



Consolidated Financial Results

For the Fiscal Year Ended October 31, 2013

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 Fiscal Year Ended October 31, 2013

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

| | |
|---|---|
| Exchange Listed: | Tokyo Stock Exchange, 1 st section |
| Principal Office: | Tokyo, Japan |
| Homepage: | http://www.his.co.jp/ |
| Representative Director, President: | Akira Hirabayashi |
| Contact: | Shigeru Nakatani, Director |
| Telephone: | +81-3-5908-2070 |
| Scheduled date of annual shareholders' meeting: | January 29, 2014 |
| Date of Dividend payment: | January 30, 2014 |
| Scheduled date of filing annual report: | January 30, 2014 |

1. Consolidated Financial Results (November 1, 2012 – October 31, 2013)

(1) Consolidated Operating Results

| | <i>Millions of Yen</i> | | | |
|---|-----------------------------------|-------|-----------------------------|------|
| | Fiscal Year Ended October 31, | | | |
| | 2013 | % | 2012 | % |
| Net Sales | 479,478 | 11.1 | 431,483 | 13.3 |
| Operating Income..... | 11,843 | 4.7 | 11,316 | 20.3 |
| Ordinary Income..... | 15,203 | 12.8 | 13,479 | 22.5 |
| Net Income | 8,903 | (4.6) | 9,331 | 12.4 |
| Net Income per Share (yen)..... | 274.59 | | 287.77 | |
| Net Income per Share, Diluted (yen)..... | — | | — | |
| Return on Equity (ROE) | 12.1% | | 14.3% | |
| Ordinary Income to Total Assets Ratio | 7.8% | | 8.6% | |
| Operating Income to Net Sales Ratio..... | 2.5% | | 2.6% | |
| Notes: Comprehensive income: | Full year ended October 31, 2013: | | 15,024 million yen (103.9%) | |
| | Full year ended October 31, 2012: | | 7,367 million yen (-18.2%) | |
| Notes: Equity of earnings in affiliates: | Full year ended October 31, 2013: | | 582 million yen | |
| | Full year ended October 31, 2012: | | 405 million yen | |

(2) Consolidated Financial Position

| | <i>Millions of Yen</i> | |
|---|-------------------------|--------------------|
| | As of October 31, | |
| | 2013 | 2012 |
| Total Assets..... | 215,913 | 173,497 |
| Net Assets..... | 90,680 | 76,763 |
| Shareholders' Equity Ratio..... | 36.6% | 39.0% |
| Net Assets per Share (yen)..... | 2,438.83 | 2,088.35 |
| Notes: Shareholders' equity (consolidated): | As of October 31, 2013: | |
| | As of October 31, 2012: | |
| | | 79,080 million yen |
| | | 67,718 million yen |

(3) Consolidated Cash Flows

| | <i>Millions of Yen</i> | |
|--|-------------------------------|----------|
| | Fiscal Year Ended October 31, | |
| | 2013 | 2012 |
| Cash Flows from Operating Activities | 15,360 | 9,577 |
| Cash Flows from Investing Activities | (10,975) | (18,250) |
| Cash Flows from Financing Activities | 16,817 | (295) |
| Cash and Cash Equivalents at End of Year | 61,426 | 35,821 |

2. Dividend Distribution

| | Dividend per Share | | | Total Dividend (millions of yen) | Dividend payout ratio (%) (consolidated) | Ratio of dividends to net assets (%) (consolidated) |
|-------------------|--------------------|----------|-----------|-------------------------------------|--|---|
| | Half Year | Year End | Full Year | | | |
| FY2012 | 0.00 | 34.00 | 34.00 | 1,102 | 11.8 | 1.7 |
| FY2013 | 0.00 | 34.00 | 34.00 | 1,102 | 12.4 | 1.5 |
| FY2014 (Forecast) | 0.00 | 36.00 | 36.00 | — | 13.0 | — |

3. Consolidated Forecast for the Fiscal Year Ending October 31, 2014

| | <i>Millions of Yen</i> | | | |
|----------------------------------|-------------------------------|---------|----------------------------|--------|
| | Interim ending April 30, 2014 | | FY ending October 31, 2014 | |
| | Sales | Profit | Sales | Profit |
| Net Sales | 250,000 | 11.3% | 539,000 | 12.4% |
| Operating income..... | 7,500 | 23.8% | 15,700 | 32.6% |
| Ordinary Income..... | 8,500 | 8.3% | 17,200 | 13.1% |
| Net Income..... | 4,000 | (14.6%) | 9,000 | 1.1% |
| Net Income per Share (yen) | 123.36 | | 277.56 | |

4. Additional Notes

(1) Changes of important subsidiaries during the fiscal period (Changes of specific subsidiary due to change in scope of consolidation):

Yes (1 Company)

(ASIA ATLANTIC AIRLINES CO., LTD.)

(2) 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: | Yes |
| (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 Oct 31, 2013 | 34,261,468 shares |
| As of Oct 31, 2012 | 34,261,468 shares |

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

| | |
|--------------------|------------------|
| As of Oct 31, 2013 | 1,835,896 shares |
| As of Oct 31, 2012 | 1,834,658 shares |

(iii) Average number of shares during the period

| | |
|--------------------|-------------------|
| As of Oct 31, 2013 | 32,426,232 shares |
| As of Oct 31, 2012 | 32,427,105 shares |

5. Non-consolidated Financial Results (November 1, 2012 – October 31, 2013)

(1) Non-consolidated Operating Results

| | <i>Millions of Yen</i> | | | |
|--|-------------------------------|--------|---------|--------|
| | Fiscal Year Ended October 31, | | | |
| | 2013 | % | 2012 | % |
| Net sales..... | 383,816 | 4.3 | 367,865 | 9.9 |
| Operating Income | 3,126 | (49.7) | 6,215 | (0.4) |
| Ordinary Income | 4,262 | (37.2) | 6,788 | 0.1 |
| Net Income | 2,485 | (32.8) | 3,699 | (32.3) |
| Net Income per Share (yen)..... | 76.66 | | 114.10 | |
| Net Income per Share, Diluted (yen)..... | — | | — | |

(2) Non-consolidated Financial Position

| | <i>Millions of Yen</i> | |
|----------------------------------|-------------------------------------|--------------------|
| | As of October 31, | |
| | 2013 | 2012 |
| Total Assets | 142,744 | 114,047 |
| Net Assets | 52,914 | 52,058 |
| Shareholders' Equity Ratio | 37.1% | 45.6% |
| Net Assets per Share (yen) | 1,631.88 | 1,605.42 |
| Note: Shareholders' equity: | Fiscal year ended October 31, 2013: | 52,914 million yen |
| | Fiscal year ended October 31, 2012: | 52,058 million yen |

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". Therefore, the audit procedures of consolidated financial statements have not 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 pages 7- 8 for further information concerning the projections.

