



Non-consolidated Financial Results

For the First Half Ended April 30, 2006

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 Non-consolidated Financial Results For the First Half Ended April 30, 2006

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

Exchange Listed:	Tokyo Stock Exchange, 1 st section
Principal Office:	Tokyo, Japan
Homepage:	http://www.his-j.com
Representative Director, President:	Yoshio Suzuki
Contact:	Kazumasa Namekata Representative Director, Managing Director
Telephone:	+81-3-5908-2070
Date of Board Meeting:	June 19, 2006
Interim Dividend:	To be paid
Stock Trading Unit:	I unit: 100 shares

1. Non-consolidated Interim Financial Results (November 1, 2005 – April 30, 2006)

(1) Non-consolidated Operating Results

	Millions of Yen - Except Per Share Data and Percents				
	First Half Ended April 30,		FY Ended October 31,		
	2006	%	2005	%	2005
Net Sales	125,125	13.2	110,543	15.1	251,845
Operating Income	1,666	18.0	1,412	1.7	4,996
Ordinary Income	1,917	16.9	1,639	7.2	5,726
Net Income	1,085	—	(1,585)	—	2,002
Net Income per Share (Yen)	32.52		(47.46)		59.21
Net Income per Share, diluted (Yen).....	—		—		—

Notes:

1) Weighted-average number of shares outstanding during the period (non-consolidated):

First half ended April 30, 2006:	33,387,311 shares
First half ended April 30, 2005:	33,396,884 shares
Fiscal year ended October 31, 2005:	33,393,784 shares

2) Changes made to accounting method: Yes

3) A 1.5-for-1 stock split took effect on December 20, 2004. Per-share figures are shown as if the split had occurred at the beginning of the fiscal year 2005.

(2) Dividend Distribution

	First Half Ended April 30,		FY Ended October 31,
	2006	2005	2005
Interim Dividend per Share (Yen)	00.00	00.00	—
Annual Dividend per Share (Yen).....	—	—	17.50

(3) Non-consolidated Financial Position

	Millions of Yen - Except Per Share Data		
	As of April 30,		As of Oct. 31,
	2006	2005	2005
Total Assets	78,926	72,324	74,335
Shareholders' Equity	41,395	36,062	40,567
Shareholders' Equity Ratio (%)	52.4	49.9	54.6
Shareholders' Equity per Share (Yen).....	1,239.92	1,080.00	1,214.23

Notes:

- 1) Number of shares outstanding at the end of the period (non-consolidated):

First half ended April 30, 2006:	33,385,601 shares
First half ended April 30, 2005:	33,391,614 shares
Fiscal year ended October 31, 2005:	33,389,159 shares
- 2) Number of shares in treasury at the end of the period (non-consolidated):

First half ended April 30, 2006:	875,867 shares
First half ended April 30, 2005:	869,854 shares
Fiscal year ended October 31, 2005:	872,309 shares

2. Non-consolidated Forecast for the Fiscal Year Ending October 31, 2006

	Millions of Yen
	FY Ending October 31, 2006
Net Sales	300,000
Ordinary Income	6,300
Net Income	3,500
Annual Dividend per Share (Yen) – period end	17.50
Annual Dividend per Share (Yen)	17.50
Net Income per Share (Yen)	104.84

Note: 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.

I. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

	<i>Millions of yen</i>					
	As of April 30, 2006		As of April 30, 2005		As of Oct. 31, 2005	
ASSETS	%	%	%	%	%	%
Current assets						
Cash and deposits.....	22,469		27,526		23,683	
Notes and accounts receivable.....	3,497		2,770		2,311	
Accrued sales receivable.....	7,349		5,352		6,471	
Marketable securities.....	4,903		2,847		3,149	
Travel deposits.....	7,961		5,557		5,291	
Pre-paid expenses.....	577		582		575	
Deferred tax assets.....	1,307		1,053		1,307	
Short-term loans to affiliates.....	767		1,544		923	
Accrued revenue.....	1,036		922		1,117	
Other current assets.....	1,288		995		1,146	
Allowance for doubtful accounts.....	(69)		—		—	
Total current assets.....	51,090	64.7	49,154	68.0	45,976	61.9
Fixed assets						
Tangible fixed assets						
Buildings and structures.....	630		699		673	
Vehicles.....	3		4		3	
Equipment and fittings.....	571		584		646	
Land.....	235		254		254	
Total tangible fixed assets.....	1,440	1.8	1,543	2.1	1,578	2.1
Intangible fixed assets.....	1,535	2.0	1,504	2.1	1,589	2.1
Investments and other assets						
Investments in securities.....	9,741		4,441		10,391	
Shares of affiliates.....	10,933		10,614		10,415	
Investments in affiliates.....	312		294		292	
Long-term loans receivable.....	402		400		435	
Long-term loans to affiliates.....	—		503		223	
Deferred tax assets.....	—		502		—	
Guarantee deposits.....	3,462		3,327		3,391	
Other investments and other assets.....	26		37		40	
Allowance for doubtful accounts.....	(18)		—		—	
Total investments and other assets.....	24,860	31.5	20,122	27.8	25,190	33.9
Total fixed assets.....	27,835	35.3	23,170	32.0	28,358	38.1
Total Assets.....	78,926	100.0	72,324	100.0	74,335	100.0

