Quarterly Securities Report

(The English translation of the “Shihanki-Houkokusho”
for the second quarter of the 65th term)

from March 1, 2014
to May 31, 2014

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 of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on July 10, 2014. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

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[Quarterly Review Report of Independent Auditors]

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Company name (Japanese):	トーセイ株式会社 (*Tosei Kabushiki-Kaisha*)
Company name (English):	Tosei Corporation
Title and name of representative:	Seiichiro Yamaguchi, President and CEO
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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	64th term First six months	65th term First six months	64th term
Accounting period	From December 1, 2012 to May 31, 2013	From December 1, 2013 to May 31, 2014	From December 1, 2012 to November 30, 2013
Revenue (¥ thousand) [Second quarter of the current fiscal year]	23,090,689 [7,589,330]	20,458,238 [9,118,272]	35,070,345
Profit before tax (¥ thousand)	2,387,266	2,100,589	3,222,127
Profit attributable to owners of the parent (¥ thousand) [Second quarter of the current fiscal year]	1,462,775 [595,700]	1,288,315 [415,848]	2,006,471
Comprehensive income for the period attributable to owners of the parent (¥ thousand)	1,468,404	1,289,006	2,011,115
Total equity (¥ thousand)	27,723,512	30,995,160	30,092,426
Total assets (¥ thousand)	63,943,872	84,609,659	71,283,073
Basic earnings per share (¥) [Second quarter of the current fiscal year]	32.02 [13.04]	26.68 [8.61]	43.05
Diluted earnings per share (¥)	—	—	–
Ratio of equity attributable to owners of the parent to total assets (%)	43.4	36.6	42.2
Net cash from (used in) operating activities (¥ thousand)	5,819,222	(9,545,640)	2,772,614
Net cash from (used in) investing activities (¥ thousand)	90,209	(1,780,102)	(940,724)
Net cash from (used in) financing activities (¥ thousand)	(2,363,215)	11,202,966	3,456,677
Cash and cash equivalents at end of period (¥ thousand)	12,969,596	14,589,166	14,711,997

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 is not presented since there were no potential shares.
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").
5. The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the basic earnings per share were calculated on the assumption that the share had been split at the beginning of the previous fiscal year.
6. The Tosei Group partially changed accounting policies effective from the first six months of the 65th term. Consequently, relative figures of the principal management benchmarks above for the first six months of the 64th term and the 64th term were retroactively changed. For details, please refer to "IV, Accounting, 1. Condensed Quarterly Consolidated Financial Statements, (5) Notes to Condensed Quarterly Consolidated Financial Statements, 3. Significant accounting policies, Changes in accounting policies".

2. Business description

During the six months ended May 31, 2014, 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. There were also no changes in principal subsidiaries and affiliates.

II. Review of operations

1. Business and other risks

There were no business and other risks that newly arose during the six months ended May 31, 2014. 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 second 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 (the Company and its consolidated subsidiaries) as of May 31, 2014.

(1) Analysis of operating results

In the six months ended May 31, 2014, the Japanese economy recovered at a moderate pace. Consumer spending showed signs of weakness, with demand falling back after a spike ahead of the increase in consumption tax rate in April 2014, but corporate earnings and employment conditions improved steadily, supported by bold monetary easing measures and other economic policies. There were also signs of an end to deflation amid a trend of rising consumer prices.

In the real estate industry where Tosei Group operates, domestic real estate transactions by listed companies, J-REITs and other business entities totaled as much as approximately ¥4.6 trillion in the period from April 2013 to March 2014, an increase of 74% from roughly ¥2.7 trillion in the period from April 2012 to March 2013. This strong growth was driven by J-REITs acting as leaders of domestic real estate transactions, and active transactions by sectors of privately placed funds, domestic business entities and overseas funds. Also, according to officially published 2014 land price data announced in March this year, land prices rose in Japan’s three major metropolitan areas for the first time in six years since the Lehman Crisis. The recovery trend in the real estate market is gaining strength more and more. (According to a survey by a private research institution)