I. Overview of Operating Results

1. Operating Results

(1) Overview of consolidated results for the fiscal period

During the fiscal year under review, Japan showed signs of gradual economic recovery as a result of a series of economic policies. Within the travel industry, there were positive factors such as recovery in consumer spending due to the economic improvement and growing travel opportunities for seniors. However, demand for overseas travel was greatly affected by diplomatic dispute and rapid exchange rate fluctuation. As a result, the travel market did not recover to the level of the previous fiscal year. According to the Japan National Tourist Organization (JNTO), the estimated number of Japanese departing Japan from November 2012 through October 2013 is forecast to have fallen by 6.0% compared with the previous year to 17,456,000 people.

The demand for domestic travel, on the other hand, trended upward with route expansion as LCC prevailing; market growth in Okinawa; and Mount Fuji's registration as a World's Cultural Heritage site. The demand for foreign travelers visiting Japan was significantly higher compared with the previous fiscal year, against easing of visa requirements in Southeast Asian countries and the weak yen trend. The estimated visitor number is expected to hit a record high 10 million people, an increase of 22.8% compared with a year earlier.

Under these business conditions, the Group strived to improve on its standards of "safety, security, service and quality," and has implemented original measures to expand its business in the travel business, the Group's main business segment, as well as other businesses.

- Travel Business

In the overseas travel departing Japan, the Group began offering original products, including charter cruise operations on luxury liner Costa Victoria, which takes place three times in spring and six times during summer and autumn, and a package deal incorporating chartered plans to enjoy popular destinations such as La Sagrada Familia in Barcelona, Spain. This new product line has been well received by our customers.

As part of our policy of new service, we are supporting our over 60s customers, not only by introducing discounts for senior citizens, but also by providing special assistance at Narita International Airport and Haneda Airport (the "airport assistant"). We also opened our service center at Kansai International Airport to provide support for departing passengers, and increased convenience for our customers.

As for sales channels, we plan to improve the effectiveness by concentrating on points of sale. We opened sales branches mainly in shopping centers in Japan, as well as our flagship branches at Shinjuku 3 Chome in Tokyo and Yokohama in Kanagawa. We also expanded our branch network by opening specialist outlets offering overseas weddings services in Kagoshima, Fukui and Okayama prefectures.

As for initiatives in the area of online sales, we have strengthened the stock of airline tickets so that we can set

more reasonable prices at our "air ticket and hotel" website and increased the listed products. We have also worked to build the ticket booking website, displaying the total amount, and supported smartphones, to improve convenience for our customers. Our reservation website "Sumayado" covers over 9,000 hotels and ryokan, or Japanese-style inns, and we strove to improve recognition of the website and to increase the number of users. Turning to group travel, we have expanded our system for receiving orders, by setting up bases in Ibaraki and Tochigi prefectures as well as in Omotesando, and by establishing an incentive section, responsible for large scale contracts. As a result, our group travel activity was strong due to the increase in orders for large scale group travel, including corporate trips, events, and school trips. As for corporate travel, or corporate business trips, we have trained and dispatched sales staff throughout the world to expand corporate contracts globally.

In domestic travel business, for which we have launched sales at all branches in Japan since the previous fiscal year, we started offering local services only the Group can offer. In Okinawa, our focused destination, we provided an original shuttle service "The Yuntaku Shuttle" to the main Island as well as Ishigaki Island, and opened "Doraemon Wakuwaku Beach" on the main Island for family travel. In addition, we implemented an expansion of sales channels and introduced the domestic reservation system of All Nippon Airways to enable reservation and sales at all branches. Consequently, the domestic travel business remained strong.

Turning to the business overseas, we have aggressively implemented measures both in overseas outbound business, which deals with locally-departing flights, as well as the inbound travel business to Japanese and overseas customers.

As for the overseas outbound business, we have operated multi branches in Southeast Asia - 9 branches in Bangkok, Thailand; 8 branches in and around Jakarta, Indonesia as of October, 2013 - with steady progress, and served a number of local customers. Additionally, we have expanded our base in Europe with the opening of 8 branches in countries such as Portugal and Ireland. Furthermore, we have aggressively entered and penetrated countries such as Nepal. Overall, we have the overseas sales networks in 51 countries, 111 cities and 158 branches as of October, 2013. In Cambodia and Laos, the Group launched an online reservation website for local customers abroad, and now operates online in 39 countries. As a result of these measures, our outbound business continues to expand mainly in Asia.

Our inbound travel business is also doing well. We are acting as wholesalers to other travel businesses (BtoB business), so that we can offer our customers the services and activities of overseas branches, and increase our sales activity. We bolstered our efforts to offer only one service to increase our customer satisfaction by providing the original "primary entry service" at Suvarnabhumi Airport, Bangkok and launching our private "LeaLea Airport Lounge" at Honolulu International Airport. In the H.I.S. VACATION business, which involves Internet-based direct sales of products including overseas hotel bookings and optional tours created or obtained by overseas branches to both Japanese and overseas travelers, the Group continues to connect with large hotel chains systematically, increase the list of hotels, and enhance the overseas hotel reservation

website among others.

As a result of these measures, the travel business for the current fiscal year recorded net sales of 431,368 million yen, an increase of 5.9% compared with the previous fiscal year. However, the Group recorded an operating income of 7,952 million yen, a decrease of 30.2% compared with a year earlier. This is due to a drop in the number of travelers from the Group's flagship Asian countries amid diplomatic disputes and the rapidly changing currency landscape.

- Theme Park Business

HUIS TEN BOSCH Co. Ltd., which operates the theme park business, worked to improve customer satisfaction. The popular seasonal series such as "The Kingdom of Light" and "The Rose Festival" were held, and the series scaled up from the No. 1 in Japan to the World's No.1. We embarked on new projects as well. In summer, we opened "Water Adventure Kingdom," which took place from July through September, 2013, in which we installed large-scale outdoor pools as well as water slide, so that our customers could enjoy their summer. We also launched the "Mysterious Marchen Forest" zone at Adventure Park. The night events such as "New Summer Kingdom of Lights" and "Fireworks World Cup" were well received.

As a result, the number of visitors in the current fiscal year increased 29.1% year on year to 2,477,000. Net sales increased 28.8% to 20,548 million yen, and operating income increased 90.0% year on year to 5,015 million yen. The Group achieved good performance in the theme park business.