	Millions of yen					
	As of April 30, 2006		As of April 30, 2005		As of Oct. 31, 2005	
		%		%		%
LIABILITIES						
Current liabilities						
Notes and accounts payable	12,069		16,087		10,659	
Accrued payable.....	718		732		607	
Accrued expenses.....	1,136		1,123		962	
Accrued income taxes	890		1,263		410	
Accrued consumption taxes	182		126		256	
Pre-trip deposits	17,827		13,218		16,486	
Insurance deposits	436		390		462	
Accrued bonuses.....	1,612		1,424		1,523	
Allowance for loss on liquidation of affiliates	—		—		350	
Other current liabilities.....	965		727		656	
Total current liabilities.....	35,837	45.4	35,094	48.5	32,377	43.5
Long-term liabilities						
Deferred tax liabilities	398		—		149	
Accrued employees' retirement benefits.....	856		758		805	
Accrued directors' and statutory auditors' retirement benefits.....	401		368		395	
Guarantee deposits	37		40		40	
Total long-term liabilities.....	1,693	2.2	1,167	1.6	1,391	1.9
Total liabilities	37,530	47.6	36,262	50.1	33,768	45.4
SHAREHOLDERS' EQUITY						
Common stock.....	6,882	8.7	6,882	9.5	6,882	9.2
Capital surplus						
Capital reserve	7,778		7,778		7,778	
Other capital surplus.....	3		3		3	
Total capital surplus.....	7,782	9.9	7,781	10.8	7,782	10.5
Retained earnings						
Earned reserve.....	246		246		246	
Contingent reserve						
Other reserve.....	23,565		21,565		21,565	
Reserve for special depreciation	2		4		4	
Unappropriated retained earnings for the period	2,462		397		3,984	
Total retained earnings.....	26,276	33.3	22,212	30.7	25,800	34.7
Unrealized holding gains on securities	1,308	1.6	22	0.0	945	1.3
Treasury stock	(853)	(1.1)	(836)	(1.1)	(842)	(1.1)
Total shareholders' equity	41,395	52.4	36,062	49.9	40,567	54.6
Total Liabilities and Shareholders' Equity	78,926	100.0	72,324	100.0	74,335	100.0

2. Non-consolidated Statements of Income

	<i>Millions of yen</i>					
	Interim period ended April 30, 2006		Interim period ended April 30, 2005		FY ended October 31, 2005	
Net sales	125,125	100.0	110,543	100.0	251,845	100.0
Cost of sales	107,828	86.2	94,544	85.5	216,602	86.0
Gross profit	17,297	13.8	15,999	14.5	35,242	14.0
Selling, general and administrative expenses	15,630	12.5	14,586	13.2	30,245	12.0
Operating income	1,666	1.3	1,412	1.3	4,996	2.0
Non-operating income	323	0.3	249	0.2	733	0.3
Non-operating expenses	72	0.1	21	0.0	3	0.0
Ordinary income	1,917	1.5	1,639	1.5	5,726	2.3
Extraordinary gains	58	0.1	1,474	1.3	1,485	0.5
Extraordinary losses	39	0.0	3,480	3.1	3,875	1.5
Net income (loss) before income taxes	1,936	1.6	(366)	(0.3)	3,337	1.3
Income taxes - current	851	0.7	1,218	1.1	1,568	0.6
Income taxes - deferred	—	—	—	—	(234)	(0.1)
Net income (loss)	1,085	0.9	(1,585)	(1.4)	2,002	0.8
Balance brought forward	1,376		1,982		1,982	
Unappropriated profits	2,462		397		3,984	