

**Consolidated Financial Results for the First Six Months  
of the Fiscal Year Ending October 31, 2018 (Under Japanese GAAP)**

\* Please note this document is a translation of the original Japanese document “Financial Results for the 6 months ended April 30, 2018 (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 31, 2018

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: June 04, 2018

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, 2018  
(November 1, 2017 – April 30, 2018)**

(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, 2018	341,247	25.5	7,623	22.1	7,814	△25.8	3,555	△31.3
Apr 30, 2017	271,825	6.2	6,242	△26.9	10,531	134.4	5,172	5,115.9

(\*Note) Comprehensive Income: JPY4,414 million (△59.3%) for the 6 months ended April 30, 2018

JPY10,834 million (–%) for the 6 months ended April 30, 2017

	EPS	Diluted EPS
6 months ended	JPY	JPY
Apr 30, 2018	61.92	53.46
Apr 30, 2017	84.14	78.47

(\*Note) As of the end of October 2017, provisional accounting for consolidation was finalized. As a result, the figures for the 2nd quarter of the fiscal year ended October 2017 reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio	BPS
As of	JPY million	JPY million	%	JPY
Apr 30, 2018	464,608	108,741	17.7	1,440.35
Oct 31, 2017	422,809	111,247	20.3	1,466.13

(\*Reference) Shareholders' Equity : JPY82,454 million as of April 30, 2018

JPY85,773 million as of October 31, 2017

## 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
Fiscal Year ended October 31, 2017	JPY —	JPY 0.00	JPY —	JPY 29.00	JPY 29.00
Fiscal Year ending October 31, 2018	—	0.00			
Fiscal Year ending October 31, 2018(Forecast)			—	29.00	29.00

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

## 3. Financial Forecasts for Fiscal Year ending October 31, 2018 (November 1, 2017 – October 31, 2018)

(% 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, 2018	720,000	18.8	17,300	8.7	17,500	△10.9	9,100	△31.4	158.96

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

(\*Notes)

(1) Changes in significant subsidiaries during the 6 months ended April 30, 2018 (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 accounting treatment specific to preparation of 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, 2018	68,522,936 shares
As of Oct 31, 2017	68,522,936 shares

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

As of Apr 30, 2018	11,276,750 shares
As of Oct 31, 2017	10,019,506 shares

3) Average Number of Shares during the period

6 months ended Apr 30, 2018	57,418,962 shares
6 months ended Apr 30, 2017	61,473,124 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 (237,400 shares as of April 30, 2018 and 363,100 shares as of October 31, 2017) and the number of treasury stock deducted in calculating the average number of shares during the period (341,843 shares during 6 months ended April 30, 2018 and 427,900 shares as of April 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 regarding the Financial Results for the 6 Months Ended April 30, 2018

### (1) Explanation of Operating Results

Regarding the business environment during the 6 months ended April 30, 2018, despite the economic uncertainties and geopolitical risks outside of Japan, domestic economic conditions in Japan showed moderate recovery partly due to the effects of various governmental policies while the employment and income environments continued to improve.

Under such circumstances, H.I.S. Group reorganized its business execution structure to respond to its expanding business domain and promoted work style reforms. 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 the 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 travelers departing Japan during the 6 months ended April 30 2018 was solid, increasing by 3.3% as compared to the same period last year to 8.99 million, due to continued recovery of demand for travel to Europe in addition to major sightseeing destinations remaining safe. With respect to foreign visitors to Japan, the number of visitors continued to be strong and increased by 18.2% to 15.41 million, a record high, due to continued high demand for visiting Japan. (Source: JNTO).

The travel business in Japan was solid due to the recovering trend for travel to Europe and successful campaigns for major destinations such as Bali and Okinawa, partially offset by the deterioration of seating environments departing from / arriving at Japan due to the increased visitors to Japan from Asian countries during the Chinese New Year. In addition, H.I.S. Group made its efforts to improve customer satisfaction by renewing domestic air ticket comparison websites and starting new services using VR at sales outlets.

