



Consolidated Financial Results

For the First Half Ended April 30, 2012

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, 2012

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

| | |
|--|---|
| Exchange Listed: | Tokyo Stock Exchange, 1 st section |
| Principal Office: | Tokyo, Japan |
| Homepage: | http://www.his.co.jp |
| President: | Akira Hirabayashi |
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| Scheduled date of filing interim report: | June 8, 2012 |

1. Consolidated Financial Results (November 1, 2011 – April 30, 2012)

(1) Consolidated Operating Results

| | <i>Millions of Yen</i> | | | |
|---|----------------------------------|-------|----------------------------|-------|
| | First Half Ended Apr 30, | | | |
| | 2012 | % | 2011 | % |
| Net Sales..... | 201,289 | 14.4 | 175,923 | 14.1 |
| Operating Income..... | 5,039 | 47.6 | 3,415 | 44.6 |
| Ordinary Income..... | 6,438 | 48.2 | 4,343 | 117.7 |
| Net Income | 4,138 | (9.5) | 4,571 | 146.0 |
| Net Income per Share (yen) | 127.62 | | 140.97 | |
| Net Income per Share, Diluted (yen) | — | | — | |
| Notes: Comprehensive income: | First Half Ended April 30, 2012: | | 2,010 million yen(-55.0%) | |
| | First Half Ended April 30, 2011: | | 4,464 million yen (-%) | |

(2) Consolidated Financial Position

| | <i>Millions of Yen</i> | |
|---|-------------------------|-----------------------|
| | As of Apr 30, 2012 | As of Oct 31, 2011 |
| Total Assets..... | 137,211 | 139,018 |
| Net Assets..... | 66,369 | 65,589 |
| Shareholders' Equity Ratio..... | 46.0% | 45.3% |
| Net Assets per Share (yen) | 1,947.99 | 1,942.32 |
| Notes: Shareholders' equity (consolidated): | As of April 30, 2012: | |
| | As of October 31, 2011: | |
| | | 63,167 million yen |
| | | 62,984 million yen |

2. Dividends

| | FY Ended Oct 31, | | |
|----------------------------|------------------|------|-----------------|
| | 2011 | 2012 | 2012 (Forecast) |
| Dividends per Share | | | |
| Interim (yen) | 0.00 | 0.00 | |
| End of Term (yen) | 32.00 | | 32.00 |
| Annual Dividends (yen) | 32.00 | | 32.00 |

Notes: Revision to dividends forecast from the previous forecast announced: Yes

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2012

| | Millions of Yen | |
|----------------------------------|-----------------------|-------|
| | FY Ended Oct 31, 2012 | |
| Net Sales..... | 446,000 | 17.1% |
| Operating income..... | 12,000 | 27.6% |
| Ordinary Income..... | 14,000 | 27.2% |
| Net Income..... | 8,800 | 6.0% |
| Net Income per Share (yen) | 271.38 | |

Notes: Revision to forecast from the previous forecast announced: No

4. Additional Notes

- (1) Changes of important subsidiaries during the fiscal period (Changes of specific subsidiary due to change in scope of consolidation): None
- (2) Application of simplified accounting treatment and unique accounting treatment in preparing quarterly consolidated financial statements: Yes
- (3) Change in accounting policy, change in accounting estimates and restatement:
- (i) Changes accompanying amendments to accounting standards: None
 - (ii) Changes other than those in (i) above: None
 - (iii) Change in accounting estimates: None
 - (iv) Restatement: None
- (4) Number of shares issued (common shares)
- (i) Number of shares issued at end of fiscal period (including treasury stock):
 - As of Apr 30, 2012 34,261,468 shares
 - As of Oct 31, 2011 34,261,468 shares
 - (ii) Number of treasury stock at end of fiscal period
 - As of Apr 30, 2012 1,834,373 shares
 - As of Oct 31, 2011 1,834,108 shares
 - (iii) Average number of shares during the period
 - As of Apr 30, 2012 32,427,319 shares
 - As of Apr 30, 2011 32,427,529 shares

