

A N N U A L
R E P O R T
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Aiming to Become a Company that Creates the Future

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H.I.S. Group started with only two desks and one telephone. While it has shown its growth in its travel business, mainly the outbound travel business from Japan, it has also shown its growth by diversifying into a wide range of businesses such as hotel business, airline business, and theme park business with an aspiration to provide joy and excitement to more customers.

In 2010, Huis Ten Bosch Nagasaki theme park became a member of H.I.S. Group, which not only revived the theme park, but also transformed it into a touristic city destination through various businesses such as electric power business engaged in the R&D of environmental and energy technologies, launch of Henn na Hotel - a promise of continuous changes and services provided by robots, robot business that develops through demonstration experiments in the park, and construction plan of a plant factory with the highest productivity in the world.

While the world's population is constantly increasing, Japanese population is decreasing. Such global changes will accelerate in the future. In order to prepare a prosperous future, H.I.S. Group is committed to becoming a company creating the future that will tackle the unknown and contribute to world peace.



Representative Director and CEO
Hideo Sawada

H.I.S. Group's Business Strategies

Under the new organizational structure, H.I.S. Group is committed to making further contributions to the creative development of humanity and world peace

Toward the 40th anniversary of H.I.S. Group's foundation in 2020, a new organizational structure and execution structure were introduced starting the 37th fiscal year (fiscal year ending October 2017) in order to realize further growth.

The environment surrounding travel business is changing drastically. At the time of H.I.S. Group's foundation, personal computers were not used by general public, not to mention smart phones. But now, everyone has a smartphone, gathers information by making full use of it, plans and enjoys travel. There will be no growth of travel business unless a new business model is created.

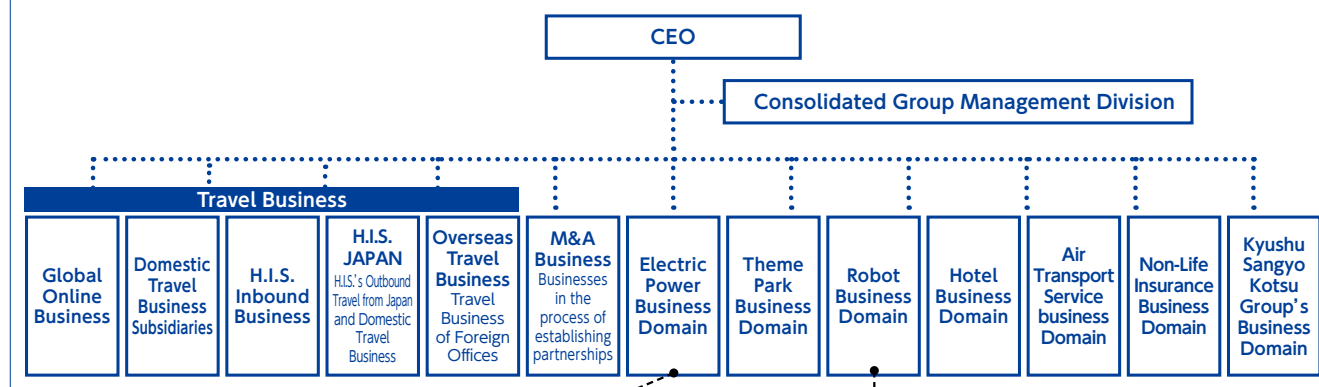
On the other hand, business domains of H.I.S. Group have now been expanded to include diversified industries such as theme park business including Huis Ten Bosch, hotel

business, robot business, electric power business, etc. The number of group companies also increased, and the total number of employees exceeded 14,000.

Under these circumstances, a drastic change in the organizational structure was made in order to realize further growth of H.I.S. Group.

The major pillar of the new organization is the establishment of a business line corresponding to the expansion of business domains. The independence of each business domain is increased with greater authority and responsibility. The growth of each business will be accelerated by fast and daring decision making. Under the new management execution structure, each employee of H.I.S. Group will aim to grow businesses with the spirit of challenge unique to H.I.S. Group.

H.I.S. Group's Management Structure



New Business Domains

Electric Power Business Domain



On the liberalization of electric power industry, HTB Energy Co., Ltd. started electric power sales business to realize inexpensive and stable electric power supply. On the other hand, H.I.S. SUPER Electric Power Co., Ltd. aims to contribute to qualitative improvement of customers' daily lives through electric power generation business.

Robot Business Domain



hapi-robo st Co.,Ltd. was established as a robot business company to create a future that makes people happier, which, as a general robotics provider that creates new innovation by optimal combination of state-of-the-art technology, infrastructure, and services, will realize a society where people and robots co-exist in a prosperous fashion.

Synergy Effects within H.I.S. Group Vertically Integrated Services

H.I.S. Group provides "vertically integrated" services covering the entire travel, such as flights, hotels, and theme parks. By sharing customer information within H.I.S. Group, it is possible to provide higher quality services, and customers can benefit from efficient schedules, reasonable prices, and seamless services.



Group Companies / Affiliated Companies

Orion Tour Planning and selling a wide range of travel products including sports tours as well as operating route buses connecting cities in Japan through its subsidiary	Cruise Planet A pioneer of cruise travel agencies, which as a specialty agency, provides abundant cruises trips from casual to luxurious	Oushu Express Limited Booking and selling railroad tickets in Europe, U.S., Canada, Taiwan, etc. as well as land operation business under "Sky Hub" brand	QUALITA Offering high-quality travels with one-rank higher hospitality such as business and first class travels and music appreciation trips
JAPAN HOLIDAY TRAVEL Top class in Japan in handling inbound tourists from China, supporting a wide range of trips to Japan	TOUR WAVE CO., LTD. Planning and conducting original packaged tours departing from / arriving at major airports all over Japan. Producing "local oriented" outbound travel	HS Non-Life Insurance A non-life insurance company dealing mainly with overseas and domestic travel insurance. HS Support Center responds promptly to various customer's troubles overseas in Japanese 24/7	LY-HIS TRAVEL Providing tourism materials owned by H.I.S. Group in Japan and in various countries around the world to Mainland Chinese market. Providing speedy services such as opening of 24 hour support center as well as delivering Chinese travel materials to customers in Japan and worldwide.
INTERPARKTOUR JAPAN Providing resources mutually in Japan, South Korea, and other countries and promoting global expansion in order to improve services to South Korean tourists' visit to Japan and to other foreign countries	GROUP MIKI A land operator expanding to the world with Europe as the core. Pioneering new trips with a broad perspective and supporting travelers	Kyushu Sanko Group A leading bus company in Kumamoto, Kyushu. Conducting businesses that are closely tied to local communities, such as public transportation, sightseeing, restaurants, shops, and commercial facility management	Activity Japan Enjoy Japan all over the country! Providing about 9,000 rich contents full of "Activities" to understand how to enjoy respective area!

Issues to be Addressed

The competitive environment surrounding H.I.S. Group is likely to further intensify, such as domestic and international travel agencies, suppliers that are turning to direct sales, rise of online travel agencies, and expansion of new travel-related services. Under such circumstances, main issues to be addressed by H.I.S. Group are as follows.

● Pursuing Customer Satisfaction and Providing Safe and Secure Products

It is imperative to provide comfortable, safe and secure services to become a global company that is trusted around the world and is supported by customers. H.I.S. Group will continue to strive to provide safe, secure, and high quality products, services, and information by capitalizing on its world network and infrastructure, creating new experiential value and offering satisfying services. Also, by improving the service level both in Japan and overseas, H.I.S. Group will make its best efforts to be enjoyed and supported by customers around the world.

● Seeking Efficiency and Rationalization

Along with rapid changes in the market environment, it is necessary to respond quickly to the evolution of the future business model. H.I.S. Group will always strive to seek efficiency and rationalization, such as pursuit of expertise and entry into growth markets.

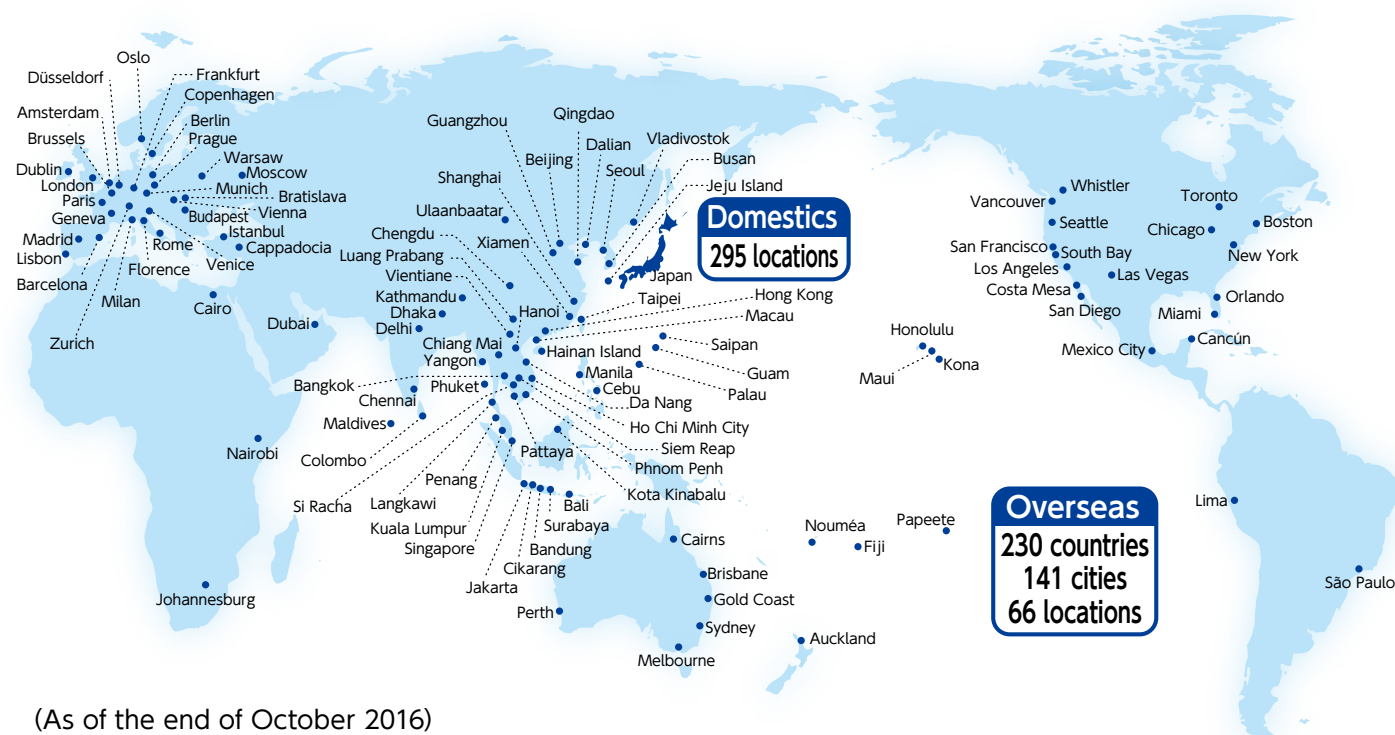
● Human Resources Development

Further changes and expansion are expected to take place in H.I.S. Group's business domains, including global online businesses, whose development is expected to accelerate, and competition with new business domains through emergence of various new services. H.I.S. Group strongly believes that it is imperative to develop and secure future human resources in order to advance into new business areas in the future and for sustainable development as a company, and will proactively promote human resources development.

