Quarterly Securities Report

(The English translation of the "Shihanki-Houkokusho"
for the third quarter of the 69th term)

from June 1, 2018
to August 31, 2018

TOSEI CORPORATION

4-2-3, Toranomon, Minato-ku, Tokyo, Japan

(E04021)

This is an English translation prepared for the convenience of non-resident shareholders by translating the Quarterly Securities Report (Shihanki-Houkokusho) submitted to the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on October 10, 2018. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Table of Contents

Cover

[Cover]

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Company name (Japanese):	トーセイ株式会社 (*Tosei Kabushiki-Kaisha*)
Company name (English):	Tosei Corporation
Title and name of representative:	Seiichiro Yamaguchi, President and CEO
Location of head office:	4-2-3, Toranomon, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3435-2865
Contact person:	Noboru Hirano, Director and CFO
Place of contact:	4-2-3, Toranomon, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3435-2865
Contact person:	Noboru Hirano, Director and CFO
Places where the document to be filed is available for public inspection:	Tokyo Stock Exchange, Inc. (2-1, Nihonbashi-kabutocho, Chuo-ku, Tokyo)

A. Company Information

I. Overview of the Tosei Group

1. Trends in principal management benchmarks

Term	68th term First nine months	69th term First nine months	68th term
Accounting period	From December 1, 2016 to August 31, 2017	From December 1, 2017 to August 31, 2018	From December 1, 2016 to November 30, 2017
Revenue (¥ thousand) [Third quarter of the current fiscal year]	41,978,288 [15,618,203]	45,308,339 [12,787,644]	57,754,328
Profit before tax (¥ thousand)	8,521,644	9,843,160	9,049,467
Profit attributable to owners of the parent (¥ thousand) [Third quarter of the current fiscal year]	5,755,489 [1,823,623]	6,645,209 [2,192,874]	6,155,169
Comprehensive income for the period attributable to owners of the parent (¥ thousand)	5,769,556	6,680,059	6,165,615
Total equity (¥ thousand)	45,750,993	51,837,227	46,158,867
Total assets (¥ thousand)	122,644,825	134,998,602	122,550,281
Basic earnings per share (¥) [Third quarter of the current fiscal year]	119.20 [37.77]	137.15 [45.18]	127.48
Diluted earnings per share (¥)	—	136.88	127.41
Ratio of equity attributable to owners of the parent to total assets (%)	37.3	38.4	37.7
Net cash from (used in) operating activities (¥ thousand)	5,363,558	2,233,975	7,089,159
Net cash from (used in) investing activities (¥ thousand)	410,983	(1,759,666)	(18,800)
Net cash from (used in) financing activities (¥ thousand)	(4,073,491)	2,973,209	(4,962,180)
Cash and cash equivalents at end of period (¥ thousand)	23,342,594	27,197,189	23,750,239

Notes: 1. Filing company's trends in principal management benchmarks are not disclosed as the Company prepares quarterly consolidated financial statements.
2. Revenue does not include consumption taxes.
3. Diluted earnings per share for the 68th term First nine months is not presented because there were no potential shares that have dilutive effects.
4. The above indexes are based on the quarterly consolidated financial statements and consolidated financial statements that were prepared in compliance with the International Financial Reporting Standards (hereinafter "IFRS").

2. Business description

During the nine months ended August 31, 2018, there were no significant changes in business activities operated by the Tosei Group (the Company and its subsidiaries and affiliates) from the previous fiscal year.

With respect to changes in principal subsidiaries and affiliates, Masuda Kenzai-ten Co., Ltd. and Sanki-shoji Co., Ltd. were acquired through M&A transaction and Tosei Hotel Ueno Co. and Tosei Hotel Service Co., Ltd. were established as a subsidiary. Those four companies have been included in the scope of consolidation.

II. Review of operations

1. Business and other risks

There were no business and other risks that newly arose during the nine months ended August 31, 2018. In addition, there were no significant changes in “Business and other risks” described in the annual securities report for the previous fiscal year.

2. Important operational contracts, etc.

No important operational contracts, etc. were determined or entered into during the third quarter of the current fiscal year.

3. Analysis of financial position, operating results and cash flows

Any forward-looking statements included in the following descriptions are based on the best estimates or judgment of the Tosei Group as of August 31, 2018.

(1) Analysis of operating results

During the nine months ended August 31, 2018, the Japanese economy is recovering moderately, supported by stable personal consumption and capital investment on the back of favorable corporate earnings. The domestic economic recovery is expected to continue led by demand in the private sector, despite concerns about the intensification of confrontation between countries over protectionism and the impact of monetary policy trends.

In the real estate industry where Tosei Group operates, domestic real estate transactions by listed companies and other such entities for the first half of 2018, from January to June, increased 2.6% year on year to ¥2.251 trillion and investment environment continued to be steady on the back of a strong leasing market. In real estate lending environment, there are movements for financial institutions to screen borrowers due to the impact of fraudulent loans made by certain local banks and the caution on higher price in the real estate market (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of units sold in the first half of 2018 increased 5.3% year on year to 15,504 and the average selling price per unit soared to ¥59.62 million, marking a year on year increase for the sixth consecutive year. The contract rate for the first month of sale continued to fall below the 70% threshold from which market conditions are viewed as favorable, because the consumers’ purchase motivation does not rise due to stagnant household income whereas the selling price increases. The Tokyo metropolitan area build-for-sale detached house market remains firm, as the price is perceived as being more reasonably priced than condominiums. However, the number of units sold in the first half of 2018 decreased 3.0% year on year to 29,701 (according to surveys by the Ministry of Land, Infrastructure, Transport and Tourism and private research institute).

