

**Consolidated Financial Results for the First Six Months
of the Fiscal Year Ending October 31, 2019 (Under Japanese GAAP)**

* Please note this document is a translation of the original Japanese document “Financial Results for the First Six Months ended April 30, 2019 (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.

June 7, 2019

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

Stock Code: 9603, URL: <https://www.his.co.jp/en/>

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

Contact: Shigeru Nakatani, Director in charge of Finance and Accounting (Consolidated)

Scheduled date to file Quarterly Securities Report: June 11, 2019

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, 2019
(November 1, 2018 – April 30, 2019)**

(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, 2019	377,839	10.7	8,979	17.2	8,874	13.0	4,964	37.9
Apr 30, 2018	341,247	25.5	7,659	22.7	7,849	(25.5)	3,599	(30.4)

(*Note) Comprehensive Income: JPY4,178 million [(6.6)%] for the 6 months ended April 30, 2019

JPY4,475 million [(58.7)%] for the 6 months ended April 30, 2018

6 months ended	EPS	Diluted EPS
	JPY	JPY
Apr 30, 2019	86.61	74.84
Apr 30, 2018	62.70	54.13

(*Note) For the 1st quarter of the fiscal year ended October 2019, provisional accounting for consolidation was finalized. As a result, the figures for the fiscal year ended October 2018 reflect the finalization of the provisional accounting treatment.

(2) Consolidated Financial Position

As of	Total Assets	Net Assets	Equity Ratio	BPS
	JPY million	JPY million	%	JPY
Apr 30, 2019	570,336	115,961	15.8	1,566.87
Oct 31, 2018	516,468	115,641	17.1	1,539.98

(*Reference) Shareholders' Equity : JPY89,834 million as of April 30, 2019

JPY88,227 million as of October 31, 2018

(*Note) For the 1st quarter of the fiscal year ended October 2019, provisional accounting for consolidation was finalized. As a result, the figures for the fiscal year ended October 2018 reflect the finalization of the provisional accounting treatment.

2. Dividends

	Annual Dividends Per Share				
	1 st Quarter-end	2 nd Quarter-end	3 rd Quarter-end	Fiscal year-end	Total
	JPY	JPY	JPY	JPY	JPY
Fiscal Year ended October 31, 2018	—	0.00	—	29.00	29.00
Fiscal Year ending October 31, 2019	—	0.00			
Fiscal Year ending October 31, 2019(Forecast)			—	30.00	30.00

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

3. Financial Forecasts for Fiscal Year ending October 31, 2019 (November 1, 2018 – October 31, 2019)

(% 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
Full Year	786,000	7.9	20,000	10.6	21,000	7.7	11,000	(0.6)	191.86

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

(*Notes)

(1) Changes in significant subsidiaries during the 6 months ended April 30, 2019 (changes in specified subsidiaries resulting in the change in scope of consolidation): Yes

1 new addition: H.I.S. – RED LABEL VACATIONS INC.

(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:

Yes

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

For details, please see “Changes in accounting policies” of the attached appendix.

(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, 2019	68,522,936 shares
As of Oct 31, 2018	68,522,936 shares

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

As of Apr 30, 2019	11,189,008 shares
As of Oct 31, 2018	11,231,540 shares

3) Average Number of Shares during the period

6 months ended Apr 30, 2019	57,316,267 shares
6 months ended Apr 30, 2018	57,418,962 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 (245,600 shares as of April 30, 2019 and 282,100 shares as of October 31, 2018) and the number of treasury stock deducted in calculating the average number of shares during the period (259,814 shares during 6 months ended April 30, 2019 and 341,843 shares as of April 30, 2018).

(*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 Six Months Ended April 30, 2019

(1) Explanation of Operating Results

Regarding the business environment during the six months ended April 30, 2019, the economic uncertainties and geopolitical risks were observed outside of Japan. But domestic economic conditions in Japan showed moderate recovery due to improvements in employment and income environments as well as due to effects of various governmental policies despite weakness in some categories.