In the Tokyo metropolitan area condominium market, the number of condominiums supplied to the market in April 2014, the latest data available, fell 39.6% year on year to 2,473 units, the third straight month of decline, reflecting strong front-loading sales of condominium inventories in the previous fiscal year. The closing rate of sales contracts in the same month also declined for the third straight month, down 3.5 percentage points year on year to 74.7%, mainly due to a pullback in demand, which spiked before consumption tax rate was increased. However, the closing rate remained above the 70% line, which is viewed as indicating favorable conditions. (According to a survey by a private research institution)

In the Tokyo metropolitan area built-for-sale detached house market, both supply and demand conditions remained firm, with the number of new housing starts recovering to roughly 5,000 units per month, compared with around 3,000 units per month in 2009. Housing starts in April 2014, the latest data available, totaled 5,163 units, down 2.2% year on year, and up 12.5% month on month. (Ministry of Land, Infrastructure, Transport and Tourism data)

In the office leasing market of Tokyo’s five business wards, the occupancy rate continued to improve, reflecting firm demand for office relocation and increased office space from tenant companies. The vacancy rate in April 2014, the latest data available, declined 1.90 percentage points year on year to 6.64%, while the average asking rent rose 0.80% month on month to ¥16,455/tsubo, which was 0.19% lower than the same month of the previous fiscal year. The average asking rent has now experienced modest increases for four straight months. (According to a survey by a private research institution)

In the real estate securitization market, J-REITs continued to actively acquire properties. In 2013, the properties acquired by J-REITs totaled ¥2.2 trillion, a large increase from ¥780 billion in the previous fiscal year. (According to a survey by a private research institution) As of the end of December 2013, the total value of assets under management was ¥27.3 trillion, comprising ¥11.2 trillion at J-REITs and ¥16.1 trillion at privately placed funds. (According to a survey by a private institution) The J-REIT market is likely to remain firm in the near term, supported by continued acquisition of J-REITs by the Bank of Japan,

growth in purchases of investment trusts following the introduction of NISAs in January 2014, and inflows from public pension funds. The favorable fund procurement environment is also likely to support further growth in the J-REIT market.

Amid this operating environment, in the Revitalization Business, the Tosei Group made steady progress on the sale of assets such as income-generating office buildings and apartment buildings. In the Development Business, the Group sold detached houses, condominiums and other products to end users. The Group also proactively acquired income-generating properties and development sites, which will be the source of the Group's future income.

As a result, consolidated revenue for the six months ended May 31, 2014 totaled ¥20,458 million (down 11.4% year-on-year), operating profit was ¥2,473 million (down 10.2%), profit for the period before tax was ¥2,100 million (down 12.0%), and profit for the period was ¥1,288 million (down 11.9%).

Performance by business segment is shown below.

Revitalization Business

During the six months ended May 31, 2014, the segment sold 13 properties it had renovated, including Akihabara Tosei Building (Chiyoda-ku, Tokyo), Ueno Takeuchi Building (Taito-ku, Tokyo), FLEG Nishiazabu (Minato-ku, Tokyo), and Nishijima Building (Toshima-ku, Tokyo), and a land lot at Shinjuku 6-chome, Shinjuku-ku, Tokyo. In addition, the segment sold 30 units in the Restyling Business, including Hilltop Yokohama Negishi (Yokohama-shi, Kanagawa), Hilltop Yokohama Higashi Terao (Yokohama-shi, Kanagawa), and Estage Kaminoge (Setagaya-ku, Tokyo). In the six months ended May 31, 2014, it also acquired for renovation and sales purposes a total of 17 income-generating office buildings and apartment buildings and two land lots.

As a result, revenue in this segment was ¥12,835 million (up 46.8% year-on-year) and the segment profit was ¥1,269 million (down 15.2%).

Development Business

During the six months ended May 31, 2014, the segment focused on the sale of newly-built condominiums and detached houses, which were seeing firm demand. The segment sold 33 newly-built condominium units in THE Palms Nihonbashi Kodenmacho Visage (Chuo-ku, Tokyo), as well as a total of 28 detached houses such as properties at Palms Court Setagaya Okamoto (Setagaya-ku, Tokyo), Palms Court Okusawa 1-Chome (Setagaya-ku, Tokyo) and Palms Court Yokohama Hakuraku (Yokohama-shi, Kanagawa). The segment also acquired seven land lots for detached house projects and one land lot for a store development project.