The office leasing market of Tokyo’s five business wards has been performing favorably, supported by corporate interest in expanding offices due to business expansion and their strong need for office relocation for the development of human resources and work style reform. The average vacancy rate as of July 2018 declined 0.6% year on year to 2.6%, and the average asking rent rose for the 55th consecutive month to ¥20,202, an increase of ¥1,286 year on year. A low vacancy rate is likely to be continued for the time being as large-scale office buildings expected to be completed in 2018 are estimated to be operated with almost full occupancy (according to a survey by a private research institute).

The real estate securitization market is continuing to expand. The total value of assets under management as of July 31, 2018 grew to ¥17.4 trillion in J-REITs (an increase of ¥1.2 trillion year on year), due to increase of property acquisitions resulting from recovery of investment unit price and improvement of financing environment. In addition, with the total value of assets under management in major private placement funds of ¥16.0 trillion (as of December 2017), the overall market scale reached ¥33.4 trillion (according to a survey by a private research institute).

Amid this operating environment, in the Revitalization Business, the Group made steady progress in selling assets such as income-generating office buildings and apartments, while in the Development Business, the Group pushed ahead with sales of condominiums and detached houses. In addition, other than usual acquisition methods, the Group also utilized an acquisition method of M&A, proactively

acquiring income-generating properties and land for development as future sources of income.

As a result, consolidated revenue for the nine months ended August 31, 2018 totaled ¥45,308 million (up 7.9% year on year), operating profit was ¥10,357 million (up 14.1%), profit before tax was ¥9,843 million (up 15.5%), and profit for the period was ¥6,645 million (up 15.5%).

Performance by business segment is shown below.

Revitalization Business

During the nine months ended August 31, 2018, the segment sold 31 properties it had renovated, including Nishidai Tosei Building (Itabashi-ku, Tokyo), Ikebukuro-jyoshikaikan Apartment (Toshima-ku, Tokyo), Kichichoji Ito Building (Musashino-shi, Tokyo),Kuramochi Building 2 (Sumida-ku, Tokyo), Kunitachi 219 Building (Kunitachi-shi, Tokyo) and T-Rhythmic SOKA (Soka-shi, Saitama). In addition, the segment sold 17 units in the Restyling Business, including Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa).

During the nine months ended August 31, 2018, it also acquired a total of 35 income-generating office buildings and apartments and 10 land lots for renovation and sales purposes.

As a result, revenue in this segment was ¥24,312 million (down 17.0% year on year) and the segment profit was ¥6,890 million (down 5.7%).

Development Business

During the nine months ended August 31, 2018, the segment focused on the sale of condominium and detached houses. The segment sold 87 units at THE Palms Yutenji master's Place (Setagaya-ku, Tokyo) and sold 69 detached houses at such properties as THE Palms Court Kamakura Shiromeguri (Kamakura-shi, Kanagawa), THE Palms Court Koshigaya Lake Town (Koshigaya-shi, Saitama), THE Palms Court Kunitachi and THE Palms Court Kashiwa Hatsuishi (Kashiwa-shi, Chiba). In addition, the segment sold one commercial facility and eight land lots.

During the nine months ended August 31, 2018, it also acquired a land lot for condominium project, a land lot for hotel project, a land lot for logistics facility project and land lots for 46 detached housings.

As a result, revenue in this segment was ¥11,339 million (up 224.1% year on year) and the segment profit was ¥1,503 million (in comparison with segment loss of ¥310 million in the same period of the previous fiscal year).

Rental Business

During the nine months ended August 31, 2018, while the segment sold 24 buildings of its inventory assets held for leasing purposes, it newly acquired 26 properties including income-generating office buildings and apartments. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its existing non-current assets and inventory assets.

As a result, revenue in this segment was ¥4,488 million (down 2.4% year on year) and the segment profit was ¥1,926 million (down 0.4%).

Fund and Consulting Business

During the nine months ended August 31, 2018, while ¥29,573 million was subtracted from the balance of assets under management (Note), due mainly to property dispositions by funds, ¥125,644 million was added to the balance of Assets under management ¥552,208 for the end of the previous fiscal year, due mainly to new asset management contracts of large projects the segment obtained. The balance of assets under management as of August 31, 2018, was ¥648,279 million. The acquisition of such large project contracts increased asset management fees and contributed to revenue.

As a result, revenue in this segment was ¥1,893 million (down 11.1% year on year) and the segment profit was ¥920 million (down 14.0%).

Note: The balance of assets under management includes the balance of assets that were subject to consulting contracts, etc.

Property Management Business

During the nine months ended August 31, 2018, the segment worked to win new contracts and maintain existing contracts and the number of fund properties under management increased. Consequently, the total number of properties under management was 667 as of August 31, 2018, an increase of 15 properties from August 31, 2017, with that total comprising 393 office buildings, hotel, schools and other such properties, and 274 condominiums and apartments.

As a result, revenue in this segment was ¥3,015 million (up 22.5% year on year) and segment profit was ¥397 million (up86.7%).

Other

For the nine months ended August 31, 2018, revenue in this segment was ¥258 million (there was no revenue in this segment in the same period of the previous year). The segment profit was ¥72 million (comparison with segment profit of ¥0 million in the same period of the previous fiscal year).

(2) Analysis of financial position

As of August 31, 2018, total assets were ¥134,998 million, an increase of ¥12,448 million compared with November 30, 2017, while total liabilities were ¥83,161 million, an increase of ¥6,769 million.

Increase in total assets were primarily due to increase in inventories. Increase in liabilities were due to increase in borrowings, current income tax liabilities.

Total equity increased by ¥5,678 million to ¥51,837 million, mainly due to an increase in retained earnings and payment of cash dividends.

(3) Analysis of cash flows

Cash and cash equivalents (hereinafter “cash”) as of August 31, 2018, totaled ¥27,197 million, increased by ¥3,446 million compared with November 30, 2017.

