



## **Consolidated Financial Results**

**For the First Half Ended April 30, 2016**

*This document has been translated from the original Japanese as a guide for non-Japanese investors. It contains forward-looking statements based on management's assumptions and beliefs in light of information currently available and involves uncertainties that may affect forecasts. Actual results may differ materially from these forecasts due to various factors.*

## Summary of Consolidated Financial Results For the First Half Ended April 30, 2016 H.I.S. Co., Ltd. (9603)

Exchange Listed:	Tokyo Stock Exchange, 1 <sup>st</sup> section
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Scheduled date of filing interim report:	May 27, 2016

### 1. Consolidated Financial Results (November 1, 2015 – April 30, 2016)

#### (1) Consolidated Operating Results

	<i>Billions of Yen</i>			
	First Half Ended Apr 30,			
	2016	%	2015	%
Net Sales.....	255.974	(1.8)	260.798	3.2
Operating Income.....	8.533	(14.9)	10.029	19.7
Ordinary Income.....	4.493	(60.1)	11.254	16.7
Net income attributable to owners of parent.....	0.099	(98.1)	5.102	17.0
Net Income per Share (yen).....	1.55		78.68	
Net Income per Share, Diluted (yen).....	1.26		73.66	
Notes: Comprehensive income:	First Half Ended April 30, 2016:		(1.272) billion yen (—%)	
	First Half Ended April 30, 2015:		7.756 billion yen (14.1%)	

#### (2) Consolidated Financial Position

	<i>Billions of Yen</i>	
	As of Apr 30, 2016	As of Oct 31, 2015
Total Assets.....	337.798	308.245
Net Assets.....	104.122	113.990
Shareholders' Equity Ratio (%).....	26.3%	32.3%
Shareholders' Equity per Share (yen).....	1,414.46	1,534.77
Notes: Shareholders' equity:	As of April 30, 2016: 88.897 billion yen	
	As of October 31, 2015: 99.528 billion yen	

### 2. Dividends

	FY Ended Oct 31,		
	2016 (Forecast)	2016	2015
Dividends per Share			
Interim (yen)		0.00	0.00
End of Term (yen)	26.00		22.00
Annual Dividends (yen)	26.00		22.00
Notes: Revision to dividends forecast from the previous forecast announced:	No		

### 3. Consolidated Forecast for the Fiscal Year Ending October 31, 2016

	<i>Billions of Yen</i>	
	FY Ending Oct 31, 2016	
Net Sales.....	535.000	(0.5)%
Operating income.....	19.000	(4.9)%
Ordinary Income.....	16.700	(26.4)%
Net income attributable to owners of parent.....	4.600	(57.8)%
Net Income per Share (yen).....	73.19	

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

### 4. Additional Notes

(1) Changes of important subsidiaries during the fiscal period (Changes of specific subsidiary due to change in scope of consolidation): None

(2) Application of simplified accounting treatment and unique accounting treatment in preparing quarterly consolidated financial statements: Yes

(3) Change in accounting policy, change in accounting estimates and restatement:

(i) Changes accompanying amendments to accounting standards: Yes

(ii) Changes other than those in (i) above: None

(iii) Change in accounting estimates: None

(iv) Restatement: None

(4) Number of shares issued (common shares)

(i) Number of shares issued at end of fiscal period (including treasury stock):

As of Apr 30, 2016 68,522,936 shares

As of Oct 31, 2015 68,522,936 shares

(ii) Number of treasury stock at end of fiscal period

As of Apr 30, 2016 5,673,816 shares

As of Oct 31, 2015 3,673,816 shares

(iii) Average number of shares during the period

As of Apr 30, 2016 63,830,977 shares

As of Apr 30, 2015 64,849,403 shares

**Note on Audit Procedures:**

*This summary of financial statements is out of the scope of the audit procedures which is required by "Financial Instruments and Exchange Act". The audit procedures of consolidated financial statements have been completed as of the disclosure of this report.*

**Disclaimer Regarding Forward-Looking Statements:**

*Forward-looking statements are based on management's assumptions and beliefs in light of information currently available and involve uncertainties that may affect forecasts. Actual results may differ materially from these forecasts due to various factors. Please refer to page 6 for further information concerning the projections.*