As a result, revenue in this segment was ¥3,153 million (down 69.7% year-on-year) and the segment profit was ¥289 million (down 58.8%).

Rental Business

During the six months ended May 31, 2014, while the segment sold 12 buildings of its inventory assets held for leasing purposes, it acquired a total of 16 income-generating office buildings and apartment buildings, and made an effort to lease them out. The segment also focused on leasing activities for its pre-existing non-current assets and inventory assets.

As a result, revenue in this segment was ¥1,834 million (up 55.6% year-on-year), and the segment profit was ¥1,151 million (up 68.0%).

Fund and Consulting Business

During the six months ended May 31, 2014, while the segment obtained new asset management contracts in the amount of ¥99,015 million, the balance of assets under management decreased by ¥41,441 million, due mainly to the property dispositions by funds. Consequently, the fee income relating to acquisitions and dispositions of properties for funds made a contribution to the revenue.

As a result, revenue in this segment was ¥469 million (down 51.3% year-on-year) and the segment profit was ¥108 million (down 80.0%).

As of May 31, 2014, the balance of assets under management (Note) totaled ¥305,603 million.

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

Property Management Business

As of May 31, 2014, the number of properties managed by the Company including office buildings, parking lots and schools was 350, an increase of 26 from May 31, 2013, while the number of condominium and apartment buildings under management decreased by 14 to 201, making the total number of properties under management 551, an increase of 12 from May 31, 2013.

As a result, revenue in this segment was ¥1,503 million (down 5.6% year-on-year) and the segment profit was ¥146 million (up 114.6%).

Alternative Investment Business

During the six months ended May 31, 2014, the segment focused on leasing of the properties acquired by accepting a substitute performance.

As a result, revenue in this segment was ¥661 million (up 249.4% year-on-year) and the segment profit was ¥117 million (up 337.3%).

(2) Analysis of financial position

As of May 31, 2014, total assets were ¥84,609 million, an increase of ¥13,326 million compared with November 30, 2013, while total liabilities were ¥53,614 million, an increase of ¥12,423 million.

This mainly reflected an increase in inventories resulting from purchase of properties exceeding sales of properties in the Revitalization Business and Development Business, and an increase in borrowings from financial institutions.

Total equity increased by ¥902 million to ¥30,995 million compared with November 30, 2013, 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 May 31, 2014 totaled ¥14,589 million, down ¥122 million from November 30, 2013. This primarily reflected profit for the period before tax of ¥2,100 million, steady progress in property acquisitions in the Revitalization Business and Development Business and an increase in borrowings from financial institutions accompanying such property acquisitions.

The respective cash flow positions and factors for the six months ended May 31, 2014 are as follows:

Cash Flows from Operating Activities

Net cash used in operating activities totaled ¥9,545 million (net cash provided by operating activities totaled ¥5,819 million in the same period of the previous fiscal year). This is mainly attributed to the profit for the period before tax of ¥2,100 million and an increase in inventories of ¥11,344 million resulting from property acquisitions in the Revitalization Business and Development Business.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥1,780 million (net cash provided by investing activities totaled ¥90 million in the same period of the previous fiscal year). This primarily due to purchase of investment property of ¥1,094 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥11,202 million (net cash used in financing activities totaled ¥2,363 million in the same period of the previous fiscal year). This mainly reflected proceeds from non-current borrowings of ¥20,087 million, offset by ¥8,671 million in repayments of non-current borrowings and ¥383 million in cash dividends paid.

(4) Operational and financial issues to be addressed

During the six months ended May 31, 2014, 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 of the Company that would involve a change of control thereof. 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 share 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.

