

Consolidated Financial Results for the First Six Months of the Fiscal Year Ending October 31, 2017  
(Under Japanese GAAP)

\* Please note this document is a translation of the original Japanese document “Financial Results for the 6 months ended April 30, 2017 (Kessan Tanshin)” and is only for reference purposes. In the event of any discrepancy between this translated document and the original Japanese document, the latter shall prevail.

May 26, 2017

Company Name: H.I.S. Co., Ltd.

Stock Code: 9603, URL: <http://www.his.co.jp/english/info.html>

Representative Director: Hideo Sawada, Representative Director, Chairman and President

Contact: Shigeru Nakatani, Director and CFO

Scheduled date to file Quarterly Securities Report: May 31, 2017

Scheduled date to commence dividend payments: —

Preparation of supplementary material on quarterly financial results: Yes

Holding of quarterly financial results meeting: Yes ( for analysts and institutional investors )

(Rounded down to the nearest million Japanese Yen)

1. Consolidated Financial Results for the First Six Months of the Fiscal Year Ending October 31, 2017  
(November 1, 2016 – April 30, 2017)

(1) Consolidated Operating Results (Cumulative) (% shows year-on-year changes)

	Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
	JPY million	%	JPY million	%	JPY million	%	JPY million	%
6 months ended								
Apr 30, 2017	271,825	6.2	6,246	△26.8	10,535	134.5	5,176	5,120.2
Apr 30, 2016	255,974	△1.8	8,533	△14.9	4,493	△60.1	99	△98.1

(\*Note) Comprehensive Income: JPY10,838 million (—%) for the 6 months ended Apr 30, 2017  
JPY1,272 million (—%) for the 6 months ended Apr 30, 2016

	EPS	Diluted EPS
6 months ended	JPY	JPY
Apr 30, 2017	84.21	78.53
Apr 30, 2016	1.55	1.26

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	BPS
As of	JPY million	JPY million	%	JPY
Apr 30, 2017	388,154	105,584	22.6	1,429.24
Oct 31, 2016	332,385	95,139	23.9	1,295.35

(\*Reference) Shareholders' Equity : JPY87,893 million as of April 30, 2017  
JPY79,592 million as of October 31, 2016

## 2. Dividends

	Annual Dividends Per Share				
	1 <sup>st</sup> Quarter-end	2 <sup>nd</sup> Quarter-end	3 <sup>rd</sup> Quarter-end	Fiscal year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year ended October 31, 2016	—	0.00	—	22.00	22.00
Fiscal Year ending October 31, 2017	—	0.00			
Fiscal Year ending October 31, 2017 (Forecast)			—	26.00	26.00

(\*Note) Changes from the most recently announced dividend forecasts: None

## 3. Financial Forecasts for Fiscal Year ending October 31, 2017 (November 1, 2016 – October 31, 2017)

(% shows year-on-year changes)

Fiscal Year Ending	Sales		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		EPS
	JPY million	%	JPY million	%	JPY million	%	JPY million	%	JPY
Oct 31, 2017	580,000	10.7	20,000	40.1	23,000	165.9	12,000	—	195.13

(\*Note) Changes from the most recently announced financial forecasts: None

(\*Notes)

(1) Changes in significant subsidiaries during the 6 months ended April 30, 2017 (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of special accounting methods for preparing quarterly consolidated financial statements: Yes  
For details, please see “application of special accounting methods for preparing quarterly consolidated financial statements” of the attached appendix.

(3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

1) Changes in accounting policies due to amendments to accounting standards and other regulations:

None

2) Changes in accounting policies due to reasons other than 1) above: None

3) Changes in accounting estimates: None

4) Restatement of prior period financial statements: None

(4) The Number of Issued and Outstanding Shares (Common Shares)

1) Number of Issued and Outstanding Shares (Including Treasury Stocks) at the end of the period

As of Apr 30, 2017	68,522,936 shares
As of Oct 31, 2016	68,522,936 shares

2) Number of Treasury Stocks at the end of the period

As of Apr 30, 2017	7,026,406 shares
As of Oct 31, 2016	7,078,316 shares

3) Average Number of Shares during the period

6 months ended Apr 30, 2017	61,473,124 shares
6 months ended Apr 30, 2016	63,830,977 shares

(\*Note) The stocks of the company held by H.I.S. Employee Stock Ownership Trust are included in the number of treasury stock at the end of period (404,500 shares as of Apr 30, 2017 and 456,400 shares as of Oct 31, 2016) and the number of treasury stock deducted in calculating the average number of shares during the period (427,900 shares during 6 months ended Apr 30, 2017).