I. Operating Results and Financial Position

1. Operating Results

Overview of consolidated results for the fiscal period

During the first half of the fiscal year under review, although conditions remained harsh because of the Great East Japan Earthquake, the Japanese economy gradually recovered as evident by various developments including firm consumer spending. Within the travel industry, there was a recovery trend in travel as the number of people traveling overseas increased on account of the stronger yen and travel demand rebounded following the fall-off after the Great East Japan Earthquake hit last year. According to the Japan National Tourist Organization (JNTO), the (estimated) number of Japanese departing Japan from November 2011 through April 2012 is forecast to have risen 13.5% compared to the previous year to around 8,982,000 people, an increase of approximately 1.067 million people. This is a forecast of a dramatic increase compared to last year.

Under these business conditions, in the core travel segment, the Group continued to strive to improve safety, security, service, and quality and implemented various highly-original measures to expand its travel business within Japan and overseas.

· Travel Business

As for initiatives within Japan related to the overseas travel business, the Group renovated its overseas airline ticket website in November 2011 in order to improve airline ticket sales. On account of the renovation, it is now possible to search prices for three days before and after the desired departure date. It is also easier to compare prices on account of various functions, one of which lists the lowest price for each airline company. Furthermore, the Group developed and introduced an application for smartphones including iPhones and Android phones with a voice recognition function, the first such one in Japan. As a result of these types of measures, Internet-based sales of travel products were generally firm.

As for the development of the Group's own travel products and services, it has become easier for people to consider traveling as regulations on cancellation fees for package tours for certain areas and a limited number of passengers and period have been loosened. Since February 2012, the Group has continued to be the exclusive agent for JetAsia Airways charter flights to Bangkok. In addition, the areas that the Ponta point service, a service for accumulating points, is available was expanded to overseas, including Seoul, Honolulu, Guam, and Bangkok.

Turning to corporate and group travel, the Group worked to strengthen sales of Olympic-related products, and these efforts included creating a special pamphlet for tours to see events at the London Olympics, which H.I.S. is the official travel agency of, and announced a total of 32 packages. In addition, the Group worked to raise convenience for corporate customers, and these efforts included efforts to link our corporate-customer system (SFIDA) with the overseas airline ticket website discussed above.

As for efforts related to the domestic travel business, the Group has tied up with All Nippon Airways (ANA) in order to strengthen both domestic travel and travel to Japan. Starting in March 2012, the Group launched sales of affiliated domestic travel products at domestic branches under the Ciao brand. The Group also took new steps to expand the domestic travel business, including launching the Sumayado service, a domestic lodging reservation website, in March 2012.

Turning to activities related to the overseas travel business, the Group strengthened both the H.I.S. VACATION business, Internet-based direct sales of products such as rooms at overseas hotels and optional tours created by overseas branches to both Japanese and overseas travelers from other countries, and the overseas outbound business, sales of travel products that depart locally to non-Japanese customers, mainly those in other Asian countries. In addition, the Group launched an online reservation website for Thai customers in Thailand. Efforts to construct online reservation websites rooted in the local community are also moving forward for various other Asian countries. The Group is also aggressively undertaking sales in the B2B business, handling customers from other travel companies, and steadily expanding the business. As for new branch openings, in April 2012, the Group opened a branch in Nairobi, Kenya - the second branch in Africa following the one in Cairo.

As a result of the various measures discussed above, the travel business (both within Japan and overseas) during the first half of the fiscal year was firm, and sales rose 14.0% year on year to 192,727 million yen. Operating income increased 28.2% year on year to 5,008 million yen for various reasons including sales activities that stress productivity.

· Hotel Business

In the hotel business, efforts to improve customer satisfaction and profitability at hotels the Group operates - two in Australia (the Gold Coast and Brisbane) and the two in Japan (Sapporo and Nagasaki) - resulted in sales increasing 10.9% year on year to 1,345 million yen and the Group recording an operating loss of 33 million yen.