H.I.S. Group's Global Network

The number of H.I.S. Group's business offices has expanded to 295 in Japan and 230 overseas in 66 countries. The number of countries where offices are held is the largest in the world as a travel agency. With these offices as a foothold, travel business in these countries will be

developed. In addition, each overseas office will not only engage in the travel business, but will also develop as a local base to meet various needs of global companies and groups.



>> Message from CFO

“Accounting is the compass of management” and “Finance is the foundation of management” as two pillars

Director, Finance and Accounting
Division Head of Accounting

Shigeru Nakatani



In the fiscal year ended October 2016, Travel Business Segment, the pillar segment of H.I.S. Group, was significantly affected by terrorism, accidents, political changes and natural disasters. In addition, Japanese Yen appreciated sharply in the financial market, which had a large impact on the evaluation of H.I.S. Group's foreign-currency-denominated assets.

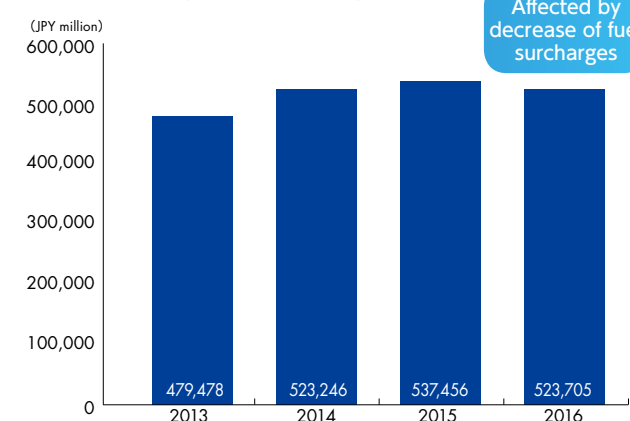
Looking back on the past year, it was reconfirmed that establishing a strong management structure that is not affected by fluctuations in the external environment and ensuring firm profitability are the current important issues. To that end, what need to be focused on are reducing costs and improving productivity through efficiency and rationalization of operations. In the current fiscal year (fiscal year ending October 2017), cost reduction campaigns throughout the company are promoted while concentration and selection are practiced through review of all businesses.

Through these measures to improve earnings, H.I.S. Group will increase free cash flow, while high quality funding will be conducted depending on the financial environment, so that funds for M&A and CAPEX for new facilities, which are the source of growth, are secured.

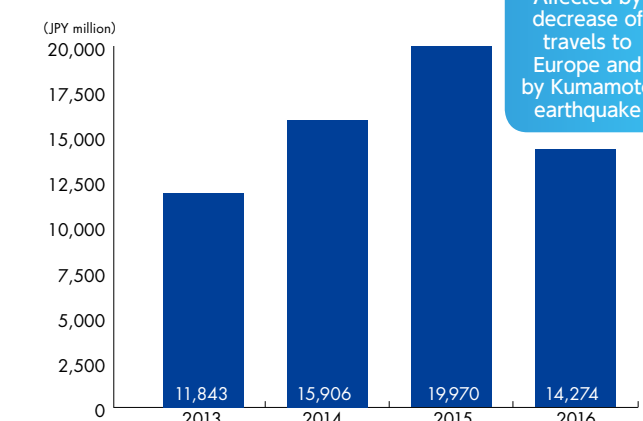
On the other hand, in view of worldwide operation as a global company, an integrated management companies have been established in the U.S., Malaysia, China, Netherlands, and UAE, and the structure that is the core of commercial, information and money flows has been established. Going forward, H.I.S. will actively utilize these integrated management companies in retaining and managing reinvestment funds and increase presence as pillars of global development.

H.I.S. Group will continue to strengthen its comprehensive management abilities with the basic policy of the accounting division “Accounting is the compass of management” and “Finance is the foundation of management”.

■ Net Sales (Consolidated)



■ Operating Income (Consolidated)



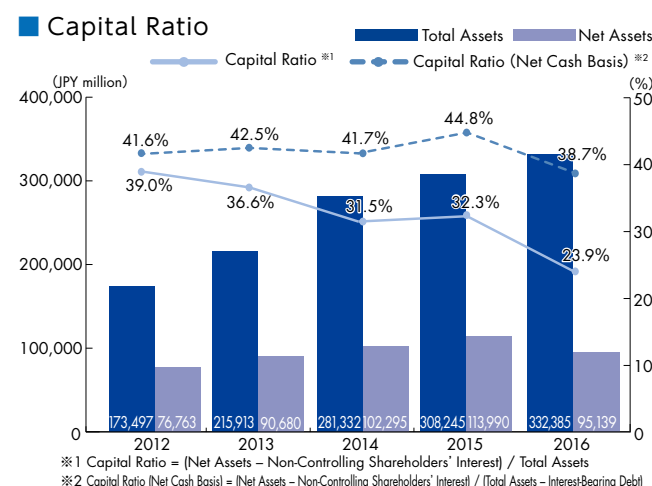
Financial Results and Analysis

Consolidated Capital Ratio Remained Stable at around 40%

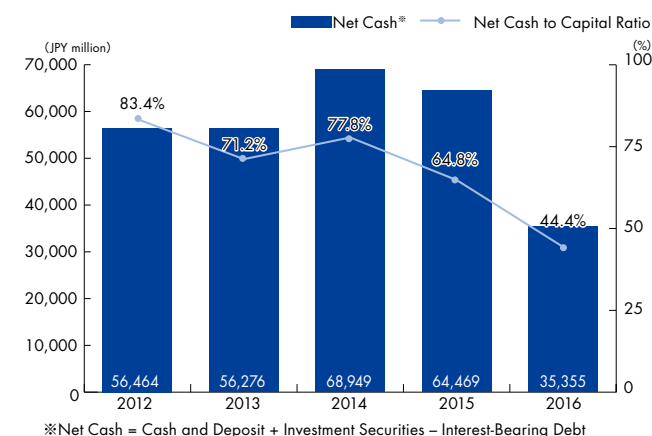
As of October 31, 2016, H.I.S. Group recorded JPY86.5 billion of bank borrowings, JPY20 billion of straight bonds, and JPY20.1 billion of convertible bonds on its consolidated balance sheet. On the other hand, H.I.S. Group had JPY159 billion of cash and deposits, which exceeded JPY126.6 billion of interest-bearing debts. H.I.S. Group pays attention to financial indicators, especially the capital ratio on a net cash basis that offsets cash, deposits and interest-bearing debts.

On a net cash basis, consolidated capital ratio was 38.7% partly as a result of share buy-back as one of the measures to reward shareholders, but it exceeded 38.4%, average of TSE listed companies* and remained stable at around 40%. H.I.S. Group believes this level of financial indicators need to be maintained even if demands for funds such as large M&A deals increase in the future.

(*) Based on financial information of TSE listed companies for the fiscal year ended March 2016



Net Cash and Capital Ratio (Consolidated)



Cash Flow Situation

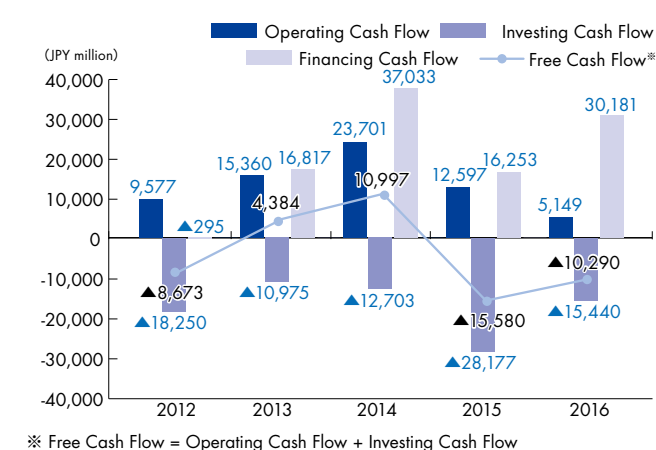
The amount of cash and cash equivalents at the end of the fiscal year ended October 2016 was JPY129,842 million, an increase of JPY16,511 million as compared to the end of the previous fiscal year. Cash flows generated from operating activities were JPY5,149 million, cash flows used in investing activities were JPY15,440 million, and cash flows generated from financing activities were JPY30,181 million.

Dividend policy

① Basic Policy of Profit Distribution

H.I.S. Group recognizes return of profits to shareholders as one of the important management policies. While seeking to improve the corporate value of H.I.S. Group, it will carry out stable and continuous distribution of profits in according with actual results, taking global situation, trend of travel industry, strengthening of corporate constitution, and future business developments into consideration. H.I.S. Group has an interim dividend system, but the ratio of sales and earnings tend to be relatively larger in the second half of each fiscal year, therefore, only year-end dividend is currently paid in order to realize fair dividend against financial performance. Dividend for the fiscal year ending October 2017 is expected to be JPY26.00 per share of ordinary dividend.

Cash Flow (Consolidated)

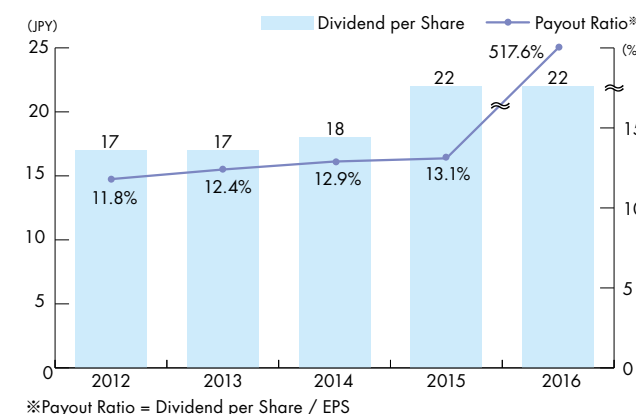


② Use of Retained Earnings

In addition to rapid environmental changes within travel industry in Japan and overseas, preparations for competition/reorganization, development of office network, and active investments in information technology, there is an increasing need in recent years to deal with other unexpected external factors, such as terrorism, political instability and natural disasters. Under these circumstances, H.I.S. Group strongly believes that it is essential to establish a stable financial base that can quickly respond, and intends to stabilize its management base by making the amount of internal reserves relatively large.

The global travel market is rapidly expanding. H.I.S. Group will continue to strive to improve its value as a company that challenges globally together with shareholders and investors. Your continued support and encouragement is greatly appreciated.