In the overseas travel business, JONVIEW CANADA INC., a major tour operator in Canada, became a subsidiary of H.I.S. with a view to further strengthening the travel business in North America. Together with Merit Holdings Inc. and GROUP MIKI HOLDINGS LIMITED, which had become subsidiaries in the previous fiscal year, it contributed significantly to expanding overseas business. Overseas subsidiaries, especially those in Southeast Asia, actively deployed charter flights to Japan. Regarding the inbound business overseas, efforts were made to expand the market, such as multi-lingualization of tour desks.

In addition to the increase in the number of passengers due to the Chinese New Year in Asian countries, the inbound travel business to Japan was favorable due to the success of tour products for the popular cherry blossom season, mainly in Southeast Asian and Western countries.

In the meantime, the number of H.I.S. Group's sales locations was 281 in Japan and 274 in 158 cities in 70 countries outside of Japan as of the end of April 2018 as a result of opening new locations and consolidation.

As a result of the above, the Travel Business recorded net sales of 303,688 million yen (127.1% of the same period last year), and operating income of 4,189 million yen (115.9% of the same period last year).

#### (Huis Ten Bosch Group)

Celebrating its 25th anniversary, Huis Ten Bosch focused on further enhancing customer satisfaction and experience value by providing only one and number one contents. Huis Ten Bosch offered "World Flower Festival & Gardening Show", the only one in Japan, "Kingdom of Light" with one of the world's largest 13 million lights as well as 3D projection mapping of 110 meters, the largest in Japan that was newly added, and "Phalaenopsis Orchid Exhibition" that offers 200 varieties of Phalaenopsis orchids, the largest in Japan, all of which can only be experienced at Huis Ten Bosch. Huis Ten Bosch also launched new developments such as hosting a giant fireworks event that is held for the first time at this time of year, opening a "Golden Hall" where visitors can enjoy the world of pure gold worth 800 million yen, and starting a new attraction "Rail Coaster in the Sky" tailored to spring vacation.

Due to the initiatives above, the number of visitors during the 1st and 2nd quarters was 1,396,000 (94.4% of the same period last year), a moderate recovery from 92.4% during the 1st quarter only which was negatively affected by bad weather during weekends and decreased long holidays.

As a result of the above, Huis Ten Bosh Group recorded net sales of 20,823 million yen (122.5% of the same period last year) and operating income of 3,620 million yen (96.0% of the same period last year) due to decrease in the number of visitors to Laguna Ten Bosch during year-end and New Year holidays and during spring vacation as well as increased fuel costs at HTB ENERGY CO., LTD., an electric power retailing business.

#### (Hotel Business)

In the Hotel Business, which H.I.S. Group is aiming to strengthen as the third pillar following Travel Business and Huis ten Bosh Group, "Henn na Hotel", aiming to be the most efficient hotel in the world, is the mainstream of business, opening "Henn na Hotel Ginza" in February 2018. "Henn na Hotel Maihama, Tokyo Bay" where one year has passed since the start of business, is steadily attracting customers during the leisure season. H.I.S. Group plans to accelerate the development by opening 3 "Henn na Hotel" in Tokyo and 5 in Western Japan.

As a result of the above, Hotel Business recorded net sales of 6,240 million yen (172.4% of the same period last year), operating income of 713 million yen (144.4% of the same period last year) and EBITDA of 1,386 million yen (153.9% of the same period last year), due partly to the contribution of Green World Hotels Co., Ltd., that had become a consolidated subsidiary in the 3rd quarter of the previous fiscal year. The Watermark Hotel Sapporo, a real estate owned by Watermark Hotel Japan Co., Ltd., which had been included in this business segment was sold to a 3rd party in March 2018.

(The Kyushu Sanko Group)

The Kyushu Sanko Group recorded net sales of 10,845 million yen (97.0% of the same period last year) and operating income of 349 million yen (143.1% of the same period last year) as a result of reduction in charter buses, bus trips, and service area sales due to traffic closure on February snowfall. On the other hand, the Sakuramachi redevelopment project progressed as planned.

