



H.I.S. Co., Ltd.

Consolidated Interim Results

First half of fiscal year ending October 31, 2005

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.



CONSOLIDATED INTERIM RESULTS: FISCAL YEAR ENDING OCTOBER 31, 2005

SUMMARY OF FINANCIAL STATEMENTS (Consolidated)

Interim Results for the Fiscal Year Ending October 31, 2005

June 17, 2005

H.I.S. Co., Ltd.

Stock Code: 9603

www.his-j.com

President: Yoshio Suzuki

Date of board meeting: June 17, 2005

Listed exchanges: Tokyo Stock Exchange 1st section

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Representative Director and Managing Director

Telephone: +81-3-5908-2070

1) Consolidated results

Millions of yen, rounded down

	Six months ended April 30, 2005		Six months ended April 30, 2004		FY ended October 31, 2004
		Change %		Change %	
Net sales	131,151	13.6	115,403	6.9	261,755
Operating income	1,845	2.3	1,804	69.5	4,570
Ordinary income	2,402	18.2	2,032	146.0	5,357
Net income	2,572	176.1	931	43.0	2,751
Net income per share (¥)	¥77.04		¥41.69		¥121.91
Fully diluted earnings per share (¥)	--		--		--

Notes: (1) Gain (loss) from investments in subsidiaries and affiliates accounted for by the equity method:

Interim period ended April 30, 2005:	¥346 million
Interim period ended April 30, 2004:	(¥30 million)
FY ended October 31, 2004:	¥343 million

(2) Average number of shares outstanding (consolidated) during the period:

Interim period ended April 30, 2005:	33,396,884 shares
Interim period ended April 30, 2004:	22,350,642 shares
FY ended October 31, 2004:	22,312,089 shares

(3) Changes to accounting methods: None

(4) On December 20, 2004 a 1:1.5 share split was undertaken. Net income per share for this interim report has been calculated as if the share split had occurred at the beginning of the period.

(5) If restated based on the revised number of shares outstanding following the share split, net income per share for the interim period ended April 30, 2004 and the full year ended October 31, 2004 would be ¥27.80 and ¥81.28 respectively.

2) Financial position

Millions of yen, rounded down

	As of April 30, 2005	As of April 30, 2004	As of October 31, 2004
Total assets	76,604	63,609	74,137
Shareholders' equity	34,271	30,365	32,088
Equity ratio (%)	44.7%	47.7%	43.3%
Shareholders' equity per share (¥)	¥1,026.35	¥1,363.69	¥1,439.70

Notes: (1) Outstanding shares (consolidated) at:

April 30, 2005:	33,391,614 shares	April 30, 2004:	22,267,382 shares	October 31, 2004:	22,266,902 shares
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(2) If restated based on the revised number of shares outstanding following the share split, shareholders' equity per share as of April 30, 2004 and October 31, 2004 would be ¥909.13 and ¥959.80 respectively.

3) Cash flows

Millions of yen, rounded down

	Interim period ended April 30, 2005	Interim period ended April 30, 2004	FY ended October 31, 2004
Net cash flow from operating activities	(1,885)	1,665	11,773
Net cash flow from investing activities	282	(759)	961
Net cash flow from financing activities	(542)	(624)	(535)
Cash and cash equivalents at end of period	34,627	24,995	37,003

4) Matters concerning consolidated subsidiaries and affiliates accounted for by the equity method

Number of consolidated subsidiaries	32
Number of non-consolidated subsidiaries accounted for by the equity method	0
Number of affiliates accounted for by the equity method	3

5) Changes in the scope of consolidation and companies accounted for by the equity method: None

Forecast for the fiscal year ending October 31, 2005

Millions of yen

	FY ending October 31, 2005
Net Sales	295,000
Ordinary Income	6,800
Net Income	4,200

Note: Consolidated net income per share forecast for the fiscal year ending October 31, 2005: ¥125.78

This forecast contains forward-looking statements that are based on management's estimates, assumptions and projections at the time of publication. A number of factors could cause actual results to differ materially from expectations. Please refer to page 8 for further information.

1. Current State of the H.I.S. Group

H.I.S. Group (H.I.S. Co., Ltd. and its subsidiaries)comprises H.I.S. Co., Ltd., 40 subsidiaries and 11 affiliated companies. The locations and main businesses of the principal subsidiaries are outlined in the following tables, which are organized by the business categories used in segment information.

(1) Travel Business

H.I.S. Group businesses undertake domestic and overseas travel and related operations in the regions outlined in the following table. Consolidated subsidiaries carry out travel-related business in the various business segments.