(\*Note) Explanations regarding the Quarterly Review Procedures

This document is not subject to the quarterly review procedures as promulgated by the Financial Instruments and Exchange Act.

(\*Note) Explanations regarding the Appropriate Use of Financial Forecasts and Other Special Instructions

The financial forecasts above are based on information that is available to management as of the date of announcement of this document and certain assumptions as of the date of announcement of this document that are related to uncertain factors that could influence financial forecasts. Actual results may be significantly different from these financial forecasts due to various factors. For more information, please see "Explanation regarding financial forecasts and other forward-looking information" on the attached appendix.

## 1. Qualitative Information for the 6 Months ended April 30, 2017

### (1) Explanation of Operating Results

Regarding the business environment during the 6 months ended April 30, 2017 (consolidated), the world economy continued to be unstable due to change of government in various countries and geopolitical risks such as East Asia. On the other hand, domestic economy continued to show gradual recovery trend although there was some delay in improvement.

Under such circumstances, H.I.S. Group reorganized its business execution structure to respond to expanding business domains. H.I.S. Group also continued its efforts to build a new business model that can contribute to world peace as a company constantly changing and developing not only through travel but also through various businesses with the corporate philosophy "Contributing to creative development of humanity and world peace by complying with the law of nature"

Operating results by business segment are as follows. The amount of each segment is the amount before eliminating intersegment transactions.

#### (Travel Business)

The number of Japanese outbound travelers departing Japan during the 6 months ended April 30, 2017 (consolidated) showed recovery from a decline due to terrorist attacks in Europe and other reasons, and increased by 7.8% as compared to the same period last year to 8.72 million, while the number of inbound travelers to Japan increased by 15.9% as compared to the same period last year to 13.04 million, the highest number ever (Source: JNTO).

The number of customers of H.I.S Group's outbound travel business from Japan, which is its pillar business, increased by 5.3% as compared to the same period last year, while the transaction amount increased by 8.3% as compared to the same period last year, as a result of favorable sales of students' travel and spring vacation travel as well as product deployment of "number one" and "only one" content. Regarding domestic travel in Japan, a domestic airline ticket site was newly opened in order to strengthen online sales, making efforts to increase the number of products and improve profitability.

Regarding outbound travel business from overseas, efforts were made to continue to introduce and strengthen management resources to capture travel demand in Asia, where the number of outbound travelers is rapidly increasing due to economic development.

Especially in Southeast Asia including Thailand, Indonesia, and Vietnam, various marketing measures were introduced to strengthen its ability to acquire local customers, such as exhibiting at travel fairs, cooperation with ministries and agencies, and B to B business developments. Regarding inbound travel to these countries, efforts were made to continue to strengthen business for customers from markets other than Japan.

Regarding inbound travel business to Japan, the number of foreign visitors to Japan still continues to show significant increase. The government target for 2020 was set at 40 million visitors and the market is expected to further expand. The number of H.I.S. Group's customers from respective country has been increasing, as a result of its efforts for Chinese and Southeast Asian markets as well as developments of B to B business from U.S. and Europe, a new effort.

In the meantime, H.I.S. Group's sales network continued to expand globally with 293 locations in Japan and 253 locations in 155 cities in 66 countries outside of Japan (as of April 30, 2017).

As a result of the above, Travel Business recorded net sales of 238,994 million yen (105.8% of the same period last year) due to recovery of demand for travel to Europe and increase in the number of travelers, partially offset by decrease of fuel surcharges. Operating income was 3,619 million yen (75.9% of the same period last year), reflecting the recovery in the 2<sup>nd</sup> quarter (Feb 2017 – Apr 2017) from the 1<sup>st</sup> quarter (Nov 2016 – Jan 2017) resulting from adverse day sequence at year end and start.

