

Quarterly Securities Report

(The English translation of the “Shihanki-Houkokusho”
for the third quarter of the 68th term)

from June 1, 2017
to August 31, 2017

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 11, 2017. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Table of Contents

Cover

A. Company Information	1
I. Overview of the Tosei Group.....	1
1. Trends in principal management benchmarks.....	1
2. Business description.....	1
II. Review of operations	2
1. Business and other risks.....	2
2. Important operational contracts, etc.	2
3. Analysis of financial position, operating results and cash flows.....	2
III. Filing company.....	8
1. Information on the Company (Tosei)'s shares, etc.	8
(1) Total number of authorized shares, etc.	8
(2) Status of stock acquisition rights	8
(3) Exercise of bond certificates with stock acquisition rights with exercise price amendment clause	8
(4) Details of rights plan.....	8
(5) Trends in total number of issued shares, share capital, etc.	8
(6) Status of major shareholders.....	8
(7) Status of voting rights	9
2. Status of Officers	9
IV. Accounting.....	10
1. Condensed Quarterly Consolidated Financial Statements	11
(1) Condensed Consolidated Statement of Financial Position.....	11
(2) Condensed Consolidated Statement of Comprehensive Income.....	12
(3) Condensed Consolidated Statement of Changes in Equity	14
(4) Condensed Consolidated Statement of Cash Flows.....	15
(5) Notes to Condensed Quarterly Consolidated Financial Statements.....	16
2. Other	21
B. Information on Guarantee Companies, etc. of Filing Company	22

[Quarterly Review Report of Independent Auditors]

[Cover]

Document to be filed:	Quarterly Securities Report
Provisions to base upon:	Article 24-4-7, paragraph 1 of the Financial Instruments and Exchange Act
Filing to:	Director-General of the Kanto Local Finance Bureau
Date of filing:	October 11, 2017
Business year:	Third quarter of the 68th term (from June 1, 2017 to Aug. 31, 2017)
Company name (Japanese):	トーセイ株式会社 (<i>Tosei Kabushiki-Kaisha</i>)
Company name (English):	Tosei Corporation
Title and name of representative:	Seiichiro Yamaguchi, President and CEO
Location of head office:	4-2-3, Toranomom, Minato-ku, Tokyo, Japan
Telephone number:	+81-3-3435-2865
Contact person:	Noboru Hirano, Director and CFO
Place of contact:	4-2-3, Toranomom, 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	67th term First nine months	68th term First nine months	67th term
Accounting period	From December 1, 2015 to August 31, 2016	From December 1, 2016 to August 31, 2017	From December 1, 2015 to November 30, 2016
Revenue (¥ thousand) [Third quarter of the current fiscal year]	39,139,416 [8,484,199]	41,978,288 [15,618,203]	49,818,113
Profit before tax (¥ thousand)	8,203,330	8,521,644	8,450,048
Profit attributable to owners of the parent (¥ thousand) [Third quarter of the current fiscal year]	5,379,001 [635,019]	5,755,489 [1,823,623]	5,547,469
Comprehensive income attributable to owners of the parent (¥ thousand)	5,333,508	5,769,556	5,509,307
Total equity (¥ thousand)	40,822,067	45,750,993	41,010,083
Total assets (¥ thousand)	111,393,983	122,644,825	121,276,292
Basic earnings per share (¥) [Third quarter of the current fiscal year]	111.40 [13.15]	119.20 [37.77]	114.89
Diluted earnings per share (¥)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	36.6	37.3	33.8
Net cash from (used in) operating activities (¥ thousand)	(1,550)	5,363,558	(7,472,487)
Net cash from (used in) investing activities (¥ thousand)	(6,274,825)	410,983	(8,193,818)
Net cash from (used in) financing activities (¥ thousand)	9,589,908	(4,073,491)	18,522,496
Cash and cash equivalents at end of period (¥ thousand)	22,097,993	23,342,594	21,640,866

- 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 are 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, 2017, 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.

As for changes in significant subsidiaries and affiliates, CSC (trade name changed from "Crystal Sports Club" as of December 1, 2016) underwent a company split and the Company sold shares of the newly established Crystal Sports Club. With respect to changes in principal subsidiaries and affiliates, KS Properties Co., Ltd. was acquired through M&A transaction and Tosei Hotel Kanda Co. was established as a subsidiary and both 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, 2017. 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, 2017.