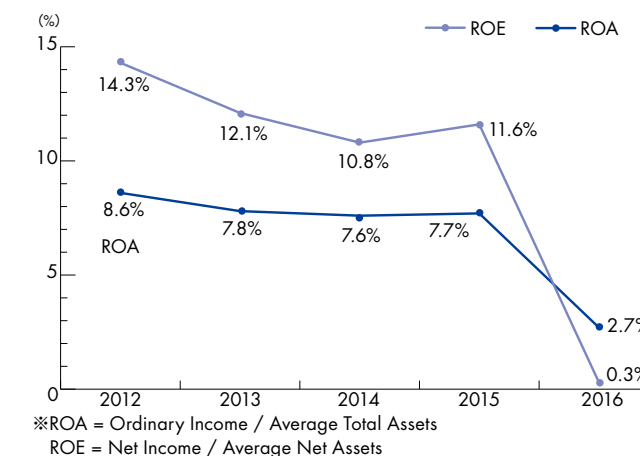
Dividend and Payout Ratio



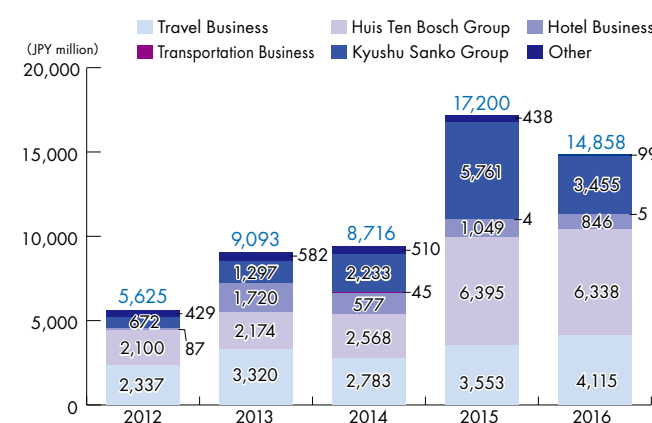
Business and Other Risks

Events that may affect H.I.S. Group's operating results, financial position, and stock price include region of business development (High portion of travel business in Japan), changes in fuel special additional fare (fuel surcharge), trends of travelers to Asia, trends of tourists visiting Japan, competition with competitors, decrease in commission of officially disclosed fares by airlines, fluctuations in value of investment securities and other assets, fluctuation in foreign exchange rates, occurrence and spread of infectious diseases, flight status of aircrafts, safety of foods, influence of weather, system failure, handling of personal information, compliance with each country's regulations, global situation, natural disasters and others. H.I.S. Group recognizes the possibility of occurrence of these risks and will make its best efforts to avoid occurrence and to respond when they occur.

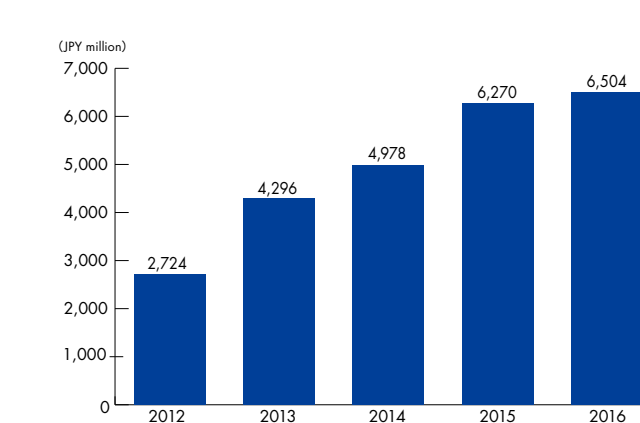
ROE and ROE* (Consolidated)



Capital Expenditure (Consolidated)



Depreciation (Consolidated)



Review by Business Segment

Travel Business



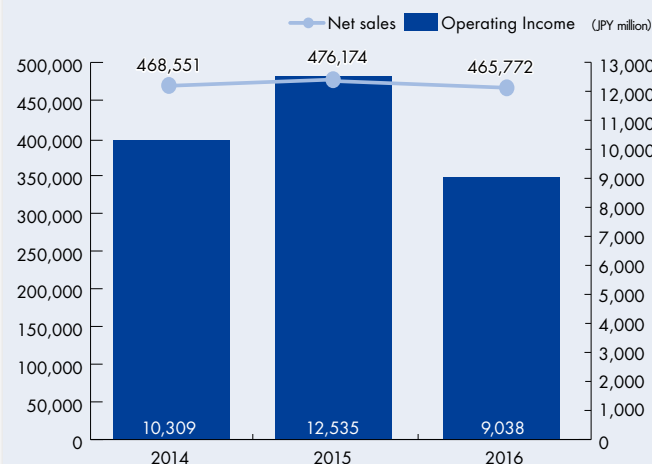
© Hiroaki Watanabe

H.I.S. Group considers “safety” and “relief” of customers the first priority, and is working to provide information and services that capitalize on domestic and overseas networks as well as to further improve the quality.

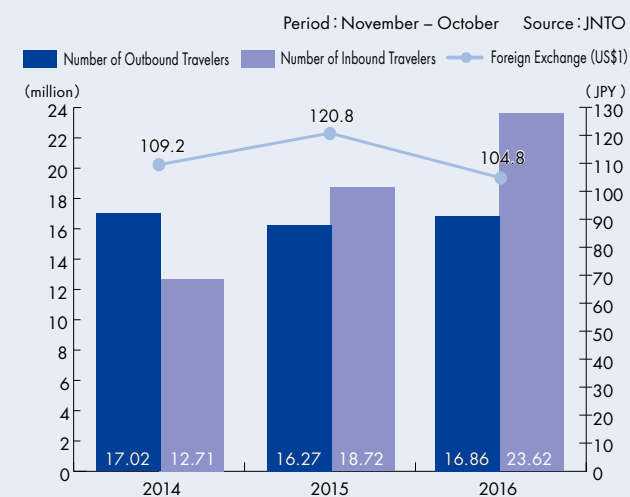
In the travel industry in 2016, influence of terrorism in Europe on outbound travel from Japan remained strong, but due to changes in the market environment, such as appreciation of Japanese Yen and disappearance of fuel surcharge, the number of Japanese outbound travelers increased as compared to the previous year. Domestic travel in Japan was weak, due to the impact of Kumamoto earthquake

as well as successive typhoon and bad weather conditions. On the other hand, inbound travel continued to be strong, as the number of travelers to Japan exceeded 20 million for the first time. Under these circumstances, consolidated net sales of H.I.S. Group's Travel Business were JPY465,772 million (97.8% of the previous fiscal year) due to reduction of fuel surcharges and reduction of travelers to Europe due to frequent terrorist attacks in various countries. Consolidated operating income was JPY9,038 million (72.1% of the previous fiscal year) due to slowing down of travel to Europe and of domestic travel due to Kumamoto earthquake.

Net sales and Operating Income



Outbound and Inbound Travelers



Travel Business in Japan (H.I.S. JAPAN)

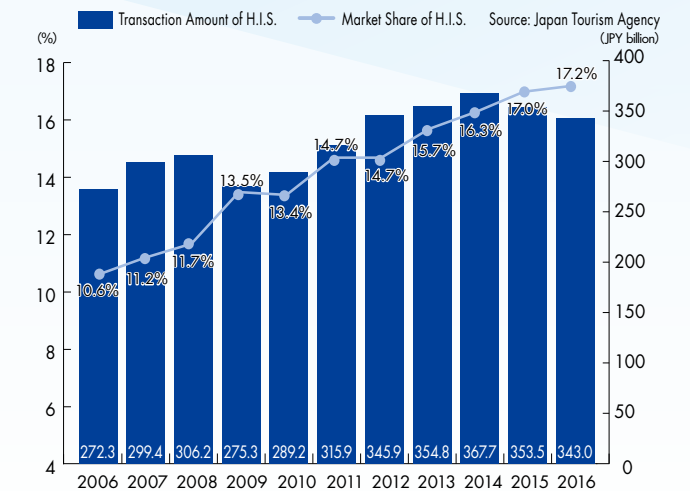
Outbound Travel from Japan

In order to revive the tourism demand for Europe that had been significantly reduced since terrorist attacks, a “Support France” campaign with active product development was carried out in cooperation with French Tourism Development Agency and airline companies to arouse demand. Regarding sales office developments, H.I.S. Group continued to make efforts to provide value beyond “a buying place”, further strengthened the ability to provide highly specialized products and services, aggressively launched latest technologies such as virtual reality (VR), and focused on creation of travel demand.

In addition, global online business was strengthened in response to factors such as suppliers that are promoting direct sales, rise of online travel agencies, and expansion of new travel related services. Unified management of fares and vacancies of worldwide airline ticket sales will be available, while cross-trading of hotel room sales on a global level between overseas branches will be accelerated. In this way, global expansion will be accelerated with strategic M&A in view.

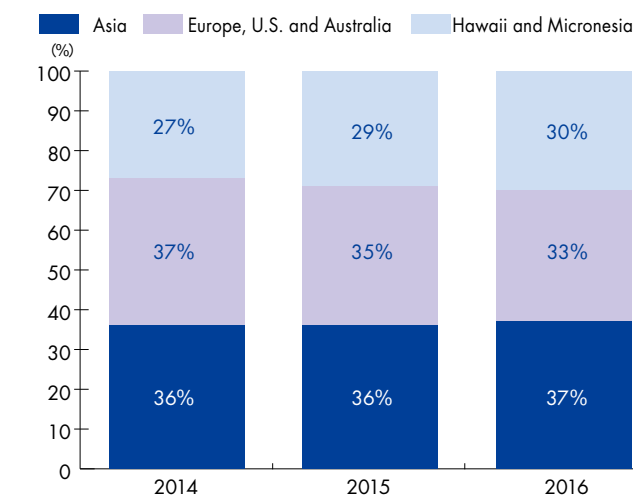
At sales offices, H.I.S. Group will continue to differentiate its services from those of “online only” agencies by expanding its specialty categories and responding to customers with abundant travel experiences. On the other hand, online business, which had been dispersed in each department within H.I.S. Group, was integrated and strengthened, working to improve user interfaces, etc. H.I.S. Group will proceed with business development by taking advantage of its strength of having both online and actual sales offices.