(Huis Ten Bosch Group)

Huis Ten Bosch, which celebrated its 25th anniversary, has expanded events and shows that can be enjoyed by three generations from small children to senior customers, and has continued to provide the world's largest and "the first in Japan" entertainment. It focused on improving experience value by offering "only one" and "number one" contents through "Nighttime Drone Race", a new event where Japan's premier pilots competed for Japan's No.1 for the first time, as well as through evolving as Japan's largest VR theme park by opening "House of VR" with various VR contents such as popular screaming attraction "Ultra Reverse Bungee". The number of visitors was 1,470,000 (5.9% less than the same period last year) as the number of group visitors and foreign visitors was sluggish, despite a moderate recovery of tourism industry in Kyushu as compared to immediately after Kumamoto earthquake in April 2016.

Laguna Ten Bosch hosted an event in collaboration with Doraemon, a popular anime character, to attract customers.

Meanwhile, HTB Energy, which became a member of H.I.S. Group in the last fiscal year, is conducting full-fledged business development in the fully liberalized electric power retail market. This energy business is expected to greatly contribute to the consolidated net sales and earnings of H.I.S. Group.

As a result of the above, Huis Ten Bosh Group recorded net sales of 16,999 million yen (104.4% of the same period last year) and operating income of 3,772 million yen (84.6% of the same period last year).

#### (Hotel Business)

Hotel Business, which H.I.S. Group is aiming to strengthen as the third pillar following Travel Business and Huis ten Bosh Group, established HIS Hotel Holdings Co., Ltd. in November 2016 to manage its Hotel Business and to realize the operation of 100 facilities over the medium to long term. As with Travel Business' outbound travel from overseas, Hotel Business has a great potential for growth by capturing travel demands in Asia. H.I.S. Group is considering and preparing hotel business deployment in Japan, such as Tokyo, Osaka, and Kyoto, where hotel room shortage is becoming more serious, and overseas, centering on destinations preferred by Asian customers. In March 2017, Henn na Hotel Maihama Tokyo Bay (Urayasu City, Chiba Prefecture) started operations. Due to its location very close to a popular theme park, it has been maintaining high occupancy rates by attracting customers.

Regarding existing hotels, both the average unit price and the occupancy rate of Guam Reef & Olive Spa Resort (Guam) went up as it strengthened group travel business as well as shifting to WEB business. In addition, Watermark Hotel Sapporo was successful in attracting customers through overseas websites at an early stage. As a result of the above, Hotel Business recorded net sales of 3,620 million yen (99.8% of the same period last year), operating income of 494 million yen (105.4% of the same period last year), and EBITDA of 900 million yen.

On a different note, Henn na Hotel Laguna Ten Bosch (Gamagori City, Aichi Prefecture) is expected to start its operations in August 2017.

#### (Transportation Business)

Asia Atlantic Airlines Co., Ltd., in addition to regular flights, actively carried out operations in busy seasons with high profitability, such as charter flights from Narita to Siem Reap (Cambodia) during year-end and new year, and from Phuket (Thailand) to Changchun

(China) / Ordos (China) during Chinese New Year. Transportation Business recorded net sales of 2,111 million (143.1% of the same period last year) and operating loss of 682 million yen (operating loss of 451 million yen in the same period last year).

(Kyushu Sanko Group)

Kyushu Sanko Group's bus business is on a recovery trend one year after Kumamoto Earthquake, but some negative impacts remained such as decline in route bus passengers and decline in orders for charter buses. On the other hand, its travel, restaurant, shop, and maintenance business went well due partly to recovery demand. Sakuramachi redevelopment project also progressed as scheduled with the groundbreaking ceremony in February, 2017. As a result, Kyushu Sanko Group recorded net sales of 11,182 million yen (101.8% of the same period last year) and operating income of 244 million yen (63.9% of the same period last year).