Subsidiaries

Japan	Asia/Australia
No. 1 Travel Shibuya Co., Ltd. ¹ ARK WORLD Inc. ¹ H.I.S. Okinawa Co., Ltd. ¹ Orion Tour Co., Ltd. ¹ ATB Co., Ltd. ¹ Cruise Planet Co., Ltd. ¹	HIS (HONG KONG) COMPANY LIMITED ¹ H.I.S. WESTRALIA PTY LTD. ¹ H.I.S. AUSTRALIA PTY. LTD. ¹ H.I.S. KOREA CO., LTD. ¹ H.I.S. INTERNATIONAL TRAVEL PTE LTD. ¹ PT. HARUM INDAH SARI TOURS AND TRAVEL ¹ H.I.S. INTERNATIONAL TOURS KOREA INC. ¹ H.I.S. TOURS CO., LTD. ¹ H.I.S. MALDIVES TRAVEL PTE LTD ³ H.I.S. TRAVEL (MALAYSIA) SDN BHD. ³ HIS FIJI LIMITED ³

The Americas	Europe
H.I.S. U.S.A. Inc. ¹ H.I.S. INTERNATIONAL TOURS (NY) INC. ¹ H.I.S. TOURS (S.F.), INC ¹ H.I.S. TOURS USA, INC. ¹ HAWAII HIS CORPORATION ¹ H.I.S. TOURS (NEVADA) INC. ¹ H.I.S. INTERNATIONAL TOURS (CARIBBEAN) LTD. ¹ H.I.S. CANADA INC. ¹ H.I.S. GUAM, INC. ¹ H.I.S. SAIPAN, INC ¹ H.I.S. CANCUN S.A. DE C.V. ¹	H.I.S. Deutschland Touristik GmbH. ¹ H.I.S. INTERNATIONAL TOURS FRANCE ¹ H.I.S. EUROPE ITALY S.R.L. ¹ H.I.S. EUROPE LIMITED ¹ VIAJES H.I.S.MADRID S.A. ³ H.I.S. (Austria) Travel GmbH ³

Affiliated Companies

Japan	Asia/Australasia
Skymark Tours Co., Ltd. ³	NEW WORLD TRAVEL INTERNATIONAL PTY. LTD. ³ H.I.S. TRAVEL (NEW ZEALAND) LTD. ³ H.I.S. TAIWAN COMPANY LIMITED ²

United States	Europe
H.I.S. INTERNATIONAL TOURS (L.A.), INCORPORATED ²	_____

Notes:

1. Consolidated subsidiary

2. Equity-method affiliate

3. Non-consolidated subsidiary/affiliate

H.I.S. Group subsidiary H.I.S. U.S.A. Inc. is a holding company that holds the shares of H.I.S. INTERNATIONAL TOURS (NY) INC., H.I.S. TOURS (S.F.), INC., H.I.S. TOURS USA, INC., HAWAII HIS CORPORATION, H.I.S. GUAM, INC., H.I.S. SAIPAN, INC and H.I.S. INTERNATIONAL TOURS (L.A.), INCORPORATED. The holding company is included in the Travel business segment.

(2) Hotel Business

The consolidated subsidiary H.I.S.INVESTMENTS PTY LTD owns a Hotel on the Gold Coast, Australia. The hotel is managed by consolidated subsidiary THE WATERMARK HOTEL GROUP PTY LTD. Affiliated company SIPADAN WATER VILLAGE AND TOURS SDN BHD conducts hotel operations within Asia.

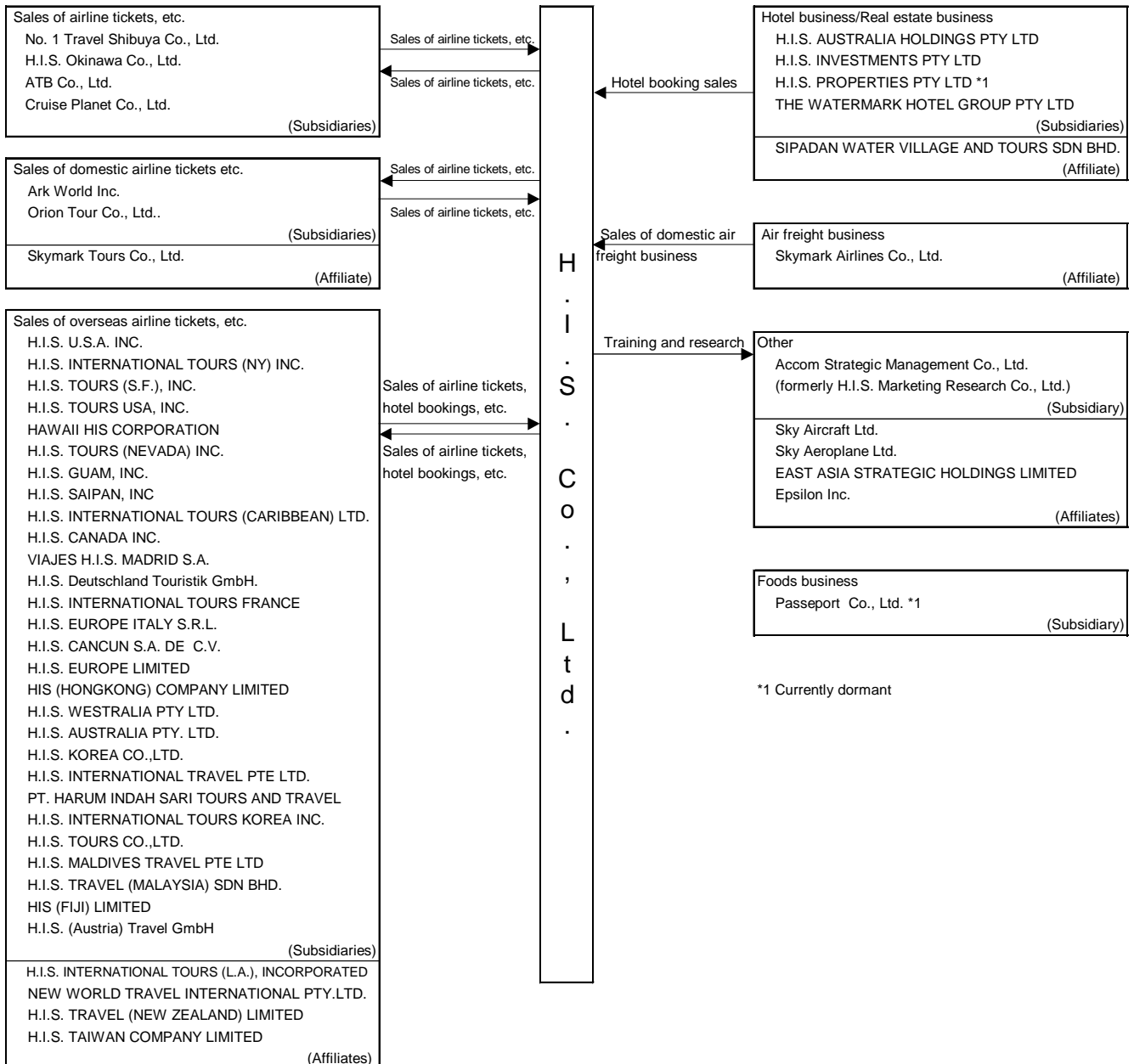
H.I.S. Group consolidated subsidiary H.I.S. AUSTRALIA HOLDINGS PTY LTD. is a holding company that holds 100% of the shares of H.I.S. INVESTMENTS PTY LTD., H.I.S. PROPERTIES PTY LTD. and THE WATERMARK HOTEL GROUP PTY LTD.

