



Non-consolidated Financial Results

For the First Half Ended April 30, 2007

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

Summary of Non-consolidated Financial Results For the First Half Ended April 30, 2007

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

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Scheduled date of filing interim report:	July 27, 2007

I. Non-consolidated Interim Financial Results (November 1, 2006 – April 30, 2007)

(1) Non-consolidated Operating Results

	Millions of Yen - Except Per Share Data and Percents				
	First Half Ended April 30,		FY Ended October 31,		
	2007	%	2006	%	2006
Net Sales	144,849	15.8	125,125	13.2	288,880
Operating Income	1,895	13.8	1,666	18.0	5,734
Ordinary Income	2,012	5.0	1,917	16.9	6,238
Net Income	1,120	3.2	1,085	—	3,663
Net Income per Share (Yen)	33.57		32.52		109.73

(2) Non-consolidated Financial Position

	Millions of Yen - Except Per Share Data		
	As of April 30,		As of Oct. 31,
	2007	2006	2006
Total Assets	85,572	78,926	84,053
Net Assets	41,873	41,395	41,541
Shareholders' Equity Ratio (%)	48.9	52.4	49.4
Shareholders' Equity per Share (Yen)	1,254.33	1,239.92	1,244.33

Note: Shareholders' Equity:

First half ended April 30, 2007:

First half ended April 30, 2006:

Fiscal year ended October 31, 2006:

41,873 million yen

41,395 million yen

41,541 million yen

II. Non-consolidated Forecast for the Fiscal Year Ending October 31, 2007

	Millions of Yen	
	FY Ending October 31, 2007	
Net Sales	330,000	14.2%
Operating Income	6,400	11.6%
Ordinary Income	6,900	10.6%
Net Income	3,900	6.5%
Net Income per Share (Yen)	116.82	

Note: Contains forward-looking statements based on a number of assumptions and beliefs made by management in light of information currently available. Actual financial results may differ materially depending on a number of factors. Please consult page 4 of Consolidated Financial Results for the First Half Ended April 30, 2007 for further information concerning the projections.

III. Non-consolidated Financial Statements

1. Non-consolidated Balance Sheets

	<i>Millions of yen</i>						
	As of April 30, 2007		As of April 30, 2006		Change	As of Oct. 31, 2006	
	%		%			%	
ASSETS							
Current assets							
Cash and deposits.....	26,586		22,469			27,680	
Notes & accounts receivable.....	4,590		3,497			3,018	
Accrued sales receivable.....	8,799		7,349			8,671	
Marketable securities.....	3,403		4,903			4,703	
Travel deposits.....	7,958		7,961			6,885	
Pre-paid expenses.....	619		577			567	
Deferred tax assets.....	1,538		1,307			1,465	
Short-term loans to affiliates.....	2,452		767			704	
Accrued revenue.....	846		1,036			908	
Other current assets.....	1,327		1,288			1,312	
Allowance for doubtful accounts.....	(147)		(69)			(68)	
Total current assets.....	57,974	67.7	51,090	64.7	6,884	55,849	66.4
Fixed assets							
Tangible fixed assets							
Buildings and structures.....	664		630			628	
Vehicles.....	2		3			2	
Equipment and fittings.....	457		571			488	
Land.....	235		235			235	
Total tangible fixed assets.....	1,359	1.6	1,440	1.8	(80)	1,354	1.6
Intangible fixed assets.....	1,332	1.6	1,535	2.0	(202)	1,432	1.7
Investments and other assets							
Investments in securities.....	6,743		9,741			8,121	
Shares in affiliates.....	11,415		10,933			11,221	
Investments in affiliates.....	317		312			328	
Long-term loans receivable.....	391		402			414	
Long-term loans to affiliates.....	500		—			500	
Deferred tax assets.....	1,341		—			945	
Guarantee deposits.....	3,703		3,462			3,405	
Other investments and other assets.....	533		26			522	
Allowance for doubtful accounts.....	(40)		(18)			(42)	
Total investments and other assets.....	24,905	29.1	24,860	31.5	45	25,417	30.3
Total fixed assets.....	27,598	32.3	27,835	35.3	(237)	28,204	33.6
Total Assets.....	85,572	100.0	78,926	100.0	6,646	84,053	100.0