As a result of the above, H.I.S. Group recorded net sales of 271,825 million yen (106.2% of the same period last year) and operating income of 6,246 million yen (73.2% of the same period last year) during the consolidated 6 months ended April 30, 2017. Ordinary income was 10,535 million (234.5% of the same period last year) due to foreign exchange gain of 2,741 million yen (4,366 million yen foreign exchange loss in the same period last year), and net income attributable to parent company shareholders was 5,176 million yen (5,220.2% of the same period last year) despite an extraordinary loss of 637 million yen in relation to loss from sales of cruises owned by its consolidated subsidiary, Ten Bosch Cruise Panama S.A., both of which were record high.

## (2) Explanation of Financial Position

Total assets as of the end of April 2017 increased by 55,769 million yen as compared to the end of October 2016 to 388,154 million yen. This was due mainly to 38,401 million yen increase in cash and deposits, 9,382 million yen increase in PP&E and intangible fixed assets as a result of capital expenditures, etc.

Total liabilities as of the end of April 2017 increased by 45,325 million yen as compared to the end of October 2016 to 282,570 million yen. This was due mainly to 20,000 million yen increase in bonds payable and 12,364 million yen increase in long term loans payable.

Net assets as of the end of April 2017 increased by 10,444 million yen as compared to the end of October 2016 to 105,584 million yen. This was due mainly to 3,814 million yen increase in retained earnings due to interim net income and other reasons, and 3,345 million

yen increase in foreign currency translation adjustment.

Capital ratio as of the end of April 2017 was 22.6% as compared to 23.9% as of the end of October 2016. This was due to fund raising through bonds payable and loans payable. Capital ratio excluding the impact of the fund raising was 37.6% as of the end of April 2017 and 38.7% as of the end of October 2016.

#### (Cash Flow Situation)

Cash and cash equivalents (hereinafter referred to as "Funds") at the end of April 2017 increased by 37,802 million yen as compared to the end of October 2016 to 167,645 million yen. The status of each cash flow and respective factors during the 6 months ended April 30, 2017 were as follows.

#### (Cash Flow from Operating Activities)

Cash flow generated from operating activities was 19,740 million yen, as compared to 4,768 million yen generated during the same period last year. This was due mainly to 9,898 million yen of income before income taxes, 5,106 million yen of increase in travel advance payments, and 3,346 million yen of depreciation.

Operating cash flow generated during the 6 months ended April 2016 (previous fiscal year) was due mainly to 978 million yen of income before income taxes, 3,514 million yen of impairment loss, 3,159 million yen of depreciation, and 2,998 million yen of foreign exchange loss, partially offset by 3,940 million yen of income taxes payment.

#### (Cash Flow from Investing Activities)

Cash flow used in investing activities was 10,351 million yen, as compared to 16,524 million yen used during the same period last year. This was due mainly to 7,917 million yen of acquisition of PP&E and intangible fixed assets, and 2,817 million yen of acquisition of subsidiary shares that affects the scope of consolidation.

Investing cash flow used during the 6 months ended April 2016 (previous fiscal year) was due mainly to 31,150 million yen of acquisition of new time deposits, 8,038 million yen of acquisition of PP&E and intangible fixed assets, 3,000 million yen of acquisition of securities, and 1,250 million yen of acquisition of investment securities, partially offset by 27,913 million yen of redemption of time deposits.

#### (Cash Flow from Financing Activities)

Cash flow generated from financing activities was 26,117 million yen, as compared to 31,618 million yen generated during the same period last year. This was due mainly to 38,383 million yen of new short-term and long-term loans payable and 19,909 million yen (Note) of issuance of bonds payable, partially offset by 30,565 million yen of repayment of short-term and long-term bonds payable and 1,361 million yen of dividend payment.

Financing cash flow generated during the 6 months ended April 2016 (previous fiscal year) was due mainly to 77,589 million yen of new short-term and long-term loans payable, partially offset by 36,887 million yen of repayment of short-term and long-term loans payable and 7,247 million yen of acquisition of treasury stock.

As a result of the above, Funds (cash and cash equivalents) as of the end of April 2017 increased by 37,802 million yen as compared to the end of October 2016 to 167,645 million yen.