(3) Other Businesses

Equity-method affiliate Skymark Airlines Co., Ltd. operates a domestic airline. Subsidiary Accom Strategic Management Co., Ltd. (formerly H.I.S. Marketing Research Co., Ltd.) conducts management consulting and human resources development. Affiliate companies Sky Aircraft Ltd. and Sky Aeroplane Ltd. sell and lease aircraft and related equipment in the domestic market. Affiliate EAST ASIA STRATEGIC HOLDINGS LTD is a consulting company. Accompanying the merger of the former Zero Inc. and Skymark Airlines Co., Ltd. during the interim period under review, a subsidiary of the former Zero Inc., Epsilon Inc., became an affiliated company. Epsilon Inc. provides online settlement and collection services for online sales. Subsidiary H.I.S. PROPERTIES PTY LTD. was previously engaged in the sale of condominiums on the Gold Coast of Australia, but has stopped trading following the sale of the real estate involved. Subsidiary Passeport Co., Ltd. previously operated a domestic food and beverage business, but the company is currently dormant.

Because the subsidiaries and affiliated companies listed above are not included in scope of consolidation, they are not included in Results by Operating Segment.

The following table depicts Group operating relationships.



2. Management Policy

(1) Basic management policy

H.I.S. Group's corporate philosophy is to promote human interaction and understanding and contribute to creative development and world peace. Under this philosophy we seek to communicate with people, maintain a balance between the material and the spiritual, and operate with a frontier spirit. In our core travel operations we are pursuing global business expansion, based on the development of products and services that closely meet the diverse needs of our customers, and making use of information technology to maximize customer satisfaction.

(2) Allocation of Profits

1) Basic approach to allocation of profits

Returning profits to shareholders is one of our key management issues. We aim to maximize Group enterprise value, and at the same time pay stable and continuous dividends based on our financial performance and taking into account overall factors including global economic and business trends, the state of the Group, and future business development.

2) Basic approach to dividends

The intent of our dividend policy is to enable the continuous, stable payment of dividends to shareholders. Company dividend policy includes provision for the payment of an interim dividend. However, as there is a trend for the proportion of sales, etc. recorded in the second half of the year to be relatively higher, in order to reflect results in dividends fairly we are planning at present to make a dividend payment in respect of the whole year of ¥15.00 per share.

3) Utilization of internal capital reserves

In order to prepare for competition and restructuring within the industry, implement improved customer service in Japan and overseas through expansion of our branch network, actively respond to a rapidly changing IT environment and respond to unforeseen events such as SARS (Severe Acute Respiratory Syndrome) and terrorism the need to establish a stable financial base is increasing and we thus aim to maintain a relative high level of retained profits in order to provide stability to our business operations.

(3) Management goals and indicators

Efforts are underway to increase efficiencies throughout the Group in order to achieve a target operating profit to a sales ratio of 3% plus. To this end, we aim to actively utilize our global network of purchasing, planning and sales, improve and raise the efficiency of IT systems and strengthen education and training, with the aim of further improving the productivity of each individual employee (increasing sales and operating profit per employee).

(4) Medium- to long-term business strategy

Through focusing our Group's business resources on our core travel business, we aim to establish a market advantage. With our highly individualized staff each bearing a passion for travel we aim to create an energized, worker-friendly environment and with booking and planning services that are responsive to a changing environment, we aim to be able to meet the various needs of our customers and offer them the vacation of their dreams. In addition, while actively leveraging IT such as the internet we aim to enhance customer convenience and to be a travel company that has the support and trust of its customers.