As a result of the above, H.I.S. Group recorded net sales of 341,247 million yen (125.5% of the same period last year), a record high, and operating income of 7,623 million yen (122.1% of the same period last year) during the 6 months ended April 30, 2018. Ordinary income was 7,814 million yen (74.2% of the same period last year) with 1,308 million yen of foreign exchange losses (2,741 million yen of foreign exchange gains in the same period last year), and net income attributable to parent company's shareholders was 3,555 million yen (68.7% of the same period last year).

## (2) Explanation of Financial Position

Total assets as of April 30, 2018 increased by 41,798 million yen as compared to October 31, 2017 to 464,608 million yen. This was due mainly to 15,211 million yen increase in property, plant and equipment, 8,347 million yen increase in cash and deposits, 3,758 million yen increase in travel advance payments, 2,729 million yen increase in goodwill, and 2,273 million yen increase in investment securities.

Total liabilities as of April 30, 2018 increased by 44,304 million yen as compared to October 31, 2017 to 355,866 million yen. This was due mainly to 25,097 million yen of issuance of convertible bond-type bonds with subscription rights to shares, 9,309 million yen increase in operating accounts payable, and 4,416 million yen increase in loans payable.

Net assets as of April 30, 2018 decreased by 2,505 million yen as compared to October 31, 2017 to 108,741 million yen. This was due mainly to 4,999 million yen of purchase of treasury shares in accordance with the resolution of board of directors on October 31, 2017, partially offset by 1,841 million yen increase in retained earnings by recording quarterly net income, etc.

Capital ratio as of April 30, 2018 was 17.7% as compared to 20.3% as of October 31, 2017. This was due to fund raising through bonds payable, convertible bond-type bonds with subscription rights to shares and loans payable. Capital ratio excluding the impact of the fund raising was 31.2% as of April 30, 2018 and 34.1% as of October 31, 2017.

(Cash Flows)

The balance of cash and cash equivalents (hereinafter referred to as "funds") as of April 30, 2018 increased by 8,278 million yen to 176,937 million yen. The status of respective cash flow and major factors during the 6 months ended April 30, 2018 are as follows;

[Cash flows from operating activities]

Cash flow generated by operating activities during the 6 months ended April 30, 2018 was 12,231 million yen, as compared to 19,740 million yen generated during the 6 months ended April 30, 2017. This was due mainly to 8,713 million yen of income before income taxes, 6,161 million yen increase in travel advance received, 4,011 million yen of depreciation, a non-cash item, partially offset by 4,880 million yen income taxes paid.

Cash flow generated by operating activities during the 6 months ended April 30, 2017 (the previous fiscal year) was due mainly to 9,894 million yen of income before income taxes, 5,106 million yen increase in travel advance received, and 3,359 million yen of depreciation, a non-cash item.

[Cash flows from investing activities]

Cash flow used by investing activities during the 6 months ended April 30, 2018 was 25,895 million yen, as compared to 10,351 million yen used during the 6 months ended April 30, 2017. This was due mainly to 19,057 million yen of purchase of property, plant and equipment and intangible assets, 3,303 million yen purchase of investment securities, and 3,298 million yen purchase of shares of subsidiaries resulting in change in scope of consolidation.

Cash flow used by investing activities during the 6 months ended April 30, 2017 was due mainly to 7,917 million yen purchase of property, plant and equipment and intangible assets, and 2,817 million yen purchase of shares of subsidiaries resulting in change in scope of consolidation.

[Cash flows from financing activities]

Cash flow generated by financing activities during the 6 months ended April 30, 2018 was 22,147 million yen, as compared to 26,117 million yen generated during the 6 months ended April 30, 2017. This was due mainly to 25,100 million yen (\*) issuance of convertible bond-type bonds with subscription rights to shares, 7,991 million yen of proceeds from long and short terms loans payable, partially offset by 5,000 million yen of purchase of treasury shares, 3,546 million yen repayments of long and short term loans payable, and 1,707 million yen of cash dividends paid.