Market Share of Major Travel Agencies for Outbound Travel from Japan (Transaction Amount)

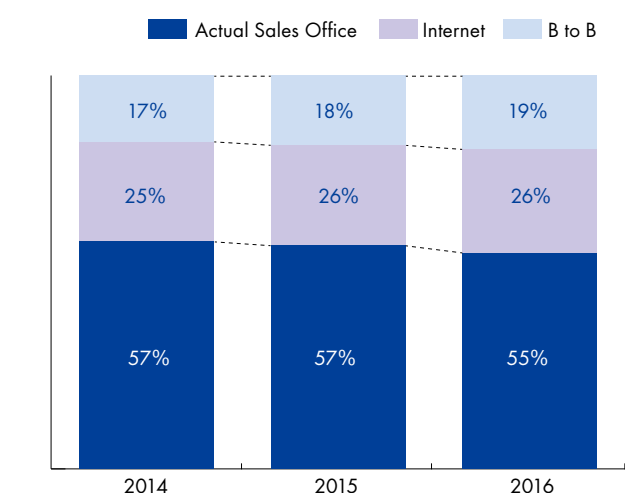


“H.I.S. Hawaii Shinjuku Sanchome Branch”, a satellite office certified by Hawaii Tourism Authority

Sales Breakdown by Destination



Sales Breakdown by Sales Channel



Domestic Travel in Japan

As a measure to support recovery from Kumamoto earthquake that occurred in April 2016, H.I.S. Group opened "Kyushu Specialty" sales offices in Tokyo, Nagoya, Osaka, and Fukuoka and promoted tours to Kyushu and merchandising. In Okinawa, which is its focus area, "OKINAWA Beach Park", a beach park exclusively for H.I.S. in the summer of 2016. Attractions that competitors do not have were introduced such as the prefecture's first 50 meter water long slider. Also, in order to strengthen experience-oriented plans which are gaining popularity, H.I.S. Group acquired Activity Japan Co., Ltd., the largest activity reservation website operating company in Japan, and enhanced product lineup.



Reservation Website "Activity Japan"

Inbound Travel to Japan

Regarding inbound travel to Japan, response to individual travel was promoted such as strengthening day tours and parts sales, and renewal of website as the number of FIT type individual package tour increased due to changes in consumer behavior. In addition, in cooperation with local governments, H.I.S. Group has steadily expanded consulting-type services that take advantage of its strengths, including tours from Thailand to Hokkaido and MICE trips from Taiwan to Okinawa. As a result, the number of travelers handled by H.I.S. Group in each country has been increasing.

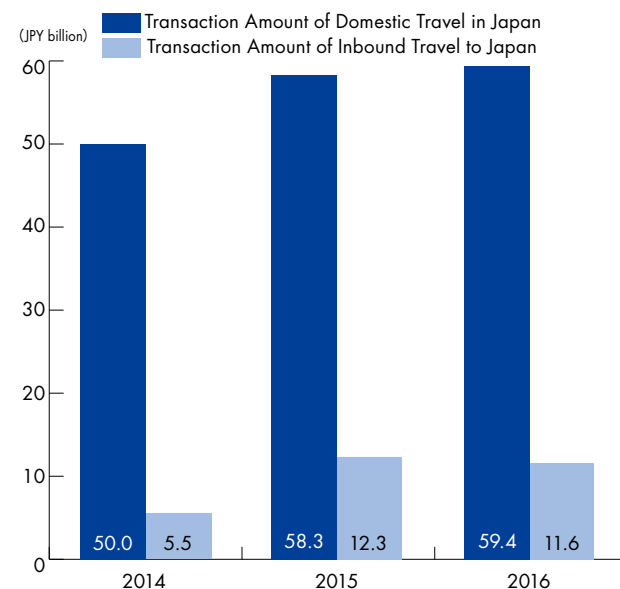


Optional Tour Website for Inbound Travel

Popular Optional Tour "Ramen Noodle Draining Tour"



Transaction Amount of Travel Business in Japan



Popular Destination Hokkaido

Outbound Travel from Abroad

H.I.S. Group's overseas subsidiaries continue to introduce and reinforce management resources to capture travel demands in Asia where the number of outbound travelers is rapidly increasing due to economic development. Especially in Southeast Asia including Thailand, Indonesia, and Vietnam, these subsidiaries continue to strengthen measures to increase handling of local customers, such as construction of branch network by its own brand, various marketing measures such as exhibiting at travel expo



LeaLea Trolleybus in Hawaii, No.1 in terms of number of bus stops



Thailand SUKJAI TRAVEL LOUNGE

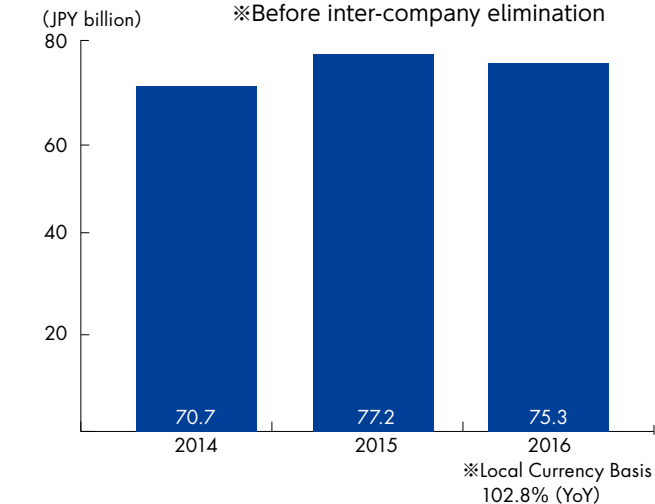


Indonesia "Cool Japan Travel Fair 2016"

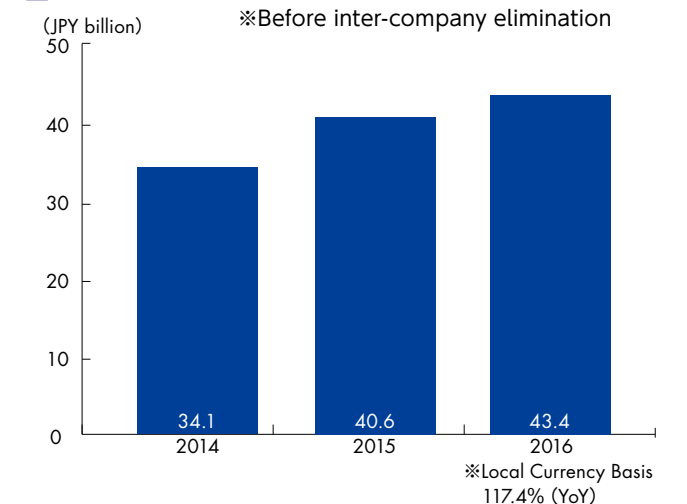


TV Commercial in Singapore in cooperation with Okinawa prefecture

Sales of Inbound Travel at Overseas Subsidiaries



Sales of Outbound Travel at Overseas Subsidiaries



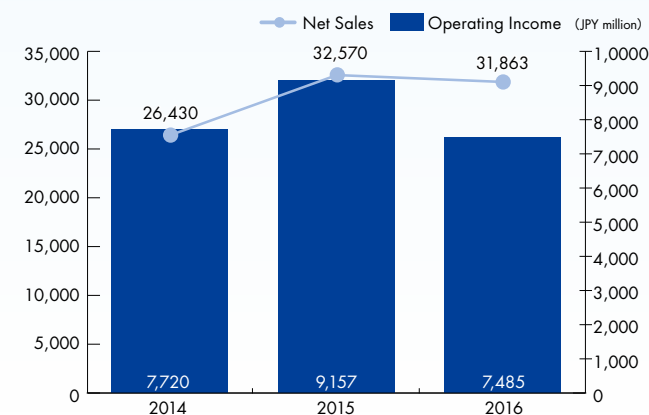
► Huis Ten Bosch Group

H.I.S. Group operates two theme parks, Huis Ten Bosch (Sasebo City, Nagasaki Prefecture) and Laguna Ten Bosch (Gamagori City, Aichi Prefecture) as one of the vertically integrated businesses. Especially, Huis Ten Bosch continues various challenges aiming at nurturing a tourism business city.

In the fiscal year ended October 2016, its subsidiary HTB Energy Co., Ltd. started electric power retail business as a new business domain.

In the fiscal year ended October 2016, Huis Ten Bosch Group generated JPY31,863 million of net sales (97.8% of the previous fiscal year) and JPY7,485 million of operating income (81.7% of the previous fiscal year).

■ Net Sales and Operating Income



Huis Ten Bosch "Kingdom of Lights"



"Robot Restaurant" Opened in 2016

Realizing a Tourism Business City

Huis Ten Bosch is promoting projects that look into the future, such as development of service robots and plant factories. In the energy business which has already been launched, it entered the fully-liberalized electric power retail business in April 2016 to provide stable and inexpensive electric power by capitalizing on H.I.S. Group's sales office network. Huis Ten Bosch will continue to challenge to realize a "tourism business city" which will develop new technologies in the global market.



Plant Factory

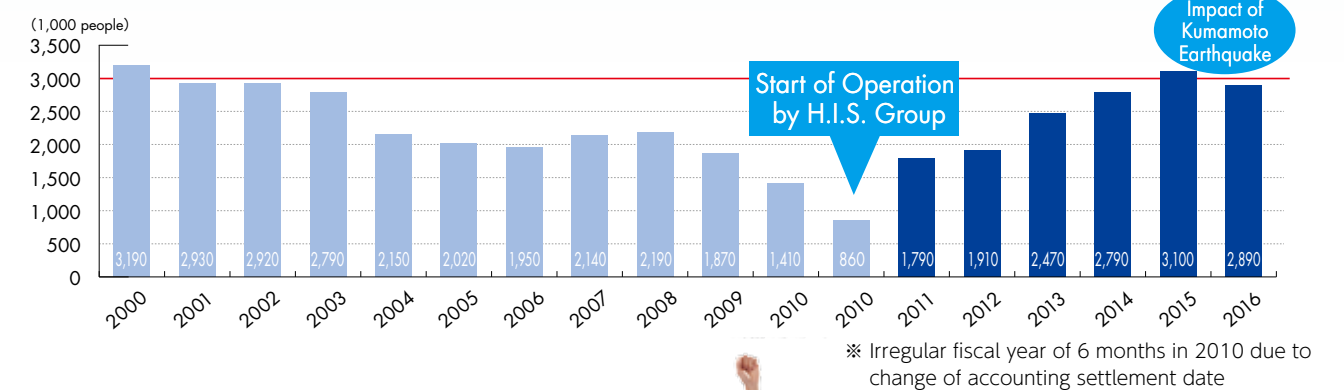
Huis Ten Bosch



In July 2016, Huis Ten Bosch introduced "Kingdom of Robots", the first robotic complex in Japan, where state-of-the-art robots are displayed and experienced. The second phase of "Henn na Hotel" opened in March 2016, which was recognized by the Guinness world record as the first hotel where robots worked as staff. Henn na Hotel will continue to expand as a constantly evolving hotel, including Maihama (Urayasu City), Laguna Ten Bosch, and overseas. "Kingdom of Water" held during the summer vacation was very well accepted, including the first appearance of Japan's largest water park and glittering night pool. Also, "Kingdom of

Lights" with 13 million illuminations, the world's largest, made efforts to improve experience value focused on events by increasing the scale. However, the number of visitors was 2,894,000 (93.1% of the previous fiscal year), due to impacts of reactionary fall of large-scale groups that had been occurring in the previous fiscal year, bad weather such as heavy snow and typhoons, and Kumamoto earthquake in April. On a different note, "Osaka Castle Water Park", which was held for the first time as a special project, was very well accepted and attracted 150,000 visitors.