The cash flows for the nine months ended August 31, 2018 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥2,233 million (down 58.3% year on year). This is mainly attributed to the profit for the period before tax of ¥9,843 million, an increase of ¥5,939 million in inventories resulting from property acquisitions in the Revitalization Business and Development Business, and income taxes paid of ¥2,041 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥1,759 million (¥410 million provided by the same period of the previous fiscal year). This is primarily due to purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥1,502 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥2,973 million (¥4,073 million used in the same period of the previous fiscal year). This mainly reflects ¥21,873 million in the repayments of non-current borrowings and ¥1,206 million in cash dividends paid, despite ¥26,401 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the nine months ended August 31, 2018, there was no significant change in issues to be addressed by the Tosei Group.

The Company has set the basic policy regarding the persons who control the decision-making on the financial and business policies of the Company. The contents of basic policy (matters set forth in Article 118, item 3 of the Ordinance for Enforcement of the Companies Act) are as follows:

a.Contents of basic policy

The Company believes that the persons who control decisions on the Company's financial and business policies need to be persons who fully understand the details of the Company's financial and business affairs and the source of the Company's corporate value and who will make it possible to continually and persistently ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The Company believes that ultimately its shareholders as a whole must make the decision on any proposed acquisition that would involve a change of control of the Company. Also, the Company will not reject a large-scale acquisition of the shares in the Company if it will contribute to the corporate value of the Company and, in turn, the common interests of its shareholders.

Nonetheless, there are some forms of large-scale acquisition of shares that benefit neither the corporate value of the target company nor the common interests of its shareholders including those with a purpose that would obviously harm the corporate value of the target company and the common interests of its shareholders, those with the potential to substantially coerce shareholders into selling their shares; those that do not provide sufficient time or information for the target company's board of directors and shareholders to consider the details of the large-scale acquisition, or for the target company's board of directors to make an alternative proposal and those that require the target company to discuss or negotiate with the acquirer in order to procure more favorable terms for shareholders than those presented by the acquirer.

It is particularly necessary and essential for the persons who make decisions on the Company's financial and business policies to (i) maintain the system under which the Company group covers with its comprehensive capability the five business fields and peripheral fields that allow the "integration of real estate and finance," which leads to maximization of the potential of the Company group, (ii) maintain employees who support those businesses with knowledge and experience specializing in real estate and finance, etc., (iii) maintain the Company's trust in the real estate industry that has been built up over a long period of time based on the establishment of the ability and information networks supporting various value creation technologies, and (iv) master knowhow that enables comprehensive business. Unless the acquirer of a proposed large-scale acquisition of the shares in the Company understands the source of the corporate value of the Company as well as the details of financial and business affairs of the Company and would ensure and enhance these elements over the medium-to-long term, the corporate value of the Company and, in turn, the common interests of its shareholders would be harmed.

The Company believes that persons who would make a large-scale acquisition of the shares in the Company in a manner that does not contribute to the corporate value of the Company or the common interests of its shareholders would be inappropriate as persons that control decisions on the Company's financial and business policies. The Company believes that it is necessary to ensure the corporate value of the Company and, in turn, the common interests of its shareholders by taking necessary and reasonable countermeasures against a large-scale acquisition by such persons.

b.Overview of special measures to realize the basic policy

The Company group newly formulated a medium-term management plan called "Seamless Growth 2020" (the targeted period of the plan is three years from December 2017 to November 2020), kicking off in the fiscal year ending November 30, 2018. The major policy of the plan is "to continue growth as a Group to build a firm position as an original comprehensive real estate company," under which we aim to establish new income-generating business, while targeting further growth of the five existing businesses and increases in their operating profit. In addition, we will endeavor to increase profits from the Rental, Fund and Consulting and Property Management Businesses, which are positioned as the stable businesses, to enable a structural balance between profits from the Revitalization and Development Businesses so as to reinforce our resilience to changes in the business environment. On the financial front, we will enhance funding capabilities, through methods such as the extension of borrowing periods to maintain a sound financial structure as the infrastructure that supports the expansion of business scale, while aiming at effective investments. In addition, as the composition of the Company group's trade diversifies in line with the expanding business scale, we will further enhance the quality of internal control, namely, compliance, risk management, and disclosure, to establish an optimum corporate governance structure.

Furthermore, we recognize that human resources that are the most important assets of the Company,

and to leverage these assets, we will drive ahead with the development of next-generation executives, all officers and employees and the fostering of human resources for the improvement of productivity, while increasing the satisfaction of employees of the entire Group. At the same time, we will strive to establish a corporate brand befitting the firm position as a group of original comprehensive real estate companies and reinforce the attractiveness of our product brand that will be trusted by the market.

c.Overview of measures to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate according to the basic policy

The plan is a measure to prevent decisions on the Company's financial and business policies from being controlled by persons deemed inappropriate under the above basic policy, and its objective is to ensure and enhance the Company's corporate value and, in turn, the common interests of its shareholders.

The plan stipulates procedures that must be followed in any cases of purchase, etc. of share certificates, etc. of the Company ((i) a purchase or other acquisition that would result in the holding ratio of share certificates, etc. (kabuken tou hoyuu wariai)of a holder (hoyuusha) totaling at least 20% of the share certificates, etc. issued by the company; or (ii) a tender offer (koukai kaitsuke) that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. and the ownership ratio of share certificates, etc. of a person having a special relationship totaling at least 20% of the share certificates, etc. issued by the Company; or (iii) any similar action to (i) or (ii) above)
In practical terms, the acquirer must provide the Company a statement of undertaking (acquirer's statement) and an acquisition document that includes essential information, etc. before making the acquisition, etc.