	Millions of yen						
	As of April 30, 2007		As of April 30, 2006		Change	As of Oct. 31, 2006	
		%		%			
LIABILITIES							
Current liabilities							
Notes and accounts payable	17,090		12,069			12,996	
Accrued payable.....	698		718			581	
Accrued expenses.....	1,249		1,136			1,020	
Accrued income taxes	950		890			2,056	
Accrued consumption taxes	302		182			440	
Pre-trip deposits	18,608		17,827			20,345	
Insurance deposits	328		436			432	
Accrued bonuses.....	1,677		1,612			1,743	
Accrued directors' and statutory auditors' bonuses	16		—			30	
Short-term accrued interest for travel funds.....	2		—			0	
Other current liabilities.....	1,334		965			1,492	
Total current liabilities.....	42,258	49.4	35,837	45.4	6,420	41,140	49.0
Long-term liabilities							
Deferred tax liabilities	—		398			—	
Accrued employees' retirement benefits.....	1,017		856			909	
Accrued directors' and statutory auditors' retirement benefits.....	353		401			406	
Long-term accrued interest for travel funds.....	0		—			0	
Guarantee deposits	40		37			40	
Other long-term liabilities.....	28		—			15	
Total long-term liabilities.....	1,440	1.7	1,693	2.2	(252)	1,372	1.6
Total liabilities	43,699	51.1	37,530	47.6	6,168	42,512	50.6
SHAREHOLDERS' EQUITY							
Common stock.....	—	—	6,882	8.7	(6,882)	—	—
Capital surplus							
Capital reserve	—		7,778			—	
Other capital surplus.....	—		3			—	
Total capital surplus.....	—	—	7,782	9.9	(7,782)	—	—
Retained earnings							
Earned reserve.....	—		246			—	
Contingent reserve							
Other reserve.....	—		23,565			—	
Reserve for special depreciation	—		2			—	
Unappropriated retained earnings for the period	—		2,462			—	
Total retained earnings.....	—	—	26,276	33.3	(26,276)	—	—
Unrealized holding gains on securities	—		1,308	1.6	(1,308)	—	—
Treasury stock	—		(853)	(1.1)	853	—	—
Total shareholders' equity	—	—	41,395	52.4	(41,395)	—	—
Total Liabilities and Shareholders' Equity.....	—	—	78,926	100.0	(78,926)	—	—

	<i>Millions of yen</i>						
	As of April 30, 2007		As of April 30, 2006		Change	As of Oct. 31, 2006	
NET ASSETS							
Shareholders' equity							
Common stock.....	6,882	8.0	—	—	6,882	6,882	8.2
Capital surplus							
Capital reserve	7,778		—			7,778	
Other capital surplus.....	3		—			3	
Total capital surplus.....	7,782	9.1	—	—	7,782	7,782	9.2
Retained earnings							
Earned reserve.....	246		—			246	
Contingent reserve							
Other reserve.....	25,565		—			23,565	
Reserve for special depreciation	1		—			2	
Unappropriated retained earnings for the period	3,494		—			5,040	
Total retained earnings.....	29,306	34.2	—	—	29,306	28,854	34.3
Treasury stock.....	(861)	(1.0)	—	—	(861)	(857)	(1.0)
Total Shareholders' equity	43,110	50.3	—	—	43,110	42,661	50.7
Appraisal and Translation Differences							
Unrealized holding losses on securities	(1,130)	(1.3)	—	—	(1,130)	(553)	(0.6)
Deferred gain/loss on hedges	(105)	(0.1)	—	—	(105)	(566)	(0.7)
Total Appraisal and Translation Differences	(1,236)	(1.4)	—	—	(1,236)	(1,120)	(1.3)
Total net assets	41,873	48.9	—	—	41,873	41,541	49.4
Total Liabilities and Net Assets	85,572	100.0	—	—	85,572	84,053	100.0

2. Non-consolidated Statements of Income

	<i>Millions of yen</i>						
	Interim period ended April 30, 2007		Interim period ended April 30, 2006		Change	FY ended October 31, 2006	
Net sales	144,849	100.0	125,125	100.0		19,723	288,880
Cost of sales	126,053	87.0	107,828	86.2	18,224	250,514	86.7
Gross profit.....	18,795	13.0	17,297	13.8	1,498	38,365	13.3
Selling, general and administrative expenses.....	16,899	11.7	15,630	12.5	1,269	32,631	11.3
Operating income	1,895	1.3	1,666	1.3	229	5,734	2.0
Non-operating income	231	0.2	323	0.3	(91)	607	0.2
Non-operating expenses	115	0.1	72	0.1	42	103	0.0
Ordinary income	2,012	1.4	1,917	1.5	95	6,238	2.2
Extraordinary gains	18	0.0	58	0.1	(40)	68	0.0
Extraordinary losses	30	0.0	39	0.0	(8)	54	0.0
Net income before income taxes.....	2,000	1.4	1,936	1.6	63	6,252	2.2
Income taxes - current.....	879		851			2,814	
Income taxes - deferred	—		—			(225)	
Total taxes	879	0.6	851	0.7	28	2,589	0.9
Net income	1,120	0.8	1,085	0.9	34	3,663	1.3
Balance brought forward	—		1,376			—	
Unappropriated profits.....	—		2,462			—	