The following is the business results for HUIS TEN BOSCH Co. Ltd. alone from October 2012 through September 2013.

| | <i>Millions of Yen</i> | | | |
|--|---|--|--------------------|-------------|
| | Previous FY (Oct 1, 2011 – Sept 30, 2012) | Current FY (Oct 1, 2012 – Sept 30, 2013) | Y-Y Change (%) | Y-Y Change |
| Number of Visitors (Foreign Visitors) (Thousand persons)..... | 1,918 (153) | 2,477 (183) | 129.1% (119.6%) | 559 (30) |
| Net Sales | 16,693 | 21,629 | 129.6% | 6,374 |
| Operating Income | 2,424 | 4,848 | 200.0% | 2,424 |
| Ordinary Income | 3,412 | 5,730 | 167.9% | 2,318 |
| Net Income | 4,221 | 5,358 | 126.9% | 1,137 |

- Kyushu Sanko Group

KYUSHU INDUSTRIAL TRANSPORTATION Group, a holding company of KYUSHU INDUSTRIAL TRANSPORTATION HOLDINGS CO., LTD., recorded net sales of 25,280 million yen and operating income of 1,395 million yen. The Group launched Wi-Fi service on shuttle buses, its core business. The H.I.S. Group had

turned KYUSHU INDUSTRIAL TRANSPORTATION HOLDINGS CO., LTD. into a consolidated subsidiary from the fourth quarter of the previous fiscal year.

- Hotel Business

In the hotel business, the Group recorded net sales of 4,478 million yen, an increase of 60.8% compared with the previous fiscal year, and an operating loss of 118 million yen, compared with an operating loss of 232 million yen a year earlier. In the Watermark Hotel Nagasaki, we have implemented special programs and improved visits to Japan, concentrating on the Asian market, with improved success. The Guam Reef & Olive Spa Resort, which was consolidated into the Group in the previous fiscal year, conducted a large-scale renewal construction, and had its grand opening with a refurbished look. The Group also made efforts to improve customer satisfaction and profitability in hotels in Australia and Sapporo, Japan.

- Transportation Business

ASIA ATLANTIC AIRLINES CO., LTD., an international charter carrier which was set up in December, 2012, began operation on a route from Suvarnabhumi Airport, Bangkok to Narita International Airport on August 20, 2013. The Ocean Rose vessel, which had operated between Nagasaki and Shanghai, suspended operation for a long term period, and it has been chartered to a foreign corporation in a three-year bareboat chartering agreement since February, 2013. As a result, the Group recorded net sales of 97 million yen, a decrease of 37.7% compared with the previous fiscal year, and an operating loss of 1,065 million yen compared with an operating loss of 1,142 million yen a year earlier.

As a result of these measures, the Group achieved record results, with consolidated net sales of 479,478 million yen, an increase of 11.1% compared with the previous fiscal year; operating income of 11,843 million yen, an increase of 4.7%; and ordinary income of 15,203 million yen, an increase of 12.8%. The Group recorded net income of 8,903 million yen with an increase in tax expenses due to the near elimination of tax loss carryforwards.

Segment amounts include transactions between the segments.

(2) Forecasts for the next fiscal year

The global economic environment will likely remain uncertain. However, within the travel industry, travel demand is expected to remain firm for reasons including the launch of new services and route expansion as a result of increased slots; a cooling of diplomatic tensions; and greater travel opportunities for seniors. At the same time, we project that it will become more important to respond to market changes, such as fiercer competition within the industry, both in Japan and overseas, that includes airlines' moves to push for direct sales.

Under these business conditions, within the travel business, the Group's core segment, we will further strive to improve its safety, security, service and quality; explore a new non-package travel market; deftly respond to customer needs, including making a foray into the cruise business and aggressively using charter flights;

develop original products and services for the global market; and rapidly implement measures in order to expand and broaden the travel business for both flights departing from Japan and locally overseas. Furthermore, the Group will promote expansion with a greater awareness of productivity and efficiency and further increase earnings, and this will involve various activities including sales operations that take into consideration sales channels, and conduct promotions to generate demand based on an awareness of the medium's characteristics.

HUIS TEN BOSCH Co., Ltd. will continue to hold the events which can be experienced only in HUIS TEN BOSCH, including "The Kingdom of Light, Chapter Two, Three New World of Light," which takes place from November 2, 2013 through March 30, 2014. In addition, HUIS TEN BOSCH Co., Ltd. plans to open a new theater "Muse Hall" on January 11, 2014. As measures taking place outside of the theme park, "Osaka Castle 3D Mapping Super Illumination" will take place from December 14, 2013 through February 26, 2014 onto the Osaka Castle Tower in the Nishinomaru Garden area.

As a result of the measures implemented, the Group expects to achieve better results for the next fiscal year. As for the forecasts for net income, the Group expects the tax expenses to increase due to the elimination of tax loss carryforwards.

2. Allocation of profits

(1) Basic approach to allocation of profits

Returning profits to shareholders is one of the H.I.S. Group's key management issues. The Group aims to maximize Group enterprise value, and at the same time pay stable and continuous dividends based on the Group's financial performance and taking into account overall factors including global economic and business trends, the state of the Group and future business development. Profit sharing with shareholders is based on the concept of sustainable, stable dividends from profits. H.I.S. has adopted a system of interim dividends, but there is a tendency for a greater share of annual sales to be recorded in the second half of the fiscal year. Therefore, at the present time, dividends are paid on a yearly basis in order to realize fair dividends in terms of earnings.

(2) Utilization of internal capital reserves

In addition to preparation for sudden changes, both domestically as well as internationally, in the travel industry and competition and reorganization within the industry, maintenance of branch network and active investments in the IT business, there is a greater need to respond to unexpected external factors such as recent terrorism, political uncertainty, natural disasters and sudden phenomena that Group customers encounter. Under these conditions, there is a strong awareness of the importance of creating a stable financial base for rapid-response and therefore there is a desire to keep Consolidated Financial Results for the internal reserves relatively thick and stabilize the business foundation.

The Group plans to pay a year-end dividend of 34 yen per share. As for the dividend for the next fiscal year, the Group plans to pay an annual common dividend of 36 yen per share to ensure sustainable and stable profit sharing, while working to increase the dividend. However, the Group will remain flexible in responding to the situation, if performance worsens in uncertain market conditions.

3. Business and Other Types of Risks

The following types of events have the potential to affect the operating results, financial status, the stock price and other factors for the corporate group. Having recognized the potential for such risks, the Group intends to make every effort to avoid them and to address them in the event such risks should occur.

(1) Regional characteristics of business expansion

The travel business comprises 89.9% of group sales by segment; sales by region are also concentrated in Japan, at 94.3%. Changes in the environment for the travel business in Japan therefore have the potential to affect the Group's financial position and operating results among others.

(2) Changes in fuel surcharges

Parent sales, which were affected by an increase in fuel surcharges associated with the sharp rise in crude oil prices, accounted for 78.3% of group sales, and overseas travel comprised 91.3% of parent sales. The company is currently adding a fuel surcharge to overseas travel fares to reflect the change in crude oil prices. A sharp increase in this fuel surcharge could dampen overall demand and adversely affect the Group's financial position and operating results.

(3) Trend of travelers to Asia and trend of travelers visiting Japan

Japanese passengers heading to Asia accounted for the largest percentage of the Group's total number of Japanese traveling overseas, making up 57.9% of the total (or 38.5% of sales). Changes in the external environment at these destinations, such as diplomatic disputes, political uncertainty, terrorism, outbreaks of contagious diseases, or natural disasters, could affect the Group's financial position and operating results. If it becomes difficult to secure seats on flights as the number of visitors to Japan from Asia rapidly increases, this could have a similar impact.