The key details of our 3-year business plan, which began in November 2003, are discussed below.

- Increasing share of overseas departures

New policies have been implemented to capture more of the market for overseas departures from Japan by value and volume with the aim of being the top provider. Specifically, efforts are underway to increase share in areas where we have low market share, such as corporate and group tours and escorted tours for seniors.

- Future customers

While further adapting to the Internet age, we plan to establish the travel industry's No. 1 website anticipating

customers' needs with improved content, and functionality. Additionally, with the parallel launch of our e-business division, new possibilities are being created from the internet.

- Enhancing the foundations of our global strategy
Through strengthening our network of overseas branches, and by differentiating and strengthening our services to Japanese traveling overseas, we will continue to work towards being a global travel company by handling travel arrangements for departures from overseas locations.
- Improving stakeholder satisfaction
We continue to strengthen our business structure for long-term support to our stakeholders including our customers, shareholders and employees.

(5) Key issues

With the rise in the demand for overseas travel the number of Japanese traveling overseas is expected to reach record levels in 2005. In this environment the key issues that need to be addressed by the Group include:

- Meeting diverse customer needs
With the shift in demand from group travel to individual travel, products that provide a higher level of freedom to so-called 'independent travelers' are being well received in the Japanese market. We aim to build a structure that can offer suitable products addressing customers needs by not only expanding our existing product line-up but also by addressing market demand with a diversity of sales channels including online reservations.
- The rise of airline-direct sales and internet agents
There has been a steady increase in Airline-direct ticket sales and internet sales through specialized travel agencies. We are advancing automation of online booking, and further developing our website, call center and integrated branch retail system (both clicks and mortar) to address the high demands of customers.
Additionally, we are injecting business resources to better ensure the integration of the new booking system (*Challenge*) and the internet sales system and so improving our ability to enhance service by providing high quality information that combines focused data and a highly functional interface that anticipates customer needs.
- Corporate and group travelers and the senior segment
Using the wealth of booking and product planning expertise that we have gained from our travel business for individuals, we are actively implementing sales to corporations and groups mainly in major metropolitan areas, with the aim of these rapidly becoming 10% of our total sales. Additionally, we expect to capture a greater share of the growing seniors segment by raising the overall level of awareness of our Group, and by targeting the experienced overseas traveler segment we will differentiate ourselves from our competitors with a greater product line-up of guided tour packages.
- Development of human resources, training and research
We are aware of the need to foster and maintain the excellence of our human resources to enable us to meet the diversifying needs of our customers. Along with focusing on HR development aimed at improving employee productivity, we are also improving training and research aimed at increasing the capabilities of our staff.

(6) Basic corporate governance related policies and the status of their implementation

(1) Basic corporate governance related policies

The Group overall aims to pursue transparent, equitable and prompt management, and to operate with full awareness of our accountability to shareholders and other stakeholders. In consideration of the Group's scale and structure, and with regard to management efficiency, we intend to continue using a corporate auditor system, while at the same time pursuing effective corporate governance and ensuring thorough implementation of compliance procedures under the guidance of our corporate philosophy.

(2) Status of corporate governance policy implementation

a . Status of the Company's management administration system for management decision making, execution, supervision and other corporate governance systems

Important management matters, including those affecting Group policy, are presented to and decided upon by regular

(monthly) or special meetings of the Company's Board of Directors. Outside directors and corporate auditors actively participate and contribute to a sound and appropriate decision-making process from their respective perspectives through asking questions and providing suggestions and advice. Each of the three corporate auditors is an outside corporate auditor. In addition one outside director who is experienced in the field of corporate governance and compliance has been appointed, and an appraisal of corporate strategy and important items of business execution is conducted.

b . Preparations and status of our risk management system

For important legal issues and compliance matters the legal representative of the General Affairs Department conducts the required investigations and also receives legal advice from legal specialists. Through this system we aim to create plans for immediate risk mitigation should a risk occur; this also acts as a preventative measure against any breach of the law or other illegal act.

c . Status of accounts auditing

The Company has appointed independent auditors Deloitte Touche Tohmatsu to perform auditing for the fiscal year end and interim reports under the Special Law for Exceptions to the Commercial Code and the Securities Exchange Law. There is no relationship of beneficial interest between the Company and its independent auditors or the actual auditors who perform audits.

d . Summary of personal, business and financial relationships between outside directors and auditors and the Company

Of the outside auditors, one is a certified public accountant but has no beneficial relationship with the Company. Additionally, there is no relationship of beneficial interest between the Company and the other auditors and directors.

e . Status of selected corporate governance improvement initiatives

By maintaining and managing operational systems while remaining aware of corporate governance and accountability, we are striving to embed our corporate philosophy and ensure the smooth functioning of compliance. Concrete measures include surveys of all employees, including department and section heads, along with education and training concerning compliance and the protection of customer data. We are also extending efforts to instill our Corporate Code of Conduct.

3. Operating Results and Financial Position

1. Operating results

(1) Overview of consolidated results for the interim period

The Japanese economy demonstrated a mild recovery in the interim period under review, supported by higher corporate profits, an increasing trend in capital expenditure, and improvements in the labor market and in personal incomes.