Cash flow generated by financing activities during the 6 months ended April 30, 2017 was due mainly to 38,383 million yen of proceeds from long and short term loans payable and 19,909 million yen issuance of bonds, partially offset by 30,565 million yen repayments of long and short term loans payable and 1,361 million yen of cash dividends paid.

As a result of the above, the amount of funds as of April 30, 2018 increased by 8,278 million yen as compared to October 31, 2017 to 176,937 million yen.

(\* This is the amount of issuance proceeds after deducting issuance costs.

### (3) Explanation of Forward-Looking Statements including Financial Forecasts

Despite a moderate recovery, the environment surrounding the global economy is expected to remain uncertain, such as the future of the economies of China and Asian emerging countries, the uncertainty of policies of each country, trade problems, and fluctuations in the financial capital market. In the travel industry, major changes beyond market boundaries, such as the continued expansion of online travel agents, the penetration of direct sales, and the emergence of services using new technologies are expected. Under such circumstances, H.I.S. Group will promote business developments that respond to market changes by maximizing synergies of each company in H.I.S. Group's global network, further evolving existing businesses, and expanding into new areas via M&A, etc.

There is no change to the consolidated financial forecasts for the full year that were announced on "Revision of Financial Forecasts dated April 27, 2018".

The following events could possibly have an impact on the financial forecasts for the full year.

#### 1. Foreign Exchange Fluctuations

H.I.S. Group has transactions denominated in foreign currencies, resulting in income, expenses, assets and liabilities denominated in foreign currencies. Risks are hedged via foreign exchange contracts to reduce the impact of fluctuations in exchange rates, but if the exchange rate fluctuates significantly, there is a possibility that the financial forecasts for the full year could be affected.

#### 2. Reduction of Fuel Surcharges

Fuel surcharges included in the sales of the Travel Business may be reduced or be unnecessary with the decline of fuel oil price. There is a possibility that consolidated sales forecasts could be affected by this, but there is no impact on consolidated operating income, ordinary income, net income attributable to parent company shareholders, and EPS forecasts.



Consolidated Balance Sheet

(Millions of yen)

	As of October 31, 2017	As of April 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	193,039	201,387
Notes and accounts receivable - trade	34,801	36,340
Operating accounts receivable	6,194	5,351
Securities	39	41
Travel advance payments	28,062	31,820
Prepaid expenses	2,909	2,881
Deferred tax assets	2,328	2,421
Short-term loans receivable	5,634	5,993
Short-term loans receivable from subsidiaries and associates	373	353
Accounts receivable - other	2,381	1,725
Other	7,954	14,448
Allowance for doubtful accounts	△234	△313
<b>Total current assets</b>	<b>283,485</b>	<b>302,452</b>
Non-current assets		
Property, plant and equipment		
Buildings, net	22,015	22,208
Tools, furniture and fixtures, net	5,442	6,324
Vessels, net	62	54
Land	28,744	31,157
Leased assets, net	2,701	3,063
Construction in progress	18,086	29,430
Other, net	5,949	5,974
<b>Total property, plant and equipment</b>	<b>83,001</b>	<b>98,213</b>
Intangible assets		
Goodwill	6,237	8,967
Other	11,428	11,316
<b>Total intangible assets</b>	<b>17,666</b>	<b>20,284</b>
Investments and other assets		
Investment securities	10,957	13,230
Shares of subsidiaries and associates	1,681	1,783
Investments in capital of subsidiaries and associates	632	632
Long-term loans receivable	1,371	1,109
Long-term loans receivable from subsidiaries and associates	128	1,150
Net defined benefit asset	622	572
Deferred tax assets	4,362	3,988
Guarantee deposits	7,643	8,303
Other	11,210	12,784
Allowance for doubtful accounts	△181	△183
<b>Total investments and other assets</b>	<b>38,427</b>	<b>43,370</b>
<b>Total non-current assets</b>	<b>139,095</b>	<b>161,868</b>
Deferred assets	227	286
<b>Total assets</b>	<b>422,809</b>	<b>464,608</b>

(Millions of yen)