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 business but also through various businesses with its 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 business segment has been reclassified at the start of the current consolidated fiscal year, and the year-over-year comparison below is based on the reclassified segment. For details, please refer to "2. Quarterly Consolidated Financial Statements and Major Notes (4) Notes on Quarterly Consolidated Financial Statements, Segment Information, etc." The amount of each business segment is the amount before eliminating intersegment transactions.

(Travel Business)

During the six months ended April 30, 2019, the number of Japanese travelers departing from Japan increased by 9.9% year-over-year to 9.88 million, due to continued strong demands for travel as well as due to the effects of large consecutive holidays. The number of foreign visitors to Japan increased by 4.2% year-over-year to 16.06 million due to the effect of visa condition relaxation and other reasons, although the growth rate slowed down. (Source: Japan National Tourism Organization (JNTO))

Regarding the travel business in Japan, the fact that product development was started early in anticipation of large holidays successfully resulted in strong sales mainly in the long-distance travel market. In addition, the recovery of travel to Guam with the increased number of seats supplied, the recovery of travel to South Korea, which had been sluggish due to the East Asian situation, travel to Hokkaido during the snow festival season, and travel to Miyakojima, where the airport opened a new, also drove the business. Also, the industry's first "Cancel support", a new service to compensate for cancellation fees was launched. The number of subscriptions has already exceeded 100,000 since the start of service in February. Efforts were also made to improve services from customers' point of view, such as significantly redesigning the product website and working on improving UI / UX.

Regarding the inbound travel business to Japan, sales and transaction volume increased, but profitability provided an issue as price declines progressed due to the deterioration of competitive environments. Regarding the corporate business, efforts were made to continue to strengthen "MICE related" businesses, including business tie-up with event companies in order to realize highly specialized proposals.

Regarding the travel business overseas, in addition to the strong sales of GROUP MIKI HOLDINGS LIMITED due to continued strong demand for travel to Europe, "JONVIEW CANADA INC.", consolidated at the end of the first quarter of the previous fiscal year, contributed significantly to the operating results due to consolidation from the beginning of the current fiscal year.

The number of H.I.S. Group's sales locations was 265 in Japan and 266 in 157 cities in 69 countries outside of Japan as of the end of April 2019 as a result of opening new locations and consolidation.

As a result of the above, the Travel Business recorded net sales of 336,831 million yen (110.9% of the same period last year), and operating profit of 6,201 million yen (146.8% of the same period last year), both of which were record high, during the six months ended April 30, 2019.

(Huis Ten Bosch Group)

Huis Ten Bosch hosted "Mucha Exhibition" for the first time, exhibiting the world's largest collection of works by "Muscha" (about 500 works), a representative artist at the end of the 19th century, in addition to popular events such as "The Kingdom of Flame and Light", "Huis Ten Bosch Big Carnival Masquerade" and "Big Tulip Festival with one million tulips". In addition to Doraemon collaboration event that had gained popularity with visitors with children during the spring holiday period last year, "Shimajiro and magical amusement park" was newly launched in March as well as "No.1 Fireworks Contest in Kyushu" that many customers enjoyed.

However, the number of visitors was 1,304,000, 93.5% of the same period last year, due to the shrinking market in major countries that account for the majority of international visitors as well as to decrease in new events.

As a result of the above, Huis Ten Bosh Group recorded net sales of 13,689 million yen (90.9% of the same period last year) and operating profit of 2,680 million yen (70.6% of the same period last year) during the six months ended April 30, 2019.

(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, H.I.S. Group continued to focus on the development of "Henn na Hotel" aiming for the number one productivity in the world, and started business developments in West Japan by opening one in Fukuoka and two in Osaka from January 2019.

Hotel Business recorded net sales of 6,205 million yen (99.4% of the same period last year), operating profit of 467 million yen (65.6% of the same period last year) and EBITDA of 1,044 million yen (75.3% of the same period last year) during the six months ended April 30, 2019, due to the sale of Watermark Hotels and increased opening expenses, although "Henn na Hotel" performed well due to increase in the number of hotels and full-year contribution.

(Kyushu Sanko Group)

In the Kyushu Sanko Group, sales increased due to an increase in personnel for high-speed bus transportation such as airport lines and expansion of maintenance business, but due to the impact of increase in cost of sales such as personnel expenses, net sales were 11,155 million yen (102.9% of the same period last year) and operating profit of 297 million yen (85.2% of the same period last year) during the six months ended April 30, 2019. On the other hand, the Sakuramachi redevelopment project progressed as planned in line with the expected start of operation in September 2019.

