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Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending November 30, 2020
<IFRS>

July 6, 2020

Company name: TOSEI CORPORATION Stock listing: TSE / SGX
Securities code number: 8923 / S2D
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Submission of Quarterly Securities Report (Shihanki-Houkokusho): July 10, 2020 (scheduled)
Commencement of dividend payments: —
Preparation of supplementary materials for quarterly financial results: Yes
Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

Note: All amounts are rounded down to the nearest million yen.

1. Consolidated Financial Results for the Six Months Ended May 31, 2020
(December 1, 2019 – May 31, 2020)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit for the period	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Six months ended May 31, 2020	45,050	30.8	2,170	(72.7)	1,890	(75.2)	1,147	(78.1)
Six months ended May 31, 2019	34,452	5.9	7,964	15.6	7,634	17.2	5,239	17.7

	Profit attributable to owners of the parent		Total comprehensive income for the period		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Six months ended May 31, 2020	1,147	(78.1)	592	(88.9)	24.14	24.06
Six months ended May 31, 2019	5,239	17.7	5,322	18.6	108.79	108.72

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	(¥ million)	(¥ million)	(¥ million)	(%)
As of May 31, 2020	161,154	56,661	56,661	35.2
As of November 30, 2019	161,894	58,306	58,306	36.0

2. Dividends

	Annual dividends per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
Fiscal year ended November 30, 2019	(¥) –	(¥) 0.00	(¥) –	(¥) 42.00	(¥) 42.00
Fiscal year ending November 30, 2020	–	0.00			
Fiscal year ending November 30, 2020 (Forecast)			–	13.00	13.00

Note: Revision to the most recently released dividend forecasts: Yes

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2020 (December 1, 2019 – November 30, 2020)

(Percentages indicate year-on-year changes)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Fiscal year ending November 30, 2020	64,897	6.9	4,680	(63.1)	4,070	(66.3)	2,411	(71.5)	50.72

Note: Revision to the most recently released earnings forecasts: Yes

* Notes

(1) Changes in significant subsidiaries during the period
(changes in specified subsidiaries resulting in changes in the scope of consolidation): No
Newly added: – Excluded: –

(2) Changes in accounting policies and changes in accounting estimates

(a) Changes in accounting policies required by IFRS: Yes
(b) Changes in accounting policies due to other reasons: No
(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

(a) Number of issued shares at the end of the period (including treasury shares)

As of May 31, 2020	48,635,300 shares
As of November 30, 2019	48,595,300 shares

(b) Number of treasury shares at the end of the period

As of May 31, 2020	1,301,205 shares
As of November 30, 2019	1,008,805 shares

(c) Average number of outstanding shares during the period (cumulative)

Six months ended May 31, 2020	47,545,895 shares
Six months ended May 31, 2019	48,167,280 shares

* These consolidated Financial Results are not subject to quarterly review procedures by a certified public accountant or an audit corporation.

* Proper use of earnings forecasts and other notes

The forward-looking statements, including outlook of future performance, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ substantially from these statements due to various factors. For the assumptions on which the earnings forecasts are based and cautions concerning the use thereof, please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance (3) Qualitative Information Regarding Consolidated Earnings Forecasts” on page 5 of the attached materials.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Qualitative Information Regarding Consolidated Operating Results

1) Recognition, analysis and contents for discussion of business environment and business performance

During the six months ended May 31, 2020, the Japanese economy was in an extremely harsh environment due to the impact of COVID-19. Although the levels of social and economic activities have been rising in stages since the state of emergency was lifted, the environment is expected to remain harsh for the time being, given that it is necessary to continue monitoring the effects of any second wave of the pandemic, movements in the financial and capital markets and the rekindling of frictions between the United States and China.