	As of October 31, 2017	As of April 30, 2018
<b>Liabilities</b>		
Current liabilities		
Operating accounts payable	23,590	32,900
Short-term loans payable	7,474	13,116
Current portion of long-term loans payable	1,847	855
Accounts payable - other	3,199	3,327
Accrued expenses	10,049	3,285
Income taxes payable	3,929	3,441
Accrued consumption taxes	724	745
Travel advance received	58,437	64,985
Lease obligations	864	986
Provision for bonuses	4,077	3,800
Provision for directors' bonuses	162	81
Other	17,509	24,046
Total current liabilities	131,866	151,573
Non-current liabilities		
Bonds payable	40,000	40,000
Convertible bond-type bonds with subscription rights to shares	20,073	45,170
Long-term loans payable	101,603	101,368
Deferred tax liabilities	4,786	4,820
Net defined benefit liability	7,588	6,849
Provision for directors' retirement benefits	861	302
Provision for repairs	159	62
Lease obligations	2,211	2,415
Other	2,410	3,303
Total non-current liabilities	179,694	204,293
Total liabilities	311,561	355,866
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,000	11,000
Capital surplus	3,581	3,599
Retained earnings	92,731	94,572
Treasury shares	△23,875	△28,750
Total shareholders' equity	83,437	80,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	283	435
Deferred gains or losses on hedges	265	△53
Foreign currency translation adjustment	1,716	1,640
Remeasurements of defined benefit plans	70	10
Total accumulated other comprehensive income	2,336	2,033
Subscription rights to shares	252	340
Non-controlling interests	25,221	25,946
Total net assets	111,247	108,741
Total liabilities and net assets	422,809	464,608

Consolidated Statements of Income

(Millions of yen)

	Six months ended April 30, 2017	Six months ended April 30, 2018
Net sales	271,825	341,247
Cost of sales	219,284	277,809
Gross profit	52,541	63,438
Selling, general and administrative expenses	46,298	55,814
Operating profit	6,242	7,623
Non-operating income		
Interest income	867	794
Foreign exchange gains	2,741	—
Share of profit of entities accounted for using equity method	99	0
Other	1,069	1,382
Total non-operating income	4,777	2,177
Non-operating expenses		
Interest expenses	202	276
Foreign exchange losses	—	1,308
Other	285	401
Total non-operating expenses	487	1,986
Ordinary profit	10,531	7,814
Extraordinary income		
Gain on sales of non-current assets	—	2,632
Gain on revision of retirement benefit plan	—	284
Total extraordinary income	—	2,916
Extraordinary losses		
Loss on sales of non-current assets	637	—
Loss on valuation of investment securities	—	330
affiliated company debt waiver	—	1,687
Total extraordinary losses	637	2,018
Profit before income taxes	9,894	8,713
Income taxes	3,366	4,035
Profit	6,527	4,677
Profit attributable to non-controlling interests	1,354	1,122
Profit attributable to owners of parent	5,172	3,555

## Consolidated Statements of Cash Flows

(Millions of yen)

	Six months ended April 30, 2017	Six months ended April 30, 2018
Cash flows from operating activities		
Profit before income taxes	9,894	8,713
Depreciation	3,359	4,011
Amortization of goodwill	158	435
Increase (decrease) in provision for bonuses	287	△290
Increase (decrease) in provision for directors' bonuses	△24	△80
Increase (decrease) in net defined benefit liability	435	△6
Increase (decrease) in provision for directors' retirement benefits	25	△569
Increase (decrease) in provision for repairs	△348	△108
Interest and dividend income	△868	△843
Share of (profit) loss of entities accounted for using equity method	△99	△0
Foreign exchange losses (gains)	△2,148	1,568
Interest expenses	202	276
Loss (gain) on sales of property, plant and equipment	637	△2,632
Loss (gain) on sales of investment securities	—	330
Gain on revision of retirement benefit plan	—	△284
Loss on disposal of affiliate receivables	—	1,687
Other loss (gain)	△258	59
Decrease (increase) in notes and accounts receivable - trade	△409	642
Decrease (increase) in travel advance payments	△4,137	△4,674
Decrease (increase) in other assets	1,110	△4,430
Increase (decrease) in notes and accounts payable - trade	3,257	8,060
Increase (decrease) in accrued consumption taxes	76	81
Increase (decrease) in accrued expenses	△90	△7,063
Increase (decrease) in travel advances received	5,106	6,161
Increase (decrease) in other liabilities	3,594	5,408
Subtotal	19,759	16,454
Interest and dividend income received	1,031	934
Interest expenses paid	△187	△277
Income taxes (paid) refund	△862	△4,880
Net cash provided by (used in) operating activities	19,740	12,231