(Energy Business)

In the electric power retail business, net sales were 9,281 million yen (178.8% of the same period last year) and operating profit was 363 million yen (373 million yen operating loss in the same period last year) during the six months ended April 30, 2019 due to the steady increase in the number of contracts as well as due to improvement via diversification of procurement.

As a result of the above, H.I.S. Group recorded net sales of 377,839 million yen (110.7% of the same period last year), a record high, operating profit of 8,979 million yen (117.2% of the same period last year), ordinary profit of 8,874 million (113.0% of the same period last year), and net profit attributable to owners of parent of 4,964 million yen (137.9% of the same period last year) during the six months ended April 30, 2019.

(2) Explanation of Financial Position

Total assets as of the end of April 2019 increased by 53,868 million yen as compared to the end of October 2018 to 570,336 million yen. This was due mainly to 36,952 million yen increase in property, plant and equipment and 23,682 million yen increase in cash and deposits.

Total liabilities as of the end of April 2019 increased by 53,548 million yen as compared to the end of October 2018 to 454,375 million yen. This was due mainly to 31,212 million yen increase in loans payable and 5,148 million yen increase in travel advance received.

Net assets as of the end of April 2019 increased by 320 million yen as compared to the end of October 2018 to 115,961 million yen. This was due mainly to 3,173 million yen increase in retained earnings due to recording of quarterly net profit, etc. which was partially offset by 1,596 million yen decrease in foreign currency translation adjustments and 855 million yen decrease in non-controlling interests.

(Status of Cash Flow)

The balance of cash and cash equivalents (hereinafter referred to as "funds") as of the end of April 2019 increased by 22,771 million yen to 214,212 million yen.

The status of respective cash flow and major factors during the 6 months ended April 30, 2019 are as follows;

[Operating Cash Flow]

Cash flow generated by operating activities during the 6 months ended April 30, 2019 was 30,720 million yen, as compared to 12,231 million yen generated during the 6 months ended April 30, 2018. This was due mainly to 9,387 million yen of income before income taxes, 6,189 million yen decrease in accounts receivable (trade), 4,921 million yen increase in travel advance received, 4,094 million yen of depreciation and amortization, a non-cash item, 1,341 million yen increase in accounts payable (trade), and 923 million yen of interest and dividend received.

Cash flow generated by operating activities during the 6 months ended April 30, 2018 (previous fiscal year) was due mainly to 8,748 million yen of income before income taxes, 6,161 million yen increase in travel advance received, 4,051 million yen of depreciation and amortization, a non-cash item, partially offset by 4,880 million yen payment of corporate income taxes.

[Investing Cash Flow]

Cash flow used by investing activities during the 6 months ended April 30, 2019 was 34,806 million yen, as compared to 25,895 million yen used during the 6 months ended April 30, 2018. This was due mainly to 40,993 million yen of acquisition of tangible and intangible fixed assets, partially offset by 9,678 million yen proceeds from re-development business.

Cash flow used by investing activities during the 6 months ended April 30, 2018 (previous fiscal year) was due mainly to 19,057 million yen acquisition of tangible and intangible fixed assets, 3,303 million yen acquisition of investment securities, and 3,298 million yen acquisition of subsidiary shares with the changes in the scope of consolidation.

[Financing Cash Flow]

Cash flow generated by financing activities during the 6 months ended April 30, 2019 was 27,596 million yen, as compared to 22,147 million yen generated during the 6 months ended April 30, 2018. This was due mainly to 129,478 million yen of proceeds from long and short terms loans payable, partially offset by 98,205 million yen repayments of long and short term loans payable, 1,699 million yen expenditures on acquisition of subsidiary shares without change in scope of consolidation and 1,669 million yen of dividend payment.

Cash flow generated by financing activities during the 6 months ended April 30, 2018 was due mainly to 25,100 million yen (*) issuance of convertible bond type bonds with stock acquisition rights, 7,991 million yen of proceeds from long and short term loans payable, partially offset by 5,000 million yen of purchase of treasury stock, 3,546 million yen repayments of long and short term loans payable, and 1,707 million yen of dividend payment.