In the real estate industry where Tosei Group operates, investments in commercial real estate for the three months from January to March 2020 decreased 1% year on year to ¥1.2 trillion, showing only a limited impact from COVID-19. Many investors have adopted a circumspect attitude, and investment is forecasted to decrease significantly from April onwards. On the other hand, some investors are preparing to resume investment once COVID-19 is contained. Care must be taken to monitor trends going forward (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of newly supplied units from January to April 2020 decreased 38% year on year to 5,500 units. As COVID-19 impacted the market where supply of properties offered for sale had been curbed to respond to slowing sales caused by soaring prices, only 686 units were newly offered for sale in April, the lowest for any month since surveys began in 1973. The average contract rate for the first month increased to 78.9%, due to the decrease in properties for sale. However, only 779 units were sold in April, less than half the number sold during the same month last year. In the build-for-sale detached house market, housing starts from January to March 2020 numbered 13,000 units, a decrease of 9.6% year on year (according to surveys by a private research institute and the Ministry of Land, Infrastructure, Transport and Tourism).

In the office leasing market of Tokyo's five business wards, the average vacancy rate as of April 2020 was 1.56% (a decrease of 0.14 percentage points year on year), remaining at a low level. The average asking rent was ¥22,820 per tsubo (1 tsubo = 3.30 square meters) (an increase of ¥1,541 year on year), rising for the 76th consecutive month. The impact of COVID-19 had not surfaced as of April 2020, but there were signs of a slowdown in office relocations, and the future trend in supply and demand needs to be monitored (according to a survey by a private research institute).

In the Tokyo metropolitan area's logistics facility leasing market, leasable stock in April 2020 amounted to 6.02 million tsubo (an increase of 15.2% year on year) given substantial supply in anticipation of growing demand. The vacancy rate of 0.9% is at the lowest level since surveys began in 2008, amid a situation of tight supply relative to demand (according to a survey by a private research institute).

In the real estate fund market, the market scale continues to expand. The securitization market scale expanded to ¥39.8 trillion, which consists of ¥19.6 trillion in J-REIT assets under management in April 2020 (an increase of ¥1.1 trillion year on year) and ¥20.2 trillion in assets under management in private placement funds (as of December increase of ¥2.5 trillion year on year) (according to a survey by a private research institute).

In the Tokyo business hotel market, the average guest room occupancy rate from January to March 2020 was 57.4%, a significant decrease year on year. The total number of hotel guests in Tokyo encompassing all types of accommodation amounted to 11.40 million overnight stays (a decrease of 27.9% year on year). As the number of foreign tourists visiting Japan declined steeply due to the impact of COVID-19, it is feared that the slowdown will persist for a long period (according to a survey by the Japan Tourism Agency).

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, detached houses and logistics facilities.

As a result, consolidated revenue for the six months ended May 31, 2020 totaled ¥45,050 million (up 30.8% year on year), operating profit was ¥2,170 million (down 72.7%), profit before tax was ¥1,890 million (down 75.2%), and profit for the period was ¥1,147 million (down 78.1%).

Performance by business segment is shown below.

Revitalization Business

During the six months ended May 31, 2020, the segment sold 29 properties which had been renovated, including Kagurazaka Plaza Building (Shinjuku-ku, Tokyo), T's garden Kita Kashiwa (Kashiwa-shi, Chiba), Dai-Nippon Consultant Building (Toshima-ku, Tokyo). In addition, the segment sold four units in the Restyling Business from Ecology Ochiai Residence (Shinjuku-ku, Tokyo), Hilltop Yokohama Higasi Terao (Yokohama-shi, Kanagawa) and others.

During the six months ended May 31, 2020, it also acquired a total of 20 income-generating office buildings and apartments for renovation and sales purposes and six land lots.

In addition, the Group reviewed the valuation of its income-generating properties in view of the impact of COVID-19, and revalued some properties at net realizable value in accordance with the provisions of IAS 2 "Inventories." As a result, cost of revenue was increased by regarding valuation loss of ¥1,457 million.

As a result, revenue in this segment was ¥27,679 million (up 62.1% year on year) and the segment profit was ¥5,565 million (up 10.7%).