Upon receiving these documents, the independent committee, while obtaining independent expert advice, will conduct its consideration of the acquisition terms; collection of information on materials such as the management plans and business plans of the acquirer and the Company's board of directors and comparison thereof; consideration of any alternative plan presented by the Company's board of directors, and the like; and discussion and negotiation with the acquirer. The Company will disclose information in a timely manner.

When (i) the acquisition is not in compliance with the procedures prescribed in the plan or (ii) it threatens to cause obvious harm to the corporate value of the Company, and, in turn, to the common interests of shareholders, (iii) and it is reasonable to implement the gratis allotment of stock acquisition rights, the independent committee will recommend the implementation the gratis allotment of stock acquisition rights to the Company's board of directors. In addition, when a meeting of shareholders is convened to confirm the intent of the Company's shareholders, the Company's board of directors will respond to the shareholders' intent. These stock acquisition rights will be allotted with an exercise condition that does not allow, as a general rule, the acquirer to exercise the rights and an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer. The Company's board of directors, in exercising its role under the Companies Act, will pass a resolution relating to the implementation or non-implementation of the gratis allotment of stock acquisition rights, respecting the recommendation of the Independent Committee to the maximum extent. In addition, when a meeting of shareholders is convened to confirm the intent of the Company's shareholders, the Company's board of directors will respond to the shareholders' intent. If the procedures for the plan have commenced, the acquirer must not effect an acquisition until and unless the Company's board of directors resolves not to trigger the plan. The effective period of the plan expires at the conclusion of the ordinary general meeting of shareholders for the last fiscal year ending within three years after the conclusion of the 68th Ordinary General Meeting of Shareholders. However, if, before the expiration of the effective period, the Company's board of directors resolves to abolish the plan, the plan will be abolished at that time.

d.Decisions by the Company's board of directors regarding specific measures and reasons therefor

Company's board of directors deems that the new medium-term management plan and other measures such as the efforts to enhance the corporate value and the strengthening of corporate governance were establishedas specific measures to continuously and sustainably enhance the corporate value of the Company and, in turn, the common interests of its shareholders, and that these are truly in accordance with the basic policy, not detrimental to the common interests of the Company's shareholders and not for the purpose of maintaining the positions of the Company's corporate officers.

In addition, the Company's board of directors deems that the plan is not detrimental to the common interests of the Company's shareholders, not for the purpose of maintaining the positions of the Company's corporate officers, and in accordance with the basic policy based on the following reasoning: approval from the general meeting of shareholders must be obtained for its renewal; its effective period is stipulated as a maximum of three years and it can be abolished at any time by the resolution of the Company's board of directors; an independent committee, which is composed of members who are independent from the management of the Company, has been established; in the event that the plan's countermeasures are triggered, the Company must obtain a resolution by the independent committee when making a decision for triggering the countermeasures in the plan, and the plan fully satisfies the three principles set out in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice on May 27, 2005.

(5) Research and development activities

No item to report.

III. Filing company

1. Information on the Company (Tosei)'s shares, etc.

(1) Total number of authorized shares, etc.

a. Total number of authorized shares

Class	Total number of authorized shares
Ordinary shares	150,000,000
Total	150,000,000

b. Number of issued shares

Class	Number of issued shares (Shares: as of August 31, 2018)	Number of issued shares (Shares: as of the date of filing: October 10, 2018)	Name of financial instruments exchange where the stock of Tosei is traded or the name of authorized financial instruments firms association where Tosei is registered	Details
Ordinary shares	48,534,800	48,534,800	Tokyo Stock Exchange (First Section), Singapore Exchange (Mainboard)	Share unit number: 100
Total	48,534,800	48,534,800	–	–

Note: Shares issued through the exercise of stock acquisition rights between October 1, 2018 and the submission date of this Quarterly Securities Report are not included under "Number of shares issued."

(2) Status of stock acquisition rights

No item to report.

(3) Exercise of bond certificates with stock acquisition rights with exercise price amendment clause

No item to report.

(4) Details of rights plan

No item to report.

(5) Trends in total number of issued shares, share capital, etc.

Date	Fluctuation in the number of issued shares (Shares)	Balance of issued shares (Shares)	Fluctuation in share capital (¥ thousand)	Balance of share capital (¥ thousand)	Fluctuation in capital reserves (¥ thousand)	Balance of capital reserves (¥ thousand)
From June 1, 2018 to August 31, 2018	9,800	48,534,800	4,988	6,549,049	4,988	6,632,525

Note: The increase in the number outstanding common shares is due to the exercise of stock options.

(6) Status of major shareholders

There is no item to report due to the reporting period being a third quarter of a fiscal year.

(7) Status of voting rights

The following status of voting rights is prepared based on the shareholder registry as of May 31, 2018, which is the latest record date, as the information as of August 31, 2018 is not yet available.

a. Issued shares

(As of August. 31, 2018)

Classification	Number of shares (Shares)	Number of voting rights	Details
Shares without voting rights	–	–	–
Shares with restricted voting rights (Treasury shares, etc.)	–	–	–
Shares with restricted voting rights (Other)	–	–	–
Shares with full voting rights (Treasury shares, etc.)	–	–	–
Shares with full voting rights (Other)	Ordinary shares 48,521,800	485,218	Tosei's standard class of shares with no rights limitations
Shares less than one unit	Ordinary shares 3,200	–	–
Total number of issued shares	48,525,000	–	–
Voting rights owned by all shareholders	–	485,218	–

Note 1: The number of "Shares with full voting rights (Other)" includes 400 shares in the name of Japan Securities Depository Center, Inc. "Number of voting rights" includes four units of voting rights related to shares with full voting rights in its name.

2: Number of ordinary shares in "Shares less than one unit" includes 46 shares of treasury stock.

b. Treasury shares, etc.