## **I. Operating Results and Financial Position**

### **1. Operating Results**

#### **Overview of consolidated results for the fiscal period**

During the first half of the current fiscal year, amid uncertainty in the world economy, with political instability on a global scale, foreign exchange fluctuations and downside risks to emerging economies, the Japanese economy was in a gradual recovery trend but its consumer confidence was at a standstill. In the travel market, with regard to overseas travels, the number of Japanese departures from January to April beat the previous year and trended towards recovery for the first time in four years, supported by the changes in the market conditions, such as the strong yen trend and fuel surcharge dropping to zero for the first time in six and half years. Geopolitical risks still remain in Europe. Domestic travels saw a decline in demand for ski bus trips due to lack of snow, but grew steadily overall, backed by ongoing domestic orientation. The number of foreign tourists visiting Japan hit record high 2 million people monthly in March 2016, and continued to grow at a healthy pace. The Japanese government set a new goal for annual inbound tourist by 2020 to 40 million.

Under these business environments, the Group placed priority on providing customers with safe and secure travel and strived to further improve quality by leveraging its domestic and international network to provide information and services to customers. Furthermore, the Group continued to take on a variety of challenges for the creation of new value, and commit itself to speedily deploying businesses with an eye on the future.

The Group changed reporting segments from the first quarter of the current fiscal year. Year-on-year changes use figures that have been adjusted to the new reporting segments. Inter-segment transactions for each business have not been eliminated.

#### **- Travel Business**

As for the product deployment, the Group worked to enhance high value-added products, including art appreciation tours of two most popular destinations in France, namely, Palace of Versailles and the Louvre Museum, as well as a chartered tour to an island of Australia. In addition, the Group promoted demand for travel, with the launch of promotion for Cuba, as a new travel destination, as well as 'Promote Paris' campaign in cooperation with France Tourism Development Agency and airlines. Furthermore, celebrating the 10th anniversary of its summer travel funds, the Group applied the highest interest rate ever, and has received a great response.

In terms of the branch deployment in Japan, we have further strengthened our offering of highly specialized products and services at special outlets for Bali island and Okinawa, among others. As for initiatives in the IT business, the Group worked to improve services using smartphones by strengthening search functions and renovating a display for package tours.

With regard to corporate or group travels, the Group expanded business travel services to support crisis management, by automatically registering to "tabireg", or overseas travel registration, provided by the Ministry of Foreign Affairs. On top of that, there was an increase in demand for domestic group travels and

group tours visiting Japan. This resulted in steady growth in the business.

As well, domestic travel business grew steadily, as we continued to place priority on Okinawa as a strategic area, and strengthened our offerings in the region with the enhanced optional tours. Moreover, we increased spending on advertisings at an accommodation comparison site, while acquiring Activity Japan Co.,Ltd., which operates one of Japan's largest activities search and booking websites, thereby enhancing experience-based plans.

In terms of foreign tourists visiting Japan, there has been an increase in the number of visitors from China and Southeast Asian countries. The Lunar New Year season contributed to the increase as well. FIT (Foreign Independent Traveler) type package tours for individual was on the increase, predominantly in the United States and Europe. Given this situation, the Group strengthened sales for day trips and parts, and renewed its website to support individual travels, as well as launching Okinawa's first "Tourist Information Center" in the capital city of Naha, through which further strengthening its support system for foreign tourists visiting Japan. We have also collaborated with central ministries and local governments, namely, Reconstruction Agency on the Tohoku reconstruction project and Kanagawa prefecture on inbound tourism promotion.

Turning to overseas business, the Group expanded LeaLea trolley apps, mainly deployed in Hawaii, to launch in Guam and Bali, and sought to improve convenience and LeaLea brand's further penetration. In the Southeast Asian region, the Group actively exhibited at local travel fairs, and promoted a multi-tenant deployment, with the launch of three new branches in Indonesia. As such, the Group continued to raise its brand recognition in the local markets. Globally, the Group has expanded its network to Rio de Janeiro, Brazil and Havana, Cuba, as Japan's first travel agency, setting up tour desks. As of the end of April 2016, the Group has a sales network of 298 branches in Japan and 217 branches in 134 cities across 64 countries.