(1) Analysis of operating results

During the nine months ended August 31, 2017, the Japanese economy experienced continued improvements in the employment and income environment in Japan and is expected to continue a moderate recovery, although it is necessary to keep in mind factors such as the outlook for China and other emerging economies, impact of volatility in financial and capital markets, and growing geopolitical risks.

In the real estate industry where the Tosei Group operates, domestic real estate transactions by listed companies and other such entities which had been in a declining trend since the first half of the fiscal year ended March 31, 2016 started to rise in the second half of the fiscal year ended March 31, 2017, reaching ¥4,108.2 billion for the fiscal year ended March 31, 2017, an increase of 0.5% year on year. The number of investors moving forward with sales of their real estate holdings increased against the backdrop of continuing favorable investing demand and rising real estate prices, resulting in a growing supply of (private research institute).

In the Tokyo metropolitan area condominium market, the number of units sold from January to July 2017 increased 2.2% year on year to 18,156. The average contract rate for the first month during the same period remained slightly below the 70% threshold from which market conditions are viewed as favorable due to signs of a partial slump in sales caused by persistently high sales prices; however, the contract rate for July 2017 stood at 71.9%.

In the Tokyo metropolitan area build-for-sale detached house market, housing starts in the first half of 2017 rose 5.3% year on year to 30,622. Demand for comparatively inexpensive detached houses is strong and is expected to remain firm going forward (according to a survey by a private research institute and the Ministry of Land, Infrastructure, Transport and Tourism).

The office leasing market of Tokyo’s five business wards has been performing strongly against the backdrop of office expansion by corporate entities due to business expansion and the demand for relocation to the central Tokyo area and newly built buildings aimed at securing exceptional human resources. The vacancy rate in July 2017 declined 0.7 percentage points year on year to 3.2%, and the average asking rent was ¥18,916 per tsubo (1 tsubo = 3.3m²), a 3.5% increase year on year. Concerns over a worsening vacancy rate due to the impact from the upsurge in supply of large-scale office buildings anticipated from 2018 are likely to be minimal, and the office leasing market is expected to remain firm going forward, supported by favorable office demand (according to a survey by a private research institute).

The real estate securitization market is continuing to grow. In the REIT market in June 2017, the total value of assets under management was ¥16.1 trillion in J-REITs and ¥2.2 trillion in private placement REITs, while the combined total value of assets under management in J-REITs and private placement REITs increased 11.2% year on year to ¥18.4 trillion. If the total value of assets under management in major private placement funds of ¥15.6 trillion, as of December 2016, is included, the overall market scale stands at ¥34 trillion, and is expected to continue to expand going forward (according to a survey by a private research institute).

As a result, consolidated revenue for the nine months ended August 31, 2017 totaled ¥41,978 million

(up 7.3% year on year), operating profit was ¥9,080 million (up 2.9%), profit before tax was ¥8,521 million (up 3.9%), and profit for the period was ¥5,755 million (up 7.0%).

Performance by business segment is shown below.

Revitalization Business

During the nine months ended August 31, 2017, the segment sold 45 properties it had renovated, including The Square Seiseki-sakuragaoka Building (Tama-shi, Tokyo), Kuramochi Building First (Sumida-ku, Tokyo), Kameido Tosei Building (Koto-ku, Tokyo), T's garden Urayasu (Urayasu-shi, Chiba), T's garden Urayasu II (Urayasu-shi, Chiba), Kamiosaki 3-chome Building (Shinagawa-ku, Tokyo), Onoe-cho 6-chome Building (Yokohama-shi, Kanagawa) and Kishino Building (Toshima-ku, Tokyo).

In addition, the segment sold 38 units in the Restyling Business, including Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa), Hilltop Yokohama Higashi Terao (Yokohama-shi, Kanagawa) and Renai Kamakura Ueki (Kamakura-shi, Kanagawa).

During the nine months ended August 31, 2017, it also acquired a total of 37 income-generating office buildings and apartments and six land lots for renovation and sales purposes.

As part of the acquisition, our company acquired KS Properties Corporation, company holds income properties mainly in Suginami-ku, Tokyo, through M&A transaction and converted it into consolidated subsidiaries.

As a result, revenue in this segment was ¥29,286 million (up 46.8% year on year) and the segment profit was ¥7,309 million (up 84.4% year on year).

