Quarterly Securities Report

(The English translation of the “Shihanki-Houkokusho”
for the third quarter of the 66th term)

from June 1, 2015
to August 31, 2015

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 October 9, 2015. 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 9
(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]

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Company name (English):	Tosei Corporation
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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	65th term First nine months	66th term First nine months	65th term
Accounting period	From December 1, 2013 to August 31, 2014	From December 1, 2014 to August 31, 2015	From December 1, 2013 to November 30, 2014
Revenue (¥ thousand) [Third quarter of the current fiscal year]	27,091,664 [6,633,426]	27,627,851 [5,284,687]	49,981,563
Profit before tax (¥ thousand)	2,980,431	4,743,243	4,663,706
Profit attributable to owners of the parent (¥ thousand) [Third quarter of the current fiscal year]	1,832,479 [544,163]	3,049,170 [395,223]	2,874,226
Comprehensive income attributable to owners of the parent (¥ thousand)	1,837,325	3,287,427	3,021,682
Total equity (¥ thousand)	31,543,479	35,435,856	32,727,836
Total assets (¥ thousand)	88,224,087	94,326,807	80,858,080
Basic earnings per share (¥) [Third quarter of the current fiscal year]	37.95 [11.27]	63.15 [8.19]	59.53
Diluted earnings per share (¥)	—	—	—
Ratio of equity attributable to owners of the parent to total assets (%)	35.8	37.6	40.5
Net cash from (used in) operating activities (¥ thousand)	(14,697,537)	(10,901,526)	344,537
Net cash from (used in) investing activities (¥ thousand)	(1,352,409)	(172,267)	(2,878,766)
Net cash from (used in) financing activities (¥ thousand)	14,036,090	9,702,047	3,891,894
Cash and cash equivalents at end of period (¥ thousand)	12,701,587	14,719,794	16,100,795

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 Tosei Group partially changed accounting policies effective from the first nine months of the 66th term. Consequently, relative figures of the principal management benchmarks above for the first nine months of the 65th term and the 65th 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 nine months ended August 31, 2015, there were no significant changes in the contents of the businesses operated by Tosei Group (the Company and its subsidiaries and affiliates) from the previous fiscal year.

With respect to changes in principal subsidiaries and affiliates, as of June 1, 2015, Hestia Capital Limited Company, which had been classified as a consolidated subsidiary until the six months ended May 31, 2015, was merged into Tosei Revival Investment Co., Ltd. and is consequently excluded from 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, 2015. 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 (the Company and its consolidated subsidiaries) as of August 31, 2015.

(1) Analysis of operating results

During the nine months ended August 31, 2015, the Japanese economy remained on a moderate recovery trend reflecting the effects of various governmental measures. Going forward, we expect corporate capital investment to increase as their earnings improve, despite concerns that include economic slowdowns in China and elsewhere overseas as well as volatility in financial markets. Personal consumption was also firm amid continued steady improvement in the employment and income environments, and investment in housing is expected to improve from now.

In the real estate industry where Tosei Group operates, J-REITs and private placement funds have been actively making investments against a backdrop of a favorable financing environment. According to a survey of private companies, commercial real estate investment in Japan over the first half of 2015 increased 10% year on year to ¥2.31 trillion, which was the highest amount of investment in the first half of the year since 2008.

In the Tokyo metropolitan area condominium market, the number of newly-built condominium units sold from January to June 2015 fell 7.1% year on year to 18,018 units amid an apparent trend toward a decreasing supply of new units in the suburbs of the Tokyo metropolitan area due to profitability issues. On the other hand, the contract rate in July 2015, the latest data available, was 83.7% resulting from expanding demand mainly in Tokyo reflecting improvement in business conditions and a perception of higher prices. Conditions have been firm given that the contract rate exceeds 70%, which is viewed as indicating favorable sales (according to a survey by a private research institution).

In the Tokyo metropolitan area build-for-sale detached house market, housing starts for the first half of 2015 decreased 6.5% year on year to 27,466 units. Although it is necessary to continue monitoring the trend in supply and demand, we anticipate firm results overall partially due to market revitalization policies that include expansion of Japan’s home loan tax deduction (according to the Ministry of Land, Infrastructure, Transport and Tourism data).