(As of August. 31, 2018)

Name of shareholders	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Percentage of number of shares held in the total number of shares issued (%)
–	–	–	–	–	–
Total	–	–	–	–	–

2. Status of officers

There was no change in Officers during the nine months ended August 31, 2018 after the filing date of annual securities report for the previous fiscal year.

IV. Accounting

1. Preparation policy of the condensed quarterly consolidated financial statements

The condensed quarterly consolidated financial statements of the Company have been prepared in accordance with International Accounting Standard (IAS) 34 “Interim Financial Reporting” under the provision of Article 93 of the “Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements” (Cabinet Office Ordinance No. 64 of 2007).

2. Audit attestation

The condensed quarterly consolidated financial statements for the third quarter of the fiscal year ending November 30, 2018 (from June 1, 2018 to August 31, 2018) and for the first nine months of the fiscal year ending November 30, 2018 (from December 1, 2017 to August 31, 2018) were reviewed by Shinsoh Audit Corporation pursuant to Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Consolidated Statement of Financial Position

(¥ thousand)

	Notes	As of November 30, 2017	As of August 31, 2018
Assets			
Current assets			
Cash and cash equivalents	8	23,750,239	27,197,189
Trade and other receivables	8	2,148,608	2,491,554
Inventories		59,718,614	71,625,561
Other current assets		26,376	28,946
Total current assets		85,643,839	101,343,252
Non-current assets			
Property, plant and equipment		5,305,652	5,279,258
Investment properties		28,359,547	24,633,589
Intangible assets		83,544	86,260
Available-for-sale financial assets	8	1,751,463	1,802,941
Trade and other receivables	8	859,731	1,117,880
Deferred tax assets		517,587	706,504
Other non-current assets		28,914	28,914
Total non-current assets		36,906,441	33,655,350
Total assets		122,550,281	134,998,602
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	4,278,612	4,063,896
Borrowings	8	6,449,040	6,414,339
Current income tax liabilities		732,961	2,373,264
Provisions		484,671	276,915
Total current liabilities		11,945,287	13,128,416
Non-current liabilities			
Trade and other payables	8	3,280,020	3,778,028
Borrowings	8	60,674,335	65,404,452
Retirement benefits obligations		472,574	464,808
Provisions		19,197	6,779
Deferred tax liabilities		—	378,888
Total non-current liabilities		64,446,127	70,032,957
Total Liabilities		76,391,414	83,161,374
Equity			
Share capital		6,421,392	6,549,049
Capital reserves		6,464,240	6,542,045
Retained earnings		33,209,210	38,647,319
Treasury shares		—	(61)
Other components of equity		64,024	98,874
Total equity attributable to owners of parent		46,158,867	51,837,227
Total equity		46,158,867	51,837,227
Total liabilities and equity		122,550,281	134,998,602

(2) Condensed Consolidated Statement of Comprehensive Income

Nine months ended August 31, 2018

(¥ thousand)

	Notes	Nine months ended August 31, 2017	Nine months ended August 31, 2018
Revenue	5	41,978,288	45,308,339
Cost of revenue		27,884,108	29,312,301
Gross profit		14,094,180	15,996,038
Selling, general and administrative expenses		5,195,378	5,683,847
Other income		203,037	136,145
Other expenses		20,980	90,523
Operating profit	5	9,080,858	10,357,812
Finance income		76,767	84,503
Finance costs		635,981	599,155
Profit before tax		8,521,644	9,843,160
Income tax expense		2,766,154	3,197,951
Profit for the period		5,755,489	6,645,209
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		6,826	(5,552)
Net change in fair values of available-for-sale financial assets		(6,083)	37,883
Net change in fair values of cash flow hedges		13,324	2,519
Subtotal		14,067	34,850
Other comprehensive income for the period, net of tax		14,067	34,850
Total comprehensive income for the period		5,769,556	6,680,059
Profit attributable to:			
Owners of the parent		5,755,489	6,645,209
Total comprehensive income attributable to:			
Owners of the parent		5,769,556	6,680,059
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	119.20	137.15
Diluted earnings per share (yen)	7	—	136.88

Third quarter ended August 31, 2018

(¥ thousand)

	Notes	Third quarter ended August 31, 2017	Third quarter ended August 31, 2018
Revenue	5	15,618,203	12,787,644
Cost of revenue		11,025,534	7,563,214
Gross profit		4,592,668	5,224,429
Selling, general and administrative expenses		1,793,131	1,760,981
Other income		42,891	12,633
Other expenses		3,375	5,286
Operating profit	5	2,839,052	3,470,794
Finance income		43,811	43,687
Finance costs		218,651	183,239
Profit before tax		2,664,212	3,331,243
Income tax expense		840,588	1,138,368
Profit for the period		1,823,623	2,192,874
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		6,524	30
Net change in fair values of available-for-sale financial assets		(57)	63
Net change in fair values of cash flow hedges		1,428	796
Subtotal		7,895	891
Other comprehensive income for the period, net of tax		7,895	891
Total comprehensive income for the period		1,831,519	2,193,765
Profit attributable to:			
Owners of the parent		1,823,623	2,192,874
Total comprehensive income attributable to:			
Owners of the parent		1,831,519	2,193,765
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	37.77	45.18
Diluted earnings per share (yen)	7	—	45.13

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended August 31, 2017 (December 1, 2016 – August 31, 2017)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at December 1, 2016		6,421,392	6,418,823	28,120,304	—	49,562	41,010,083	41,010,083
Profit for the period		—	—	5,755,489	—	—	5,755,489	5,755,489
Other comprehensive income		—	—	—	—	14,067	14,067	14,067
Total comprehensive income for the period		—	—	5,755,489	—	14,067	5,769,556	5,769,556
Amount of transactions with owners								
Issuance of new shares		—	—	—	—	—	—	—
Purchase of treasury shares		—	—	—	—	—	—	—
Dividends of surplus	6	—	—	(1,062,248)	—	—	(1,062,248)	(1,062,248)
Share-based payment		—	33,601	—	—	—	33,601	33,601
Balance at August 31, 2017		6,421,392	6,452,424	32,813,546	—	63,629	45,750,993	45,750,993