As a result of these measures, the travel business for the current first half recorded net sales of 225.808 billion yen, down 1.7% over last year, due to a decline in fuel surcharges, and operating income of 4.766 billion yen, down 11.4% over a year ago, due to reduction in handling in profitable Europe.

#### **- Huis Ten Bosch Group**

In Huis Ten Bosch, we held the "Festival of Tulip", for which 700 varieties of tulips were planted, the most seen in Japan, and "Masquerade large carnival". We also renovated a hologram theater. In the Tulip Festival, 4-meter-tall "Tulip Mt. Fuji" was unveiled, and together with organic EL tulips, which can be enjoyed at night, we strived to offer new, more fulfilling value of experience. In the "Henn-na Hotel", where such cutting edge technology as robots were introduced, with the second phase hotel launching, we have achieved further improvement in the world-class productivity. We also worked to improve value of experience mainly in the following five concepts through the four seasons: "Kingdom of Flowers", "Kingdom of Light Series", "Kingdom of Music and Show", "Kingdom of Game" and "Kingdom of Health and Beauty". As a result of these efforts, the number of visitors stayed at the same level as last year, of 1.56 million people, a decrease of 2.3% from a year earlier, despite biased demand for travel during the Silver Week in September 2015, and a negative impact on a large-scale group travels handled in a year earlier, as well as the heaviest snow

recorded in January 2016.

Towards the entry into the electricity retail market, the Group has promoted its supply and sales system, with HTB ENERGY CO., LTD., which was included in the scope of consolidation in the first quarter of the current fiscal year.

In Laguna Ten Bosch, we launched "Flower Lagoon" and expanded a new area where visitors can enjoy during the day and at night, thereby attracting wide ranging customers.

As a result, the Huis Ten Bosch Group recorded net sales of 16.277 billion yen, down 1.8% over last year; and an operating income of 4.461 billion yen, down 14% over a year earlier.

#### **- Hotel Business**

In the hotel business, the Group successfully improved operating rate in Watermark Hotel Nagasaki, driven by an increased number of foreign tourists visiting Japan, as well as raising room unit price by increasing the hotel's value-added in Guam Reef & Olive Spa Resort (Guam). As a result of the measures taken to improve customer satisfaction and profitability at each hotel, the Group's results remained robust, with net sales of 3.627 billion yen, up 11.5% over last year, and operating income of 0.468 billion yen, up 36.0% from a year earlier.

#### **- Transportation Business**

ASIA ATLANTIC AIRLINES CO., LTD., an international charter carrier, operated flights between Macau (China) and Palau or Bangkok (Thailand) and Chitose, by utilizing the characteristics of charters at maximum, while responding to the needs of each country. As a result, the Group recorded net sales of 1.475 billion yen, up 13.6% over last year, and an operating loss of 0.451 billion yen, compared with an operating loss of 0.505 billion yen a year earlier.

#### **- Kyushu Sanko Group**

Kyushu Sanko Group worked to provide customer orientated services in its bus business by increasing convenience, with the launch of National Interoperable Mass Transit IC Card, but was affected by the suspension of traffic center business as well as hotel business, following the full-scale start of the redevelopment of Sakura-machi in Kumamoto prefecture. As a result, the Group recorded net sales of 10.987 billion yen, down 10.3% over last year and an operating income of 0.382 billion yen, down 46.8% over a year earlier.

For the third quarter of this current fiscal year, with regard to the impact of the Kumamoto earthquake, the Group gradually resumed its regular and express bus lines, after the safety is confirmed. In the Kumamoto city area, regular buses run on quake special timetable. Despite partial damage to infrastructure such as buildings, we have launched operation. As to the impact on the redevelopment of Sakura-machi, we are currently under scrutiny. (Kyushu Sanko Group's fiscal year ends in September. The first half of the fiscal year began on October 1, 2015 and ended on March 31, 2016.)

As a result, the Group's consolidated net sales of 255.974 billion yen were down 1.8% over last year; an operating income of 8.533 billion yen was down 14.9%; and an ordinary income of 4.493 billion yen was down 60.1%. Net income attributable to owners of parent fell by 98.1% to 99 million yen compared with a year earlier, due to an impairment loss of a cruise ship.