■ Number of Visitors to Huis Ten Bosch



"Kingdom of Flowers" in Huis Ten Bosch, full of seasonal flowers

Communication robot works in a room of Henn na Hotel

Laguna Ten Bosch



Laguna Ten Bosch continued to attract customers, including new customers by introducing "Art Theatre" where Huis Ten Bosch Theatrical Troupe performs every day, and "Flower Lagoon" where various flowers can be enjoyed throughout all seasons.



Laguna Ten Bosch "Winter Laguna"

► Hotel Business



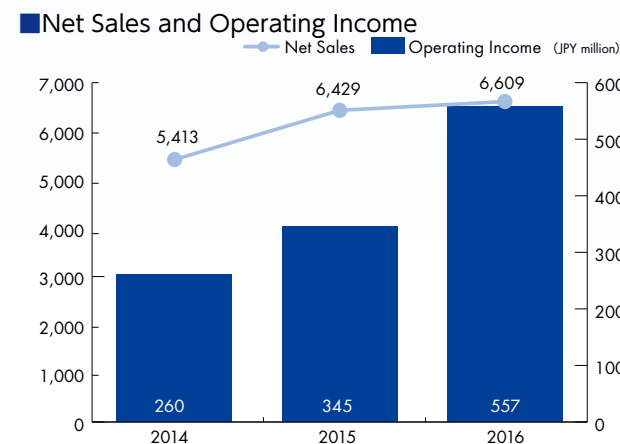
Dinosaur robot greets customers at the front desk



Oval shaped communication robot in the guest room

Henn na Hotel
Maihama Tokyo Bay
Opened in
March 2017!

H.I.S. Group actively develops hotel business in order to further enhance travel services. Hotel Business in the fiscal year ended October 2016 saw average room rate increase due to favorable group reservations, including inbound tourists, at Watermark Hotel Sapporo as well as increase in the share of South Korean and Taiwanese market at Guam Reef & Olive Spa Resort (Guam). As a result of efforts to improve profitability in each of the other hotels as well, net sales were JPY6,609 million (102.8% of the previous fiscal year) and operating income was JPY556 million (161.1% of the previous fiscal year), both of which were record high.



Business Strategies in the fiscal year ending October 2017 (37th term)

Over the next five years, H.I.S. Group aims to develop 100 hotels, using the following three methods;

- (1) Own construction / operation
- (2) Management contract
(including lease and FC contracts)
- (3) M&A



Focus Areas	
Japan	Tokyo, Osaka, Kyoto, etc
Overseas	China, Taiwan, Southeast Asia, Oceania, etc

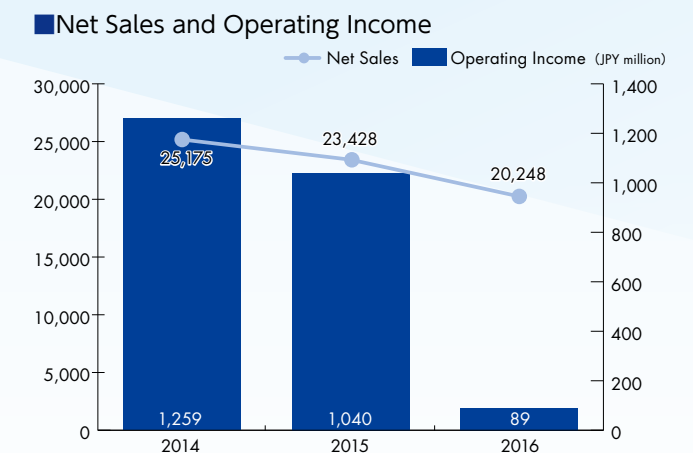
List of H.I.S. Group's Hotels

Hotel Name	Location	Start of Operation	Number of Guest Rooms
Watermark Hotel Gold Coast	Australia	1996	388
Watermark Hotel Brisbane	Australia	2005	95
Watermark Hotel Sapporo	Japan	2008	153
Watermark Hotel Nagasaki	Japan	2011	228
Guam Leaf & Olive Spa Resort	Guam	1974 (Renewal in 2013)	420
Watermark Hotel & Spa, Bali, Jimbaran	Indonesia	2015	143
Henn na Hotel Maihama, Tokyo Bay	Japan	2017	100

※Huis Ten Bosch's original hotel, The Three Hotels "Hotel Europe", "Hotel Amsterdam", and "Forest Villa", and Henn na Hotel, constantly evolving hotel, are included in Huis Ten Bosch Group.

► Kyushu Sanko Group 九州産交グループ

Kyushu Sanko Group consists of nine group companies based on bus operation business, which is the second largest in Kyushu. In the fiscal year ended October 2016, net sales were JPY20,248 million (86.4% of the previous fiscal year) and operating income was JPY89 million (8.6% of the previous fiscal year), as negatively affected by some changes and suspensions in the operation of route and high-speed buses due to Kumamoto earthquake, suspensions of traffic center business and hotel business due to the full start of Sakuramachi redevelopment project, and other factors.



Sakuramachi Redevelopment Project

This district, which is responsible for one of the cores of "2 core 3 malls (Note)" in the central urban area, is working on redesigning the town as a grand plan for the long-term future of a design concept "The Great Hall of the Town" that is connected to Kumamoto Castle. Sakuramachi/Hanabata district is very important as a space connecting Kumamoto Castle, which is the symbol of Kumamoto City, and the central urban area. It is recognized as a key district in promoting the redesign of the central urban area and is positioned as "Face of Kumamoto" suitable for a base city in central Kyushu. As the competition among cities through redesigning becomes increasingly fierce, this project contributes to appealing Kumamoto's uniqueness and attractiveness which makes it easier for Kumamoto to be a chosen city, as well as revitalizing and enhancing the base of Kumamoto City, a cabinet designated city.

(Note) "2 core 3 malls" means two core commercial areas (Toricho-Suji and Sakura-Machi) and three arcades (Kami-Tori, Shimo-Tori, and Shin-Shigai)

Grand Design Plan for "City Development for Sakuramachi/Hanabata and Surrounding Districts" (Source: Website of Kumamoto City)

Development Concept

Formation of Kumamoto/New Castle Town to encounter "Wonder and Excitement",

Complex base for tours and interactions that represents Kyushu constantly meeting something new when coming here



Summary of the Project

Site area: approximately 30,266 m²

Total floor space: approximately 160,330 m² (15 floors above ground and 1 floor under ground)

Major facilities: Commercial facilities, Bus terminal (26 berths), MICE facility (owned by Kumamoto-City), Hotel (about 200 rooms), Residence (about 150 houses), Parking lot (about 840 units), Office, etc.

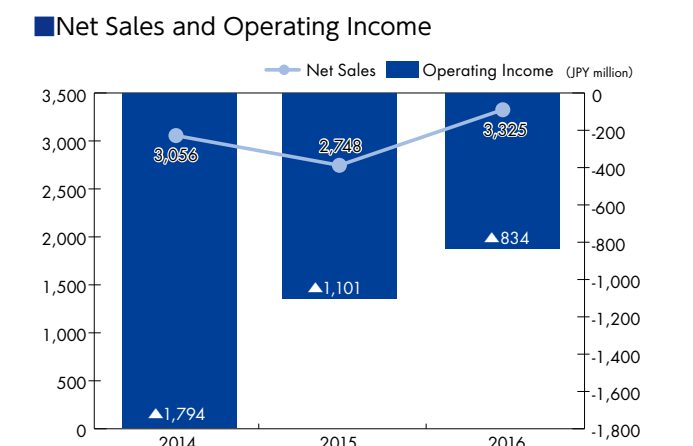
Design: JV of Nikken Sekkei and Taikou Architecture Office
Construction: JV of Taisei, Yoshinaga, Iwanaga, Mitsuno, and Shinki construction

► Transportation Business Asia Atlantic Airlines

H.I.S. Group manages Asia Atlantic Airlines, an international flight airline company, in preparation for expansion of global aviation demand.



During the fiscal year ended October 2016 (36th term), net sales were JPY3,325 million (121.0% of the previous fiscal year), and operating loss was JPY834 million (JPY1,101 million operating loss in the previous fiscal year) as a result of responding to demands, such as starting scheduled flights (4 flights per week) from Bangkok and Phuket (Thailand) to Shenyang (China), as well as offering Bangkok (Thailand) - Chitose (Hokkaido) line to Thai customers who have high demands for Japan.



Consolidated Financial Statements

① Consolidated Balance Sheet

	JPY million		US\$1,000	
	Oct 2016	Oct 2015	Oct 2016	Oct 2015
Assets				
Current Assets				
Cash and deposits	159,011	136,316	1,514,395	1,298,251
Accounts receivable - trade	24,063	18,430	229,176	175,528
Operating accounts receivable	8,084	8,279	76,995	78,853
Securities	2,998	14,322	28,559	136,400
Travel advance payments	24,387	22,010	232,263	209,623
Prepaid expenses	2,583	2,474	24,606	23,562
Deferred tax assets	2,628	2,619	25,032	24,948
Short-term loans receivable	65	109	623	1,043
Short-term loans receivable from subsidiaries and associates	78	71	745	682
Accounts receivable - other	3,001	2,780	28,587	26,482
Other	6,705	5,686	63,863	54,158
Allowance for doubtful accounts	△77	△122	△740	△1,162
Total current assets	233,531	212,979	2,224,107	2,028,373
Non-current assets				
Property, plant and equipment				
Buildings	27,324	26,681	260,229	254,105
Accumulated depreciation	△12,974	△13,213	△123,567	△125,845
Buildings, net	14,349	13,467	136,661	128,260
Tools, furniture and fixtures	12,222	13,054	116,405	124,324
Accumulated depreciation	△7,861	△8,563	△74,875	△81,555
Tools, furniture and fixtures, net	4,360	4,490	41,529	42,769
Vessels	2,127	5,469	20,264	52,089
Accumulated depreciation	△1,155	△1,139	△11,008	△10,853
Vessels, net	971	4,329	9,255	41,235
Land	23,441	23,032	223,248	219,355
Leased assets	5,067	4,809	48,257	45,801
Accumulated depreciation	△2,262	△2,008	△21,549	△19,133
Leased assets, net	2,804	2,800	26,708	26,668
Other	24,854	20,737	236,710	197,502
Accumulated depreciation	△8,490	△8,096	△80,865	△77,110
Other, net	16,363	12,641	155,844	120,392
Total property, plant and equipment	62,291	60,761	593,248	578,681
Intangible assets	5,556	5,003	52,920	47,648
Investments and other assets				
Investment securities	1,704	1,864	16,237	17,755
Shares of subsidiaries and associates	6,681	6,844	63,630	65,189
Investments in capital of subsidiaries and associates	74	55	713	530
Long-term loans receivable	6,557	7,661	62,451	72,969
Long-term loans receivable from subsidiaries and associates	85	85	813	816
Net defined benefit asset	318	355	3,028	3,386
Deferred tax assets	3,355	3,110	31,955	29,628
Guarantee deposits	6,758	6,501	64,369	61,914
Other	5,492	2,987	52,312	28,453
Allowance for doubtful accounts	△206	△207	△1,967	△1,974
Total investments and other assets	30,822	29,260	293,545	278,670
Total non-current assets	98,670	95,025	939,715	905,000
Deferred assets	183	241	1,749	2,295
Total assets	332,385	308,245	3,165,572	2,935,670