Particularly, it is necessary and essential for the Company to (i) maintain the system under which the Company internally covers the six 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 share acquisition by such persons.

b. Overview of special measures to realize the basic policy

Because the Tosei Group was fully aware of the fact that as a listed company on the First Section of the Tokyo Stock Exchange, it would be required to demonstrate even higher standards of behavior, dignity and the like from external parties in the future, the Group, aiming to move to the next stage, established a new medium-term management plan called "Next Stage 2014" (the targeted period of the plan is three years from December 2011 to November 2014) and commenced its efforts under the plan from the fiscal year ended November 30, 2012. Under this new medium-term management plan, although the Group faces an external environment that is dramatically changing due to the financial crisis and the Great East Japan Earthquake, in order to realize further progress as a company intending to make continuous innovation, the Group will create new value and inspiration in all aspects of real estate in a wider business field than in the past by (i) further strengthening each segment currently owned by the Company group including expansion of the business for end users in Japan, (ii) making new steps toward starting business abroad with broader global perspectives and (iii) reforming its management infrastructure.

The Company group has previously taken measures to strengthen corporate governance, such as the

appointment of outside directors (two members), the invitation of all audit & supervisory board members (four members) from outside the Company, the notification to the Tokyo Stock Exchange of two outside directors and four outside audit & supervisory board members (six members in total) as "independent directors/auditors" in accordance with the "Principles of Corporate Governance for Listed Companies" of the Tokyo Stock Exchange, the reinforcement of the business execution function by the introduction of the executive officer system, and the establishment of the corporate governance board, and will in the future endeavor to further strengthen corporate governance as a listed company on the First Section of the Tokyo Stock Exchange. 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 wariai)* of a holder *(hoyuusha)* totaling at least 20% of the share certificates, etc. issued by the Company; or (ii) a purchase or other acquisition that falls under 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 therewith 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 it is an acquisition that may obviously cause harm to ensuring and enhancing the corporate value of the Company and the common interests of shareholders, and also (ii) it is reasonable to implement the gratis allotment of stock acquisition rights, the independent committee will recommend the implementation of the gratis allotment of stock acquisition rights to the Company's board of directors. In addition, when a meeting of shareholders is held 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 held 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 62nd 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

The 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 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, based on the following reasoning: approval from the general meeting of shareholders was 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 May 31, 2014)	Number of issued shares (Shares: as of the date of filing: July 10, 2014)	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 March 1, 2014 to May 31, 2014	–	48,284,000	–	6,421,392	–	6,504,868

(6) Status of major shareholders

(As of May 31, 2014)

Name of shareholder	Address	Number of shares held (Share)	Percentage of number of shares held in the total number of shares issued (%)
Seiichiro Yamaguchi	Shibuya-ku, Tokyo, Japan	12,885,500	26.68
Zeus Capital Limited	2-22-26-103 Uehara, Shibuya-ku, Tokyo, Japan	6,000,000	12.42
Japan Trustee Services Bank, Ltd. (Trust Account)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	3,021,400	6.25
State Street Bank and Trust Company (Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department)	P.O.BOX 351 BOSTON MASSACHUSETTS 02101 U.S.A (4-16-13, Tsukishima, Chuo-ku, Tokyo, Japan)	1,643,800	3.40
Barclays Capital Securities Limited A/C Cayman Clients (Standing proxy:Barclays Securities Japan Limited)	5 THE NORTH COLONNADE CANARY WHARF LONDON E14 4BB UNITED KIGDOM (6-10-1, Roppongi, Minato-ku, Tokyo, Japan)	1,469,000	3.04
The Master Trust Bank of Japan, Ltd. (Trust Account)	2-11-3, Hamamatsucho, Minato-ku, Tokyo, Japan	1,051,100	2.17
The Chase Manhattan Bank, N.A. London Secs Lending Omnibus Account (Standing proxy: Mizuho Bank, Ltd., Settlement Sales Department)	WOOLGATE HOUSE, COLEMAN STREET LONDON EC2P 2HD, ENGLAND (4-16-13, Tsukishima, Chuo-ku, Tokyo, Japan)	1,029,700	2.13
Trust & Custody Services Bank, Ltd. (Securities Investment Trust Account)	Tower Z, Harumi Triton Square, 1-8-12, Harumi, Chuo-ku, Tokyo, Japan	848,200	1.75
The Nomura Trust and Banking Co., Ltd. (Investment Securities)	2-2-2, Otemachi, Chiyoda-ku, Tokyo, Japan	675,000	1.39
Japan Trustee Services Bank, Ltd. (Trust Account No.9)	1-8-11, Harumi, Chuo-ku, Tokyo, Japan	481,500	0.99
Total	–	29,105,200	60.27

(7) Status of voting rights

a. Issued shares

(As of May 31, 2014)

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 48,282,400	482,824	Tosei's standard class of shares with no rights limitations
Shares less than one unit	Ordinary shares 1,600	–	–
Total number of issued shares	48,284,000	–	–
Voting rights owned by all shareholders	–	482,824	–

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 4 units of voting rights related to shares with full voting rights in its name.

b. Treasury shares, etc.