Nine months ended August 31, 2018 (December 1, 2017 – August 31, 2018)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at December 1, 2017		6,421,392	6,464,240	33,209,210	—	64,024	46,158,867	46,158,867
Profit for the period		—	—	6,645,209	—	—	6,645,209	6,645,209
Other comprehensive income		—	—	—	—	34,850	34,850	34,850
Total comprehensive income for the period		—	—	6,645,209	—	34,850	6,680,059	6,680,059
Amount of transactions with owners								
Issuance of new shares		127,657	72,869	—	—	—	200,526	200,526
Purchase of treasury shares		—	—	—	(61)	—	(61)	(61)
Dividends of surplus	6	—	—	(1,207,100)	—	—	(1,207,100)	(1,207,100)
Share-based payment		—	4,935	—	—	—	4,935	4,935
Balance at August 31, 2018		6,549,049	6,542,045	38,647,319	(61)	98,874	51,837,227	51,837,227

(2) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Nine months ended August 31, 2017	Nine months ended August 31, 2018
Cash flows from operating activities			
Profit before tax		8,521,644	9,843,160
Depreciation expense		289,665	437,355
Increase (decrease) in provisions and retirement benefits obligations		(149,574)	(216,943)
Interest and dividends income		(76,767)	(84,503)
Interest expenses		635,981	599,155
Gain on sales of stocks of subsidiaries and affiliates		(123,505)	—
Loss on retirement of property, plant and equipment		—	608
Decrease (increase) in trade and other receivables		(358,925)	(318,168)
Decrease (increase) in inventories		(68,938)	(5,939,084)
Increase (decrease) in trade and other payables		123,134	(54,944)
Other, net		48,835	(75,924)
Subtotal		8,841,551	4,190,710
Interest and dividends income received		76,767	84,503
Income taxes paid		(3,554,759)	(2,041,238)
Net cash from (used in) operating activities		5,363,558	2,233,975
Cash flows from investing activities			
Proceeds from withdrawal of time deposits		95,000	—
Purchase of property, plant and equipment		(13,062)	(54,035)
Purchase of investment properties		(1,272,601)	(185,580)
Purchase of intangible assets		(6,963)	(25,368)
Purchase of available-for-sale financial assets		(50,166)	(280)
Collection of available-for-sale financial assets		7,619	655
Proceeds from sales of available-for-sale financial assets		84,071	3,329
Payments of loans receivable		(1,085,000)	—
Collection of loans receivable		2,760,056	57
Purchase of investments in subsidiaries resulting in change in scope of consolidation		(159,328)	(1,502,160)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation		39,328	—
Other, net		12,032	3,715
Net cash from (used in) investing activities		410,983	(1,759,666)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		(1,575,800)	169,500
Proceeds from non-current borrowings		21,150,850	26,401,950
Repayments of non-current borrowings		(21,903,138)	(21,873,293)
Proceeds from issuance of new shares		—	200,140
Cash dividends paid		(1,061,250)	(1,206,624)
Interest expenses paid		(681,691)	(715,660)
Other, net		(2,461)	(2,802)
Net cash from (used in) financing activities		(4,073,491)	2,973,209
Net increase (decrease) in cash and cash equivalents		1,701,051	3,447,518
Cash and cash equivalents at beginning of period		21,640,866	23,750,239
Effect of exchange rate change on cash and cash equivalents		676	(568)
Cash and cash equivalents at end of period		23,342,594	27,197,189

(5) Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

Tosei Corporation (hereinafter, the "Company") is a share company located in Japan whose shares are listed on the First Section of Tokyo Stock Exchange and the Mainboard of Singapore Exchange. The Company's condensed quarterly consolidated financial statements for the third quarter (June 1, 2018 to August 31, 2018) and first nine months (December 1, 2017 to August 31, 2018) of the current fiscal year have been prepared in respect of the Company and its subsidiaries (hereinafter collectively, the "Group"). The Group engages in the following five business operations: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business and Property Management Business. The operations of each business segment are presented in "5. Segment information" in the notes.

2. Basis of preparation

(1) Compliance with IFRS

Since the Company qualifies as a "Designated International Financial Reporting Standards specified company" as provided in Article 1-2 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007), its condensed quarterly consolidated financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" under the provision of Article 93 of the "Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements" (Cabinet Office Ordinance No. 64 of 2007).

These condensed quarterly consolidated financial statements were approved by Seiichiro Yamaguchi, the Company's President and CEO, and Noboru Hirano, Director and CFO, on October 5, 2018.

(2) Basis of measurement

The condensed quarterly consolidated financial statements have been prepared on the historical cost basis except for assets and liabilities measured at fair value.

(3) Presentation currency and unit

The condensed quarterly consolidated financial statements in this report are presented in Japanese yen, the Company's functional currency. All financial information presented in Japanese yen is rounded down to the nearest thousand yen.

3. Significant accounting policies

Significant accounting policies that the Group applies in condensed quarterly consolidated financial statements are the same as the accounting policies used in the consolidated financial statements for the previous fiscal year.

4. Significant accounting estimates and judgments requiring estimates

The preparation of the condensed quarterly consolidated financial statements in compliance with IFRS requires the management of the Group to make judgments, estimates and assumptions that affect the application of accounting policies and the amounts of assets, liabilities, revenue and expenses. However, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates are recognized in the period in which the estimates are changed and in future periods in which the change will affect.