(4) Competition with other competitors

The travel business continues to face fierce competition with travel agencies, both in Japan and overseas, as well as suppliers which push for direct sales. The Group's financial position and operating results could be affected if stiffer competition on prices were to occur.

(5) Reduction in commissions on airline tickets sold at the published fare by airline companies

The Group also sells airline tickets at published fares which airline companies provide directly to consumers. It is possible that in the future commissions on airline tickets paid to travel agencies by airline companies could be reduced or eliminated. This could affect the Group's financial position and operating results.

(6) Fluctuations in the valuation of owned assets such as securities

The Group holds both listed and unlisted shares and also holds debt and other instruments. Hence, the Group's financial position and operating results could be affected by movements in prices for securities possessing a market value, and by the occurrence of losses on sale and valuation losses for securities without a market price due to changes in the financial status of companies in which we have invested.

(7) Exchange rate fluctuations

The Group conducts business in foreign currencies and therefore incurs income and expenses as well as assets and liabilities in foreign currencies as a result. The Group partially hedges risk through forward exchange contracts and other instruments, according to the actual demand, to mitigate the impact of exchange rate fluctuations. However, sharp fluctuation in exchange rates could affect the Group's financial position and operating results.

The Group also translates the financial statements of consolidated overseas subsidiaries into Japanese Yen when producing the consolidated financial statements. This could affect the Group's financial position and operating results, should there be fluctuation in exchange rates.

(8) Breakout and spread of infectious diseases throughout the world (including Japan)

If an infectious disease were to break out and spread throughout the world including Japan and there were a sudden decline in the desire for global travel, these could negatively impact the Group's financial position and operating results.

(9) Flight operations

If an aviation accident were to occur by the flight operated by the Group, various issues will arise including losing credibility with customers; damaged reputation; slump in demand for air travel; and claims for damage during flight operations. This could affect the Group's financial position and operating results. Likewise, if an accident by flights operated by other companies were to happen, the demand for air travel will likely slump. This could also affect the Group's financial position and operating results.

(10) Food safety

The Group developed its standard for arrangement, mediation and quality control, and carefully selects restaurants it uses for planned tours and optional tours. Additionally, the Group business segments include operating restaurants, and the Group pays sufficient attention to food safety as well. Amid rising concerns about food safety, the occurrence of health problems such as food poisoning could cause the Group's reputation, and affect its financial position and operating results.

(11) Personal information

The Group retains personal information in each business segment. Pursuant to the Japanese law concerning the protection of personal information, the Group has established Privacy Policy to ensure appropriate

handling and protection of personal information. If a large-scale data leak were to happen for some reasons, this could cause the Group's reputation and damage claims, and negatively impact the Group's financial position and operating results.

(12) Other risks surrounding the travel business

Other than the above, risks surrounding the travel business include changes in the world situation such as terrorism, war, and other events; damage on travel infrastructure due to natural disaster; and global disorder as a result of sudden changes in exchange rates. This could affect the Group's financial position and operating results.

II. Current State of the H.I.S. Group

H.I.S. Group (H.I.S. Co., Ltd. and its group companies) comprises H.I.S. Co., Ltd., 94 subsidiaries and 9 affiliated companies. The main businesses of the principal subsidiaries are outlined in the following tables, which are organized by the business categories used in segment information.

(1) Travel Business

The H.I.S. Group businesses undertake domestic and overseas travel and other ancillary businesses.

Group Companies

| | |
|--|---|
| HAWAII HIS CORPORATION H.I.S. INTERNATIONAL TOURS (NY) INC. H.I.S. GUAM, INC. H.I.S. CANADA INC. HIS SAIPAN INC H.I.S. KOREA CO., LTD. H.I.S. Tours Co., Ltd. PT. HARUM INDAH SARI TOURS & TRAVEL HIS (HONG KONG) COMPANY LIMITED H.I.S. TAIWAN COMPANY LIMITED H.I.S. INTERNATIONAL TRAVEL PTE LTD H.I.S. AUSTRALIA PTY. LTD. H.I.S. EUROPE LIMITED H.I.S. INTERNATIONAL TOURS FRANCE SARL | H.I.S. Deutschland Touristik GmbH H.I.S. EUROPE ITALY S.R.L. HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI GM COMMUNICATIONS LIMITED (Miki Travel Limited) Orion Tour Co., Ltd. QUALITA Co., Ltd. Ohshu Express Ltd. TOUR WAVE CO., LTD. Japan Holiday Travel CO., LTD. Cruise Planet Co., Ltd. AGT Co., Ltd. (Advanced Global Transport) and 40 other companies |
|--|---|

(2) Hotel Business

The Group operates hotel and other ancillary businesses in Australia and other countries.

Group Companies

| | |
|--|---|
| H.I.S. AUSTRALIA HOLDINGS PTY LTD H.I.S. INVESTMENTS PTY LTD THE WATERMARK HOTEL GROUP PTY LTD WHG INVESTMENTS BRISBANE PTY LTD L'MARK PTY LTD | The Watermark Hotel Japan Co.,Ltd. The Watermark Hotel Nagasaki Co. Ltd. GUAM REEF HOTEL, INC. and 2 other companies |
|--|---|

(3) Theme Park Business

The Group owns and operates the theme park located in Sasebo in Nagasaki prefecture.

Group Companies

| | |
|--|--|
| HUIS TEN BOSCH Co. Ltd. Huis Ten Bosch Technical Center Co., Ltd. | Huis ten Bosch Tourists Co., Ltd. and 2 other companies |
|--|--|

(4) Transportation Business

The Group operates passenger route and other ancillary businesses. The Group's newly established ASIA ATLANTIC AIRLINES CO., LTD. was consolidated into a subsidiary and included in the transportation business.

Group Companies

| | |
|--|---|
| ASIA ATLANTIC AIRLINES CO., LTD. HTB Cruise Co., Ltd. | TEN BOSCH CRUISE PANAMA S.A. and 1 other company |
|--|---|

(5) Kyushu Sanko Group

KYUSHU INDUSTRIAL TRANSPORTATION Group, a holding company of KYUSHU INDUSTRIAL TRANSPORTATION HOLDINGS CO., LTD., operates automobile transportation and other businesses.