Development Business

During the nine months ended August 31, 2017, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 84 detached houses at such properties as THE Palms Court Kashiwa Hatsuishi (Kashiwa-shi, Chiba), THE Palms Court Koshigaya Lake Town (Koshigaya-shi, Saitama) and THE Palms Court Kamakura-Shiromeguri (Kamakura-shi, Kanagawa).

During the nine months ended August 31, 2017, it also acquired a land lot for hotel project, a land lot for condominium project, a land lot for rental apartment project and land lots for 24 detached housings.

As a result, revenue in this segment was ¥3,498 million (down 68.8% year on year) and the segment loss was ¥310 million (in comparison with segment profit of ¥3,703 million in the same period of the previous fiscal year).

During the nine months ended August 31, 2017, all the segment revenue came from detached houses sale. On the other hand, in the same period of the previous fiscal year the segment sold two commercial facilities. For this reason, the segment revenue and profit decreased.

Rental Business

During the nine months ended August 31, 2017, while the segment sold 27 buildings of its inventory assets held for leasing purposes, it newly acquired 28 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 ¥4,600 million (up 20.3% year on year) and the segment profit was ¥1,935 million (up 11.1%).

Fund and Consulting Business

During the nine months ended August 31, 2017, while ¥21,577 million was subtracted from the balance of assets under management (Note), due mainly to property dispositions by funds, ¥94,394 million was added to the balance of Assets under management ¥448,186 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, 2017, was ¥521,003 million. The acquisition of such large project contracts increased asset management fees and contributed to revenue.

As a result, revenue in this segment was ¥2,129 million (up 24.5% year on year) and the segment profit was ¥1,070 million (up 44.3%).

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, 2017, the segment worked to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 652 as of August 31, 2017, an increase of 73 properties from August 31, 2016, with that total comprising 389 office buildings, hotel, schools and other such properties, and 263 condominiums and apartments.

As a result, revenue in this segment was ¥2,462 million (up 13.2% year on year) and segment profit was ¥212 million (up 116.4%).

Other

For the nine months ended August 31, 2017, there was no revenue in this segment (compared to a revenue of ¥270 million in the same period of the previous year). The segment profit was ¥0 million (in comparison with segment loss of ¥22 million in the same period of the previous fiscal year).

(2) Analysis of financial position

As of August 31, 2017, total assets were ¥122,644 million, an increase of ¥1,368 million compared with November 30, 2016, while total liabilities were ¥76,893 million, a decrease of ¥3,372 million.

Increase in total assets were primarily due to increase in investment properties. Decrease in liabilities were due to decrease in borrowings.

Total equity increased by ¥4,740 million to ¥45,750 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, 2017, totaled ¥23,342 million, increased by ¥1,701 million compared with November 30, 2016.

The cash flows for the nine months ended August 31, 2017 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥5,363 million (net cash used in operating activities totaled ¥1 million in the same period of the previous fiscal year). This is mainly due to profit before tax of ¥8,521 million, as well as an increase in income taxes paid of ¥3,554 million.

Cash Flows from Investing Activities

Net cash provided by investing activities totaled ¥410 million (net cash used in investing activities totaled ¥6,274 million in the same period of the previous fiscal year). This is mainly due to ¥1,085 million in payments of loans receivable, ¥1,272 million in payments of investment properties and proceeds from loans receivable of ¥2,760 million

Cash Flows from Financing Activities

Net cash used in financing activities totaled ¥4,073 million (net cash provided by financing activities totaled ¥9,589 million in the same period of the previous fiscal year). This is mainly due to ¥21,903 million in the repayments of non-current borrowings and ¥1,061 million in cash dividends paid, despite ¥21,150 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the nine months ended August 31, 2017, 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 internally covers the five business 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 that system with knowledge and experience specializing in real estate and finance, (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

Under the medium-term management plan called "Advancing Together 2017" (the targeted period of the plan is three years from December 2014 to November 2017), the Company group aims to further strengthen the business infrastructure by expanding and developing of the existing five business areas and considering its advance to peripheral areas of business, to build optimum corporate governance for expansion of the Company group and increase of the employees which are entailed in expansion of the business, and to establish efficient organization management structure. Further, the Company group will emphasize the cultivation of the most valuable asset of the Company group, i.e. the human resources to increase satisfaction of the employees of the Company group. As the Basic Policy in the medium-term management plan for the further growth of the Company group, the Company group is determined to establish the original and distinctive "Tosei brand" by providing products ensuring high customer

satisfaction and high-quality services. Based on these policies, the Company group is dedicated to redefine existing ideas with the spirit of challenge and advance as the risk-taking group of companies, to aim “creation of new values and sensation as the truly globally-minded and promising professionals”.