5. Segment information

The Group's reportable segments are components of the Group about which separate financial information is available that the Board of Directors regularly conducts deliberations to determine the allocation of management resources and to assess the performance. The Group draws up comprehensive strategies for each of the following five business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", and "Property Management Business". In the Revitalization Business, the Group acquires the properties whose asset values have declined, renovates, and resells them. In the Development Business, the Group sells condominium units and detached houses to individual customers as well as apartment and office buildings to investors. In the Rental Business, the Group rents office buildings and apartments. The Fund and Consulting Business mainly provides asset management services for the properties placed in real estate funds. The Property Management Business provides comprehensive property management services.

The Group's revenue and profit/loss by reportable segment are as follows:

Nine months ended August 31, 2017
(December 1, 2016 – August 31, 2017)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	29,286,776	3,498,952	4,600,566	2,129,893	2,462,098	–	–	41,978,288
Intersegment revenue	–	–	32,371	30,205	899,991	–	(962,569)	–
Total	29,286,776	3,498,952	4,632,938	2,160,099	3,362,090	–	(962,569)	41,978,288
Segment profit or loss	7,309,731	(310,914)	1,935,014	1,070,596	212,825	147	(1,136,541)	9,080,858
Finance income/costs, net								(559,214)
Profit before tax								8,521,644

Nine months ended August 31, 2018
(December 1, 2017 – August 31, 2018)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	24,312,328	11,339,368	4,488,630	1,893,143	3,015,936	258,933	–	45,308,339
Intersegment revenue	–	–	32,986	45,306	900,434	950	(979,677)	–
Total	24,312,328	11,339,368	4,521,616	1,938,449	3,916,371	259,883	(979,677)	45,308,339
Segment profit	6,890,049	1,503,758	1,926,737	920,446	397,357	72,582	(1,353,119)	10,357,812
Finance income/costs, net								(514,652)
Profit before tax								9,843,160

Third quarter ended August 31, 2017
(June 1, 2017– August 31, 2017)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	11,338,076	1,354,413	1,612,078	488,481	825,153	—	—	15,618,203
Intersegment revenue	—	—	10,810	10,132	324,650	—	(345,592)	—
Total	11,338,076	1,354,413	1,622,888	498,614	1,149,804	—	(345,592)	15,618,203
Segment profit or loss	2,509,480	(91,636)	631,930	155,563	78,215	(882)	(443,618)	2,839,052
Finance income/costs, net								(174,840)
Profit before tax								2,664,212

Third quarter ended August 31, 2018
(June 1, 2018– August 31, 2018)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	6,727,289	2,725,821	1,595,622	568,485	1,077,546	92,878	—	12,787,644
Intersegment revenue	—	—	11,056	23,763	363,783	450	(399,054)	—
Total	6,727,289	2,725,821	1,606,679	592,249	1,441,330	93,328	(399,054)	12,787,644
Segment profit	2,662,313	95,618	680,422	212,775	192,910	19,312	(392,559)	3,470,794
Finance income/costs, net								(139,551)
Profit before tax								3,331,243

6. Dividends

Dividends paid in the nine months ended August 31, 2017 and August 31, 2018 are as follows:

Nine months ended August 31, 2017				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 24, 2017	22	1,062,248	November 30, 2016	February 27, 2017

Nine months ended August 31, 2018				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 27, 2018	25	1,207,100	November 30, 2017	February 28, 2018

7. Earnings per share

	Nine months ended August 31, 2017	Nine months ended August 31, 2018
Profit attributable to owners of the parent (¥ thousand)	5,755,489	6,645,209
Net income used to figure diluted net income per share (¥ thousand)	—	6,645,209
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,450,511
The number of increased ordinary shares used to figure diluted earnings per share (shares)	—	98,062
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	—	48,548,573
Basic earnings per share (¥)	119.20	137.15
Diluted net income per share (¥)	—	136.88

	Third quarter ended August 31, 2017	Third quarter ended August 31, 2018
Profit attributable to owners of the parent (¥ thousand)	1,823,623	2,192,874
Net income used to figure diluted net income per share (¥ thousand)	—	2,192,874
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,531,664
The number of increased ordinary shares used to figure diluted earnings per share (shares)	—	59,484
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	—	48,591,148
Basic earnings per share (¥)	37.77	45.18
Diluted net income per share (¥)	—	45.13

Notes: 1. Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of outstanding ordinary shares during the reporting period.

2. Diluted earnings for consolidated results for the nine months ended August 31, 2017 per share is not presented because there were no potential shares that have dilutive effects.

8. Financial instruments

i) Fair values and carrying amounts

Fair values of financial assets and liabilities and their carrying amounts presented in the condensed consolidated statement of financial position are as follows:

(¥ thousand)

	As of November 30, 2017		As of August 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	23,750,239	23,750,239	27,197,189	27,197,189
Available-for-sale financial assets	1,751,463	1,751,463	1,802,941	1,802,941
Trade and other receivables	3,008,339	3,008,339	3,609,435	3,609,435
Trade and other payables	7,558,632	7,558,632	7,841,925	7,841,925
Borrowings	67,123,376	67,133,900	71,818,791	71,829,428

Method for measuring fair value of financial instruments

Cash and cash equivalents, trade and other receivables, trade and other payables, and current borrowings

The book values of these financial instruments that are settled in a short period of time approximate the fair values.

However, the fair values of interest rate swaps are based on market values presented by financial institutions.

Available-for-sale financial assets

The fair values of listed securities are measured based on quoted market prices. For financial assets for which there is no active market and unlisted securities, the Group estimates fair values using certain valuation techniques including the use of recent arm's length transactions, reference to other instruments that are substantially at the same price, and the discounted cash flow method. Securities that do not have a quoted market price in an active market and of which the fair value cannot be reliably estimated are measured based on the acquisition cost.