(As of May 31, 2014)

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

2. Status of officers

During the six months ended May 31, 2014, 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, Chief Operating Officer, and Senior Executive Officer of Business Division; also in charge of Asset Solutions 2, Asset Solutions Business Promotion and Architecture Planning Departments	Director	Director, Chief Operating Officer, and Senior Executive Officer of Business Division; also in charge of Asset Solutions 2 and Asset Solutions Business Promotion Departments	Katsuhito Kosuge	March 1, 2014

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 second quarter of the fiscal year ending November 30, 2014 (from March 1, 2014 to May 31, 2014) and for the first six months of the fiscal year ending November 30, 2014 (from December 1, 2013 to May 31, 2014) 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, 2013	As of May 31, 2014
Assets			
Current assets			
Cash and cash equivalents		14,711,997	14,589,166
Trade and other receivables		902,131	1,043,080
Inventories		38,040,625	49,942,653
Other current assets		24,781	24,557
Total current assets		53,679,536	65,599,457
Non-current assets			
Property, plant and equipment		3,304,792	3,292,176
Investment properties		12,703,600	13,231,983
Intangible assets		31,598	31,052
Available-for-sale financial assets		810,105	1,485,613
Trade and other receivables		188,884	531,022
Deferred tax assets		560,541	434,338
Other non-current assets		4,014	4,014
Total non-current assets		17,603,536	19,010,201
Total assets		71,283,073	84,609,659
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables		2,323,705	1,663,331
Borrowings		7,587,433	8,148,647
Current income tax liabilities		865,256	696,987
Provisions		209,124	187,122
Total current liabilities		10,985,520	10,696,088
Non-current liabilities			
Trade and other payables		2,107,809	3,212,866
Borrowings		27,449,160	39,046,532
Retirement benefits obligations		624,154	637,914
Provisions		24,003	21,097
Total non-current liabilities		30,205,126	42,918,410
Total Liabilities		41,190,647	53,614,498
Equity			
Share capital		6,421,392	6,421,392
Capital reserves		6,375,317	6,375,317
Retained earnings		17,294,366	18,196,410
Other components of equity		1,348	2,039
Total equity		30,092,426	30,995,160
Total liabilities and equity		71,283,073	84,609,659

(2) Condensed Consolidated Statement of Comprehensive Income

Six months ended May 31, 2014

(¥ thousand)

	Notes	Six months ended May 31, 2013 (Dec. 1, 2012 – May 31, 2013)	Six months ended May 31, 2014 (Dec. 1, 2013 – May 31, 2014)
Revenue	5	23,090,689	20,458,238
Cost of revenue		17,665,271	15,903,261
Gross profit		5,425,418	4,554,976
Selling, general and administrative expenses		2,676,337	2,114,733
Other income		17,103	35,715
Other expenses		11,691	2,259
Operating profit	5	2,754,493	2,473,698
Finance income		1,783	1,645
Finance costs		369,010	374,754
Profit before tax		2,387,266	2,100,589
Income tax expense		924,491	812,274
Profit for the period		1,462,775	1,288,315
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		3,719	(63)
Net change in fair values of available-for-sale financial assets		1,197	(372)
Net change in fair values of cash flow hedges		712	1,126
Subtotal		5,629	690
Other comprehensive income for the period, net of tax		5,629	690
Total comprehensive income for the period		1,468,404	1,289,006
Profit attributable to:			
Owners of the parent		1,462,775	1,288,315
Total comprehensive income attributable to:			
Owners of the parent		1,468,404	1,289,006
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	32.02	26.68
Diluted earnings per share (yen)	7	—	—

Second quarter ended May 31, 2014 (¥ thousand)