Development Business

During the six months ended May 31, 2020, the segment focused on the sale of newly built condominium and detached houses for which there was firm demand. The segment sold 240 units at THE Palms Sagamihara Park Brightia (Sagamihara-shi, Kanagawa) and sold 26 detached houses at such properties as THE Palms Court Kokubunji Koigakubo (Kokubunji-shi, Tokyo) and THE Palms Court Funabashihoten (Funabashi-shi, Chiba). In addition, the segment sold one commercial facility.

During the six months ended May 31, 2020, it also acquired one land lot for apartment project, one land lot for commercial facility project and land lots for 34 detached houses.

In addition, in the Development Business, the Group reviewed the valuation of its income-generating properties in view of the impact of COVID-19, and revalued some properties at net realizable value in accordance with the provisions of IAS 2 "Inventories." As a result, cost of revenue was increased by regarding valuation loss of ¥6,223 million.

As a result, revenue in this segment was ¥9,913 million (down 3.1% year on year) and the segment loss was ¥4,720 million (in comparison with segment profit of ¥1,541 million in the same period of the previous fiscal year).

Rental Business

During the six months ended May 31, 2020, while the segment sold 15 buildings of its inventory assets held for leasing purposes, it newly acquired 13 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 holding non-current assets and inventory assets.

As a result, revenue in this segment was ¥2,734 million (down 6.8% year on year) and the segment profit was ¥1,038 million (down 12.1%).

Fund and Consulting Business

During the six months ended May 31, 2020, while ¥90,084 million was added due to new asset management contracts, ¥10,748 million was subtracted due mainly to property dispositions by funds, from to the balance of assets under management (Note) ¥846,478 million for the end of the previous fiscal year. The balance of assets under management as of May 31, 2020, was ¥925,813 million.

As a result, revenue in this segment was ¥2,180 million (up 66.6% year on year) and the segment profit was ¥1,480 million (up 114.6%).

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

Property Management Business

During the six months ended May 31, 2020, the segment made efforts to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 689 as of May 31, 2020, an increase of 57 from May 31, 2019, with the total comprising 436 office buildings, hotels, schools and other such properties, and 253 condominiums and apartments.

As a result, revenue in this segment was ¥2,273 million (down 1.9% year on year) and segment profit was ¥354 million (up 22.7%).

Hotel Business

Revenue and segment profit or loss for the six months ended May 31, 2020 were both significantly lower than anticipated, because the Group temporarily closed existing hotels, Tosei Hotel COCONE Kanda and Tosei Hotel COCONE Ueno, responding to the suppression of economic activities and the local government's request to suspend operations due to the global spread of COVID-19.

As a result, revenue in this segment was ¥269 million (down 54.4% year on year) and segment loss was ¥458 million (in comparison with segment profit of ¥131 million in the same period of the previous fiscal year).

2) Analysis and contents for discussion of Operating Results

During the six months ended May 31, 2020, the Group made steady progress towards achieving its financial results targets for the fiscal year, with the favorable accumulation of earnings in each business. This was despite the temporary closure of hotels operated by the Group and a delay in purchasing and sales operations for a period of time in the Revitalization Business and Development Business amid a state of emergency in April and May due to the spread of COVID-19.

Given that a decline in the liquidity of income-generating properties and an increase in the risk premium in the future were expected due to a worldwide deterioration in the business climate, Tosei decided to record a valuation loss of ¥7,680 million in real estate held for sale, based on conservative scenarios among the several scenarios considered by Tosei at the present time. The valuation loss mainly concerns hotel facilities and commercial facilities, for which the risk of a decline in market prices is especially high. As a result, consolidated revenue for the six months ended May 31, 2020 totaled ¥45,050 million (up 30.8% year on year), profit before tax was ¥1,890 million (down 75.2%), and profit for the period was ¥1,147 million (down 78.1%).

The current adjustment in the real estate investment market is expected to continue. Tosei will use cash flows from stable businesses such as its Rental Business and Fund and Consulting Business to cover selling, general and administrative expenses, and strive to recover its real estate sales and acquisitions business while ensuring sufficient liquidity on hand and financial soundness. Specifically, Tosei will promote sales of its old inventory that have recorded valuation loss, expand its purchasing activities for future growth. Seeing social changes brought about by the impact of COVID-19 as new business opportunities, Tosei will proceed to diversify its asset types in response to changing market conditions.