Non-current borrowings

The fair values of non-current borrowings with floating interest rate approximate the book values, as interest rates reflect market interest rates in short-term intervals. The fair values of those with fixed interest rate are measured based on the present value of the total amount of principal and interest discounted by the interest rate that would be charged for a new similar borrowing.

ii) Fair value hierarchy

The following shows the analysis of financial instruments measured at fair value after the initial recognition. Fair values of financial instruments are classified into level 1 to level 3.

Level 1: Fair values measured at a price quoted in an active market
Level 2: Fair values calculated directly or indirectly using an observable price except for level 1
Level 3: Fair values calculated through valuation techniques, including inputs that are not based on observable market data

(¥ thousand)

	As of November 30, 2017			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,276,317	—	475,145	1,751,463
Financial liabilities measured at fair value with the change in fair value recognized through other comprehensive income (derivative)	—	13,770	—	13,770

(¥ thousand)

	As of August 31, 2018			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,327,562	—	475,379	1,802,941
Financial liabilities measured at fair value with the change in fair value recognized through other comprehensive income (derivative)	—	10,042	—	10,042

Reconciliation of financial assets classified in level 3 at the beginning of the period with those at the end of the period is as follows:

(¥ thousand)

	Nine months ended August 31, 2018
Balance at beginning of period	475,145
Acquisition	290
Comprehensive income	
Profit (loss)	598
Disposal	(655)
Balance at end of period	475,379

9. Business combinations

In the nine months ended August 31, 2018, the Group engaged in the following business combinations.

(Acquisition of Masuda Kenzai-ten Co., Ltd)

On December 26, 2017, the Company acquired 100% of the shares in Masuda Kenzai-ten Co., Ltd, company owning income-generating properties mainly in Toda-shi, Saitama and Fuchu-shi Tokyo, and engaging in the rental business.

The Group is stepping up its activities to acquire future sources of income. This M&A activity was performed as part of the acquisition methods therefor.

The fair values of consideration paid, assets acquired and liabilities assumed as of the acquisition date were as follows:

	Amount (Thousands of yen)
Fair value of consideration paid (Note)	2,017,155
Fair values of assets acquired and liabilities assumed	
Current assets	2,737,726
[Of which, cash and cash equivalents]	[682,039]
Non-current assets	15,251
Current liabilities	(181,895)
Non-current liabilities	(484,252)
Net assets	2,086,829
Gain on negative goodwill	(69,674)
Total	2,017,155

Note: Consideration paid was in cash.

As stated above, gain on negative goodwill ¥69,674 thousand is attributable to the net asset (subtracting "the fair values of liabilities assumed" from "fair values of assets acquired") exceeded "the fair value of consideration paid". It is recorded as "other income" in the Condensed Consolidated Statement of Comprehensive Income.

The fair values of assets acquired and liabilities assumed were calculated by taking into overall consideration financial and asset conditions examined through third-party due diligence.

Acquisition costs related to these business combinations, of ¥60,720 thousand, were recorded as "other expenses." in Condensed Consolidated Statement of Comprehensive Income.

Profit and loss information and pro forma profit and loss information for these business combinations after the acquisition date are not stated, as its amount of impact on the condensed quarterly consolidated financial statements is immaterial.

10. Significant subsequent events

No item to report.

2. Other

No item to report.

B. Information on Guarantee Companies, etc. of Filing Company

No items to report.

(Translation)

Quarterly Review Report of Independent Auditors

October 5, 2018

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation

Designated and Engagement Partner,
Certified Public Accountant:

Takayuki Sakashita (Seal)

Designated and Engagement Partner,
Certified Public Accountant:

Atushi Iijima (Seal)

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have reviewed the condensed quarterly consolidated financial statements of Tosei Corporation included in the "Accounting" section, namely, the condensed consolidated statements of financial position, comprehensive income, changes in equity, and cash flows, as well as their notes, for the third quarter (June 1, 2018 to August 31, 2018) and the nine-month period (December 1, 2017 to August 31, 2018) of the fiscal year from December 1, 2017 to November 30, 2018.

Management's Responsibility for the Condensed Quarterly Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these condensed quarterly consolidated financial statements in conformity with International Accounting Standard 34 "Interim Financial Reporting" under the provision of Article 93 of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements of Japan; this includes the design, implementation, and maintenance of internal control as management determines is necessary to enable the preparation and fair presentation of condensed quarterly consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express a conclusion from an independent perspective on these condensed quarterly consolidated financial statements based on our quarterly review as independent auditor. We conducted our review in conformity with quarterly review standards generally accepted in Japan.

A quarterly review consists principally of making inquiries, primarily of management and persons responsible for financial and accounting matters, and applying analytical procedures and other quarterly review procedures. A quarterly review is substantially less in scope than an audit conducted in conformity with auditing standards generally accepted in Japan.

We believe that we have obtained the evidence to provide a basis for our conclusion.

Auditor's Conclusion

In our quarterly review, we have concluded that the condensed quarterly consolidated financial statements referred to above are in conformity with International Accounting Standard 34 "Interim Financial Reporting.", and nothing has come to our attention that causes us to believe that they do not fairly present, in all material respects, the financial positions of the Company and its consolidated subsidiaries as of August 31, 2018, their operating results for the third quarter and the nine month ended August 31, 2018, and their cash flows for the nine months ended the same date.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

End

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*1. The above is a digitization of the text contained in the original copy of the Quarterly Review Report, which is in the custody of the Company (filing company of the quarterly securities report) as attachments to the financial statements.

2.XBRL data is excluded from the scope of the quarterly review.

Note:
The English version of the financial statements consists of an English translation of the reviewed Japanese financial statements. The actual text of the English translation of the financial statements was not covered by our review. Consequently, for the auditors' review report of the English financial statements, the Japanese original is the official text, and the English version is a translation of that text.