	Notes	Second quarter ended May 31, 2013 (Mar. 1, 2013 – May 31, 2013)	Second quarter ended May 31, 2014 (Mar. 1, 2014 – May 31, 2014)
Revenue	5	7,589,330	9,118,272
Cost of revenue		5,030,941	7,270,946
Gross profit		2,558,389	1,847,325
Selling, general and administrative expenses		1,422,574	997,705
Other income		12,243	26,007
Other expenses		10,445	2,174
Operating profit	5	1,137,611	873,452
Finance income		367	225
Finance costs		159,393	200,760
Profit before tax		978,585	672,917
Income tax expense		382,885	257,068
Profit for the period		595,700	415,848
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		1,570	106
Net change in fair values of available-for-sale financial assets		(1,579)	—
Net change in fair values of cash flow hedges		784	539
Subtotal		776	646
Other comprehensive income for the period, net of tax		776	646
Total comprehensive income for the period		596,476	416,495
Profit attributable to:			
Owners of the parent		595,700	415,848
Total comprehensive income attributable to:			
Owners of the parent		596,476	416,495
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	13.04	8.61
Diluted earnings per share (yen)	7	—	—

(3) Condensed Consolidated Statement of Changes in Equity

Six months ended May 31, 2013 (December. 1, 2012 – May 31, 2013)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2012		5,454,673	5,516,499	15,562,315	(3,295)	26,530,193
Profit for the period		—	—	1,462,775	—	1,462,775
Other comprehensive income		—	—	—	5,629	5,629
Total comprehensive income for the period		—	—	1,462,775	5,629	1,468,404
Dividends from surplus	6	—	—	(274,104)	—	(274,104)
Retained earnings from newly consolidated subsidiaries		—	—	(981)	—	(981)
Balance at May 31, 2013		5,454,673	5,516,499	16,750,006	2,333	27,723,512

Six months ended May 31, 2014 (December. 1, 2013 – May 31, 2014)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2013		6,421,392	6,375,317	17,294,366	1,348	30,092,426
Profit for the period		—	—	1,288,315	—	1,288,315
Other comprehensive income		—	—	—	690	690
Total comprehensive income for the period		—	—	1,288,315	690	1,289,006
Dividends of surplus	6	—	—	(386,272)	—	(386,272)
Balance at May 31, 2014		6,421,392	6,375,317	18,196,410	2,039	30,995,160

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Six months ended May 31 2013 (Dec. 1, 2012 – May 31, 2013)	Six months ended May 31 2014 (Dec. 1, 2013 – May 31, 2014)
Cash flows from operating activities			
Profit before tax		2,387,266	2,100,589
Depreciation expense		86,331	90,650
Increase (decrease) in provisions and retirement benefits obligations		69,902	(22,992)
Interest and dividends income		(1,783)	(1,645)
Interest expenses		369,010	374,754
Net gain on disposal of available-for-sale financial assets		(7,323)	(531)
Loss on retirement of property, plant and equipment		183	1,588
Decrease (increase) in trade and other receivables		597,623	(329,437)
Decrease (increase) in inventories		3,747,571	(11,344,539)
Increase (decrease) in trade and other payables		(1,365,027)	436,842
Other, net		1,622	(3,467)
Subtotal		5,885,377	(8,698,186)
Interest and dividends income received		1,914	1,637
Income taxes paid		(68,069)	(849,090)
Net cash from (used in) operating activities		5,819,222	(9,545,640)
Cash flows from investing activities			
Purchase of property, plant and equipment		(1,440)	(8,608)
Purchase of investment properties		(152,635)	(1,094,520)
Purchase of intangible assets		(330)	(5,302)
Purchase of available-for-sale financial assets		(2,000)	(726,630)
Collection of available-for-sale financial assets		216,700	53,600
Proceeds from sales of available-for-sale financial assets		30,782	1,156
Collection of loans receivable		43	28
Other, net		(911)	174
Net cash from (used in) investing activities		90,209	(1,780,102)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		(384,400)	744,000
Proceeds from non-current borrowings		10,485,000	20,087,000
Repayments of non-current borrowings		(11,828,303)	(8,671,528)
Cash dividends paid		(273,142)	(383,870)
Interest expenses paid		(361,484)	(571,748)
Other, net		(885)	(885)
Net cash from (used in) financing activities		(2,363,215)	11,202,966
Net increase (decrease) in cash and cash equivalents		3,546,215	(122,776)
Cash and cash equivalents at beginning of period		9,410,622	14,711,997
Effect of exchange rate change on cash and cash equivalents		3,721	(54)
Increase in cash and cash equivalents from newly consolidated subsidiaries		9,036	—
Cash and cash equivalents at end of period		12,969,596	14,589,166