## **2. Forecast for the Full Year**

The world economic situation is likely to remain uncertain, with the impact of terrorism in Europe and downside risks to emerging economies affected by China's slowdown. In the travel business, overseas travel demand in summer is projected to remain firm, pushed by the recent decline in fuel surcharges and the strong yen trend. On the other hand, the competition gets fiercer, with rapidly evolving online travel agencies, and an increase of a new travel-related service, so it is ever more important to keep a close eye on market trends.

Under these business conditions, we will strive to maximize the Group's synergy and further improve our performance, with focus on providing products and services from a customer's point of view, including building universal service platform, promoting vertically integrated services, and creating new business opportunities in response to the market's needs, while also further pursuing productivity and efficiency in deployment.

In Huis Ten Bosch, with this summer's launch of "Kingdom of Robots", the sixth of its kind, we will provide visitors with Japan's first entertainment by the latest robots. As well, we will accumulate expertise through demonstration experiments where visitors can actually touch robots, and contribute to the development of robots in the service industry, with a plan to implement new challenge across the sectors in future.

The Group has revised its forecast for consolidate fiscal year, announced on December 4, 2015, and expects net sales of 535 billion yen, a decrease of 0.5% compared with the previous fiscal year; operating income of 19 billion yen, a decrease of 4.9% compared with the previous fiscal year; and an ordinary income of 16.7 billion yen, a decrease of 26.4% compared with the previous fiscal year. Net income attributable to owners of parent is estimated to be 4.6 billion yen, a decrease of 57.8% compared with the previous fiscal year.

## II. Consolidated Financial Statements

### 1. Consolidated Quarterly Balance Sheets

	<i>Millions of Yen</i>	
	As of Apr 30, 2016	As of Oct 31, 2015
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and deposits .....	159,093	136,316
Accounts receivable - trade.....	19,026	18,430
Operating accounts receivable.....	8,296	8,279
Securities .....	14,725	14,322
Travel advance payments .....	21,792	22,010
Prepaid expenses .....	2,854	2,474
Deferred tax assets .....	5,162	2,619
Short-term loans receivable .....	105	109
Short-term loans receivable from subs. and associates...	82	71
Accounts receivable - other.....	2,283	2,780
Other .....	5,470	5,686
Allowance for doubtful accounts .....	(111)	(122)
<b>Total current assets.....</b>	<b>238,783</b>	<b>212,979</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings, net .....	14,880	13,467
Tools, furniture and fixtures, net.....	4,784	4,490
Vessels, net .....	1,030	4,329
Land.....	23,554	23,032
Leased assets, net.....	2,699	2,800
Other, net.....	15,132	12,641
<b>Total property, plant and equipment.....</b>	<b>62,082</b>	<b>60,761</b>
Intangible assets .....	5,270	5,003
<b>Investments and other assets</b>		
Investment securities .....	2,103	1,864
Shares of subs. and associates .....	6,172	6,844
Investments in capital of subs. and associates .....	75	55
Long-term loans receivable.....	7,174	7,661
Long-term loans receivable from subs. and associates ...	73	85
Net defined benefit asset .....	373	355
Deferred tax assets .....	3,084	3,110
Guarantee deposits.....	6,720	6,501
Other .....	5,877	2,987
Allowance for doubtful accounts .....	(206)	(207)
<b>Total investments and other assets.....</b>	<b>31,447</b>	<b>29,260</b>
<b>Total non-current assets.....</b>	<b>98,800</b>	<b>95,025</b>
Deferred assets .....	215	241
<b>Total assets .....</b>	<b>337,798</b>	<b>308,245</b>