	JPY million		US\$1,000	
	Oct 2016	Oct 2015	Oct 2016	Oct 2015
Liabilities				
Current liabilities				
Operating accounts payable	18,744	21,368	178,522	203,507
Short-term loans payable	8,915	6,860	84,904	65,333
Current portion of long-term loans payable	583	21,515	5,555	204,907
Accounts payable - other	2,487	3,512	23,691	33,449
Accrued expenses	3,004	2,907	28,609	27,693
Income taxes payable	829	3,369	7,901	32,093
Accrued consumption taxes	595	1,034	5,675	9,854
Travel advance received	53,293	50,711	507,554	482,965
Lease obligations	925	834	8,813	7,945
Provision for bonuses	2,951	3,387	28,105	32,260
Provision for directors' bonuses	106	161	1,009	1,537
Other	10,368	7,330	98,751	69,816
Total current liabilities	102,805	122,993	979,095	1,171,365
Non-current liabilities				
Bonds payable	20,000	20,000	190,476	190,476
Convertible bond-type bonds with subscription rights to shares	20,113	20,153	191,555	191,936
Long-term loans payable	77,042	14,319	733,742	136,376
Deferred tax liabilities	4,754	4,868	45,283	46,368
Net defined benefit liability	6,886	6,009	65,589	57,232
Provision for directors' retirement benefits	788	747	7,506	7,114
Provision for repairs	761	1,023	7,256	9,742
Lease obligations	2,283	2,486	21,751	23,681
Other	1,808	1,653	17,222	15,750
Total non-current liabilities	134,440	71,261	1,280,382	678,680
Total liabilities	237,245	194,254	2,259,477	1,850,045
Net Assets				
Shareholders' equity				
Capital stock	11,000	11,000	104,761	104,761
Capital surplus	3,665	3,665	34,905	34,906
Retained earnings	80,988	82,150	771,321	782,385
Treasury shares	△ 14,162	△ 2,535	△ 134,883	△ 24,148
Total shareholders' equity	81,491	94,280	776,105	897,904
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	△ 152	49	△ 1,450	475
Deferred gains or losses on hedges	△ 546	△ 449	△ 5,207	△ 4,285
Foreign currency translation adjustment	△ 744	5,878	△ 7,090	55,990
Re-measurements of defined benefit plans	△ 455	△ 230	△ 4,336	△ 2,192
Total accumulated other comprehensive income	△ 1,899	5,248	△ 18,085	49,988
Subscription rights to shares	77	—	734	—
Non-controlling interests	15,470	14,461	147,341	137,731
Total net assets	95,139	113,990	906,094	1,085,624
Total liabilities and net assets.	332,385	308,245	3,165,572	2,935,670

(Note) US\$ amount was translated at US\$1 = JPY105

② Consolidated Income Statement

	JPY million		US\$1,000	
	Oct 2016	Oct 2015	Oct 2016	Oct 2015
Net sales	523,705	537,456	4,987,674	5,118,634
Cost of sales	418,661	429,201	3,987,248	4,087,636
Gross profit	105,044	108,254	1,000,426	1,030,998
Selling, general and administrative expenses	90,769	88,284	864,473	840,804
Operating income	14,274	19,970	135,952	190,193
Non-operating income				
Interest income	1,693	1,155	16,125	11,002
Foreign exchange gains	—	1,109	—	10,566
Share of profit of entities accounted for using equity method	—	77	—	742
Subsidy income	350	305	3,338	2,908
Other	954	1,124	9,091	10,708
Total non-operating income	2,998	3,772	28,555	35,929
Non-operating expenses				
Interest expenses	337	265	3,213	2,526
Foreign exchange losses	6,798	—	64,745	—
Share of loss of entities accounted for using equity method	751	—	7,155	—
Other	737	792	7,024	7,546
Total non-operating expenses	8,624	1,057	82,139	10,073
Ordinary income	8,648	22,685	82,368	216,049
Extraordinary losses				
Loss on sales of investment securities	—	484	—	4,611
Impairment loss	3,541	—	33,726	—
Total extraordinary losses	3,541	484	33,726	4,611
Profit before income taxes	5,107	22,200	48,641	211,437
Income taxes - current	4,103	8,447	39,078	80,454
Income taxes - deferred	△ 301	△ 272	△ 2,870	△ 2,593
Total income taxes	3,801	8,175	36,207	77,860
Profit	1,305	14,025	12,434	133,577
Profit attributable to non-controlling interests	1,038	3,134	9,890	29,853
Profit attributable to owners of parent	267	10,890	2,543	103,723

(Note) US\$ amount was translated at US\$1 = JPY105

Consolidated Comprehensive Income Statement

	JPY million		US\$1,000	
	Oct 2016	Oct 2015	Oct 2016	Oct 2015
Profit	1,305	14,025	12,434	133,577
Other Comprehensive Income				
Valuation difference on available-for-sale securities	△ 204	△ 272	△ 1,947	△ 2,594
Deferred gains or losses on hedges	△ 95	△ 1,245	△ 906	△ 11,858
Foreign currency translation adjustment	△ 5,906	2,148	△ 56,255	20,460
Re-measurements of defined benefit plans	△ 227	27	△ 2,169	263
Share of other comprehensive income of affiliated companies accounted for using equity method	△ 799	△ 100	△ 7,618	△ 955
Total other comprehensive income	△ 7,234	558	△ 68,897	5,316
Comprehensive Income	△ 5,928	14,583	△ 56,463	138,893
(Breakdown)				
Comprehensive Income attributable to owners of parent	△ 6,880	11,296	△ 65,530	107,583
Comprehensive Income attributable to non-controlling interests	951	3,287	9,066	31,309

(Note) US\$ amount was translated at US\$1 = JPY105

③ Consolidated Statement of Changes in Net Assets

Oct 2016

(JPY million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	11,000	3,665	82,150	△ 2,535	94,280
Changes					
Dividend of surplus			△ 1,426		△ 1,426
Profit attributable to owners of parent			267		267
Acquisition of treasury shares				△ 11,763	△ 11,763
Disposal of treasury shares				136	136
Change in the scope of consolidation			△ 2		△ 2
Increase/decrease of share in relation to capital increase of consolidated subsidiaries		△ 0			△ 0
Change in parent's share in relation to transactions with non-controlling shareholders		0			0
Changes other than shareholders' equity (Net)					—
Total changes	—	0	△ 1,161	△ 11,627	△ 12,788
Ending balance	11,000	3,665	80,988	△ 14,162	81,491

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income			
Beginning balance	49	△ 449	5,878	△ 230	5,248	—	14,461	113,990
Changes								
Dividend of surplus					—			△ 1,426
Profit attributable to owners of parent					—			267
Acquisition of treasury shares					—			△ 11,763
Disposal of treasury shares					—			136
Change in the scope of consolidation					—			△ 2
Increase/decrease of share in relation to capital increase of consolidated subsidiaries					—			△ 0
Change in parent's share in relation to transactions with non-controlling shareholders					—			0
Changes other than shareholders' equity (Net)	△ 202	△ 96	△ 6,623	△ 225	△ 7,147	77	1,008	△ 6,061
Total changes	△ 202	△ 96	△ 6,623	△ 225	△ 7,147	77	1,008	△ 18,850
Ending balance	△ 152	△ 546	△ 744	△ 455	△ 1,899	77	15,470	95,139

Oct 2015

(JPY million)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Beginning balance	6,882	7,782	71,612	△ 2,533	83,743
Cumulative effects of changes in accounting policies			818		818
Restated beginning balance	6,882	7,782	72,430	△ 2,533	84,562
Changes					
Dividend of surplus			△ 1,167		△ 1,167
Profit			10,890		10,890
Acquisition of treasury shares				△ 1	△ 1
Change in the scope of consolidation			△ 4		△ 4
Transfer from capital surplus to capital stock	4,117	△ 4,117			—
Changes other than shareholders' equity (Net)					—
Total changes	4,117	△ 4,117	9,719	△ 1	9,717
Ending balance	11,000	3,665	82,150	△ 2,535	94,280

	Accumulated other comprehensive income					Non-controlling interest	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Re-measurements of defined benefit plans	Total accumulated other comprehensive income		
Beginning balance	324	790	3,902	△ 173	4,843	13,708	102,295
Cumulative effects of changes in accounting policies					—	374	1,192
Restated beginning balance	324	790	3,902	△ 173	4,843	14,082	103,488
Changes							
Dividend of surplus					—		△ 1,167
Profit					—		10,890
Acquisition of treasury shares					—		△ 1
Change in the scope of consolidation					—		△ 4
Transfer from capital surplus to capital stock					—		—
Changes other than shareholders' equity (Net)	△ 274	△ 1,240	1,976	△ 56	405	379	784
Total changes	△ 274	△ 1,240	1,976	△ 56	405	379	10,502
Ending balance	49	△ 449	5,878	△ 230	5,248	14,461	113,990

④ Consolidated Statement of Cash Flow

	JPY million		US\$1,000	
	Oct 2016	Oct 2015	Oct 2016	Oct 2015
Cash flows from operating activities				
Profit before income taxes	5,107	22,200	48,641	211,437
Depreciation	6,544	6,310	62,329	60,095
Impairment loss	3,541	—	33,726	—
Amortization of goodwill	201	193	1,916	1,841
Increase (△ decrease) in provision for bonuses	△ 324	360	△ 3,090	3,437
Increase (△ decrease) in provision for directors' bonuses	△ 49	17	△ 472	166
Increase (△ decrease) in net defined benefit liability	619	782	5,896	7,448
Increase (△ decrease) in provision for directors' retirement benefits	44	8	420	81
Increase (△ decrease) in provision for repairs	△ 259	△ 434	△ 2,473	△ 4,135
Interest and dividend income	△ 1,737	△ 1,163	△ 16,544	△ 11,078
Share of (△ profit) loss of entities accounted for using equity method	751	△ 77	7,155	△ 742
Foreign exchange losses (△ gains)	3,616	△ 743	34,440	△ 7,080
Interest expenses	337	265	3,213	2,526
Loss (△ gain) on sales of investment securities	△ 0	484	△ 1	4,611
Other loss (△ gain)	33	124	323	1,183
Decrease (△ increase) in notes and accounts receivable - trade	△ 6,526	△ 3,191	△ 62,155	△ 30,396
Decrease (△ increase) in travel advance payments	△ 2,911	1,423	△ 27,724	13,559
Decrease (△ increase) in other assets	△ 1,230	△ 2,469	△ 11,714	△ 23,520
Increase (△ decrease) in notes and accounts payable - trade	△ 1,593	△ 1,509	△ 15,174	△ 14,376
Increase (△ decrease) in accrued consumption taxes	△ 317	193	△ 3,023	1,839
Increase (△ decrease) in accrued expenses	150	273	1,433	2,606
Increase (△ decrease) in travel advances received	3,704	40	35,278	385
Increase (△ decrease) in other liabilities	1,508	689	14,366	6,563
Subtotal	11,210	23,777	106,766	226,451
Interest and dividend income received	1,479	1,049	14,086	9,992
Interest expenses paid	△ 309	△ 246	△ 2,950	△ 2,343
Income taxes (△ paid) refund	△ 7,229	△ 11,983	△ 68,857	△ 114,127
Net cash provided by (△ used in) operating activities	5,149	12,597	49,045	119,974