In the office leasing market of Tokyo’s five business wards, demand continued to be high, and the vacancy rate in July 2015 decreased 1.3 percentage points compared with the same month of the previous fiscal year to 4.89%, thereby marking the first time since January 2009 that the rate has made improvement into the 4% range. Against a backdrop of declining vacancy rates, there were progressive hikes in asking rents. Consequently, the average asking rent, which has increased for 19 consecutive months, was up 4.8% year on year to ¥17,467/tsubo (according to a survey by a private research institution).

In the real estate securitization market, J-REITs acquired properties on a steady pace, and the total acquisition amount of properties acquired by J-REITs in the period from January to June 2015 increased 17.7% year on year to approximately ¥920 billion. As of June 30, 2015, the total value of assets under management in the J-REIT market was ¥13.4 trillion (according to a survey by a private research institution).

Amid this operating environment, in the Revitalization Business, the Tosei Group made steady progress in selling assets such as income-generating office buildings and apartments, while in the Development Business the Group pushed ahead with sales of detached houses. In addition, we proactively acquired income-generating properties and land for development as future sources of income.

As a result, consolidated revenue for the nine months ended August 31, 2015 totaled ¥27,627 million (up 2.0% year on year), operating profit was ¥5,322 million (up 48.9%), profit before tax was ¥4,743 million (up 59.1%), and profit for the period was ¥3,049 million (up 66.4%).

Performance by business segment is shown below.

Revitalization Business

During the nine months ended August 31, 2015, the segment sold 20 properties it had renovated, including Toyocho Tosei Building (Koto-ku, Tokyo), Shinjuku 6-chome Building (Shinjuku-ku, Tokyo), Ogawamachi Tosei Building (Chiyoda-ku, Tokyo), Shibuya 4-chome Building (Shibuya-ku, Tokyo) and Kannai Tosei Building (Yokohama-shi, Kanagawa). In addition, the segment sold 48 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). In the nine months ended August 31, 2015, it also acquired a total of 17 income-generating office buildings, commercial facilities and apartments and four land lots for renovation and sales purposes. In addition, consolidated subsidiary TOSEI SINGAPORE PTE. LTD. started acquiring properties in Malaysia with the acquisition of four units of private portions of income-generating office buildings and apartments in Kuala Lumpur.

As a result, revenue in this segment was ¥14,862 million (down 5.5% year on year) and the segment profit was ¥3,375 million (up 97.8%).

Development Business

During the nine months ended August 31, 2015, the segment focused on the sale of detached houses, for which there was firm demand. The segment sold 90 detached houses at such properties as THE Palms Court Kashiwa Hatsuishi (Kashiwa-shi, Chiba), THE Palms Court Mitsuike Kouen (Yokohama-shi, Kanagawa), THE Palms Court Bunkyo Honkomagome (Bunkyo-ku, Tokyo) and THE Palms Court Kawasaki Daishi (Kawasaki-shi, Kanagawa). In addition, the segment sold THE Palms Nishidai, which is a newly-built apartment, and four land lots. In the nine months ended August 31, 2015, it also acquired four land lots for detached housing projects.

As a result, revenue in this segment was ¥5,631 million (up 20.2% year on year) and the segment profit was ¥637 million (up 51.1%).

Rental Business

During the nine months ended August 31, 2015, while the segment sold 10 buildings of its inventory assets held for leasing purposes, 13 properties including newly acquired income-generating office buildings, commercial facilities and apartments contributed to income in this segment. In addition, the segment also focused on leasing activities for its existing holdings of non-current assets and inventory assets.

As a result, revenue in this segment was ¥2,907 million (down 2.9% year on year) and the segment profit was ¥1,351 million (down 26.2%).

Fund and Consulting Business

During the nine months ended August 31, 2015, while ¥83,625 million was subtracted from the balance of assets under management, due mainly to property dispositions by funds, ¥257,309 million was added to the balance of assets under management, due mainly to new asset management contracts of large projects the segment obtained.The acquisition of such large project contracts increased asset management fees and contributed to revenue.

As a result, revenue in this segment was ¥1,343 million (up 104.7% year on year) and the segment profit was ¥648 million (up 384.2%).

As of August 31, 2015, the balance of assets under management (Note) totaled ¥474,291 million.