(Millions of yen)

	Six months ended April 30, 2017	Six months ended April 30, 2018
Cash flows from investing activities		
Payments into time deposits	△31,174	△20,389
Proceeds from withdrawal of time deposits	32,555	18,964
Proceeds from redemption of securities	3,000	—
Purchase of property, plant and equipment and intangible assets	△7,917	△19,057
Proceeds from sales of property, plant and equipment	464	3,578
Purchase of investment securities	△496	△3,303
Proceeds from sales of investment securities	—	736
Purchase of shares of subsidiaries and associates	△2,159	△117
Purchase of shares of subsidiaries resulting in change in scope of consolidation	△2,817	△3,298
Payments of loans receivable	△1,781	△2,539
Collection of loans receivable	1,841	1,281
Payments for guarantee deposits	△327	△1,001
Proceeds from collection of guarantee deposits	166	323
Other, net	△1,704	△1,071
Net cash provided by (used in) investing activities	△10,351	△25,895
Cash flows from financing activities		
Increase in short-term loans payable	25,383	7,841
Decrease in short-term loans payable	△29,930	△2,169
Proceeds from long-term loans payable	13,000	150
Repayments of long-term loans payable	△635	△1,376
Purchase of treasury shares	—	△5,000
Cash dividends paid	△1,361	△1,707
Proceeds from issuance of bonds	19,909	—
Proceeds from issuance of bonds with subscription rights to shares	—	25,100
Dividends paid to non-controlling interests	△11	△462
Proceeds from share issuance to non-controlling shareholders	—	14
Other, net	△235	△242
Net cash provided by (used in) financing activities	26,117	22,147
Effect of exchange rate change on cash and cash equivalents	2,295	△215
Net increase (decrease) in cash and cash equivalents	37,802	8,267
Cash and cash equivalents at beginning of period	129,842	168,659
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	10
Cash and cash equivalents at end of period	167,645	176,937

## Segments Information

Information on net sales, incomes or losses by reported segment

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

(Millions of yen)

	Reportable segments						Other 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 △)	3,615	3,772	494	△682	244	7,443	△89	7,354	△1,112	6,242

Note

1. Other Businesses refer to the business segment not included in the report segment, including 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.

Six months ended April 30, 2018 (November 1, 2017 – April 30, 2018)

(Millions of yen)

	Reportable segments					Other Businesses *1	Total	Emanations & Corporate *2	Consolidated *3
	Travel Business	Huis Ten Bosch Group	Hotel Business	Kyushu Sanko Group	Subtotal				
Net Sales									
(1)Sales of outside customers	302,900	19,889	5,765	10,842	339,398	1,849	341,247	—	341,247
(2)Inter-Segment sales/transfers	787	933	474	2	2,199	22	2,221	△2,221	—
Total	303,688	20,823	6,240	10,845	341,597	1,871	343,469	△2,221	341,247
Segment income (loss △)	4,189	3,620	713	349	8,873	△158	8,714	△1,090	7,623

Note

1. Other Businesses refer to the business segment not included in the report segment, casualty insurance business and real estate businesses among others.
2. Segment incomes (losses △) of △1,090 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 are adjusted with operating incomes in the consolidated financial statements.
4. As of the end of October 2017, provisional accounting for consolidation was finalized. As a result, the figures for the 2nd quarter of the fiscal year ended October 2017 reflect the finalization of the provisional accounting treatment.