	JPY million		US\$1,000	
	Oct 2016	Oct 2015	Oct 2016	Oct 2015
Cash flows from investing activities				
Payments into time deposits	△ 57,392	△ 53,732	△ 546,597	△ 511,737
Proceeds from withdrawal of time deposits	49,732	54,621	473,639	520,206
Purchase of securities	△ 3,000	△ 2,000	△ 28,571	△ 19,047
Proceeds from redemption of securities	13,345	2,043	127,097	19,459
Purchase of property, plant and equipment and intangible assets	△ 13,309	△ 15,345	△ 126,761	△ 146,147
Purchase of investment securities	△ 1,234	△ 2,137	△ 11,754	△ 20,361
Proceeds from sales of investment securities	969	150	9,229	1,437
Proceeds from redemption of investment securities	—	800	—	7,619
Purchase of shares of affiliated companies	△ 1,696	△ 5,660	△ 16,159	△ 53,911
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△ 180	—	△ 1,714	—
Payments of loans receivable	△ 1,632	△ 7,429	△ 15,544	△ 70,753
Collection of loans receivable	1,674	1,148	15,948	10,938
Payments for guarantee deposits	△ 837	△ 1,083	△ 7,978	△ 10,317
Proceeds from collection of guarantee deposits	512	710	4,885	6,769
Other, net	△ 2,391	△ 263	△ 22,772	△ 2,511
Net cash provided by (△ used in) investing activities	△ 15,440	△ 28,177	△ 147,052	△ 268,356
Cash flows from financing activities				
Increase in short-term loans payable	80,055	37,255	762,428	354,809
Decrease in short-term loans payable	△ 78,000	△ 31,745	△ 742,857	△ 302,333
Proceeds from long-term loans payable	63,465	13,065	604,430	124,428
Repayments of long-term loans payable	△ 21,673	△ 1,562	△ 206,415	△ 14,878
Purchase of treasury shares	△ 11,791	△ 2	△ 112,297	△ 20
Cash dividends paid	△ 1,426	△ 1,167	△ 13,587	△ 11,117
Dividends paid to non-controlling interests	△ 94	△ 33	△ 897	△ 314
Proceeds from share issuance to non-controlling shareholders	74	1,080	704	10,285
Other, net	△ 426	△ 637	△ 4,063	△ 6,067
Net cash provided by (△ used in) financing activities	30,181	16,253	287,443	154,791
Effect of exchange rate change on cash and cash equivalents	△ 3,460	1,636	△ 32,956	15,586
Net increase (△ decrease) in cash and cash equivalents	16,430	2,309	156,479	21,995
Cash and cash equivalents at beginning of period	113,330	110,145	1,079,339	1,049,008
Increase in cash and cash equivalents from newly consolidated subsidiary	81	875	777	8,334
Cash and cash equivalents at end of period	129,842	113,330	1,236,595	1,079,339

(Note) US\$ amount was translated at US\$1 = JPY105

Basic Information of H.I.S. Group

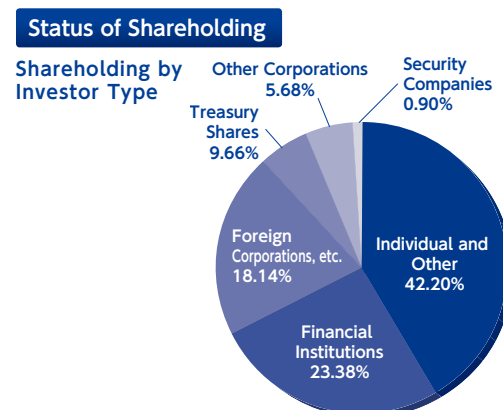
Company Name	H.I.S. Co., Ltd. (TSE 1: 9603)
Registered Number	No.724 by Commissioner of Japan Tourism Agency
Capital Stock	JPY11 billion (as of October 31, 2016)
Date of Incorporation	December 19, 1980
Headquarter	Post office No.163-6029, 29F, Sumitomo Real Estate Shinjuku Oak Tower, Nishi-Shinjuku, Shinjuku-ward, Tokyo, Japan
Sales	JPY523.7 billion (fiscal year ended October 2016, consolidated)
Number of Employees	14,380 (for the whole group, as of October 31, 2016)
Member of	Japan Association of Travel Agents (JATA) International Air Transport Association (IATA)
Banks	Sumitomo Mitsui Banking Corporation The Bank of Tokyo-Mitsubishi UFJ The Tokyo Momin Bank Others

Directors	Representative Director, Chairman and CEO	Hideo Sawada
	Director and Vice Chairman	Akira Hirabayashi
	Managing Director	Tatsuya Nakamori
	Managing Director	Narimoto Kusuvara
	Director	Shigeru Nakatani
	Director	Katsuhiko Sakaguchi
	Director	Atsushi Yamanobe
	Director	Masayuki Oda
	Director	Kiyoshi Takagi
	Director	Kazumasa Namekata
	Director	Naomi Tomita
	Director, Audit & Supervisory Committee Member	Masahiko Hirata

(Note) Mr. Masahiko Hirata and Mr. Tsunekazu Umeda (Director, Audit & Supervisory Committee Member respectively) are external directors.

Stock Information(as of October 31, 2016)

Status of stock	
Authorized Shares	88,551,450 shares
Issued and Outstanding Shares	68,522,936 shares
Number of Shareholders	15,608



10 Major Shareholders

Name of Shareholder	Number of Shares Held (1,000 shares)	Shareholding Ratio (%)
Hideo Sawada	19,136	30.91%
Japan Trustee Services Bank (Trust Account)	5,347	8.63%
Hide International	3,403	5.49%
The Master Trust Bank of Japan (Trust Account)	3,040	4.91%
National Mutual Insurance Federation of Agricultural Cooperatives	1,334	2.15%
Trust & Custody Services Bank (Security Investment Trust Account)	1,139	1.84%
J.P. MORGAN BANK LUXEMBOURG S.A. 380578	1,079	1.74%
Japan Trustee Services Bank (Trust Account 9)	1,061	1.71%
Kazumasa Namekata	1,021	1.65%
Mayumi Sawada	950	1.53%

※H.I.S. Group owns 6,621,916 shares of treasury stock, which are excluded from the above 10 major shareholders' list. The shareholding ratio above is calculated by excluding treasury stock.

Corporate Governance

Corporate Governance System

Travel business, which H.I.S. Group is engaged in, is a business that contributes to promotion of world peace and mutual understanding. In order to fulfill its social responsibility, H.I.S. Group incorporates CSR promotion activities into its corporate governance system with an aim to be a company trusted by all stakeholders. Since the corporate governance system has shifted to a system in which Board of Directors and Audit & Supervisory Committee are in place in January 2016, H.I.S. Group has continued to enhance corporate governance for continued growth and further enhancement of corporate value over the medium to long term.

Under the current system, Board of Directors comprising 14 directors decides management policies and important business executions, while three members of Board of Directors appointed at GSM constitute Audit & Supervisory Committee, that are responsible for auditing and supervising executions by Directors and Board of Directors. Internal Auditing Office, which reports directly to President and conducts internal audits, strives to ensure appropriateness and soundness of overall operations of H.I.S. Group, and plays a role in supporting the audit by the Audit & Supervisory Committee by reporting to the Audit & Supervisory Committee as well.

H.I.S. Group is raising compliance awareness of its employees by informing them with H.I.S. Policies, H.I.S. DNA, Corporate Behavior Charter and Action Guidelines through its internal information site. At the same time, "Opinion / Consultation Box", an in-house consultation window operated by "Good Workplace Promotion Office" to make proposals and consultations easier, and "Refresh Hotline", an outside report window, have been set up to secure a self-cleaning system within H.I.S. Group. Regarding protection of personal information, "P Mark" was updated

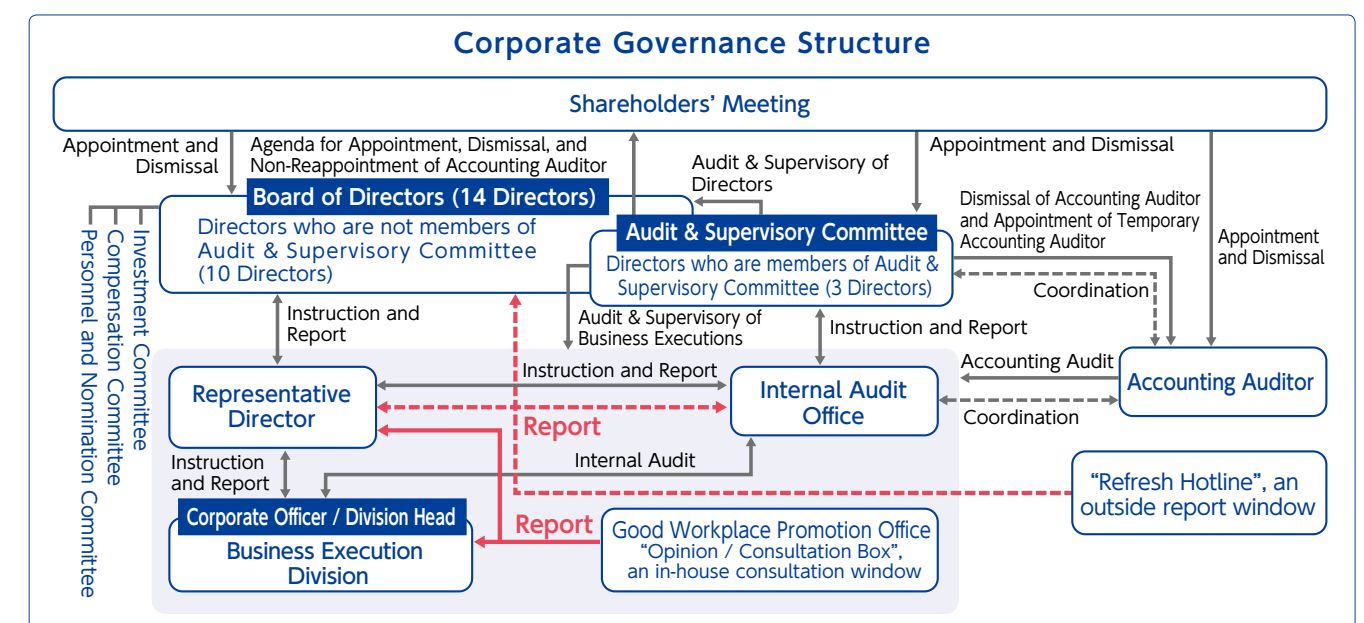
in June 2016 and an information management system that also responds to "My Number System" has been established.