The travel industry recovered strongly, driven by demand for travel within Asia and to beach destinations such as Guam and Hawaii, although price competition between travel companies continued. Overseas travel departures by Japanese citizens reached record levels, with a revival in demand for overseas vacations and a strong recovery in group and corporate demand amidst a stable global environment. The demonstrations in China against Japan in early April 2005 resulted in a dampening of the previously strong demand for travel to China.

Our focus in this business environment was to actively promote sales to our core customer groups (individuals, younger travelers, experienced overseas travelers, and leisure travelers) while also seeking to increase our share of overseas departures by targeting senior and corporate customers. In our travel arrangement operations, we sought to further enhance our position as No. 1 brand with independent travelers, taking measures to improve our price competitiveness and consulting capabilities. We also strengthened our proprietary support services at overseas branches and offered various additional services as part of promotional activities, with the aim of boosting sales and achieving a higher level of sales per customer. In our package tour operations we took measures to differentiate our services and attract customers by boosting seat availability and improving our product planning, centered on our core 'Ciao' range of highly flexible packaged products. Our 'Impresso' range of escorted tours is popular with a wide range of customers of all ages, and measures we took to increase sales during the interim period under review included ensuring more seat availability during

peak periods and improving convenience by offering more products using charter flights. Our promotional activities during the period included a 'Dream travel gifts' campaign to celebrate the 25th year of H.I.S., along with celebrity-based campaigns designed to boost brand recognition and stimulate demand from independent travelers.

Other sales activities we undertook included continued close involvement with mobile phone-based information services and internet advertising, a strengthening of our last-minute booking operations, and the publication of *H.I.S. Times*, a travel newsletter available free of charge.

Sales from travel operations for the interim period were ¥130,486 million, with operating income of ¥2,970 million.

Sales from hotel operations improved to ¥642 million, with operating income of ¥58 million. This was supported by improved operating conditions, with a strong domestic economy in Australia and a recovery in demand for Gold Coast hotel accommodation.

Sales in other operations, primarily real estate, were impacted by the sale in December 2004 of one of our principal buildings in Japan, which had been a core source of rental revenues.

Consolidated sales for the interim period ended April 30, 2005 were ¥131,151 million, with consolidated ordinary income of ¥2,402 million and net income of ¥2,572 million.

(2) Forecasts for the full year

In our travel operations we expect a continuation of the increased demand seen through to the end of April 2005, with good demand for leisure and corporate travel, although we expect some continued effect on customized and group package travel to China to remain from the China demonstrations.

We intend to continue measures to differentiate our services from competitors, ensuring that our product lineup meets the diverse needs of independent travelers, collating information through our intranet, and further boosting our consulting capabilities. We will also continue celebrity-based promotional activities to ensure wide recognition of the H.I.S. brand. We plan to expand our use of internet advertising, and establish sales methods and channels that meet the needs of our customers and maximize convenience. To improve service and operating efficiency we intend to make use of our new 'Challenge' booking system, simplifying operations at booking terminals and reducing the amount of non-customer contact time required to handle bookings. We intend to reduce the number of back office staff required, and improve productivity per employee.

In hotel operations we will seek to continue benefiting from strong domestic demand in Australia, providing accommodation and other options such as conference-related services. We will work to increase food and beverage sales, and aim to generate a profit on the year's operating activities.

Under the direction of a new president, our subsidiary ATB will refocus its business strategy on Asia, with the aim of assuming leadership in the market servicing foreigners living in Japan and shifting to a profitable business structure.

2. Financial position

(1) Overview of consolidated cash flows in the interim period ended April 30, 2005

Cash and cash equivalents as of April 30, 2005 were ¥34,627 million, ¥9,631 million higher than one year earlier. The main factors contributing to this included an increase in income before taxes and minority interests for the interim period, higher outgoings for pre-paid travel and tax expenses, an increase in revenue from the sale of fixed assets, and higher outgoings for the acquisition of investment securities.

Cash flows from operating activities

Cash flow from operating activities during the interim period under review was minus ¥1,885 million, a difference of ¥3,551 million from the positive cash flow of ¥1,665 million recorded in the previous comparable period.

The main factors contributing positively to operating cash flow were pre-tax net income of ¥4,097 million recorded for the interim period, and an increase of ¥2,163 million in trade payables due to higher business volumes. The main factors contributing negatively to operating cash flow were an increase of ¥1,749 million in trade receivables due to higher business volumes, and an increase of ¥1,545 million in pre-paid travel expenses. Tax-related outgoings were also significant, including a decrease in unpaid consumption tax to ¥391 million (a difference of ¥553 million from the previous comparable period) and tax payments of ¥2,188 million (¥811 million higher than in the previous interim period).

Cash flow from operating activities in the previously comparable interim period (ended April 30, 2004) was ¥1,665 million. The result in that interim period reflected a recovery in demand following the severe impact on travel of SARS and avian flu. The main factors that contributed positively to operating cash flow in that interim period were pre-tax net income of ¥2,057 million and an increase of trade payables to ¥4,312 million. Those factors more than compensated for negative factors such as an increase of pre-paid travel expenses to ¥3,057 million and an increase in trade receivables to ¥1,682 million.