	<i>Millions of Yen</i>	
	As of Apr 30, 2016	As of Oct 31, 2015
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Operating accounts payable .....	20,700	21,368
Short-term loans payable .....	7,490	6,860
Current portion of long-term loans payable .....	21,227	21,515
Accounts payable - other .....	4,268	3,512
Accrued expenses.....	2,782	2,907
Income taxes payable .....	2,484	3,369
Accrued consumption taxes .....	435	1,034
Travel advance received .....	49,897	50,711
Lease obligations .....	856	834
Provision for bonuses.....	2,956	3,387
Provision for directors' bonuses .....	87	161
Other .....	9,847	7,330
<b>Total current liabilities.....</b>	<b>123,034</b>	<b>122,993</b>
<b>Non-current liabilities</b>		
Bonds payable .....	20,000	20,000
Convertible bond-type bonds with subscription rights to shares.....	20,133	20,153
Long-term loans payable.....	54,679	14,319
Deferred tax liabilities.....	4,107	4,868
Net defined benefit liability .....	6,209	6,009
Provision for directors' retirement benefits .....	749	747
Provision for repairs .....	881	1,023
Lease obligations .....	2,314	2,486
Other .....	1,566	1,653
<b>Total non-current liabilities .....</b>	<b>110,641</b>	<b>71,261</b>
<b>Total liabilities .....</b>	<b>233,675</b>	<b>194,254</b>
<b>NET ASSETS</b>		
<b>Shareholders' equity</b>		
Capital stock .....	11,000	11,000
Capital surplus .....	3,665	3,665
Retained earnings .....	80,820	82,150
Treasury shares .....	(9,758)	(2,535)
<b>Total shareholders' equity .....</b>	<b>85,727</b>	<b>94,280</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities .....	(164)	49
Deferred gains or losses on hedges.....	(1,740)	(449)
Foreign currency translation adjustment .....	5,241	5,878
Remeasurements of defined benefit plans.....	(166)	(230)
<b>Total accumulated other comprehensive income .....</b>	<b>3,170</b>	<b>5,248</b>
Non-controlling interests .....	15,225	14,461
<b>Total net assets.....</b>	<b>104,122</b>	<b>113,990</b>
<b>Total liabilities and net assets .....</b>	<b>337,798</b>	<b>308,245</b>

## 2. Consolidated Quarterly Statements of Income

	<i>Millions of Yen</i>	
	Nov 1, 2015 - Apr 30, 2016	Nov 1, 2014 - Apr 30, 2015
<b>Net sales</b> .....	255,974	260,798
Cost of sales .....	202,280	207,459
Gross profit.....	53,693	53,339
Selling, general and administrative expenses .....	45,160	43,310
Operating income .....	8,533	10,029
<b>Non-operating income</b>		
Interest income .....	843	582
Foreign exchange gains.....	—	856
Other .....	790	751
Total non-operating income.....	1,634	2,189
<b>Non-operating expenses</b>		
Interest expenses.....	155	127
Foreign exchange losses .....	4,366	—
Share of loss of entities accounted for using equity method.....	907	581
Other .....	246	256
Total non-operating expenses.....	5,675	965
Ordinary income .....	4,493	11,254
<b>Extraordinary losses</b>		
Loss on sales of investment securities.....	—	484
Impairment loss.....	3,514	—
Total extraordinary losses .....	3,514	484
<b>Income before income taxes and minority interests.....</b>	<b>978</b>	<b>10,769</b>
Income taxes .....	155	3,779
<b>Profit.....</b>	<b>822</b>	<b>6,990</b>
<b>Profit attributable to non-controlling interests .....</b>	<b>723</b>	<b>1,888</b>
<b>Profit attributable to owners of parent .....</b>	<b>99</b>	<b>5,102</b>

### 3. Consolidated Quarterly Statements of Cash Flows

	<i>Millions of Yen</i>	
	Nov 1, 2015 - Apr 30, 2016	Nov 1, 2014 - Apr 30, 2015
<b>I. Cash flows from operating activities</b>		
Income before income taxes and minority interests .....	978	10,769
Depreciation .....	3,159	2,848
Impairment loss .....	3,514	—
Amortization of goodwill .....	95	96
Increase (decrease) in provision for bonuses .....	(402)	44
Increase (decrease) in provision for directors' bonuses .....	(72)	(66)
Increase (decrease) in net defined benefit liability .....	304	247
Increase (decrease) in provision for directors' retirement benefits .....	3	(19)
Increase (decrease) in provision for repairs .....	(144)	(210)
Interest and dividend income .....	(877)	(582)
Share of (profit) loss of entities accounted for using equity method .....	907	581
Foreign exchange losses (gains) .....	2,998	(502)
Interest expenses .....	155	127
Loss (gain) on sales of investment securities .....	(0)	484
Other loss (gain) .....	(21)	(12)
Decrease (increase) in notes and accounts receivable - trade ..	(910)	(2,253)
Decrease (increase) in travel advance payments .....	54	1,125
Decrease (increase) in other assets .....	(339)	(510)
Increase (decrease) in notes and accounts payable - trade .....	(398)	(2,393)
Increase (decrease) in accrued consumption taxes .....	(525)	(18)
Increase (decrease) in accrued expenses .....	(128)	(239)
Increase (decrease) in travel advances received .....	(501)	(848)
Increase (decrease) in other liabilities .....	186	(239)
<b>Subtotal .....</b>	<b>8,035</b>	<b>8,426</b>
Interest and dividend income received .....	799	414
Interest expenses paid .....	(125)	(118)
Income taxes (paid) refund .....	(3,940)	(7,428)
<b>Net cash provided by (used in) operating activities .....</b>	<b>4,768</b>	<b>1,295</b>