(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 second quarter (March 1, 2014 to May 31, 2014) and first six months (December 1, 2013 to May 31, 2014) 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 six business operations: Revitalization Business, Development Business, Rental Business, Fund and Consulting Business, Property Management Business and Alternative Investment 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 "specified company" as provided in Article 1-2 of the "Ordinance on Terminology, Forms and Preparation Methods of Consolidated Financial Statements" (Ordinance of the Ministry of Finance No. 28 of 1976), 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 July 8, 2014.

(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

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, 2014.

Standard	Name of standard	Overview of new establishment and amendment
IAS 19	Employee Benefits	Recognition of actuarial gains and losses and past service cost, and presentation and disclosure of post-employment benefits
IFRS 10	Consolidated Financial Statements	Clarification and application of the concept of control as a basis to determine which entities are to be consolidated
IFRS 11	Joint Arrangements	Principles for the financial reporting by parties to a joint arrangement, and supersedence of former IAS 31 and SIC 13
IFRS 12	Disclosure of Interests in Other Entities	Disclosure requirements on interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities
IFRS 13	Fair Value Measurement	Establishment of a framework when other standards require fair value measurement

The above standards have no material impact on the condensed quarterly consolidated financial statements.

Among the above standards, for IAS 19, the comparative data have been adjusted retroactively in accordance with transitional measures.

Changes in presentation

In the past, sales expenses such as advertising costs for real estate for sale were posted in “Cost of revenue”, but from the first quarter of the current fiscal period, such expenses are being posted in “Selling, general and administrative expenses.”

This change was made in order to more accurately present the actual situation, due to the fact that the aforementioned sales expenses more resemble sales costs than cost of goods sold these days.

To reflect this change in presentation, reclassification of accounts has been made for the condensed consolidated statement of comprehensive income for the six months ended May 31, 2013. As a result, ¥907,972 thousand included in “Cost of revenue” in the condensed consolidated statement of comprehensive income for the six months ended May 31, 2013 were reclassified to “Selling, general and administrative expenses”.

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 business segments and conducts business activities accordingly; "Revitalization Business", "Development Business", "Rental Business", "Fund and Consulting Business", "Property Management Business", and "Alternative Investment 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 apartments 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. In the Alternative Investment Business, the Group acquires real estate collateralized loans and sells the properties acquired through collection of debt and acceptance of substitute performance.

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

Six months ended May 31, 2013
(December 1, 2012 –May 31, 2013)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	8,745,156	10,420,929	1,179,357	963,333	1,592,712	189,201	—	23,090,689
Intersegment revenue	—	—	27,925	2,373	164,412	—	(194,712)	—
Total	8,745,156	10,420,929	1,207,282	965,707	1,757,124	189,201	(194,712)	23,090,689
Segment profit	1,496,912	702,005	685,393	541,255	68,336	26,806	(766,215)	2,754,493
Finance income/costs, net								(367,226)
Profit before tax								2,387,266

Six months ended May 31, 2014
(December 1, 2013 – May 31, 2014)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	12,835,618	3,153,146	1,834,843	469,561	1,503,971	661,096	—	20,458,238
Intersegment revenue	—	—	28,546	5,795	241,580	—	(275,922)	—
Total	12,835,618	3,153,146	1,863,390	475,356	1,745,552	661,096	(275,922)	20,458,238
Segment profit	1,269,162	289,565	1,151,647	108,502	146,660	117,215	(609,055)	2,473,698
Finance income/costs, net								(373,109)
Profit before tax								2,100,589