Group Companies

| | |
|---|---|
| KYUSHU INDUSTRIAL TRANSPORTATION HOLDINGS CO., LTD. Kyushu Sanko Bus Co., Ltd. Kyushu Sanko Tourism Co.,Ltd. Kyushu Sanko LandMark Co.,Ltd. Kumamoto Ferry Co.,Ltd. | Sanko Bus Co., Ltd. Kyushu Sanko Seibi Co.,Ltd. Kyushu Sanko Kanko Co., Ltd. and 3 other companies |
|---|---|

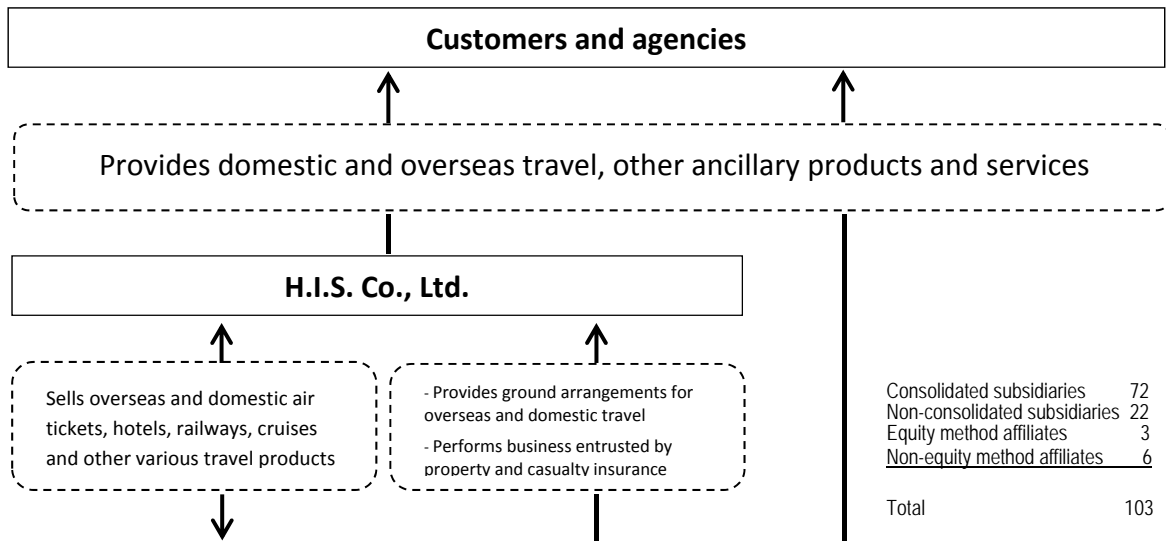
(6) Other businesses

H.S. Insurance Planning Co., Ltd., handles property and casualty insurance, mainly for overseas travel.

Group Companies

| | |
|-----------------------------------|-----------------------|
| H.S. Insurance Planning Co., Ltd. | and 7 other companies |
|-----------------------------------|-----------------------|

The following table illustrates the Group's operating relationships.



| H.I.S. Group | |
|--|--|
| Travel Business | |
| HAWAII HIS CORPORATION H.I.S. INTERNATIONAL TOURS (NY) INC. H.I.S. GUAM, INC. H.I.S. CANADA INC. HIS SAIPAN INC H.I.S. KOREA CO., LTD. H.I.S. Tours Co., Ltd. PT. HARUM INDAH SARI TOURS & TRAVEL HIS (HONG KONG) COMPANY LIMITED H.I.S. TAIWAN COMPANY LIMITED H.I.S. INTERNATIONAL TRAVEL PTE LTD H.I.S. AUSTRALIA PTY. LTD. H.I.S. EUROPE LIMITED | H.I.S. INTERNATIONAL TOURS FRANCE SARL H.I.S. Deutschland Touristik GmbH H.I.S. EUROPE ITALY S.R.L. HIS ULUSLARARASI TURIZM SEYAHAT ACENTASI LIMITED SIRKETI GM COMMUNICATIONS LIMITED (Miki Travel Limited) Orion Tour Co., Ltd. QUALITA Co., Ltd. Ohshu Express Ltd. TOUR WAVE CO., LTD. Japan Holiday Travel CO., LTD. Cruise Planet Co., Ltd. AGT Co., Ltd. (Advanced Global Transport) and 40 other companies |
| Hotel Business | |
| H.I.S. AUSTRALIA HOLDINGS PTY LTD H.I.S. INVESTMENTS PTY LTD THE WATERMARK HOTEL GROUP PTY LTD WHG INVESTMENTS BRISBANE PTY LTD L'MARK PTY LTD | The Watermark Hotel Japan Co.,Ltd. The Watermark Hotel Nagasaki Co. Ltd. GUAM REEF HOTEL, INC. and 2 other companies |
| Theme Park Business | |
| HUIS TEN BOSCH Co. Ltd. Huis Ten Bosch Technical Center Co., Ltd. | Huis ten Bosch Tourists Co., Ltd. and 2 other companies |
| Transportation Business | |
| ASIA ATLANTIC AIRLINES CO., LTD. HTB Cruise Co., Ltd. | TEN BOSCH CRUISE PANAMA S.A and 1 other company |
| Kyushu Sanko Group | |
| KYUSHU INDUSTRIAL TRANSPORTATION HOLDINGS CO., LTD. Kyushu Sanko Bus Co., Ltd. Kyushu Sanko Tourism Co.,Ltd. Kyushu Sanko LandMark Co.,Ltd. Kumamoto Ferry Co.,Ltd. | Sanko Bus Co., Ltd. Kyushu Sanko Seibi Co.,Ltd. Kyushu Sanko Kanko Co., Ltd. and 3 other companies |
| Other businesses | |
| H.S. Insurance Planning Co., Ltd. | and 7 other companies |

III. Management Policy

1. Basic management policy

Under the corporate philosophy of "Through tourism, we contribute to the advance of world peace and mutual understanding by increasing the knowledge of people in the world, getting over the differences of nationality, race, culture and religion," the Group strives to develop products and provide services that are trusted and satisfied by customers every day. The Group works to develop each business from the perspectives of customers, while giving sufficient consideration to safety and security at all times; continues to further improve customer satisfaction; promotes corporate social responsibility (CSR) all over the world; and strives to take a leap forward as a global travel company accepted in each country and region.

2. Management goals and indicators

The Group is working to achieve a target that aims for the top position in the number of handling passengers and sales in the overseas travel departing Japan, to ensure a solid position within the travel industry. The Group also works to build a new business model that brings both growth and continuous improvement with profitability; expand demand; and actively conducts purchasing, planning, and sales through its global network.

3. Medium to long-term business strategy

Through focusing our Group's business resources on our travel related business, we aim to establish an advantage in the travel market. Focusing on improving customer convenience, stronger efforts based on an awareness of the importance of greater productivity and operational efficiency, such as developing new sales channels that actively make use of IT especially the Internet, will be undertaken. With the goal of transforming itself into a global travel company that is trusted and supported globally, the Group will market its corporate/group, domestic, and cruise travel operations, and aggressively develop overseas travel services for travels departing locally by making use of overseas branches that focus their efforts on Asia. Details are provided below.

- **Differentiating non-package travels and planned tours**

Taking advantage of its ability in purchasing, planning, and arranging, the Group expands its differentiated line of products to meet the varying needs of our customers, and offers travel products and services that most appeals to each customer segment. Furthermore, the Group focuses on improving the quality of products and services, so that our customers can travel with peace of mind.