· Theme Park Business

HUIS TEN BOSCH Co. Ltd. which operates the HUIS TEN BOSCH theme park, developed numerous special plans to commemorate the 20-year anniversary of its opening. The company held various events including the Great Tulip Festival with 300,000 tulips in full bloom and the Dragon Quest Exhibition-HUIS TEN BOSCH, the first one in west Japan, and opened Adventure Park, one of the largest sports facility in Japan. These and other new events and facilities were enthusiastically received by visitors, and spending per customer rose because of the greater spending opportunities in the park. Therefore, earnings were firm with sales increasing 28.1% year on year to 7,445 million yen and operating profit increasing 381.3% to 1,198 million yen.

The following are the non-consolidated financial results for HUIS TEN BOSCH for the six months from October 2011 through March 2012.

| | <i>Millions of Yen</i> | | | |
|---|--|---|-------------------|----------------|
| | Previous FY (Oct 1, 2010 – Mar 31, 2011) | Current FY (Oct 1, 2011 – Mar 31, 2012) | Y-Y Change (%) | Y-Y Change |
| Number of Visitors (Foreign Visitors) (Thousand persons) | 871.7 (94.5) | 875.3 (63.1) | 100.4% (66.4%) | 3.6 (-31.4) |
| Net Sales | 5,814 | 7,215 | 124.1% | 1,401 |
| Operating Income..... | 276 | 1,118 | 404.5% | 841 |
| Ordinary Income..... | 681 | 1,623 | 235.2% | 942 |

· Transportation Business

On February 29, 2012, HTB CRUISE Co., Ltd.'s Ocean Rose made its first cruise from Nagasaki to Shanghai. Improvements reflecting requests from various parties are being made, and preparations for the ship to launch full operation in July are underway. While stressing safe operation, HTB CRUISE will expand the entertainment facilities on the ship and strive to capture new demand for travel to Japan among Chinese customers using the ship as a low-cost entertainment ship.

As a result, consolidated net sales increased 14.4% year on year to 201,289 million yen, consolidated operating income rose 47.6% year on year to 5,039 million yen, ordinary income rose 48.2% year on year to 6,438 million yen, and net income fell by 9.5% year on year to 4,138 million yen. During the first half of the previous fiscal year, the Group recorded a gain on sales of investment securities of 3,181 million yen under extraordinary income.

2. Outlook for the Full Year

Although there is growing uncertainty regarding the global economy, demand for overseas travel this summer is projected to continue to increase for various reasons including the introduction of low cost carriers to Japan, new flights from overseas, the sustained strong yen, and global events such as the London Olympics. It is also forecast that both the market for travel to Japan and domestic travel within Japan, which stagnated after the Great East Japan Earthquake, will recover and firm up. On the other hand, it is expected that it will become more important to respond to changes in the market, such as fiercer competition within the industry, including competition with airline companies that are developing more diverse points of contacts with customers and introducing direct sales.

Under these conditions, the Group will strive to improve its safety, security, service, and quality and to carefully respond to the needs of customers, and these efforts will include improving service at branches using the airline ticket search system introduced last year; introducing different language versions of its smartphone application; increasing sales of tours to see events at the London Olympics, which H.I.S. is the official travel

agency of; actively making use of charter flights; and reinforcing the domestic travel business, such as the domestic lodging reservation website Sumayado. Overseas, the Group will create unique products and services and work to promptly implement numerous measures to expand and develop the travel business for flights departing from Japan or overseas.

In the hotel business, the Group will improve profitability and service at its hotels both in Australia and Japan. In April 2012, the Guam Reef Hotel located in Guam was incorporated into the Group. In the future, the Group will work to increase the number of people it introduces to the hotel and develop a new hotel style that satisfies customers.

HUIS TEN BOSCH Co. Ltd., which celebrated the 20-year anniversary of its opening, will exert its originality and creativity and move forward with various projects such as holding special events to commemorate the anniversary. In July 2012, HTB CRUISE Co. Ltd. plans to fully launch cruise service between Nagasaki and Shanghai and work to develop new demand for travel in China.