Cash flows from investing activities

Cash flow from investing activities during the interim period under review was ¥282 million, a difference of ¥1,041 million from the minus ¥759 million recorded in the previous comparable period.

The largest factor contributing positively to investing cash flow was revenue of ¥3,808 million from the sale of the Company's land and building in Chuo-ku, Tokyo. Another positive factor was revenue of ¥580 million from the maturation of investments in a private equity and bond fund managed by H.S. Securities Co., Ltd. The main factors contributing negatively to investing cash flow were ¥2,000 million to purchase bonds issued by Sanko-Soflan Co., Ltd., ¥1,000 million to purchase bonds issued by GMAC International Finance B.V., and ¥200 million to purchase bonds issued by GMAC Commercial Mortgage Funding, all for the purposes of financial management, along with ¥190 million to purchase software to upgrade our travel booking system.

Cash flow from investing activities in the previously comparable interim period (ended April 30, 2004) was minus ¥759 million. The main factors that contributed positively to investing cash flow in that interim period were the recovery of ¥700 million in loans to H.S. Investment Co., Ltd., and ¥200 million cash inflow from the maturation of bonds purchased from Daio Paper Corporation for the purposes of financial management. The main factors that contributed negatively to investing cash flow in that interim period were an investment of ¥500 million in TGR Investment Inc., the acquisition of software for ¥188 million, guarantee deposits of ¥139 million to secure seats with Qantas Airlines, and ¥100 million in lease deposits when the head office was relocated to Nishi-Shinjuku.

Cash flows from financing activities

Cash flow from financing activities during the interim period under review was minus ¥542 million, a difference of ¥82 million from the negative cash flow of ¥624 million recorded in the previous comparable period.

The main factors contributing to this included the payment of ¥501 million in dividends (¥165 million more than in the previous interim period), the acquisition of treasury stock for ¥24 million (¥244 million less than in the previous interim period), the repayment of ¥98 million in bank loans by Orion Tour Co., Ltd. and the borrowing of ¥98 million by Orion Tour Co., Ltd. The total amount paid in dividend payments included a special dividend of ¥7.50 per ordinary share to commemorate the listing of H.I.S. on the 1st section of the Tokyo Stock Exchange, in addition to a standard dividend payment of ¥15.00 per ordinary share.

The minus ¥624 million in financing cash flow recorded in the previous comparable period was mainly due to dividend payments in that period of ¥335 million (¥15.00 per ordinary share) and ¥269 million for the acquisition of treasury stock.

(2) Cash flow indices

Recent trends in cash flow-related indices are as follows:

	FY ended October 31, 2003		FY ended October 31, 2004		FY ending October 31, 2005
	End of interim period	End of full year	End of interim period	End of full year	End of interim period
Equity ratio (%)	61.3	51.1	47.7	43.3	44.7
Equity ratio based on market price (%)	59.0	86.9	106.1	92.1	104.8
Debt service coverage (years)	—	0.1	0.1	0.0	—
Interest coverage ratio (times)	—	174.6	406.7	1,235.6	—

Notes:

- A) Equity ratio = Total shareholders' equity/total assets
- B) Equity ratio based on market price = Market capitalization/total assets
- C) Debt service coverage = Interest-bearing debt/operating cash flow
- D) Interest coverage ratio = Operating cash flow/interest paid

* All indices are calculated from consolidated financial results figures.

* Market capitalization = Market price on last trading day of specified period × total shares outstanding at end of period (excluding treasury stock)

* Interest-bearing debt is the interest-bearing portion of liabilities recorded on the consolidated balance sheet.

* Operating cash flow and Interest paid are from the respective parts of the consolidated statements of cash flows.

* Debt service coverage and the interest coverage ratio are not recorded for the interim periods of the fiscal years ending October 31, 2003 and 2005, as operating cash flow was negative in those periods.

4. Consolidated Financial Statements

Consolidated Balance Sheets

Millions of yen

	As of April 30, 2005		As of October 31, 2004		As of April 30, 2004	
		%		%		%
ASSETS						
Current assets						
Cash and deposits	34,655		36,819		24,652	
Notes & accounts receivable	3,845		2,589		2,748	
Accrued sales receivable	6,755		6,200		5,215	
Marketable securities	2,847		2,879		3,156	
Deferred tax assets	1,060		1,235		794	
Travel deposits	6,018		4,480		4,871	
Pre-paid expenses	736		703		645	
Short-term loans receivable	390		785		2,294	
Other current assets	752		558		336	
Allowance for doubtful accounts	(72)		(70)		(35)	
Total current assets	56,991	74.4	56,181	75.8	44,680	70.2
Fixed assets						
Tangible fixed assets						
Buildings and structures	3,938		4,064		4,169	
Equipment and fittings	807		834		840	
Land	1,126		3,289		3,315	
Other fixed assets	94		105		114	
Total tangible fixed assets	5,967	7.8	8,293	11.2	8,440	13.3
Intangible fixed assets	1,946	2.5	2,325	3.1	2,753	4.3
Investments and other assets						
Investments in securities	6,591		2,786		2,079	
Long-term loans receivable	496		98		1,150	
Guarantee deposits	3,869		3,779		3,790	
Deferred tax assets	451		455		507	
Other investments and other assets	382		307		296	
Allowance for doubtful accounts	(92)		(91)		(89)	
Total investments and other assets	11,698	15.3	7,336	9.9	7,734	12.2
Total fixed assets	19,612	25.6	17,955	24.2	18,928	29.8
Total Assets	76,604	100.0	74,137	100.0	63,609	100.0