The Company group has previously appointed multiple outside directors (two members), invited all Audit & Supervisory Board Members (four members) from outside the company, and has notified all of the above six outside directors and Audit & Supervisory Board Members as “independent directors and/or Audit & Supervisory Board Members” in accordance with the “Principles of Corporate Governance for Listed Companies” of the Tokyo Stock Exchange. Also, the Company group has reinforced the business execution function by the introduction of the executive officer system, and the establishment of the corporate governance board, and will continue to endeavor to further strengthen corporate governance. Specifically, the Company group will focus on putting into practice actions based on a high-level awareness of compliance through raising awareness from the level of “role model” to that of “ideal” in accordance with the Compliance Principles of the Company, thorough implementation of risk management by correctly understanding and analyzing risks involved in corporate activities, continuous performance of accountability to various stakeholders including investors by promptly publicly disclosing correct corporate information under the spirit of fair disclosure, and other efforts for strengthening corporate governance.

- 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 wariiai*) 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 65th 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 established as 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, 2017)	Number of issued shares (Shares: as of the date of filing: October 11, 2017)	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	48,284,000	48,284,000	Tokyo Stock Exchange (First Section), Singapore Exchange (Mainboard)	Share unit number: 100
Total	48,284,000	48,284,000	–	–

(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, 2017 to August 31, 2017	–	48,284,000	–	6,421,392	–	6,504,868

(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, 2017, which is the latest record date, as the information as of August 31, 2017 is not yet available.

a. Issued shares

(As of August. 31, 2017)

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 48,281,400	482,814	Tosei's standard class of shares with no rights limitations
Shares less than one unit	Ordinary shares 2,600	–	–
Total number of issued shares	48,284,000	–	–
Voting rights owned by all shareholders	–	482,814	–

Note: 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.

b. Treasury shares, etc.

(As of August. 31, 2017)

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

During the nine months ended August 31, 2017, there was the following change in officers after the filing date of annual securities report for the previous fiscal year.

Change in appointments

Current position	Previous position	Name of officers	Date of change
Director	Director	Noboru Hirano	April 1, 2017

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, 2017 (from June 1, 2017 to August 31, 2017) and for the first nine months of the fiscal year ending November 30, 2017 (from December 1, 2016 to August 31, 2017) 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, 2016	As of August 31, 2017
Assets			
Current assets			
Cash and cash equivalents	8	21,640,866	23,342,594
Trade and other receivables	8	3,531,880	2,669,278
Inventories		67,298,309	67,538,816
Other current assets		121,444	26,619
Total current assets		92,592,501	93,577,308
Non-current assets			
Property, plant and equipment		3,595,898	3,539,047
Investment properties		21,728,740	22,782,024
Intangible assets		96,612	81,871
Available-for-sale financial assets	8	1,441,167	1,373,042
Trade and other receivables	8	1,235,065	883,321
Deferred tax assets		557,392	379,294
Other non-current assets		28,914	28,914
Total non-current assets		28,683,790	29,067,516
Total assets		121,276,292	122,644,825
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	2,955,289	3,602,320
Borrowings	8	9,387,249	5,980,634
Current income tax liabilities		1,859,183	923,981
Provisions		450,030	250,652
Total current liabilities		14,651,752	10,757,588
Non-current liabilities			
Trade and other payables	8	4,349,965	3,840,838
Borrowings	8	60,772,064	61,826,549
Retirement benefits obligations		413,376	449,694
Provisions		79,049	19,160
Total non-current liabilities		65,614,455	66,136,243
Total Liabilities		80,266,208	76,893,831
Equity			
Share capital		6,421,392	6,421,392
Capital reserves		6,418,823	6,452,424
Retained earnings		28,120,304	32,813,546
Other components of equity		49,562	63,629
Total equity		41,010,083	45,750,993
Total liabilities and equity		121,276,292	122,644,825

(2) Condensed Consolidated Statement of Comprehensive Income

Nine months ended August 31, 2017

(¥ thousand)