(Note) Calculated by deducting related fees from the amount of proceed

#### (3) Explanation of Forward Looking Information including Consolidated Financial Forecasts

The environment surrounding the world economy will continue to be uncertain, such as political risks centered on Europe and U.S. and uncertain economies such as China and Asian emerging countries. The travel industry has been recovering from a decline in travel demand mainly for Europe last year. Outbound travel demand this summer is expected to be solid. On the other hand, H.I.S. Group will be required even further to respond to changes in the market, such as online travel agents that are evolving rapidly and intensifying competition due to increases of new travel related services.

Huis Ten Bosch will make further efforts to increase experience value through various measures such as hosting the popular “Water Park” in Tokyo, Osaka and Nagasaki at the same time to develop the largest scale ever, and opening “VR Coaster” that transcends three world records of height, speed and length as a new VR attraction.

There is no change to the consolidated financial forecasts that were announced on the financial statements (Kessan Tanshin) dated December 9, 2016.

If the following events occur, there is a possibility that the full year financial forecasts are affected.

## 1. Foreign Currency Fluctuations

H.I.S. Group has foreign currency denominated transactions, and as a result, has income, expenses, assets and liabilities denominated in foreign currencies. Foreign exchange contracts and other measures are used as a risk hedge to reduce the impact of fluctuations in exchange rates, but if the exchange rate fluctuates significantly, there is a possibility that the full year financial forecasts are affected.

## 2. Decrease of Fuel Surcharges

Fuel surcharges included in the sales of Travel Business may be reduced or be unnecessary as the price of fuel oil falls. This may have an impact on consolidated sales forecasts, but has no impact on consolidated operating income, ordinary income, net income attributable to parent shareholders, and EPS forecasts.

## 2. Issues related to Summary Information (Notes)

(1) Application of accounting treatment specific to preparation of quarterly consolidated financial statements

### (Calculation of Income Taxes)

Incomes taxes were calculated by reasonably estimating the effective tax rate after applying tax effect accounting to income before income taxes and by multiplying income before income taxes by the effective tax rate.

## Consolidated Balance Sheet

(Millions of yen)

	As of October 31, 2016	As of April 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	159,011	197,412
Accounts receivable - trade	24,063	26,154
Operating accounts receivable	8,084	7,415
Securities	2,998	300
Travel advance payments	24,387	29,018
Prepaid expenses	2,583	2,528
Deferred tax assets	2,628	2,372
Short-term loans receivable	65	76
Short-term loans receivable from subsidiaries and associates	78	58
Accounts receivable - other	3,001	2,435
Other	6,705	6,388
Allowance for doubtful accounts	△77	△75
<b>Total current assets</b>	<b>233,531</b>	<b>274,085</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	14,349	15,957
Tools, furniture and fixtures, net	4,360	4,411
Vessels, net	971	74
Land	23,441	25,753
Leased assets, net	2,804	2,665
Other, net	16,363	18,040
<b>Total property, plant and equipment</b>	<b>62,291</b>	<b>66,903</b>
Intangible assets		
Goodwill	268	4,777
Other	5,288	5,550
<b>Total intangible assets</b>	<b>5,556</b>	<b>10,327</b>
Investments and other assets		
Investment securities	1,704	2,298
Shares of subsidiaries and associates	6,681	8,975
Investments in capital of subsidiaries and associates	74	74
Long-term loans receivable	6,557	6,991
Long-term loans receivable from subsidiaries and associates	85	84
Net defined benefit asset	318	331
Deferred tax assets	3,355	3,598
Guarantee deposits	6,758	6,997
Other	5,492	7,411
Allowance for doubtful accounts	△206	△184
<b>Total investments and other assets</b>	<b>30,822</b>	<b>36,580</b>
<b>Total non-current assets</b>	<b>98,670</b>	<b>113,811</b>
Deferred assets	183	257
<b>Total assets</b>	<b>332,385</b>	<b>388,154</b>

(Millions of yen)

