)
Decrease in term deposits	1,661
Purchase of marketable securities	(1,311)
Proceeds from sale of marketable securities	101
Proceeds from redemption of securities.....	2,246
Purchase of property, plant and equipment and intangible assets.....	(540)
Proceeds from sales of property, plant and equipment and intangible assets.....	3
Purchase of investment securities	(1,323)
Purchase of stocks of subsidiaries and affiliates	(10)
Purchase of shares from minority shareholders	(2)
Proceeds from sales of investment securities	56
Proceeds from redemption of investment securities	7
Payments of loans receivable	(18)
Collection of loans receivable	47
Payments for guarantee deposits	(317)
Proceeds from collection of guarantee deposits	140
Other, net.....	(10)

Net cash provided by (used in) investment activities (3,727)

III. Cash flows from financing activities

Increase in short-term borrowings.....	20
Repayment of short-term borrowings.....	(50)
Increase in long-term debt	50
Repayment of long-term debt.....	(8)
Cash dividends paid.....	(661)
Cash dividends paid to minority shareholders.....	(16)
Purchase of treasury stock.....	(701)
Proceeds from disposal of treasury stock	0

Net cash provided by (used in) financing activities (1,368)

IV. Effect of exchange rate changes on cash and cash equivalents ... (796)

V. Decrease in cash and cash equivalents (3,314)

VI. Cash and cash equivalents at beginning of period 38,995

VII. Cash and cash equivalents from newly consolidated subsidiaries at beginning of period..... 9

VIII. Cash and cash equivalents at end of period 35,691

3. Segment Information

Segment Information by Business

Previous Consolidated First Half (November 1, 2007 - April 30, 2008)

(Millions of Yen)

	Travel business	Hotel business	Other businesses	Total	Eliminations & Corporate	Consolidated
Net sales						
(1) Sales to outside customers	171,897	1,372	13	173,282	—	173,282
(2) Inter-segment sales / transfers	—	34	—	34	(34)	—
Total	171,897	1,406	13	173,317	(34)	173,282
Operating Income (Expense)	168,373	1,202	0	169,576	1,157	170,734

Notes:

- Business segments are classified according to those used internally by management.
- The main business of each segment is as follows:
 - Travel business: Travel business and associated businesses
 - Hotel business: Ownership and maintenance of hotels
 - Other businesses: Real estate business
- Unallocated operating expenses in the current consolidated first half were 1,192 million yen. The factors contributing to this were expenses related to the administrative department headquarters.
- As indicated in "Changes to basic and important items regarding preparation of the consolidated interim statements of income", the company has adopted the average exchange rate on the day that the books are closed for the first half, to translate the incomes and expenses of overseas subsidiaries, from the current interim period. Previously the incomes and expenses of subsidiaries were translated using the spot exchange rate during the period. In travel business, this change resulted in a 1,657 million yen increase in net sales and 73 million yen increase in operating income, In hotel business, net sales rose by 60 million yen and operating income increased by 8 million yen.

Segment Information by Geographical Area

Previous Consolidated First Half (November 1, 2007 - April 30, 2008)

(Millions of Yen)

	Japan	America	Asia / Oceania	Europe	Total	Eliminations & Corporate	Consolidated
Net sales							
(1) Sales to outside customers	159,301	4,660	6,063	3,257	173,282	—	173,282
(2) Inter-segment sales / transfers	17	7,345	6,300	1,846	15,511	(15,511)	—
Total	159,319	12,005	12,364	5,104	188,793	(15,511)	173,282
Operating expense	157,067	11,616	11,399	4,969	185,053	(14,318)	170,734
Operating income	2,251	388	965	135	3,740	(1,192)	2,548

Notes:

1. Countries and regions classified by geographical proximity.
2. The breakdown of regions other than Japan is as follows:
 - (1) America: U.S.A., Canada, Mexico, the Bahamas, Guam, Saipan
 - (2) Asia/Oceania: Hong Kong, South Korea, Singapore, Indonesia, Thailand, Australia, Fiji
 - (3) Europe: The United Kingdom, Germany, France, Italy, Spain
3. Unallocated operating expenses in the current consolidated first half were 1,192 million yen. The factors contributing to this were expenses related to the administrative department headquarters.
4. As indicated in "Changes to basic and important items regarding preparation of the consolidated interim statements of income", the company has adopted the average exchange rate on the day that the books are closed for the first half, to translate the incomes and expenses of overseas subsidiaries, from the current interim period. Previously the incomes and expenses of subsidiaries were translated using the spot exchange rate during the period. In America, this change resulted in a 724 million yen increase in net sales and 23 million yen increase in operating income. In Asia and Oceania, net sales rose by 724 million yen and operating income increased by 55 million yen. In Europe, net sales rose by 272 million yen and operating income increased by 3 million yen.

Overseas Sales

In this term, overseas sales are omitted from this report because this item accounted for less than 10% of consolidated sales.