As a result of the above, the amount of funds as of April 30, 2019 increased by 22,771 million yen as compared to October 31, 2018 to 214,212 million yen.

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

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

There is no change to the consolidated financial forecasts for the full year that were announced on “Consolidated Financial Forecasts dated December 11, 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 and other measures 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) Increase / Decrease of Fuel Surcharges

Fuel surcharges included in the sales of the Travel Business may be increased / decreased or be unnecessary with the fluctuation 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 profit, ordinary profit, net profit attributable to owners of parent, and EPS forecasts.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Millions of yen)

	As of October 31, 2018	As of April 30, 2019
Assets		
Current assets		
Cash and deposits	213,960	237,642
Notes and accounts receivable - trade	44,376	38,299
Operating accounts receivable	5,048	4,609
Securities	89	—
Travel advance payments	34,347	36,095
Prepaid expenses	2,423	2,269
Short-term loans receivable	1,391	2,491
Short-term loans receivable from subsidiaries and associates	196	774
Accounts receivable - other	5,604	9,140
Other	12,942	8,280
Allowance for doubtful accounts	(451)	(460)
Total current assets	319,929	339,143
Non-current assets		
Property, plant and equipment		
Buildings, net	19,663	26,521
Tools, furniture and fixtures, net	6,163	6,337
Land	32,685	36,162
Leased assets, net	3,025	3,060
Construction in progress	48,455	74,494
Other, net	6,108	6,479
Total property, plant and equipment	116,102	153,054
Intangible assets		
Goodwill	7,232	6,833
Other	12,964	12,262
Total intangible assets	20,196	19,095
Investments and other assets		
Investment securities	15,895	17,347
Shares of subsidiaries and associates	2,434	2,778
Investments in capital of subsidiaries and associates	179	121
Long-term loans receivable	4,479	3,335
Long-term loans receivable from subsidiaries and associates	1,218	1,191
Net defined benefit asset	551	569
Deferred tax assets	7,061	7,632
Guarantee deposits	9,125	10,608
Other	19,050	15,169
Allowance for doubtful accounts	(190)	(247)
Total investments and other assets	59,807	58,506
Total non-current assets	196,105	230,656
Deferred assets	432	536
Total assets	516,468	570,336

(Millions of yen)

	As of October 31, 2018	As of April 30, 2019
Liabilities		
Current liabilities		
Operating accounts payable	36,933	38,013
Short-term loans payable	17,992	25,895
Current portion of bonds	10,000	10,000
Current portion of Convertible bond-type bonds with share acquisition rights	20,033	20,013
Current portion of long-term loans payable	11,008	26,872
Accounts payable - other	3,704	5,566
Accrued expenses	3,643	3,812
Income taxes payable	3,752	4,218
Accrued consumption taxes	1,019	780
Travel advance received	68,344	73,493
Lease obligations	935	771
Provision for bonuses	4,915	5,116
Provision for directors' bonuses	177	115
Provision for loss on liquidation of subsidiaries and associates	2,163	2,304
Other	29,310	42,675
Total current liabilities	213,932	259,650
Non-current liabilities		
Bonds payable	30,000	30,000
Convertible bond-type bonds with share acquisition rights	25,108	25,099
Long-term loans payable	113,309	120,754
Deferred tax liabilities	5,556	5,169
Net defined benefit liability	7,036	7,215
Provision for directors' retirement benefits	343	374
Lease obligations	2,406	2,568
Other	3,133	3,542
Total non-current liabilities	186,894	194,725
Total liabilities	400,826	454,375
Net assets		
Shareholders' equity		
Capital stock	11,000	11,000
Capital surplus	3,451	3,392
Retained earnings	102,083	105,256
Treasury shares	(28,611)	(28,484)
Total shareholders' equity	87,923	91,164
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	283	286
Deferred gains or losses on hedges	166	92
Foreign currency translation adjustment	(97)	(1,693)
Remeasurements of defined benefit plans	(49)	(15)
Total accumulated other comprehensive income	304	(1,329)
Share acquisition rights	431	—
Non-controlling interests	26,982	26,126
Total net assets	115,641	115,961
Total liabilities and net assets	516,468	570,336