	Notes	Nine months ended August 31, 2016	Nine months ended August 31, 2017
Revenue	5	39,139,416	41,978,288
Cost of revenue		24,920,553	27,884,108
Gross profit		14,218,863	14,094,180
Selling, general and administrative expenses		5,326,917	5,195,378
Other income		201,341	203,037
Other expenses		270,105	20,980
Operating profit	5	8,823,182	9,080,858
Finance income		62,546	76,767
Finance costs		682,398	635,981
Profit before tax		8,203,330	8,521,644
Income tax expense		2,824,329	2,766,154
Profit for the period		5,379,001	5,755,489
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		(34,142)	6,826
Net change in fair values of available-for-sale financial assets		(9,153)	(6,083)
Net change in fair values of cash flow hedges		(2,196)	13,324
Subtotal		(45,492)	14,067
Other comprehensive income for the period, net of tax		(45,492)	14,067
Total comprehensive income for the period		5,333,508	5,769,556
Profit attributable to:			
Owners of the parent		5,379,001	5,755,489
Total comprehensive income attributable to:			
Owners of the parent		5,333,508	5,769,556
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	111.40	119.20
Diluted earnings per share (yen)	7	—	—

Third quarter ended August 31, 2017

(¥ thousand)

	Notes	Third quarter ended August 31, 2016	Third quarter ended August 31, 2017
Revenue	5	8,484,199	15,618,203
Cost of revenue		6,013,353	11,025,534
Gross profit		2,470,846	4,592,668
Selling, general and administrative expenses		1,343,907	1,793,131
Other income		66,498	42,891
Other expenses		45,489	3,375
Operating profit	5	1,147,947	2,839,052
Finance income		31,412	43,811
Finance costs		216,347	218,651
Profit before tax		963,012	2,664,212
Income tax expense		327,992	840,588
Profit for the period		635,019	1,823,623
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		(14,413)	6,524
Net change in fair values of available-for-sale financial assets		(16,426)	(57)
Net change in fair values of cash flow hedges		565	1,428
Subtotal		(30,274)	7,895
Other comprehensive income for the period, net of tax		(30,274)	7,895
Total comprehensive income for the period		604,745	1,831,519
Profit attributable to:			
Owners of the parent		635,019	1,823,623
Total comprehensive income attributable to:			
Owners of the parent		604,745	1,831,519
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	13.15	37.77
Diluted earnings per share (yen)	7	—	—

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended August 31, 2016 (December 1, 2015 – August 31, 2016)

					(¥ thousand)	
	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2015		6,421,392	6,373,881	23,327,875	105,228	36,228,378
Profit for the period		—	—	5,379,001	—	5,379,001
Other comprehensive income		—	—	—	(45,492)	(45,492)
Total comprehensive income for the period		—	—	5,379,001	(45,492)	5,333,508
Dividends of surplus	6	—	—	(772,544)	—	(772,544)
Share-based payment		—	32,724	—	—	32,724
Balance at August 31, 2016		6,421,392	6,406,605	27,934,333	59,735	40,822,067

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

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

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

Notes	Nine months ended August 31, 2016	Nine months ended August 31, 2017
Cash flows from operating activities		
Profit before tax	8,203,330	8,521,644
Depreciation expense	244,535	289,665
Increase (decrease) in provisions and retirement benefits obligations	(130,536)	(149,574)
Interest and dividends income	(62,546)	(76,767)
Interest expenses	682,398	635,981
Gain on sales of stocks of subsidiaries and affiliates	—	(123,505)
Loss on retirement of property, plant and equipment	5,436	—
Decrease (increase) in trade and other receivables	88,949	(358,925)
Decrease (increase) in inventories	(6,562,541)	(68,938)
Increase (decrease) in trade and other payables	(221,645)	123,134
Other, net	(124,415)	48,835
Subtotal	2,122,964	8,841,551
Interest and dividends income received	61,897	76,767
Income taxes paid	(2,186,413)	(3,554,759)
Net cash from (used in) operating activities	(1,550)	5,363,558
Cash flows from investing activities		
Payments into time deposits	(45,000)	—
Proceeds from withdrawal of time deposits	—	95,000
Purchase of property, plant and equipment	(37,469)	(13,062)
Purchase of investment properties	(1,695,354)	(1,272,601)
Purchase of intangible assets	(15,160)	(6,963)
Purchase of available-for-sale financial assets	(80,250)	(50,166)
Collection of available-for-sale financial assets	80,452	7,619
Proceeds from sales of available-for-sale financial assets	—	84,071
Payments of loans receivable	(1,260,000)	(1,085,000)
Collection of loans receivable	54	2,760,056
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,286,137)	(159,328)
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	64,000	—
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	39,328
Other, net	37	12,032
Net cash from (used in) investing activities	(6,274,825)	410,983
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(10,600)	(1,575,800)
Proceeds from non-current borrowings	29,048,800	21,150,850
Repayments of non-current borrowings	(17,982,036)	(21,903,138)
Cash dividends paid	(771,458)	(1,061,250)
Interest expenses paid	(688,761)	(681,691)
Other, net	(6,034)	(2,461)
Net cash from (used in) financing activities	9,589,908	(4,073,491)
Net increase (decrease) in cash and cash equivalents	3,313,532	1,701,051
Cash and cash equivalents at beginning of period	18,791,081	21,640,866
Effect of exchange rate change on cash and cash equivalents	(6,620)	676
Cash and cash equivalents at end of period	22,097,993	23,342,594