In line with introduction of Corporate Governance Code by Tokyo Stock Exchange in June 2015, H.I.S. Group proceeded with creating its own corporate governance guidelines, and submitted Corporate Governance Report to Tokyo Stock Exchange in July 2016.

Securing Reliability of Financial Reporting

Regarding securing reliability of financial reporting, which is an important element of internal control along with "securing effectiveness and efficiency of operations", Internal Control Team, which is promoting improvement of internal control system, cooperates with Internal Audit Office, which confirms and evaluates the situation and implementation, to develop a mechanism to visualize important business processes related to financial reporting and to conduct appropriate confirmation and evaluation to prevent improper reporting, etc. The maintenance and operation status have been summarized as "internal control report".

In response to revision of Corporate Law and other laws and regulations, group-wide control is required more than before. As a result, H.I.S. Group is actively involved in the internal control of each group company and to promote the establishment of an effective internal control system. Cooperation with internal control personnel at each group company will be further strengthened. In the accounting department, while the parent company has a team specialized to support accounting practices of affiliated companies, supervisory management companies have been established in the U.S., Malaysia, China, Netherlands and UAE for establishment of accounting team, development of human resources and training, risk hedging and monitoring.



Company History



1993
Travel Wonderland, Shinjuku Head Office Sales Office,
Japan's largest level, moved to Shinjuku and expanded



2002
Listed on the 2nd section of Tokyo
Stock Exchange



2008
New management team started with
Akira Hirabayashi as the president



1996
Watermark Hotel & Spa Gold Coast
started operations

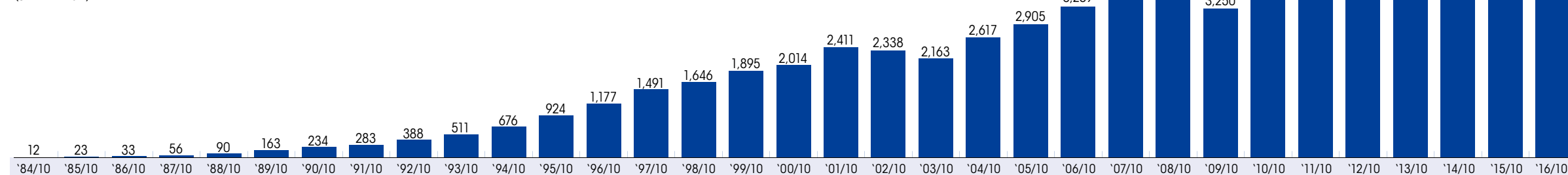


2004
Listed on the 1st section of Tokyo
Stock Exchange



2010
Huis Ten Bosch became a subsidiary

※Amounts from Oct 1984 to Oct 1993 are non-consolidated basis.
(JPY million)



- 1980 ■ International Tours Co., Ltd., H.I.S.' predecessor, was established with JPY10 million capital.
- 1981 ■ Retail Agency License (No. 3034) was obtained from Ministry of Transportation.
- 1984 ■ Osaka office opened in Kansai area.
- 1985 ■ Hong Kong office opened as the 1st overseas office.
- 1986 ■ General Travel Agency License (No. 724) was obtained from Ministry of Transportation.
- 1989 ■ "Ciao", H.I.S. Group's first packaged tour was launched.
■ Fukuoka office opened in Kyushu area.
■ Nagoya office opened in Chubu area.
- 1990 ■ Company name was changed to H.I.S. Co., Ltd.
■ "Avanti and Oasis" division was established in Shimbashi office.
- 1991 ■ H.I.S. Group was appointed as official IATA agency.
■ "Business section" to handle business trips was established.
- 1993 ■ Head office was moved to Shinjuku for consolidation and expansion. Travel Wonderland, a department store for international travel services, opened.
■ Group section to handle group tours was established.
- 1994 ■ Chubu, Kansai and Kyushu headquarters were consolidated and expanded and Travel Wonderland opened in each region to become the largest retail office in those areas.
- 1995 ■ The shares of H.I.S. Group started to be traded over the counter.
- 1996 ■ H.I.S. Group launched its website.
- 1998 ■ Number of offices in Japan exceeded 100.
■ Establishment of SkyMark Airlines was announced (currently is not a member of H.I.S. Group).

- H.I.S. Group opened its first hotel, The Watermark Hotel Gold Coast (currently Hotel Watermark).
- 2000 ■ Howa Travel Service, (currently Orion Tours) became a subsidiary.
- 2001 ■ "H.I.S. Overseas Travel Navi" was launched as a formal site of i-mode.
■ Map International Co., Ltd. (currently ATB) became a subsidiary.
- 2002 ■ Cruise planet Co., Ltd. became a subsidiary.
- 2003 ■ Number of overseas offices exceeded 50.
■ International charter services were started.
■ H.I.S. Group was listed on the 2nd section of Tokyo Stock Exchange.
■ Specialized travel desk at Travel Wonderland, Shinjuku main sales office opened in conjunction with 10th anniversary.
- 2004 ■ H.I.S. Group was listed on the 1st section of Tokyo Stock Exchange.
- 2005 ■ Hotel Watermark Brisbane, the second hotel of H.I.S. Group in Australia started operations.
■ Number of offices in Japan exceeded 200.
- 2006 ■ New inbound tourism company, H.I.S. Experience Japan Co., Ltd. was launched.
■ Kyushu Industrial Transportation Co., Ltd., (currently Kyushu Sangyo Kotsu Holdings Co., Ltd.) became a member of H.I.S. Group.
- 2008 ■ Reorganization was made to create "Quality Control & Market Research Room".
- 2009 ■ ATB's sales network re-started in H.I.S. Group.
■ Number of offices in Japan exceeded 250.
■ First hotel in Japan, Watermark Hotel Sapporo, opened.
- 2010 ■ Huis Ten Bosch joined H.I.S. Group, as a subsidiary.
■ Number of overseas offices exceeded 100.

- Ohshu Express Ltd. became a subsidiary of H.I.S. Group.
- 2011 ■ Japan Holiday Travel Co., Ltd. became a subsidiary.
■ H.I.S. Experience Japan, Co., Ltd. was merged into H.I.S., thus unifying the inbound business.
■ "CLASS ONE", a membership club for high-net-worth customers was launched.
■ A new brand "QUALITA" was established, pursuing "hospitality".
- 2012 ■ GM Communication Limited became an affiliated company.
■ Watermark Hotel Nagasaki opened.
■ HTB Cruise Co., Ltd. was established.
- 2013 ■ Charter cruise of Costa Victoria started.
■ Asia Atlantic Airlines, an international chartered airline, was established in Bangkok.
■ GUAM REEF & OLIVE SPA RESORT became a subsidiary.
- 2014 ■ Laguna Ten Bosch Co., Ltd. was established and started 3 businesses of Laguna Gamagori.
■ Operation of international E-commerce site "hisgo" was expanded to include 39 countries.
- 2015 ■ Watermark Hotel & Spa Bali Jimbaran opened.
■ Number of overseas offices exceeded 150.
■ H.I.S. ANA Navigation Japan Co., Ltd., a joint venture with ANA Sales Co., Ltd. was established.
- 2016 ■ Second phase of Henn na Hotel opened in Huis Ten Bosch.
■ Retail sales of electric power started.
■ "INTERPARK JAPAN Co., Ltd., a joint venture with INTERPARK, a leading online shopping mall company in South Korea, was established.
■ LY HIS Travel Co., Ltd., a joint venture with LY.com, an OTA in China, was established.
■ Number of overseas offices exceeded 200.
■ Number of offices in Japan exceeded 300.
■ Henn na Hotel opened in Huis Ten Bosch.

Major Subsidiaries and Affiliated Companies

Travel Business

- HAWAII HIS CORPORATION
- H.I.S. INTERNATIONAL TOURS (NY) INC.
- H.I.S. GUAM, INC.
- H.I.S. CANADA INC.
- HIS SAIPAN INC
- H.I.S. KOREA CO., LTD.
- H.I.S. Tours Co., Ltd.
- PT. HARUM INDAH SARI TOURS & TRAVEL
- HIS (HONG KONG) COMPANY LIMITED
- H.I.S. TAIWAN COMPANY LIMITED
- H.I.S. INTERNATIONAL TRAVEL PTE LTD
- H.I.S. AUSTRALIA PTY. LTD.
- H.I.S. EUROPE LIMITED
- H.I.S. INTERNATIONAL TOURS FRANCE SARL
- H.I.S. Deutschland Touristik GmbH
- H.I.S. EUROPE ITALY S.R.L.
- HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI
- GROUP MIKI HOLDINGS LIMITED
- ORION TOUR CO., LTD
- QUALITA Co., Ltd.
- Ohshu Express Ltd.
- TOUR WAVE CO., LTD.
- JAPAN HOLIDAY TRAVEL Co., Ltd.
- Cruise Planet Co., Ltd.
- H.I.S. ANA Navigation Japan Co., Ltd.
- And 50 other companies

Huis Ten Bosch Group

- Huis Ten Bosch Co., Ltd.
- Huis Ten Bosch Technical Center Co., Ltd.
- HTB Tourism Co., Ltd.
- HTB CRUISE CO., LTD.
- TEN BOSCH CRUISE PANAMA S.A.
- Laguna Ten Bosch Co., Ltd.
- HTB Energy Co., Ltd.
- And 7 other companies

Directly Operated Hotels
 ● Hotel Europe ● Hotel Amsterdam
 ● Forrest Villa ● Henn na Hotel

Hotel Business

- H.I.S. AUSTRALIA HOLDINGS PTY LTD
- H.I.S. INVESTMENTS PTY LTD
- THE WATERMARK HOTEL GROUP PTY LTD
- WHG INVESTMENTS BRISBANE PTY LTD
- L'MARK PTY LTD
- Watermark Hotel Japan Co., Ltd.
- Watermark Hotel Nagasaki Co., Ltd.
- GUAM REEF HOTEL, INC.
- PT. HARUM INDAH SARI INDONESIA
- And 1 other company

Transportation Business

- ASIA ATLANTIC AIRLINES CO., LTD.

Kyushu Sanko Group

- KYUSHU INDUSTRIAL TRANSPORTATION HOLDINGS CO., LTD
- Kyushu Sanko Bus Co., Ltd.
- Kyushu Sanko Tourism Co., Ltd.
- Kyushu Sanko LandMark Co., Ltd.
- Kumamoto Ferry Co., Ltd.
- Sanko Bus Co., Ltd.
- Kyushu Sanko Seibi Co., Ltd.
- Kyushu Sanko Retail Co., Ltd.
- Kumamoto Sakuramachi Development Co., Ltd
- And 2 other companies

Other Business

- H.S. INSURANCE Co., Ltd.
- And 9 other companies



H.I.S. CO., LTD

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