As of October 31, 2016

As of April 30, 2017

Liabilities		
Current liabilities		
Operating accounts payable	18,744	22,974
Short-term loans payable	8,915	4,368
Current portion of long-term loans payable	583	1,811
Accounts payable - other	2,487	2,967
Accrued expenses	3,004	3,028
Income taxes payable	829	3,417
Accrued consumption taxes	595	654
Travel advance received	53,293	59,645
Lease obligations	925	899
Provision for bonuses	2,951	3,307
Provision for directors' bonuses	106	83
Other	10,368	14,422
Total current liabilities	102,805	117,580
Non-current liabilities		
Bonds payable	20,000	40,000
Convertible bond-type bonds with subscription rights to shares	20,113	20,093
Long-term loans payable	77,042	88,179
Deferred tax liabilities	4,754	4,774
Net defined benefit liability	6,886	7,055
Provision for directors' retirement benefits	788	814
Provision for repairs	761	414
Lease obligations	2,283	2,176
Other	1,808	1,482
Total non-current liabilities	134,440	164,989
Total liabilities	237,245	282,570
Net assets		
Shareholders' equity		
Capital stock	11,000	11,000
Capital surplus	3,665	3,672
Retained earnings	80,988	84,803
Treasury shares	△14,162	△14,003
Total shareholders' equity	81,491	85,473
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	△152	63
Deferred gains or losses on hedges	△546	47
Foreign currency translation adjustment	△744	2,600
Remeasurements of defined benefit plans	△455	△291
Total accumulated other comprehensive income	△1,899	2,419
Subscription rights to shares	77	159
Non-controlling interests	15,470	17,531
Total net assets	95,139	105,584
Total liabilities and net assets	332,385	388,154

## Consolidated Statements of Income

(Millions of yen)

	Six months ended April 30, 2016	Six months ended April 30, 2017
Net sales	255,974	271,825
Cost of sales	202,280	219,284
Gross profit	53,693	52,541
Selling, general and administrative expenses	45,160	46,294
Operating income	8,533	6,246
Non-operating income		
Interest income	843	867
Foreign exchange gains	—	2,741
Share of profit of entities accounted for using equity method	—	99
Other	790	1,069
Total non-operating income	1,634	4,777
Non-operating expenses		
Interest expenses	155	202
Foreign exchange losses	4,366	—
Share of loss of entities accounted for using equity method	907	—
Other	246	285
Total non-operating expenses	5,675	487
Ordinary income	4,493	10,535
Extraordinary losses		
Loss on sales of non-current assets	—	637
Impairment loss	3,514	—
Total extraordinary losses	3,514	637
Profit before income taxes	978	9,898
Income taxes	155	3,366
Profit	822	6,531
Profit attributable to non-controlling interests	723	1,354
Profit attributable to owners of parent	99	5,176

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended April 30, 2016	Six months ended April 30, 2017
Cash flows from operating activities		
Profit before income taxes	978	9,898
Depreciation	3,159	3,346
Impairment loss	3,514	—
Amortization of goodwill	95	167
Increase (decrease) in provision for bonuses	△402	287
Increase (decrease) in provision for directors' bonuses	△72	△24
Increase (decrease) in net defined benefit liability	304	435
Increase (decrease) in provision for directors' retirement benefits	3	25
Increase (decrease) in provision for repairs	△144	△348
Interest and dividend income	△877	△868
Share of (profit) loss of entities accounted for using equity method	907	△99
Foreign exchange losses (gains)	2,998	△2,148
Interest expenses	155	202
Loss (gain) on sales of property, plant and equipment	—	637
Loss (gain) on sales of investment securities	△0	—
Other loss (gain)	△21	△258
Decrease (increase) in notes and accounts receivable - trade	△910	△409
Decrease (increase) in travel advance payments	54	△4,137
Decrease (increase) in other assets	△339	1,110
Increase (decrease) in notes and accounts payable - trade	△398	3,257
Increase (decrease) in accrued consumption taxes	△525	76
Increase (decrease) in accrued expenses	△128	△90
Increase (decrease) in travel advances received	△501	5,106
Increase (decrease) in other liabilities	186	3,594
Subtotal	8,035	19,759
Interest and dividend income received	799	1,031
Interest expenses paid	△125	△187
Income taxes (paid) refund	△3,940	△862
Net cash provided by (used in) operating activities	4,768	19,740