For the above reasons, our projections for the full fiscal year have not been changed from those announced on May 25, 2012.

3. Matters regarding Summery (Others)

· Calculating Tax Expense

A rational estimate is made of the effective tax rate following application of tax effect accounting to net income before income taxes for the consolidated fiscal year, which includes the current quarter, and then the tax expense is calculated by multiplying the net income before income taxes by the estimated effective tax rate.

II. Consolidated Financial Statements

1. Consolidated Balance Sheets

| | <i>Millions of Yen</i> | |
|---|------------------------|--------------------|
| | As of Apr 30, 2012 | As of Oct 31, 2011 |
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 61,434 | 63,894 |
| Accounts receivable-trade | 11,208 | 8,295 |
| Operating accounts receivable | 4,160 | 4,606 |
| Short-term investment securities | 487 | 1,750 |
| Travel advance payments | 17,722 | 15,536 |
| Prepaid expenses | 1,203 | 1,142 |
| Deferred tax assets | 2,062 | 2,050 |
| Short-term loans receivable | 34 | 32 |
| Short-term loans receivable from subs. and affiliates | 685 | 1,460 |
| Accounts receivable-other | 1,430 | 1,647 |
| Other | 2,538 | 2,424 |
| Allowance for doubtful accounts | (74) | (31) |
| Total current assets | 102,894 | 102,810 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings, net | 6,161 | 6,359 |
| Tools, furniture and fixtures, net | 1,401 | 1,196 |
| Vessels, net | 3,061 | 2,274 |
| Land | 1,959 | 2,019 |
| Other, net | 804 | 532 |
| Total property, plant and equipment | 13,388 | 12,383 |
| Intangible assets | 3,177 | 2,937 |
| Investments and other assets | | |
| Investment securities | 7,025 | 9,849 |
| Stocks of subsidiaries and affiliates | 4,307 | 4,505 |
| Investments in capital of subs. and affiliates | 85 | 85 |
| Long-term loans receivable | 973 | 960 |
| Long-term loans receivable from subs. and affiliates | 608 | 816 |
| Deferred tax assets | 57 | 58 |
| Guarantee deposits | 4,539 | 4,418 |
| Other | 290 | 313 |
| Allowance for doubtful accounts | (155) | (151) |
| Total investments and other assets | 17,732 | 20,855 |
| Total noncurrent assets | 34,297 | 36,176 |
| Deferred assets | 20 | 31 |
| Total assets | 137,211 | 139,018 |

| | <i>Millions of Yen</i> | |
|---|---------------------------|---------------------------|
| | As of Apr 30, 2012 | As of Oct 31, 2011 |
| LIABILITIES | | |
| Current liabilities | | |
| Operating accounts payable | 16,745 | 16,455 |
| Accounts payable-other | 1,505 | 1,839 |
| Accrued expenses | 1,861 | 1,817 |
| Income taxes payable | 1,803 | 3,985 |
| Accrued consumption taxes | 230 | 258 |
| Travel advance received | 35,509 | 34,740 |
| Provision for bonuses | 2,936 | 2,968 |
| Provision for directors' bonuses | 82 | 159 |
| Other | 3,719 | 3,285 |
| Total current liabilities | 64,395 | 65,509 |
| Noncurrent liabilities | | |
| Deferred tax liabilities | 93 | 1,788 |
| Provision for retirement benefits | 3,840 | 3,689 |
| Provision for directors' retirement benefits | 447 | 418 |
| Provision for repairs | 1,512 | 1,471 |
| Other | 553 | 550 |
| Total noncurrent liabilities | 6,447 | 7,918 |
| Total liabilities | 70,842 | 73,428 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 6,882 | 6,882 |
| Capital surplus | 7,782 | 7,782 |
| Retained earnings | 50,579 | 47,658 |
| Treasury stock | (2,523) | (2,522) |
| Total shareholders' equity | 62,720 | 59,801 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 2,340 | 4,364 |
| Deferred gains or losses on hedges | 52 | (6) |
| Foreign currency translation adjustment | (1,946) | (1,175) |
| Total accumulated other comprehensive income | 446 | 3,182 |
| Minority interests | 3,201 | 2,605 |
| Total net assets | 66,369 | 65,589 |
| Total liabilities and net assets | 137,211 | 139,018 |