(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, 2017 to August 31, 2017) and first nine months (December 1, 2016 to August 31, 2017) 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 10, 2017.

(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, 2016
(December 1, 2015 – August 31, 2016)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	19,946,219	11,211,309	3,825,255	1,711,203	2,174,627	270,800	—	39,139,416
Intersegment revenue	—	—	31,413	21,277	754,700	836	(808,227)	—
Total	19,946,219	11,211,309	3,856,668	1,732,480	2,929,328	271,637	(808,227)	39,139,416
Segment profit or loss	3,963,177	3,703,230	1,741,568	742,061	98,346	(22,116)	(1,403,086)	8,823,182
Finance income/costs, net								(619,851)
Profit before tax								8,203,330

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

	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

Third quarter ended August 31, 2016
(June 1, 2016 – August 31, 2016)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	4,522,071	1,114,271	1,407,943	633,573	737,242	69,096	—	8,484,199
Intersegment revenue	—	—	10,598	8,677	229,161	465	(248,902)	—
Total	4,522,071	1,114,271	1,418,542	642,250	966,404	69,562	(248,902)	8,484,199
Segment profit	335,857	43,343	738,527	311,721	28,013	1,680	(311,197)	1,147,947
Finance income/costs, net								(184,935)
Profit before tax								963,012

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

6. Dividends

Dividends paid in the nine months ended August 31, 2016 and August 31, 2017 are as follows:

Nine months ended August 31, 2016				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2016	16	772,544	November 30, 2015	February 26, 2016

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

7. Earnings per share

	Nine months ended August 31, 2016	Nine months ended August 31, 2017
Profit attributable to owners of the parent (¥ thousand)	5,379,001	5,755,489
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	111.40	119.20

	Third quarter ended August 31, 2016	Third quarter ended August 31, 2017
Profit attributable to owners of the parent (¥ thousand)	635,019	1,823,623
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	13.15	37.77

Notes: 1. Basic earnings per share is calculated by dividing profit attributable to owners of the parent, by the weighted average number of ordinary shares outstanding during the nine months ended August 31, 2017 and during the third quarter ended August 31, 2017.

2. Diluted earnings per share are 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, 2016		As of August 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	21,640,866	21,640,866	23,342,594	23,342,594
Available-for-sale financial assets	1,441,167	1,441,167	1,373,042	1,373,042
Trade and other receivables	4,766,946	4,766,946	3,552,599	3,552,599
Trade and other payables	7,305,255	7,305,255	7,443,158	7,443,158
Borrowings	70,159,313	70,207,138	67,807,184	67,851,615

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, 2016			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,363,106	38	78,021	1,441,167
Financial liabilities measured at fair value with the change in fair value recognized through other comprehensive income (derivative)	—	36,115	—	36,115

(¥ thousand)

	As of August 31, 2017			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,268,056	—	104,985	1,373,042
Financial liabilities measured at fair value with the change in fair value recognized through other comprehensive income (derivative)	—	16,014	—	16,014

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, 2017
Balance at beginning of period	78,021
Acquisition	50,166
Comprehensive income	
Profit (loss)	(3,573)
Disposal	(19,629)
Balance at end of period	104,985

9. 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 10, 2017

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, 2017 to August 31, 2017) and the nine-month period (December 1, 2016 to August 31, 2017) of the fiscal year from December 1, 2016 to November 30, 2017.

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, 2017, their operating results for the third quarter and the nine month ended August 31, 2017, 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

*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.