- **Strengthening sales channels**

The Group will expand customer bases in anticipation of new demand development and increased convenience for our customers, and work to attract more customers. In the growing group travel market, we strive to expand our share and focus on developing staff who will take up a role in this market. In addition, the

Group will implement sales measures that utilize the characteristics of each sales channel, including automated reservation systems at branches and call centers as well as online websites, and develop the business with an emphasis on productivity and efficiency.

- **Expanding travel business overseas**

The Group focuses on the growing Southeast Asia region, especially Thailand, Indonesia and Vietnam, and accelerates the business development. The Group also pursues an expansion in the overseas travel business. We accept passengers traveling between overseas stations, and further enhance our BtoB business, acting as a wholesaler to other travel businesses, so that we can offer our customers the services and activities of overseas branches.

- **Building a vertically integrated business model**

In preparation of the rapidly expanding travel demand in Asia, the Group aims to expand its business by maintaining a stable supply of airline tickets and hotel rooms to avoid short supply, and by organizing the system in order to offer its original travel products. Our customers can expect to receive a consistent service, from travel reservation to transportation, local guides and accommodation at their destinations.

- **Efforts on domestic travel and foreign travelers visiting Japan**

In domestic travel business, the Group pushes forward "landing-based business" in its focused destination including HUIS TEN BOSCH and Okinawa. We focus our planning and sales and thereby expand the market share and increase profitability. In a growing market of foreign travelers visiting Japan, the Group reinforces cooperation with its overseas branches, and expands its business.

- **Leap for HUIS TEN BOSCH**

The Group is committed to using its originality and ingenuity and launching "only one" and "number one" events which can be experienced only in HUIS TEN BOSCH, and offers ever-more surprising and impressive experience. Additionally, the Group implements eco-friendly measures such as energy-saving "Smart Houses", and takes on a challenge to realize a new "tourism business city".

4. Key issues

In the travel industry, the Group projects that the competition will become ever fiercer among existing major travel companies; emerging Internet-based travel companies; and airlines pushing for direct sales which include travel companies worldwide as well as low-cost carriers (LCCs). Under these conditions, the following are the major issues to be dealt with by the Group:

- **Improving on safety, security, service and quality**

As a travel company, the Group recognizes that it is of utmost importance to offer a safe and comfortable

journey that our customers can enjoy, in order to win their support, and continues to improve on its standard of safety, security, service and quality. As a part of this effort, the Group reinforces cooperation with overseas branches; actively conducts safety study for local hotels and destinations; immediately reflects the feedback from our customers and local guides to our purchasing and planning; and strives to offer safe, secured, and high quality products and information. Additionally, the Group works to standardize and improve the level of its service, both in Japan and overseas, and provide a consistent service, from “before departure” to “after returning home”, for our customer satisfaction and support.

• **Group synergy taking advantage of its global network**

The Group will establish and differentiate the line of its travel products and fulfilling services, which is made possible by the Group's original purchasing in pursuit of creativity, so that we can provide our customer with the sense of excitement before departures; impressive experience beyond expectation at their destinations; and memories and the wonders of travel. In the non-package travel, the Group's foundation, we will enhance our ability in arrangement and dispatching information, as well as our accumulated consulting know-how; improve our support at the destinations; and propose a new travel plan and offer travel products.

• **Evolution and speed of global expansion**

The Group recognizes that it is of importance to assess the world's travel market, particularly in the growing Asia, and take action ahead of our competitors, thus creating advantage. In the rapidly growing Internet-based market, the Group plans to enhance the usability of its website by displaying its world's leading selection of products; building the website with cutting-edge technology; making an effective use of SNS, so that our customers in each country will be satisfied with our services. In addition, the Group focuses on recruiting and developing staff that can play a role in its global business expansion. Furthermore, the Group will strive to take action with awareness of speed at all times; sensitively detect changes and get ahead of others; and take on a new challenge with flexible and unconventional ideas.

5. Other important matters in company management

None

IV. Consolidated Financial Statements

1. Consolidated Balance Sheets

| | <i>Millions of Yen</i> | |
|---|------------------------|--------------------|
| | As of Oct 31, 2013 | As of Oct 31, 2012 |
| ASSETS | | |
| Current assets | | |
| Cash and deposits | 83,211 | 65,495 |
| Accounts receivable-trade | 13,897 | 12,505 |
| Operating accounts receivable | 6,737 | 5,135 |
| Securities | 2,699 | 1,830 |
| Travel advance payments | 21,588 | 17,626 |
| Prepaid expenses | 1,721 | 1,409 |
| Deferred tax assets | 1,749 | 2,568 |
| Short-term loans receivable | 38 | 34 |
| Short-term loans receivable from subs. and affiliates | 85 | 105 |
| Accounts receivable-other | 2,222 | 1,829 |
| Other | 3,666 | 3,268 |
| Allowance for doubtful accounts | (102) | (111) |
| Total current assets | 137,515 | 111,697 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings | 35,064 | 32,733 |
| Accumulated depreciation | (22,922) | (21,833) |
| Buildings, net | 12,142 | 10,899 |
| Tools, furniture and fixtures | 9,629 | 7,860 |
| Accumulated depreciation | (6,736) | (5,936) |
| Tools, furniture and fixtures, net | 2,893 | 1,924 |
| Vessels | 4,685 | 3,502 |
| Accumulated depreciation | (770) | (549) |
| Vessels, net | 3,914 | 2,953 |
| Land | 21,191 | 21,048 |
| Lease assets | 3,261 | 2,662 |
| Accumulated depreciation | (1,184) | (843) |
| Lease assets, net | 2,077 | 1,819 |
| Other | 11,028 | 9,992 |
| Accumulated depreciation | (7,736) | (8,082) |
| Other, net | 3,292 | 1,909 |
| Total property, plant and equipment | 45,511 | 40,554 |
| Intangible assets | 4,560 | 4,532 |
| Investments and other assets | | |
| Investment securities | 13,639 | 4,595 |
| Stocks of subsidiaries and affiliates | 4,911 | 3,789 |
| Investments in capital of subs. and affiliates | 55 | 85 |
| Long-term loans receivable | 1,162 | 950 |
| Long-term loans receivable from subs. and affiliates | 39 | 237 |
| Deferred tax assets | 2,091 | 1,321 |
| Guarantee deposits | 5,964 | 5,384 |
| Other | 553 | 485 |
| Allowance for doubtful accounts | (165) | (153) |
| Total investments and other assets | 28,252 | 16,696 |
| Total noncurrent assets | 78,324 | 61,783 |
| Deferred assets | 74 | 16 |
| Total assets | 215,913 | 173,497 |