Second quarter ended May 31, 2013
(March 1, 2013 – May 31, 2013)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	1,637,452	3,850,213	647,511	552,792	802,854	98,505	—	7,589,330
Intersegment revenue	—	—	14,188	1,083	86,540	—	(101,812)	—
Total	1,637,452	3,850,213	661,699	553,876	889,395	98,505	(101,812)	7,589,330
Segment profit	166,053	589,482	413,990	360,513	25,824	4,507	(422,760)	1,137,611
Finance income/costs, net								(159,025)
Profit before tax								978,585

Second quarter ended May 31, 2014
(March 1, 2014 – May 31, 2014)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	5,944,006	630,344	1,062,985	178,070	716,755	586,109	—	9,118,272
Intersegment revenue	—	—	14,247	2,823	117,970	—	(135,041)	—
Total	5,944,006	630,344	1,077,233	180,893	834,726	586,109	(135,041)	9,118,272
Segment profit (loss)	404,824	(48,900)	680,280	(8,419)	49,447	74,777	(278,557)	873,452
Finance income/costs, net								(200,535)
Profit before tax								672,917

6. Dividends

Dividends paid in the six months ended May 31, 2013 and May 31, 2014 are as follows:

Six months ended May 31, 2013				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 26, 2013	600	274,104	November 30, 2012	February 27, 2013

Six months ended May 31, 2014				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 27, 2014	8	386,272	November 30, 2013	February 28, 2014

The Company split its shares by 100 for 1, effective July 1, 2013. The dividend per share the record date for which falls on or before June 30, 2013 was presented using the pre-share split figures.

7. Earnings per share

	Six months ended May 31, 2013 (Dec. 1, 2012 – May 31, 2013)	Six months ended May 31, 2014 (Dec. 1, 2013 – May 31, 2014)
Profit for the period attributable to owners of the parent (¥ thousand)	1,462,775	1,288,315
Weighted average number of outstanding ordinary shares (shares)	45,684,000	48,284,000
Basic earnings per share (¥)	32.02	26.68

	Second quarter ended May 31, 2013 (Mar. 1, 2013 – May 31, 2013)	Second quarter ended May 31, 2014 (Mar. 1, 2014 – May 31, 2014)
Profit for the period attributable to owners of the parent (¥ thousand)	595,700	415,848
Weighted average number of outstanding ordinary shares (shares)	45,684,000	48,284,000
Basic earnings per share (¥)	13.04	8.61

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 reporting period.

2. Information on diluted earnings per share is omitted due to an absence of potential shares.

3. The Company split its shares by 100 for 1, effective July 1, 2013. Therefore, the basic earnings per share were calculated on the assumption that the share split was implemented at the beginning of the previous fiscal year ended November 30, 2012.

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, 2013		As of May 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	14,711,997	14,711,997	14,589,166	14,589,166
Available-for-sale financial assets	810,105	810,105	1,485,613	1,485,613
Trade and other receivables	1,091,016	1,091,016	1,574,102	1,574,102
Trade and other payables	4,431,515	4,431,515	4,876,197	4,876,197
Borrowings	35,036,593	35,050,814	47,195,179	47,207,710

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, 2013			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,204	38	808,862	810,105
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	–	4,182	–	4,182

(¥ thousand)

	As of May 31, 2014			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	—	38	1,485,575	1,485,613
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	—	3,055	—	3,055

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)

	Six months ended May 31, 2014
Balance at beginning of period	808,862
Acquisition	726,630
Comprehensive income	
Profit (loss)	3,682
Disposal	(53,600)
Balance at end of period	1,485,575

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

July 8, 2014

To the Board of Directors of
Tosei Corporation

Shinsoh Audit Corporation

Designated and Engagement Partner,
Certified Public Accountant:

Kazuma Shinohara (Seal)

Designated and Engagement Partner,
Certified Public Accountant:

Takashi Aikawa (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 second quarter (March 1, 2014 to May 31, 2014) and the six-month period (December 1, 2013 to May 31, 2014) of the fiscal year from December 1, 2013 to November 30, 2014.

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 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 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 May 31, 2014, their operating results for the second quarter and the six-month period ended May 31, 2014, and their consolidated statements of cash flows for the six months ended the same date.

Interest

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

End

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* 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.

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.