2. Consolidated Statements of Income

| | <i>Millions of Yen</i> | |
|---|----------------------------|----------------------------|
| | Nov 1, 2011 - Apr 30, 2012 | Nov 1, 2010 - Apr 30, 2011 |
| Net sales | 201,289 | 175,923 |
| Cost of sales | 164,655 | 142,147 |
| Gross profit | 36,633 | 33,775 |
| Selling, general and administrative expenses | 31,594 | 30,360 |
| Operating income | 5,039 | 3,415 |
| Non-operating income | | |
| Interest income | 255 | 186 |
| Foreign exchange gains | 357 | 123 |
| Equity in earnings of affiliates | 334 | 180 |
| Subsidy income | 442 | 449 |
| Other | 122 | 103 |
| Total non-operating income | 1,512 | 1,042 |
| Non-operating expenses | | |
| Provision of allowance for doubtful accounts | 43 | 4 |
| Amortization of business commencement expenses | 34 | 2 |
| Loss on investments in silent partnership | — | 70 |
| Other | 35 | 36 |
| Total non-operating expenses | 113 | 114 |
| Ordinary income | 6,438 | 4,343 |
| Extraordinary income | | |
| Gain on sales of investment securities | — | 3,181 |
| Reversal of allowance for doubtful accounts | — | 8 |
| Gain on negative goodwill | 46 | 39 |
| Compensation income | 65 | — |
| Other | 3 | 45 |
| Total extraordinary income | 115 | 3,274 |
| Extraordinary loss | | |
| Loss on retirement of noncurrent assets | — | 48 |
| Loss on sales of investment securities | 6 | — |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 361 |
| Other | 5 | 96 |
| Total extraordinary losses | 12 | 506 |
| Income before income taxes and minority interests .. | 6,541 | 7,111 |
| Income taxes | 1,748 | 2,223 |
| Income before minority interests | 4,793 | 4,888 |
| Minority interests in income | 654 | 317 |
| Net income | 4,138 | 4,571 |

3. Consolidated Statements of Comprehensive Income

| | <i>Millions of Yen</i> | |
|---|----------------------------|----------------------------|
| | Nov 1, 2011 - Apr 30, 2012 | Nov 1, 2010 - Apr 30, 2011 |
| Income before minority interests..... | 4,793 | 4,888 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities..... | (2,024) | (530) |
| Deferred gains or losses on hedges | 57 | 131 |
| Foreign currency translation adjustment..... | (813) | (30) |
| Share of other comprehensive income of associates accounted for using equity method..... | (2) | 5 |
| Total other comprehensive income | (2,782) | (423) |
| Comprehensive income | 2,010 | 4,464 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of the parent..... | 1,402 | 4,098 |
| Comprehensive income attributable to minority interests .. | 607 | 366 |