Consolidated Balance Sheets						
<i>Millions of yen</i>						
	As of April 30, 2005		As of October 31, 2004		As of April 30, 2004	
		%		%		%
LIABILITIES						
Current liabilities						
Notes & accounts payable.....	18,679		16,652		11,919	
Short-term borrowings.....	98		98		2	
Long-term debt due to be repaid within one year.....	13		12		12	
Accrued payable.....	901		711		795	
Accrued expenses.....	1,342		1,392		1,157	
Accrued income taxes.....	1,455		2,109		827	
Accrued consumption taxes.....	160		559		260	
Pre-trip deposits.....	14,502		15,200		13,398	
Accrued bonuses.....	1,461		1,456		1,093	
Other current liabilities.....	1,207		1,256		1,329	
Total current liabilities.....	39,823	52.0	39,450	53.2	30,797	48.4
Long-term liabilities						
Long-term debt.....	196		203		210	
Deferred tax liabilities.....	9		9		9	
Accrued employees' retirement benefits.....	886		851		760	
Accrued directors' and statutory auditors' retirement benefits.....	383		347		292	
Other long-term liabilities.....	63		198		188	
Total long-term liabilities.....	1,539	2.0	1,610	2.2	1,460	2.3
Total liabilities.....	41,363	54.0	41,060	55.4	32,258	50.7
MINORITY INTERESTS						
Minority interests.....	969	1.3	987	1.3	985	1.6
SHAREHOLDERS' EQUITY						
Common stock.....	6,882	9.0	6,882	9.3	6,882	10.8
Capital surplus.....	7,781	10.1	7,778	10.5	7,778	12.2
Retained earnings.....	19,834	25.9	17,793	24.0	16,682	26.2
Unrealized holding gains (losses) on securities.....	19	0.0	(241)	(0.3)	(215)	(0.3)
Translation adjustments.....	589	0.8	690	0.9	759	1.2
Treasury stock.....	(836)	(1.1)	(814)	(1.1)	(1,521)	(2.4)
Total shareholders' equity.....	34,271	44.7	32,088	43.3	30,365	47.7
Total Liabilities, Minority Interests and Shareholders' Equity.....	76,604	100.0	74,137	100.0	63,609	100.0

Consolidated Statements of Income						
<i>Millions of yen</i>						
	Interim period ended April 30, 2005		Interim period ended April 30, 2004		FY ended October 31, 2004	
Net sales.....	131,151	100.0	115,403	100.0	261,755	100.0
Cost of sales.....	110,113	84.0	96,199	83.4	220,463	84.2
Gross profit.....	21,038	16.0	19,203	16.6	41,292	15.8
Selling, general and administrative expenses.....	19,192	14.6	17,399	15.1	36,721	14.0
Operating income.....	1,845	1.4	1,804	1.6	4,570	1.8
Non-operating income						
Interest income.....	93		110		214	
Foreign exchange gains.....	63		97		133	
Income from equity-accounted affiliates.....	346		--		343	
Miscellaneous income.....	74		65		132	
Total non-operating income.....	577	0.4	273	0.2	823	0.3
Non-operating expenses						
Interest expense.....	3		--		9	
Loss from equity-accounted affiliates.....	--		30		--	
Miscellaneous expenses.....	17		15		26	
Total non-operating expenses.....	20	0.0	45	0.0	36	0.0
Ordinary income.....	2,402	1.8	2,032	1.8	5,357	2.1
Extraordinary gains						
Income from recovery of bad debts.....	--		40		40	
Gain on sale of fixed assets.....	1,474		--		17	
Gain on prior year income revisions.....	--		8		--	
Income from contract cancellation.....	--		--		300	
Profit from changes in equity shares.....	723		--		--	
Others.....	1		5		21	
Total extraordinary gains.....	2,199	1.7	54	0.0	379	0.1
Extraordinary losses						
Loss on disposal of fixed assets.....	13		16		70	
Loss on sale of fixed assets.....	1		2		8	
Loss on sale of investment securities.....	--		0		--	
Loss on redemption of securities.....	442		--		--	
Loss on prior year income revisions.....	18		7		48	
Others.....	27		2		19	
Total extraordinary losses.....	504	0.4	28	0.0	146	0.1
Net income before income taxes.....	4,097	3.1	2,057	1.8	5,590	2.1
Income taxes—current.....	1,499	1.1	1,035	0.9	3,104	1.1
Income taxes—prior.....	1	0.0	1	0.0	--	--
Income taxes—deferred.....	(0)	(0.0)	15	0.0	(354)	(0.1)
Minority interests.....	23	0.0	73	0.1	88	0.0
Net income.....	2,572	2.0	931	0.8	2,751	1.1