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Six months ended April 30, 2018	Six months ended April 30, 2019
Net sales	341,247	377,839
Cost of sales	277,809	308,350
Gross profit	63,438	69,488
Selling, general and administrative expenses	55,779	60,509
Operating profit	7,659	8,979
Non-operating income		
Interest income	794	808
Share of profit of entities accounted for using equity method	0	11
Other	1,382	990
Total non-operating income	2,177	1,810
Non-operating expenses		
Interest expenses	276	363
Foreign exchange losses	1,308	241
Other	401	1,310
Total non-operating expenses	1,986	1,915
Ordinary profit	7,849	8,874
Extraordinary income		
Gain on sales of non-current assets	2,632	—
Gain on revision of retirement benefit plan	284	—
Gain on reversal of share acquisition rights	—	513
Total extraordinary income	2,916	513
Extraordinary losses		
Loss on valuation of investment securities	330	—
Affiliated company debt waiver	1,687	—
Total extraordinary losses	2,018	—
Profit before income taxes	8,748	9,387
Income taxes	4,025	3,350
Profit	4,722	6,036
Profit attributable to non-controlling interests	1,122	1,072
Profit attributable to owners of parent	3,599	4,964

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Six months ended April 30, 2018	Six months ended April 30, 2019
Profit	4,722	6,036
Other comprehensive income		
Valuation difference on available-for-sale securities	152	1
Deferred gains or losses on hedges	(318)	(73)
Foreign currency translation adjustment	(13)	(1,829)
Remeasurements of defined benefit plans, net of tax	(73)	49
Share of other comprehensive income of entities accounted for using equity method	4	(5)
Total other comprehensive income	(247)	(1,858)
Comprehensive income	4,475	4,178
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,312	3,330
Comprehensive income attributable to non-controlling interests	1,162	848

(3) Consolidated Statements of Changes in Equity

(Millions of yen)

	Six months ended April 30, 2018	Six months ended April 30, 2019
Cash flows from operating activities		
Profit before income taxes	8,748	9,387
Depreciation	4,051	4,094
Amortization of goodwill	360	455
Increase (decrease) in provision for bonuses	(290)	195
Increase (decrease) in provision for directors' bonuses	(80)	(60)
Increase (decrease) in net defined benefit liability	(6)	243
Increase (decrease) in provision for directors' retirement benefits	(569)	30
Interest and dividend income	(843)	(928)
Share of loss (profit) of entities accounted for using equity method	(0)	(11)
Foreign exchange losses (gains)	1,568	571
Interest expenses	276	363
Loss (gain) on sales of property, plant and equipment	(2,632)	—
Loss (gain) on valuation of investment securities	330	—
Gain on reversal of share acquisition rights	—	(513)
Gain on revision of retirement benefit plan	(284)	—
Loss on disposal of affiliate receivables	1,687	—
Other loss (gain)	59	408
Decrease (increase) in notes and accounts receivable - trade	642	6,189
Decrease (increase) in travel advance payments	(4,674)	(1,701)
Decrease (increase) in other assets	(4,430)	3,588
Increase (decrease) in notes and accounts payable - trade	8,060	1,341
Increase (decrease) in accrued consumption taxes	81	(160)
Increase (decrease) in accrued expenses	(7,063)	162
Increase (decrease) in travel advances received	6,161	4,921
Increase (decrease) in other liabilities	5,300	5,384
Subtotal	16,454	33,963
Interest and dividend income received	934	923
Interest expenses paid	(277)	(330)
Income taxes (paid) refund	(4,880)	(3,836)
Net cash provided by (used in) operating activities	12,231	30,720