4. Consolidated Statements of Cash Flows

| | <i>Millions of Yen</i> | |
|---|----------------------------|----------------------------|
| | Nov 1, 2011 - Apr 30, 2012 | Nov 1, 2010 - Apr 30, 2011 |
| I. Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 6,541 | 7,111 |
| Depreciation and amortization | 1,090 | 862 |
| Amortization of goodwill | 72 | 74 |
| Gain on negative goodwill | (46) | (39) |
| Increase (decrease) in allowance for doubtful accounts | 45 | (3) |
| Increase (decrease) in provision for bonuses | (24) | 829 |
| Increase (decrease) in provision for directors' bonuses | (75) | (32) |
| Increase (decrease) in provision for retirement benefits | 145 | 298 |
| Increase (decrease) in provision for directors' retirement benefits | 30 | (1) |
| Increase (decrease) in provision for repairs | 40 | 57 |
| Interest and dividends income | (255) | (186) |
| Equity in (earnings) losses of affiliates | (334) | (180) |
| Foreign exchange losses (gains) | (235) | (234) |
| Interest expenses | 1 | 14 |
| Loss (gain) on investments in silent partnership | — | 70 |
| Loss (gain) on sales of investment securities | 6 | (3,181) |
| Loss (gain) on sales of property, plant and equipment | — | (0) |
| Loss on retirement of property, plant and equipment | — | 46 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 361 |
| Other loss (gain) | (4) | (1) |
| Decrease (increase) in notes and accounts receivable-trade | (2,545) | 607 |
| Decrease (increase) in travel advance payments | (2,203) | (1,929) |
| Decrease (increase) in other assets | 123 | (207) |
| Increase (decrease) in notes and accounts payable-trade | 351 | (2,026) |
| Increase (decrease) in accrued consumption taxes | (20) | (175) |
| Increase (decrease) in accrued expenses | 49 | 138 |
| Increase (decrease) in travel advances received | 763 | (3,442) |
| Increase (decrease) in other liabilities | (694) | 448 |
| Sub-total | 2,821 | (724) |
| Interest and dividends income received | 255 | 177 |
| Interest expenses paid | (1) | (10) |
| Income taxes (paid) refund | (3,897) | (1,254) |
| Net cash provided by (used in) operating activities | (822) | (1,811) |

| | <i>Millions of Yen</i> | |
|--|----------------------------|----------------------------|
| | Nov 1, 2011 - Apr 30, 2012 | Nov 1, 2010 - Apr 30, 2011 |
| II. Net cash provided by (used in) investing activities | | |
| Payments into time deposits..... | (29,897) | (4,857) |
| Proceeds from withdrawal of time deposits | 18,376 | 3,489 |
| Purchase of short-term investment securities..... | (400) | (250) |
| Proceeds from redemption of securities | 1,750 | 202 |
| Purchase of property, plant and equipment and intangible assets | (1,906) | (1,274) |
| Proceeds from sales of property, plant and equipment and intangible assets | 7 | 0 |
| Purchase of investment securities..... | (1,002) | (227) |
| Purchase of stocks of subsidiaries and affiliates | (89) | (706) |
| Proceeds from sales of investment securities | 3 | 3,601 |
| Proceeds from redemption of investment securities..... | — | 1 |
| Payments of loans receivable..... | (644) | (0) |
| Collection of loans receivable..... | 1,574 | 144 |
| Payments for guarantee deposits..... | (362) | (270) |
| Proceeds from collection of guarantee deposits..... | 288 | 266 |
| Other, net | (36) | (11) |
| Net cash provided by investing activities | (12,337) | 108 |
| III. Net cash provided by (used in) financing activities | | |
| Decrease in short-term loans payable | (7) | — |
| Repayment of long-term loans payable..... | — | (983) |
| Cash dividends paid | (1,037) | (778) |
| Cash dividends paid to minority shareholders | (36) | (20) |
| Purchase of treasury stock | (0) | (0) |
| Proceeds from disposal of treasury stock..... | — | 0 |
| Proceeds from stock issuance to minority shareholders..... | 16 | — |
| Other, net | (21) | (40) |
| Net cash used in financing activities | (1,087) | (1,822) |
| IV. Effect of exchange rate change on cash & cash equivalents..... | (284) | (118) |
| V. Net increase (decrease) in cash & cash equivalents | (14,531) | (3,644) |
| VI. Cash & cash equivalents at beginning of period..... | 44,703 | 46,340 |
| VII. Increase in cash & cash equivalents from newly consolidated subsidiary | 392 | 289 |
| VIII. Increase (decrease) in cash & cash equivalents resulting from change of scope of consolidation..... | — | (166) |
| IX. Cash & cash equivalents at end of period | 30,564 | 42,819 |

5. Notes regarding Going Concern Assumption

Not applicable

6. Note regarding Significant Changes in the Amount of Shareholders' Equity

Not applicable