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, 2015, the segment worked to win new contracts and maintain existing contracts as some customers terminated contracts partially as a result of their disposing of such managed properties. Consequently, the total number of properties under management was 542 as of August 31, 2015, a decrease of two from November 30, 2014, with that total comprising 358 office buildings, parking lots, schools and other such properties, and 184 condominium and apartments.

As a result, revenue in this segment was ¥2,235 million (up 3.3% year on year) and segment profit was ¥102 million (down 45.4%).

Alternative Investment Business

During the nine months ended August 31, 2015, membership fees from running a sports club contributed to income in this segment. In addition, the segment also focused on leasing activities for properties acquired by a substitute performance.

As a result, revenue in this segment was ¥647 million (down 25.9% year on year) and the segment profit was ¥224 million (up 1.0%).

(2) Analysis of financial position

As of August 31, 2015, total assets were ¥94,326 million, an increase of ¥13,468 million compared with November 30, 2014, while total liabilities were ¥58,890 million, an increase of ¥10,760 million.

This was primarily due to 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 ¥2,708 million to ¥35,435 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, 2015 totaled ¥14,719 million, down ¥1,381 million compared with November 30, 2014.

The cash flows for the nine months ended August 31, 2015 and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash used in operating activities totaled ¥10,901 million (down 25.8% year on year). This is mainly due to profit before tax of ¥4,743 million, as well as an increase in inventories of ¥12,859 million, which was a result of property acquisitions in the Revitalization Business and Development Business, and income taxes paid of ¥2,204 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥172 million (down 87.3% year on year). This is primarily due to purchase of investment properties totaling ¥702 million and proceeds from sales of available-for-sale financial assets totaling ¥444 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥9,702 million (down 30.9% year on year). This mainly reflects ¥14,394 million in the repayments of non-current borrowings and ¥578 million in cash dividends paid, despite ¥25,510 million in proceeds from non-current borrowings.

(4) Operational and financial issues to be addressed

During the nine months ended August 31, 2015, 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 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 acquisition by such persons.

b. Overview of special measures to realize the basic policy

Under the new 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 six 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 new 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 (five members) from outside the company, and has notified all of the above seven 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 wariai)*of a holder *(hoyuusha)* totaling at least 20% of the share certificates, etc. issued by the company; or (ii)a tender offer *(koukai kaitsuke)* that would result in the party conducting the tender offer's ownership ratio of share certificates, etc. and the ownership ratio of share certificates, etc. of a person having a special relationship totaling at least 20% of the share certificates, etc. issued by the Company; or (iii) any similar action to (i) or (ii) above)

In practical terms, the acquirer must provide the Company a statement of undertaking (acquirer's statement) and an acquisition document that includes essential information, etc. before making the acquisition, etc.

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

When (i) the acquisition is not in compliance with the procedures prescribed in the plan or (ii) it threatens to cause obvious harm to the corporate value of the Company, and, in turn, to the common interests of shareholders, (iii) and it is reasonable to implement the gratis allotment of stock acquisition rights, the independent committee will recommend the implementation the gratis allotment of stock acquisition rights to the Company's board of directors. In addition, when a meeting of shareholders is convened to confirm the intent of the Company's shareholders, the Company's board of directors will respond to the shareholders' intent. These stock acquisition rights will be allotted with an exercise condition that does not allow, as a general rule, the acquirer to exercise the rights and an acquisition provision to the effect that the Company may acquire the stock acquisition rights in exchange for shares in the Company from persons other than the acquirer. The Company's board of directors, in exercising its role under the Companies Act, will pass a resolution relating to the implementation or non-

implementation of the gratis allotment of stock acquisition rights, respecting the recommendation of the Independent Committee to the maximum extent. In addition, when a meeting of shareholders is convened to confirm the intent of the Company's shareholders, the Company's board of directors will respond to the shareholders' intent. If the procedures for the plan have commenced, the acquirer must not effect an acquisition until and unless the Company's board of directors resolves not to trigger the plan. The effective period of the plan expires at the conclusion of the ordinary general meeting of shareholders for the last fiscal year ending within three years after the conclusion of the 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, 2015)	Number of issued shares (Shares: as of the date of filing: October 9, 2015)	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, 2015 to August 31, 2015	–	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, 2015, which is the latest record date, as the information as of August 31, 2015 is not yet available.

a. Issued shares

(As of August. 31, 2015)

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 48,282,300	482,823	Tosei's standard class of shares with no rights limitations
Shares less than one unit	Ordinary shares 1,700	–	–
Total number of issued shares	48,284,000	–	–
Voting rights owned by all shareholders	–	482,823	–

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 August. 31, 2015)

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

2. Status of officers

There was no change in Officers during the nine months ended August 31, 2015 after the filing date of annual securities report for the previous fiscal year.