Consolidated Statements of Surplus

Millions of Yen

	Interim period ended April 30, 2005	Interim period ended April 30, 2004	FY ended October 31, 2004
Capital surplus			
Capital surplus at beginning of period	7,778	7,778	7,778
Increase in capital surplus from:			
Profit from sale of treasury stock	2	0	0
Capital surplus at end of period	7,781	7,778	7,778
Retained earnings			
Retained earnings at beginning of period	17,793	16,177	16,177
Increase in retained earnings from:			
Net income	2,572	931	2,751
Increase in consolidated subsidiaries	--	0	0
Total increase in retained earnings	2,572	932	2,751
Decrease in retained earnings from:			
Dividends	501	335	335
Directors' and statutory auditors' bonuses	29	23	23
Retirement of treasury stock	--	--	708
Decrease in consolidated subsidiaries	--	48	48
Decrease in companies accounted for by the equity method	--	19	19
Total decrease in retained earnings	530	427	1,135
Retained earnings at end of period	19,834	16,682	17,793

Consolidated Statements of Cash Flows			
	<i>Millions of yen</i>		
	Interim period ended April 30, 2005	Interim period ended April 30, 2004	FY ended October 31, 2004
I. Cash flows from operating activities			
Income before income taxes.....	4,097	2,057	5,590
Depreciation and amortization.....	552	541	1,101
Amortization of consolidation goodwill.....	351	366	727
Increase (decrease) in allowance for doubtful accounts.....	(1)	(5)	31
Increase (decrease) in accrued bonuses.....	7	(46)	315
Increase in accrued employees' retirement benefits.....	36	78	169
Increase in accrued directors and statutory auditors' retirement benefits.....	36	8	63
Interest and dividend income.....	(127)	(110)	(227)
Loss (gain) on equity-accounted affiliates.....	(346)	30	(343)
Loss (gain) from foreign exchange.....	(4)	(11)	6
Interest expense.....	3	4	9
Gain on sale of investment securities.....	--	(0)	(0)
Income from change in equity share.....	(723)	--	--
Loss on redemption of marketable securities.....	442	--	--
Loss on sale of investment securities.....	--	0	0
Appraisal loss on investment securities.....	27	0	0
Gain on sale of tangible fixed assets.....	(1,474)	(0)	(17)
Loss on sale of tangible fixed assets.....	1	2	8
Loss on disposal of tangible fixed assets.....	13	16	70
Other extraordinary losses (gains).....	6	(38)	43
Increase in accounts receivable.....	(1,749)	(1,682)	(2,266)
Increase in pre-paid travel deposits.....	(1,545)	(3,057)	(2,516)
Decrease (increase) in other assets.....	(534)	195	(426)
Increase in notes and accounts payable.....	2,163	4,312	8,968
Increase (decrease) in accrued consumption taxes.....	(391)	162	486
Increase in accrued expenses.....	57	20	271
Increase (decrease) in pre-paid travel deposits.....	(684)	83	1,869
Other increase (decrease) in liabilities.....	(51)	56	(75)
Bonus paid to directors and statutory auditors.....	(31)	(25)	(25)
Sub-total.....	129	2,959	13,834
Interest and dividends received.....	177	87	156
Interest paid.....	(4)	(4)	(9)
Income taxes paid.....	(2,188)	(1,377)	(2,207)
Net cash provided by (used in) operating activities.....	(1,885)	1,665	11,773
II. Cash flows from investing activities			
Increase in term deposits.....	(2,454)	(1,381)	(2,084)
Decrease in term deposits.....	2,144	1,142	1,677
Purchase of marketable securities.....	(200)	--	--
Proceeds from redemption of marketable securities.....	580	200	400
Purchase of tangible and intangible fixed assets.....	(435)	(430)	(1,091)
Proceeds from sale of tangible and intangible fixed assets.....	3,813	3	22
Purchase of investment securities.....	(3,300)	(505)	(799)
Purchase of shares of affiliates.....	--	(22)	(42)
Proceeds from sale of investment securities.....	--	2	2

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Proceeds from redemption of investment securities	183	--	--
Increase in loans receivable	(1)	(175)	(224)
Collection of loans receivable	39	743	3,327
Increase in guarantee deposits.....	(318)	(416)	(795)
Collection of guarantee deposits	223	110	613
Others.....	8	(27)	(45)
Net cash provided by (used in) investing activities ..	282	(759)	961
III. Cash flows from financing activities			
Increase in short-term borrowings	98	--	98
Repayment of short-term debt	(98)	(7)	(9)
Repayment of long-term debt	(6)	(6)	(13)
Cash dividends paid	(501)	(335)	(335)
Distribution of dividends to minority shareholders	(15)	(5)	(5)
Purchase of treasury stock	(24)	(269)	(270)
Proceeds from sale of treasury stock	5	0	0
Net cash used in financing activities	(542)	(624)	(535)
IV. Effect of exchange rate changes on cash and cash equivalents	(230)	(349)	(260)
V. Increase (decrease) in cash and cash equivalents ...	(2,375)	(67)	11,939
VI. Cash and cash equivalents at beginning of period	37,003	24,969	24,969
VII. Cash and cash equivalents from new affiliates at beginning of period	--	94	94
. Decrease from changes in the scope of consolidated subsidiaries.....	--	(0)	(0)
IX. Cash and cash equivalents at end of period.....	34,627	24,995	37,003