Cash flows from investing activities		
Payments into time deposits	△31,150	△31,174
Proceeds from withdrawal of time deposits	27,913	32,555
Purchase of securities	△3,000	—
Proceeds from redemption of securities	1,318	3,000
Purchase of property, plant and equipment and intangible assets	△8,038	△7,917
Proceeds from sales of property, plant and equipment	34	464
Purchase of investment securities	△1,250	△496
Proceeds from sales of investment securities	969	—
Purchase of shares of subsidiaries and associates	△474	△2,159
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△180	△2,817
Payments of loans receivable	△14	△1,781
Collection of loans receivable	63	1,841
Payments for guarantee deposits	△524	△327
Proceeds from collection of guarantee deposits	304	166
Other, net	△2,495	△1,704
Net cash provided by (used in) investing activities	△16,524	△10,351
Cash flows from financing activities		
Increase in short-term loans payable	36,740	25,383
Decrease in short-term loans payable	△36,110	△29,930
Proceeds from long-term loans payable	40,849	13,000
Repayments of long-term loans payable	△777	△635
Purchase of treasury shares	△7,247	—
Cash dividends paid	△1,426	△1,361
Proceeds from issuance of bonds	—	19,909
Dividends paid to non-controlling interests	△90	△11
Proceeds from share issuance to non-controlling shareholders	74	—
Other, net	△393	△235
Net cash provided by (used in) financing activities	31,618	26,117
Effect of exchange rate change on cash and cash equivalents	△650	2,295
Net increase (decrease) in cash and cash equivalents	19,212	37,802
Cash and cash equivalents at beginning of period	113,330	129,842
Increase in cash and cash equivalents from newly consolidated subsidiary	81	—
Cash and cash equivalents at end of period	132,624	167,645

## Segments Information

Information on net sales, incomes or losses by reported segment

Six months ended April 30, 2016 (November 1, 2015 – April 30, 2016)

(Millions of yen)

	Reportable segments						Others Businesses *1	Total	Emanations & Corporate *2	Consolidated *3
	Travel Business	Huis Ten Bosch Group	Hotel Business	Transportation Business	Kyushu Sanko Group	Subtotal				
Net Sales										
(1)Sales of outside customers	225,702	15,369	3,026	872	10,980	255,951	22	255,974	—	255,974
(2)Inter-Segment sales/transfers	105	908	600	603	7	2,224	—	2,224	△2,224	—
Total	225,808	16,277	3,627	1,475	10,987	258,176	22	258,198	△2,224	255,974
Segment income (loss)	4,766	4,461	468	△451	382	9,626	15	9,641	△1,107	8,533

Note

1. Other Businesses refer to the business segment not included in the report segment, including real estate business.
2. Segment incomes (losses) of △1,107 millions of yen are corporate-wide expenses not included in each reported segment and refer to administrative expenses at the headquarters, not included in the reported segment.
3. Segment incomes (losses) are adjusted with operating incomes in the consolidated financial statements.

Six months ended April 30, 2017 (November 1, 2016 – April 30, 2017)

(Millions of yen)

	Reportable segments						Others Businesses *1	Total	Emanations & Corporate *2	Consolidated *3
	Travel Business	Huis Ten Bosch Group	Hotel Business	Transportation Business	Kyushu Sanko Group	Subtotal				
Net Sales										
(1)Sales of outside customers	238,504	16,192	3,118	2,038	11,172	271,027	798	271,825	—	271,825
(2)Inter-Segment sales/transfers	490	807	501	72	10	1,881	0	1,882	△1,882	—
Total	238,994	16,999	3,620	2,111	11,182	272,909	798	273,707	△1,882	271,825
Segment income (loss)	3,619	3,772	494	△682	244	7,447	△89	7,358	△1,112	6,246

Note

1. Other Businesses refer to the business segment not included in the report segment, including casualty insurance business and real estate business.
2. Segment incomes (losses) of △1,112 millions of yen are corporate-wide expenses not included in each reported segment and refer to administrative expenses at the headquarters, not included in the reported segment.
3. Segment incomes (losses) are adjusted with operating incomes in the consolidated financial statements.