IV. Accounting

1. Preparation policy of the condensed quarterly consolidated financial statements

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

2. Audit attestation

The condensed quarterly consolidated financial statements for the third quarter of the fiscal year ending November 30, 2015 (from June 1, 2015 to August 31, 2015) and for the first nine months of the fiscal year ending November 30, 2015 (from December 1, 2014 to August 31, 2015) 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, 2014	As of August 31, 2015
Assets			
Current assets			
Cash and cash equivalents	8	16,100,795	14,719,794
Trade and other receivables	8	2,049,710	2,769,935
Inventories		41,565,148	54,472,158
Other current assets		166,612	128,153
Total current assets		59,882,266	72,090,040
Non-current assets			
Property, plant and equipment		3,293,308	3,326,452
Investment properties		13,858,329	14,449,498
Intangible assets		77,675	104,145
Available-for-sale financial assets	8	2,445,963	2,259,344
Trade and other receivables	8	780,758	1,862,570
Deferred tax assets		515,765	230,741
Other non-current assets		4,014	4,014
Total non-current assets		20,975,814	22,236,766
Total assets		80,858,080	94,326,807
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	8	2,590,792	1,987,883
Borrowings	8	5,380,269	10,487,430
Current income tax liabilities		1,393,664	729,340
Provisions		267,281	156,666
Total current liabilities		9,632,009	13,361,321
Non-current liabilities			
Trade and other payables	8	2,697,083	4,047,474
Borrowings	8	35,024,707	41,038,699
Retirement benefits obligations		697,680	364,584
Provisions		78,764	78,870
Total non-current liabilities		38,498,235	45,529,629
Total Liabilities		48,130,244	58,890,950
Equity			
Share capital		6,421,392	6,421,392
Capital reserves		6,375,317	6,375,317
Retained earnings		19,776,474	22,246,237
Other components of equity		154,652	392,909
Total equity		32,727,836	35,435,856
Total liabilities and equity		80,858,080	94,326,807

(2) Condensed Consolidated Statement of Comprehensive Income

Nine months ended August 31, 2015

(¥ thousand)

	Notes	Nine months ended August 31, 2014	Nine months ended August 31, 2015
Revenue	5	27,091,664	27,627,851
Cost of revenue		20,393,694	18,594,416
Gross profit		6,697,969	9,033,435
Selling, general and administrative expenses		3,162,423	3,792,097
Other income		41,363	119,859
Other expenses		2,185	39,125
Operating profit	5	3,574,723	5,322,071
Finance income		3,321	22,010
Finance costs		597,613	600,838
Profit before tax		2,980,431	4,743,243
Income tax expense		1,147,951	1,694,072
Profit for the period		1,832,479	3,049,170
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		3,510	(18,082)
Net change in fair values of available-for-sale financial assets		(372)	263,372
Net change in fair values of cash flow hedges		1,708	(7,033)
Subtotal		4,846	238,256
Other comprehensive income for the period, net of tax		4,846	238,256
Total comprehensive income for the period		1,837,325	3,287,427
Profit for the period attributable to:			
Owners of the parent		1,832,479	3,049,170
Total comprehensive income for the period attributable to:			
Owners of the parent		1,837,325	3,287,427
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	37.95	63.15
Diluted earnings per share (yen)	7	—	—

Third quarter ended August 31, 2015 (¥ thousand)