(2) Qualitative Information Regarding Consolidated Financial Positions

1) Analysis of Financial Positions

As of May 31, 2020, total assets were ¥161,154 million, a decrease of ¥739 million compared with November 30, 2019, while total liabilities were ¥104,492 million, an increase of ¥905 million.

Total assets were due to a decrease in inventories despite an increase in cash and cash equivalents and an increase in investment properties. Total liabilities were due to an increase in borrowings.

Total equity decreased by ¥1,644 million to ¥56,661 million, mainly due to an increase in retained earnings, payment of cash dividends and purchase of treasury shares.

2) Analysis of Cash Flows

Cash and cash equivalents (hereinafter "cash") as of May 31, 2020 totaled ¥35,420 million, up ¥3,421 million compared with November 30, 2019.

The cash flows for the six months ended May 31, 2020 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥7,411 million (in comparison with segment net cash provided by operating activities of ¥554 million in the same period of the previous fiscal year). This is mainly due to profit before tax of ¥1,890 million, a decrease in inventories of ¥6,602 million and income taxes paid of ¥1,861 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥3,364 million (in comparison with segment net cash used in investing activities of ¥209 million in the same period of the previous fiscal year). This is primarily due to purchase of investment properties of ¥3,136 million.

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥624 million (in comparison with segment net cash provided by financing activities of ¥2,235 million in the same period of the previous fiscal year). This mainly reflects ¥25,215 million in the repayments of non-current borrowings and ¥1,995 million in cash dividends paid, despite ¥29,245 million in proceeds from non-current borrowings.

(3) Qualitative Information Regarding Consolidated Earnings Forecasts

With the persistence of the COVID-19 epidemic, investors who until recently were keenly involved in real estate investment are exhibiting an increasingly cautious attitude, and changes have also been evident in the attitude of loan assessments at some financial institutions. Tosei has decided to postpone sales of some properties in the Revitalization Business and Development Business, originally planned for sale during the second half of the fiscal year ending November 30, 2020, until the next fiscal year or later. The Company considers it appropriate to make these sales at a time when the market has regained some degree of liquidity. As a result, the Company revised its full-year revenue forecast to ¥64,897 million, down ¥15,456 million from the previous forecast. Furthermore, due to the valuation loss of ¥7,680 million recorded for the three months ended May 31, 2020, the Company revised the full-year operating profit forecast to ¥4,680 million, down ¥9,056 million from the previous forecast, the full-year profit before tax forecast to ¥4,070 million, down ¥8,976 million from the previous forecast, and the full-year profit for the year forecast to ¥2,411 million, down ¥6,396 million from the previous forecast.

The forward-looking statements contained in these materials, including forecasts of the future performance, are based on the information available to the Company as of the date of announcement and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ from these forecasts due to various factors.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

No item to report.

(2) Changes in Accounting Policies and Changes in Accounting Estimates

With the exception of the following items, 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.

Changes in Accounting Policies

The Group applied the following standards effective from the first quarter of the fiscal year ending November 30, 2020.

Standard	Name of standard	Overview of new establishment and amendment
IFRS 16	Leases	Replacement of IAS 17 with IFRS 16 regarding lease accounting

The Group implemented IFRS 16 'Leases' as of December 1, 2019. The Group applied this standard, which is recognized as a transitional measure, with the cumulative effect of initially applying this standard recognized at the date of initial application. In applying IFRS 16, the Group uses a practical expedient, in which an entity is not required to reassess whether a contract is or contains a lease at date of initial application, and the Group also uses practical expedients to the contracts that were previously identified as operating leases stipulated in the previous accounting standard.

For leases that the Group as lessee previously classified as operating leases applying IAS 17, right-

of-use assets and lease liabilities were recognized at the date of initial application. Lease liabilities have been measured at the present value of outstanding lease payments discounted using the lessee's incremental borrowing rate at the date of initial application. The weighted average of the lessee's incremental borrowing rate is 1.06% to 1.10%. Right-of-use assets are initially measured at the initial measurement amount of the lease liability. The Group has elected the exemptions from recognition that allow a lessee not to apply the requirements of IFRS 16 to short-term leases (with a lease term of 12 months or less) and leases for low-value assets.