| | Millions of Yen | |
|--|--------------------|--------------------|
| | As of Oct 31, 2013 | As of Oct 31, 2012 |
| LIABILITIES | | |
| Current liabilities | | |
| Operating accounts payable | 20,168 | 17,162 |
| Short-term loans payable | 2,100 | 2,300 |
| Current portion of long-term loans payable | 1,547 | 1,510 |
| Accounts payable-other | 2,354 | 2,342 |
| Accrued expenses | 2,233 | 2,232 |
| Income taxes payable..... | 1,819 | 1,953 |
| Accrued consumption taxes | 442 | 273 |
| Travel advance received | 47,398 | 39,537 |
| Lease obligations..... | 812 | 465 |
| Provision for bonuses | 1,630 | 3,503 |
| Provision for directors' bonuses..... | 73 | 216 |
| Other | 4,877 | 4,708 |
| Total current liabilities | 85,459 | 76,206 |
| Noncurrent liabilities | | |
| Long-term loans payable | 23,411 | 4,781 |
| Deferred tax liabilities | 4,958 | 4,975 |
| Provision for retirement benefits | 5,650 | 5,259 |
| Provision for directors' retirement benefits | 670 | 589 |
| Provision for repairs..... | 1,549 | 1,554 |
| Lease obligations..... | 1,761 | 1,803 |
| Other | 1,772 | 1,563 |
| Total noncurrent liabilities | 39,773 | 20,528 |
| Total liabilities | 125,233 | 96,734 |
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 6,882 | 6,882 |
| Capital surplus..... | 7,782 | 7,782 |
| Retained earnings | 63,664 | 55,966 |
| Treasury stock | (2,529) | (2,524) |
| Total shareholders' equity..... | 75,800 | 68,107 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities..... | 951 | 1,433 |
| Deferred gains or losses on hedges | (19) | 16 |
| Foreign currency translation adjustment..... | 2,348 | (1,839) |
| Total accumulated other comprehensive income..... | 3,280 | (389) |
| Minority interests | 11,599 | 9,044 |
| Total net assets | 90,680 | 76,763 |
| Total liabilities and net assets | 215,913 | 173,497 |

2. Consolidated Statements of Income

| | <i>Millions of Yen</i> | |
|---|----------------------------|----------------------------|
| | Nov 1, 2012 – Oct 31, 2013 | Nov 1, 2011 – Oct 31, 2012 |
| Net sales | 479,478 | 431,483 |
| Cost of sales | 397,681 | 354,512 |
| Gross profit | 81,797 | 76,971 |
| Selling, general and administrative expenses | 69,953 | 65,654 |
| Operating income | 11,843 | 11,316 |
| Non-operating income | | |
| Interest income | 529 | 511 |
| Foreign exchange gains | 1,111 | 254 |
| Equity in earnings of affiliates | 582 | 405 |
| Subsidy income | 823 | 853 |
| Other | 621 | 376 |
| Total non-operating income | 3,668 | 2,401 |
| Non-operating expenses | | |
| Interest expenses | 146 | 42 |
| Provision of allowance for doubtful accounts | — | 67 |
| Other | 162 | 128 |
| Total non-operating expenses | 308 | 238 |
| Ordinary income | 15,203 | 13,479 |
| Extraordinary income | | |
| Gain on sales of noncurrent assets | 14 | 8 |
| Gain on sales of investment securities | 34 | — |
| Gain on step acquisitions | — | 382 |
| Compensation income | 35 | 165 |
| Other | 5 | 48 |
| Total extraordinary income | 90 | 603 |
| Extraordinary loss | | |
| Impairment loss | 40 | — |
| Loss on valuation of stocks of subs. and affiliates | 12 | — |
| Other | 13 | 18 |
| Total extraordinary losses | 66 | 18 |
| Income before income taxes and minority interests | 15,226 | 14,064 |
| Income taxes - current | 3,586 | 4,164 |
| Income taxes - deferred | 449 | (982) |
| Total income taxes | 4,036 | 3,182 |
| Income before minority interests | 11,190 | 10,881 |
| Minority interests in income | 2,287 | 1,549 |
| Net income | 8,903 | 9,331 |

3. Consolidated Statements of Comprehensive Income

| | <i>Millions of Yen</i> | |
|--|----------------------------|----------------------------|
| | Nov 1, 2012 – Oct 31, 2013 | Nov 1, 2011 – Oct 31, 2012 |
| Income before minority interests | 11,190 | 10,881 |
| Other comprehensive income..... | | |
| Valuation difference on available-for-sale securities | (481) | (2,930) |
| Deferred gains or losses on hedges | (32) | 21 |
| Foreign currency translation adjustment | 3,460 | (547) |
| Share of other comprehensive income of associates accounted for using equity method | 887 | (57) |
| Total other comprehensive income | 3,833 | (3,514) |
| Comprehensive income | 15,024 | 7,367 |
| Comprehensive income attributable to owners of the parent..... | 12,573 | 5,759 |
| Comprehensive income attributable to minority interests | 2,451 | 1,607 |

4. Consolidated Statements of Changes in Net Assets

(Millions of Yen)

| | Nov 1, 2012- Oct 31, 2013 | Nov 1, 2011- Oct 31, 2012 |
|--|------------------------------|------------------------------|
| 1. Shareholders' equity | | |
| Capital stock | | |
| Balance at the end of previous period | 6,882 | 6,882 |
| Changes of items during the period | | |
| Total changes of items during the period | — | — |
| Balance at the end of current period | 6,882 | 6,882 |
| Capital surplus | | |
| Balance at the end of previous period | 7,782 | 7,782 |
| Changes of items during the period | | |
| Disposal of treasury stock | 0 | — |
| Total changes of items during the period | 0 | — |
| Balance at the end of current period | 7,782 | 7,782 |
| Retained earnings | | |
| Balance at the end of previous period | 55,966 | 47,658 |
| Changes of items during the period | | |
| Dividends from surplus | (1,102) | (1,037) |
| Net income | 8,903 | 9,331 |
| Change of scope of consolidation | (103) | (181) |
| Change of scope of equity method | — | 195 |
| Total changes of items during the period | 7,698 | 8,307 |
| Balance at the end of current period | 63,664 | 55,966 |
| Treasury stock | | |
| Balance at the end of previous period | (2,524) | (2,522) |
| Changes of items during the period | | |
| Purchase of treasury stock | (5) | (1) |
| Disposal of treasury stock | 0 | — |
| Total changes of items during the period | (5) | (1) |
| Balance at the end of current period | (2,529) | (2,524) |
| Total shareholders' equity | | |
| Balance at the end of previous period | 68,107 | 59,801 |
| Changes of items during the period | | |
| Dividends from surplus | (1,102) | (1,037) |
| Net income | 8,903 | 9,331 |
| Change of scope of consolidation | (103) | (181) |
| Change of scope of equity method | — | 195 |
| Purchase of treasury stock | (5) | (1) |
| Disposal of treasury stock | 0 | — |
| Total changes of items during the period | 7,692 | 8,306 |
| Balance at the end of current period | 75,800 | 68,107 |