3. Statements of Changes to Shareholders' Equity
Current Interim Period (November 1, 2006 to April 30, 2007)

(Millions of Yen)

Shareholders' Equity											
Common stock	Capital surplus			Retained earnings					Treasury stock	Total shareholder's equity	
	A	B	C	Earned reserve	D	E	F	Total			
Balance as of October 31, 2006	6,882	7,778	3	7,782	246	23,565	2	5,040	28,854	(857)	42,661
Fluctuations in the interim period											
Dividends				—				(667)	(667)		(667)
Funded reserve				—		2,000		(2,000)	—		—
Reserve for special depreciation				—			(1)	1	—		—
Interim net income				—				1,120	1,120		1,120
Acquisition of treasury stock				—					—	(4)	(4)
Sale of treasury stock			0	0					—	0	0
Fluctuations other than shareholders' equity in the interim period (net)				—					—		—
Total fluctuation in the interim period	—	—	0	0	—	2,000	(1)	(1,545)	452	(4)	448
Balance as of April 30, 2007	6,882	7,778	3	7,782	246	25,565	1	3,494	29,306	(861)	43,110

Notes:

- A: Capital reserve
- B: Other capital surplus
- C: Total capital surplus
- D: Other reserve
- E: Reserve for special depreciation
- F: Retained earnings brought forward

	Appraisal and Translation Differences			Total net assets
	Unrealized holding gains/losses on securities	Deferred gain/loss on hedges	Total appraisal and translation differences	
Balance as of October 31, 2006	(553)	(566)	(1,120)	41,541
Fluctuations in the interim period				
Dividends			—	(667)
Funded reserve			—	—
Reserve for special depreciation			—	—
Interim net income			—	1,120
Acquisition of treasury stock			—	(4)
Sale of treasury stock			—	0
Fluctuations other than shareholders' equity in the interim period (net)	(577)	460	(116)	(116)
Total fluctuation in the interim period	(577)	460	(116)	332
Balance as of April 30, 2007	(1,130)	(105)	(1,236)	41,873

Previous Fiscal Year (November 1, 2005 to October 31, 2006)

(Millions of Yen)

Shareholders' Equity											
	Capital surplus			Retained earnings					Treasury stock	Total shareholder's equity	
	A	B	C	Earned surplus	D	E	F	Total			
Balance as of October 31, 2005	6,882	7,778	3	7,782	246	21,565	4	3,984	25,800	(842)	39,621
Fluctuations in the period											
Dividends			—					(584)	(584)		(584)
Directors' and statutory auditors' bonuses				—				(25)	(25)		(25)
Funded reserve					2,000			(2,000)			
Reserve for special depreciation							(1)	1			
Net income								3,663	3,663		3,663
Acquisition of treasury stock										(14)	(14)
Sale of treasury stock			0	0						0	0
Fluctuations other than shareholders' equity in the period (net)											
Total fluctuation in the period	—	—	0	0	—	2,000	(1)	1,055	3,054	(14)	3,039
Balance as of October 31, 2006	6,882	7,778	3	7,782	246	23,565	2	5,040	28,854	(857)	42,661

A: Capital reserve
B: Other capital surplus
C: Total capital surplus

D: Other reserve
E: Reserve for special depreciation
F: Retained earnings brought forward

Appraisal and Translation Differences				Total net assets
Unrealized holding gains (losses) on securities	Deferred gain/ loss on hedges	Total appraisal and translation differences		
Balance as of October 31, 2005	945	—	945	40,567
Fluctuations in the period				
Dividends			—	(584)
Directors' and statutory auditors' bonuses			—	(25)
Funded reserve			—	
Reserve for special depreciation			—	
Net income			—	3,663
Acquisition of treasury stock			—	(14)
Sale of treasury stock			—	0
Fluctuations other than shareholders' equity in the period (net)	(1,498)	(566)	(2,065)	(2,065)
Total fluctuation in the period	(1,498)	(566)	(2,065)	974
Balance as of October 31, 2006	(553)	(566)	(1,120)	41,541