For leases that The Group as lessee previously classified as finance leases applying IAS 17, the book value of right-of-use assets and lease liabilities at the date of initial application were the book value of lease assets and lease liabilities, respectively, immediately before the date measured applying IAS 17.

Right-of-use asset is included in "Property, plant and equipment" and "Investment properties" in the condensed quarterly consolidated statement of financial position. The lease liability is included in "Borrowings" in the condensed quarterly consolidated statement of financial position.

The following is a reconciliation of non-cancellable operating lease contracts applying IAS 17 as of November 30, 2019 and lease liabilities recognized in the Condensed Consolidated Statement of Financial Position at the date of initial application.

	(¥ thousand)
Non-cancellable operating lease contracts	1,052,331
Finance lease liabilities	27,840
Cancellable operating lease contracts, etc.	154,467
Lease liabilities as of December 1, 2019	1,234,639

Right-of-use assets additionally recognized at the beginning of the current fiscal year were ¥1,206,799 thousand. There was no material impact on profit and loss of the first quarter of the current fiscal year from the changes.

(3) Additional information

Impact of COVID-19 on Tosei's Financial Results

Due to the spread of COVID-19 and the resulting stagnation of economic activity, it is expected that the liquidity of income-generating real estate will decline and the risk premium will rise. The Group reviewed the valuation of real estate for sale and real estate for sale in process such as hotels and commercial facilities etc. As a result, the Group recorded loss on valuation of inventories (cost of revenue) of ¥7,680 million.

Regarding the impact in each segment, valuation loss amounted to ¥1,457 million in the Revitalization Business and ¥6,223 million in the Development Business.

The impact of COVID-19, it is difficult to accurately grasp the timing of convergence, etc., but assuming that the economic environment will gradually recover and demand will gradually normalize from the fiscal year ending November 2021, the Group made accounting estimate of inventory valuation, impairment losses on fixed assets and recoverability of deferred tax assets etc.

3. Condensed Quarterly Consolidated Financial Statements and notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(¥ thousand)

	As of November 30, 2019	As of May 31, 2020
Assets		
Current assets		
Cash and cash equivalents	31,998,929	35,420,082
Trade and other receivables	3,747,782	3,409,488
Inventories	73,573,663	67,061,233
Other current assets	13,247	20,142
Total current assets	109,333,622	105,910,947
Non-current assets		
Property, plant and equipment	8,671,827	8,860,595
Investment properties	37,868,133	41,521,471
Intangible assets	87,760	201,345
Trade and other receivables	1,102,277	634,331
Other financial assets	4,252,691	3,563,332
Deferred tax assets	573,729	458,357
Other non-current assets	4,014	4,014
Total non-current assets	52,560,434	55,243,448
Total assets	161,894,056	161,154,395
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	6,448,300	5,906,517
Borrowings	16,291,247	8,930,114
Current income tax liabilities	1,658,894	436,368
Provisions	655,782	341,199
Total current liabilities	25,054,225	15,614,199
Non-current liabilities		
Trade and other payables	3,761,836	3,592,220
Borrowings	73,552,021	84,258,095
Retirement benefits obligations	521,213	525,225
Provisions	6,971	7,049
Deferred tax liabilities	691,288	495,813
Total non-current liabilities	78,533,331	88,878,404
Total Liabilities	103,587,557	104,492,604
Equity		
Share capital	6,579,844	6,600,204
Capital reserves	6,575,240	6,604,427
Retained earnings	45,839,423	44,988,398
Treasury shares	(1,000,037)	(1,288,100)
Other components of equity	312,028	(243,137)
Total equity attributable to owners of parent	58,306,499	56,661,791
Total equity	58,306,499	56,661,791
Total liabilities and equity	161,894,056	161,154,395