(Millions of Yen)

| | Nov 1, 2012- Oct 31, 2013 | Nov 1, 2011- Oct 31, 2012 |
|--|------------------------------|------------------------------|
| 2. Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | | |
| Balance at the end of previous period | 1,433 | 4,364 |
| Changes of items during the period | | |
| Net changes of items other than s'hldrs' equity | (482) | (2,931) |
| Total changes of items during the period | (482) | (2,931) |
| Balance at the end of current period | 951 | 1,433 |
| Deferred gains or losses on hedges | | |
| Balance at the end of previous period | 16 | (6) |
| Changes of items during the period | | |
| Net changes of items other than s'hldrs' equity | (36) | 23 |
| Total changes of items during the period | (36) | 23 |
| Balance at the end of current period | (19) | 16 |
| Foreign currency translation adjustment | | |
| Balance at the end of previous period | (1,839) | (1,175) |
| Changes of items during the period | | |
| Net changes of items other than s'hldrs' equity | 4,187 | (663) |
| Total changes of items during the period | 4,187 | (663) |
| Balance at the end of current period | 2,348 | (1,839) |
| Total accumulated other comprehensive income | | |
| Balance at the end of previous period | (389) | 3,182 |
| Changes of items during the period | | |
| Net changes of items other than s'hldrs' equity | 3,669 | (3,571) |
| Total changes of items during the period | 3,669 | (3,571) |
| Balance at the end of current period | 3,280 | (389) |
| Minority interests | | |
| Balance at the end of previous period | 9,044 | 2,605 |
| Changes of items during the period | | |
| Net changes of items other than s'hldrs' equity | 2,555 | 6,439 |
| Total changes of items during the period | 2,555 | 6,439 |
| Balance at the end of current period | 11,599 | 9,044 |
| Total net assets | | |
| Balance at the end of previous period | 76,763 | 65,589 |
| Changes of items during the period | | |
| Dividends from surplus | (1,102) | (1,037) |
| Net income | 8,903 | 9,331 |
| Change of scope of consolidation | (103) | (181) |
| Change of scope of equity method | — | 195 |
| Purchase of treasury stock | (5) | (1) |
| Disposal of treasury stock | 0 | — |
| Net changes of items other than s'hldrs' equity | 6,224 | 2,867 |
| Total changes of items during the period | 13,917 | 11,173 |
| Balance at the end of current period | 90,680 | 76,763 |

5. Consolidated Statements of Cash Flows

| | <i>Millions of Yen</i> | |
|--|----------------------------|----------------------------|
| | Nov 1, 2012 – Oct 31, 2013 | Nov 1, 2011 – Oct 31, 2012 |
| I. Net cash provided by (used in) operating activities | | |
| Income before income taxes and minority interests | 15,226 | 14,064 |
| Depreciation and amortization | 4,306 | 2,384 |
| Amortization of goodwill | 307 | 197 |
| Increase (decrease) in allowance for doubtful accounts | 3 | 69 |
| Increase (decrease) in provision for bonuses | (1,939) | (126) |
| Increase (decrease) in provision for directors' bonuses | (149) | 58 |
| Increase (decrease) in provision for retirement benefits | 375 | 319 |
| Increase (decrease) in provision for directors' retirement benefits | 77 | 73 |
| Increase (decrease) in provision for repairs | (181) | 82 |
| Interest and dividends income | (568) | (513) |
| Equity in (earnings) losses of affiliates | (582) | (405) |
| Foreign exchange losses (gains) | (1,309) | (60) |
| Interest expenses | 146 | 42 |
| Loss (gain) on sales of investment securities | (34) | 6 |
| Loss (gain) on sales of property, plant and equipment | (12) | (8) |
| Loss on valuation of stocks of subsidiaries and affiliates | 12 | — |
| Other loss (gain) | (58) | (423) |
| Decrease (increase) in notes and accounts receivable-trade | (1,913) | (2,195) |
| Decrease (increase) in travel advance payments | (3,595) | (2,107) |
| Decrease (increase) in other assets | (283) | (583) |
| Increase (decrease) in notes and accounts payable-trade | 1,927 | 83 |
| Increase (decrease) in accrued consumption taxes | 153 | (29) |
| Increase (decrease) in accrued expenses | (92) | (18) |
| Increase (decrease) in travel advances received | 7,397 | 4,796 |
| Increase (decrease) in other liabilities | (28) | (75) |
| Subtotal | 19,183 | 15,629 |
| Interest and dividends income received | 604 | 473 |
| Interest expenses paid | (133) | (43) |
| Income taxes (paid) refund | (4,294) | (6,481) |
| Net cash provided by operating activities | 15,360 | 9,577 |

| | <i>Millions of Yen</i> | |
|---|----------------------------|----------------------------|
| | Nov 1, 2012 – Oct 31, 2013 | Nov 1, 2011 – Oct 31, 2012 |
| II. Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (40,251) | (62,884) |
| Proceeds from withdrawal of time deposits | 48,878 | 52,570 |
| Purchase of short-term investment securities | (2,400) | (1,399) |
| Proceeds from redemption of securities | 1,765 | 1,750 |
| Purchase of property, plant and equipment and intangible assets | (7,794) | (4,977) |
| Proceeds from sales of property, plant and equipment and intangible assets | 129 | 15 |
| Purchase of investment securities | (10,158) | (201) |
| Purchase of stocks of subsidiaries and affiliates | (1,343) | (2,862) |
| Proceeds from sales of investment securities | 199 | 4 |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | — | (2,059) |
| Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation | — | 243 |
| Payments of loans receivable | (93) | (944) |
| Collection of loans receivable | 47 | 2,091 |
| Payments for guarantee deposits | (1,133) | (770) |
| Proceeds from collection of guarantee deposits | 782 | 633 |
| Other, net | 395 | 538 |
| Net cash used in investing activities | (10,975) | (18,250) |
| III. Net cash provided by (used in) financing activities | | |
| Increase in short-term loans payable | 2,030 | 1,700 |
| Decrease in short-term loans payable | (2,230) | (357) |
| Proceeds from long-term loans payable | 20,205 | 100 |
| Repayment of long-term loans payable | (1,538) | (533) |
| Cash dividends paid | (1,102) | (1,037) |
| Cash dividends paid to minority shareholders | (11) | (36) |
| Other, net | (534) | (130) |
| Net cash used in financing activities | 16,817 | (295) |
| IV. Effect of exchange rate change on cash & cash equivalents | 2,303 | (305) |
| V. Net increase (decrease) in cash & cash equivalents | 23,505 | (9,275) |
| VI. Cash & cash equivalents at beginning of period | 35,821 | 44,703 |
| VII. Increase in cash & cash equivalents from newly consolidated subsidiary | 2,099 | 392 |
| VIII. Cash & cash equivalents at end of period | 61,426 | 35,821 |