	Six months ended April 30, 2018	Six months ended April 30, 2019
Cash flows from investing activities		
Payments into time deposits	(20,389)	(16,798)
Proceeds from withdrawal of time deposits	18,964	16,025
Proceeds from redemption of securities	—	74
Purchase of property, plant and equipment and intangible assets	(19,057)	(40,993)
Proceeds from sales of property, plant and equipment	3,578	169
Purchase of investment securities	(3,303)	(2,994)
Proceeds from sales of investment securities	736	1,334
Purchase of shares of subsidiaries and associates	(117)	(708)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,298)	—
Payments of loans receivable	(2,539)	(774)
Collection of loans receivable	1,281	176
Payments for guarantee deposits	(1,001)	(1,695)
Proceeds from collection of guarantee deposits	323	257
Revenue from redevelopment project	—	9,678
Other, net	(1,071)	1,442
Net cash provided by (used in) investing activities	(25,895)	(34,806)
Cash flows from financing activities		
Increase in short-term loans payable	7,841	105,278
Decrease in short-term loans payable	(2,169)	(97,315)
Proceeds from long-term loans payable	150	24,200
Repayments of long-term loans payable	(1,376)	(890)
Purchase of treasury shares	(5,000)	—
Cash dividends paid	(1,707)	(1,669)
Proceeds from issuance of bonds with share acquisition rights	25,100	—
Dividends paid to non-controlling interests	(462)	(405)
Proceeds from share issuance to non-controlling shareholders	14	325
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(1,699)
Other, net	(242)	(226)
Net cash provided by (used in) financing activities	22,147	27,596
Effect of exchange rate change on cash and cash equivalents	(215)	(1,102)
Net increase (decrease) in cash and cash equivalents	8,267	22,406
Cash and cash equivalents at beginning of period	168,659	191,440
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	10	365
Cash and cash equivalents at end of period	176,937	214,212

(4) Notes on Quarterly Consolidated Financial Statements

(Segments Information)

Information on net sales, incomes or losses by reported segment

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	Energy Business	Subtotal				
Net Sales										
(1)Sales of outside customers	302,900	14,158	5,765	10,842	5,152	338,819	2,427	341,247	—	341,247
(2)Inter-Segment sales/transfers	787	903	474	2	38	2,207	315	2,523	(2,523)	—
Total	303,688	15,062	6,240	10,845	5,190	341,027	2,743	343,770	(2,523)	341,247
Segment income (loss)	4,224	3,794	713	349	(373)	8,709	40	8,749	(1,090)	7,659

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 (losses) are adjusted with operating incomes in the consolidated financial statements.
4. The amount of goodwill due to the acquisition of shares of consolidated subsidiary, JONVIEW CANADA INC., in the Travel Business was revised from 3,088 million yen, which had been temporarily calculated and recorded, to 1,342 million yen due to the completion of acquisition cost allocation during the consolidated 1st quarter of the current fiscal year.

Six months ended April 30, 2019 (November 1, 2018 – April 30, 2019)

(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	Energy Business	Subtotal				
Net Sales										
(1)Sales of outside customers	335,796	12,792	5,769	11,144	9,214	374,717	3,121	377,839	—	377,839
(2)Inter-Segment sales/transfers	1,034	896	436	11	66	2,445	311	2,757	(2,757)	—
Total	336,831	13,689	6,205	11,155	9,281	377,163	3,433	380,596	(2,757)	377,839
Segment income	6,201	2,680	467	297	363	10,011	226	10,238	(1,259)	8,979

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 of (1,259) 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. Matters concerning changes in reporting segments, etc

H.I.S. Group is currently expanding its energy business, including building a biomass power plant in Kakuda City, Miyagi Prefecture and has decided to add "Energy business" segment starting the current consolidated fiscal year. As a result, "HTB ENERGY CO., LTD." was recategorized from Huis Ten Bosch Group to Energy Business, and "H.I.S. Energy Holdings Co., Ltd.", "H.I.S. SUPER POWER Co., Ltd.", and "H.I.S. SUPER POWER LLC" were recategorized from Others to Energy business.

In addition, in connection with the acquisition of shares of “HUIS TEN BOSCH Technical Center Co., Ltd.” by H.I.S. Co., Ltd. in the current consolidated fiscal year, “HUIS TEN BOSCH Technical Center Co., Ltd.” and its subsidiary “Nishinohon Engineering Co., Ltd.” were recategorized from "Huis Ten Bosch Group" to "Other". The segment information for the Six months ended April 30, 2018 was prepared based on the reporting segment classification after the changes above.