(2) Condensed Quarterly Consolidated Statement of Comprehensive Income

(¥ thousand)

	Six months ended May 31, 2019	Six months ended May 31, 2020
Revenue	34,452,685	45,050,321
Cost of revenue	22,487,881	38,217,330
Gross profit	11,964,804	6,832,990
Selling, general and administrative expenses	4,049,042	4,659,988
Other income	56,652	20,797
Other expenses	7,888	23,321
Operating profit	7,964,525	2,170,478
Finance income	41,255	97,505
Finance costs	370,945	377,095
Profit before tax	7,634,835	1,890,888
Income tax expense	2,394,849	743,281
Profit for the period	5,239,985	1,147,607
Other comprehensive income		
Other comprehensive income items that will not be reclassified to profit or loss		
Net change in financial assets measured at fair values through other comprehensive income	91,911	(542,868)
Subtotal	91,911	(542,868)
Other comprehensive income items that may be reclassified to profit or loss		
Exchange differences on translation of foreign operations	(9,901)	(11,633)
Net change in fair values of cash flow hedges	771	(664)
Subtotal	(9,130)	(12,298)
Other comprehensive income for the period, net of tax	82,781	(555,166)
Total comprehensive income for the period	5,322,766	592,441
Profit attributable to:		
Owners of the parent	5,239,985	1,147,607
Total comprehensive income attributable to:		
Owners of the parent	5,322,766	592,441
Earnings per share attributable to owners of the parent		
Basic earnings per share (¥)	108.79	24.14
Diluted earnings per share (¥)	108.72	24.06

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

Six months ended May 31, 2019 (December 1, 2018 – May 31, 2019)

(¥ thousand)

	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, 2018	6,554,139	6,544,924	38,843,309	(128)	79,537	52,021,782	52,021,782
Profit for the period			5,239,985			5,239,985	5,239,985
Other comprehensive income					82,781	82,781	82,781
Total comprehensive income for the period	—	—	5,239,985	—	82,781	5,322,766	5,322,766
Amount of transactions with owners							
Issuance of new shares	2,036	1,121				3,157	3,157
Purchase of treasury shares		(2,711)		(999,909)		(1,002,620)	(1,002,620)
Dividends of surplus			(1,456,340)			(1,456,340)	(1,456,340)
Share-based payment		510				510	510
Balance at May 31, 2019	6,556,175	6,543,844	42,626,953	(1,000,037)	162,318	54,889,255	54,889,255

Six months ended May 31, 2020 (December 1, 2019 – May 31, 2020)

(¥ thousand)

	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, 2019	6,579,844	6,575,240	45,839,423	(1,000,037)	312,028	58,306,499	58,306,499
Profit for the period			1,147,607			1,147,607	1,147,607
Other comprehensive income					(555,166)	(555,166)	(555,166)
Total comprehensive income for the period	—	—	1,147,607	—	(555,166)	592,441	592,441
Amount of transactions with owners							
Issuance of new shares	20,360	11,516				31,876	31,876
Purchase of treasury shares		(199)		(288,063)		(288,263)	(288,263)
Dividends of surplus			(1,998,632)			(1,998,632)	(1,998,632)
Share-based payment		17,870				17,870	17,870
Balance at May 31, 2020	6,600,204	6,604,427	44,988,398	(1,288,100)	(243,137)	56,661,791	56,661,791

(4) Condensed Quarterly Consolidated Statement of Cash Flows

(¥ thousand)