	<i>Millions of Yen</i>	
	Nov 1, 2015 - Apr 30, 2016	Nov 1, 2014 - Apr 30, 2015
<b>II. Cash flows from investing activities</b>		
Payments into time deposits .....	(31,150)	(26,147)
Proceeds from withdrawal of time deposits .....	27,913	24,914
Purchase of securities .....	(3,000)	—
Proceeds from redemption of securities .....	1,318	1,014
Purchase of property, plant and equipment and intangible assets .....	(8,038)	(5,013)
Purchase of investment securities .....	(1,250)	(2,001)
Proceeds from sales of investment securities .....	969	150
Purchase of shares of subsidiaries and associates .....	(474)	(4,563)
Purchase of shares of subsidiaries resulting in change in scope of consolidation .....	(180)	—
Payments of loans receivable .....	(14)	(1,299)
Collection of loans receivable .....	63	1,136
Payments for guarantee deposits .....	(524)	(713)
Proceeds from collection of guarantee deposits .....	304	341
Other, net .....	(2,461)	76
<b>Net cash provided by (used in) investing activities .....</b>	<b>(16,524)</b>	<b>(12,103)</b>
<b>III. Cash flows from financing activities</b>		
Increase in short-term loans payable .....	36,740	14,270
Decrease in short-term loans payable .....	(36,110)	(10,610)
Proceeds from long-term loans payable .....	40,849	3,000
Repayments of long-term loans payable .....	(777)	(787)
Purchase of treasury shares .....	(7,247)	(1)
Cash dividends paid .....	(1,426)	(1,167)
Dividends paid to non-controlling interests .....	(90)	(27)
Proceeds from share issuance to non-controlling shareholders .....	74	1,080
Other, net .....	(393)	(298)
<b>Net cash provided by (used in) financing activities .....</b>	<b>31,618</b>	<b>5,457</b>
<b>IV. Effect of exchange rate change on cash and cash equivalents .....</b>	<b>(650)</b>	<b>1,557</b>
<b>V. Net increase (decrease) in cash and cash equivalents .....</b>	<b>19,212</b>	<b>(3,793)</b>
<b>VI. Cash and cash equivalents at beginning of period .....</b>	<b>113,330</b>	<b>110,145</b>
<b>VII. Increase in cash and cash equivalents from newly consolidated subsidiary .....</b>	<b>81</b>	<b>99</b>
<b>VIII. Cash and cash equivalents at end of period .....</b>	<b>132,624</b>	<b>106,452</b>

## Segment Information

### Information on net sales, incomes or losses by reported segment

**First Half ended April 30, 2016 (November 1, 2015 – April 30, 2016)**

(Millions of Yen)

	Reported Segment						Other Businesses *1	Total	Eliminations & Corporate *2	Consolidated *3
	Travel Business	Huis Ten Bosch Group	Hotel Business	Transpor- tation Business	Kyushu Sanko Group	Subtotal				
Net sales										
(1) Sales to outside customers	225,702	15,369	3,026	872	10,980	255,951	22	255,974	—	225,974
(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 incomes (losses)	4,766	4,461	468	(451)	382	9,626	15	9,641	(1,107)	8,533

Notes:

1. Other Businesses refer to the business segment not included in the reported segment, including real estate businesses.
2. Segment incomes (losses) of (1,107) million 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.