	Six months ended May 31, 2019	Six months ended May 31, 2020
Cash flows from operating activities		
Profit before tax	7,634,835	1,890,888
Depreciation expense	435,606	577,024
Increase (decrease) in provisions and retirement benefits obligations	(261,403)	(310,955)
Interest and dividend income	(41,255)	(97,505)
Interest expenses	370,945	377,095
Decrease (increase) in trade and other receivables	275,084	1,072,016
Decrease (increase) in inventories	(4,584,930)	6,602,348
Increase (decrease) in trade and other payables	(480,791)	(904,300)
Other, net	(3,068)	17,425
Subtotal	3,345,022	9,224,037
Interest and dividend income received	41,086	49,042
Income taxes paid	(2,831,445)	(1,861,730)
Net cash from (used in) operating activities	554,663	7,411,348
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	20,000	—
Purchase of property, plant and equipment	(33,613)	(136,817)
Purchase of investment properties	(37,909)	(3,136,164)
Purchase of intangible assets	(12,811)	(111,071)
Payments of loans receivable	(126,730)	—
Collection of loans receivable	5,679	109,815
Purchase of other financial assets	(50,820)	(147,700)
Collection of other financial assets	6,280	57,716
Other, net	20,413	—
Net cash from (used in) investing activities	(209,509)	(3,364,222)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(26,600)	(1,798,000)
Proceeds from non-current borrowings	23,084,545	29,245,600
Repayments of non-current borrowings	(17,860,068)	(25,215,317)
Repayments of lease obligations	(2,827)	(124,635)
Proceeds from issuance of new shares	3,134	31,681
Cash dividends paid	(1,454,261)	(1,995,818)
Purchase of treasury shares	(999,909)	(288,063)
Interest expenses paid	(508,132)	(480,325)
Net cash from (used in) financing activities	2,235,880	(624,878)
Net increase (decrease) in cash and cash equivalents	2,581,034	3,422,248
Cash and cash equivalents at beginning of period	26,520,569	31,998,929
Effect of exchange rate change on cash and cash equivalents	(928)	(1,094)
Cash and cash equivalents at end of period	29,100,675	35,420,082

(5) Notes on Going Concern Assumption

No item to report.

(6) Notes on Condensed Quarterly Consolidated Financial Statements

1. 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 six business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business" and "Hotel 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 Hotel Business provides mainly hotel operating services.

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

Six months ended May 31, 2019

(December 1, 2018 – May 31, 2019)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	17,075,798	10,226,890	2,934,058	1,309,000	2,317,170	589,767	—	34,452,685
Intersegment revenue	—	—	22,852	9,979	583,352	1,830	(618,015)	—
Total	17,075,798	10,226,890	2,956,910	1,318,980	2,900,522	591,597	(618,015)	34,452,685
Segment profit	5,027,397	1,541,304	1,182,085	690,162	289,167	131,884	(897,475)	7,964,525
Finance income/costs, net								(329,689)
Profit before tax								7,634,835

Six months ended May 31, 2020
(December 1, 2019 – May 31, 2020)

(¥ thousand)

	Reportable Segments						Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Hotel Business		
Revenue								
Revenue from external customers	27,679,495	9,913,147	2,734,793	2,180,492	2,273,286	269,106	—	45,050,321
Intersegment revenue	—	—	25,623	6,037	560,282	1,030	(592,974)	—
Total	27,679,495	9,913,147	2,760,417	2,186,529	2,833,569	270,136	(592,974)	45,050,321
Segment profit or loss	5,565,231	(4,720,938)	1,038,895	1,480,969	354,693	(458,871)	(1,089,501)	2,170,478
Finance income/costs, net								(279,589)
Profit before tax								1,890,888

2. Dividends

Dividends paid in the six months ended May 31, 2019 and May 31, 2020 are as follows:

Six months ended May 31, 2019				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 27, 2019	30	1,456,340	November 30, 2018	February 28, 2019

Six months ended May 31, 2020				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 26, 2020	42	1,998,632	November 30, 2019	February 27, 2020

3. Earnings per Share

	Six months ended May 31, 2019	Six months ended May 31, 2020
Profit attributable to owners of the parent (¥ thousand)	5,239,985	1,147,607
Net income used to figure diluted net income per share (¥ thousand)	5,239,985	1,147,607
Weighted average number of outstanding ordinary shares (shares)	48,167,280	47,545,895
The number of increased ordinary shares used to figure diluted earnings per share (shares)	29,640	153,757
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	48,196,920	47,699,652
Basic earnings per share (¥)	108.79	24.14
Diluted net income per share (¥)	108.72	24.06

Notes: 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.

(7) Notes on Significant Subsequent Events

No item to report.