	Notes	Third quarter ended August 31, 2014	Third quarter ended August 31, 2015
Revenue	5	6,633,426	5,284,687
Cost of revenue		4,490,433	3,321,511
Gross profit		2,142,992	1,963,176
Selling, general and administrative expenses		1,047,689	1,260,475
Other income		5,647	84,196
Other expenses		(73)	15,793
Operating profit	5	1,101,024	771,104
Finance income		1,675	20,453
Finance costs		222,859	219,241
Profit before tax		879,841	572,315
Income tax expense		335,677	177,092
Profit for the period		544,163	395,223
Other comprehensive income			
Items that may be transferred to net profit or loss			
Exchange differences on translation of foreign operations		3,574	(21,706)
Net change in fair values of available-for-sale financial assets		—	130,354
Net change in fair values of cash flow hedges		581	743
Subtotal		4,155	109,392
Other comprehensive income for the period, net of tax		4,155	109,392
Total comprehensive income for the period		548,319	504,615
Profit for the period attributable to:			
Owners of the parent		544,163	395,223
Total comprehensive income for the period attributable to:			
Owners of the parent		548,319	504,615
Earnings per share attributable to owners of the parent			
Basic earnings per share (yen)	7	11.27	8.19
Diluted earnings per share (yen)	7	—	—

(3) Condensed Consolidated Statement of Changes in Equity

Nine months ended August 31, 2014 (December 1, 2013 – August 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		—	—	1,832,479	—	1,832,479
Other comprehensive income		—	—	—	4,846	4,846
Total comprehensive income for the period		—	—	1,832,479	4,846	1,837,325
Dividends from surplus	6	—	—	(386,272)	—	(386,272)
Balance at August 31, 2014		6,421,392	6,375,317	18,740,574	6,195	31,543,479

Nine months ended August 31, 2015 (December 1, 2014 – August 31, 2015)

(¥ thousand)

	Notes	Share capital	Capital reserves	Retained earnings	Other components of equity	Total equity
Balance at December 1, 2014		6,421,392	6,375,317	19,776,474	154,652	32,727,836
Profit for the period		—	—	3,049,170	—	3,049,170
Other comprehensive income		—	—	—	238,256	238,256
Total comprehensive income for the period		—	—	3,049,170	238,256	3,287,427
Dividends from surplus	6	—	—	(579,408)	—	(579,408)
Balance at August 31, 2015		6,421,392	6,375,317	22,246,237	392,909	35,435,856

(4) Condensed Consolidated Statement of Cash Flows

(¥ thousand)

	Notes	Nine months ended August 31, 2014	Nine months ended August 31, 2015
Cash flows from operating activities			
Profit before tax		2,980,431	4,743,243
Depreciation expense		138,239	164,015
Increase (decrease) in provisions and retirement benefits obligations		(99,401)	(464,931)
Interest and dividends income		(3,321)	(22,010)
Interest expenses		597,613	600,838
Gain on disposal of available-for-sale financial assets		(531)	—
Loss on retirement of property, plant and equipment		1,597	1,451
Decrease (increase) in trade and other receivables		(1,447,691)	(1,596,860)
Decrease (increase) in inventories		(16,030,439)	(12,859,868)
Increase (decrease) in trade and other payables		440,774	719,150
Other, net		(3,355)	(7,077)
Subtotal		(13,426,082)	(8,722,049)
Interest and dividends income received		2,288	24,736
Income taxes paid		(1,273,742)	(2,204,213)
Net cash from (used in) operating activities		(14,697,537)	(10,901,526)
Cash flows from investing activities			
Payments into time deposits		(150,000)	(100,000)
Proceeds from withdrawal of time deposits		—	140,000
Purchase of property, plant and equipment		(13,929)	(63,765)
Purchase of investment properties		(1,095,186)	(702,089)
Purchase of intangible assets		(27,812)	(41,996)
Purchase of available-for-sale financial assets		(726,630)	(1,650)
Collection of available-for-sale financial assets		749,450	152,221
Proceeds from sales of available-for-sale financial assets		1,156	444,960
Payments of loans receivable		(300,000)	—
Collection of loans receivable		51	53
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation		210,317	—
Other, net		174	—
Net cash from (used in) investing activities		(1,352,409)	(172,267)
Cash flows from financing activities			
Net increase (decrease) in current borrowings		662,200	—
Proceeds from non-current borrowings		27,757,000	25,510,000
Repayments of non-current borrowings		(13,137,211)	(14,394,926)
Cash dividends paid		(384,537)	(578,328)
Interest expenses paid		(859,902)	(831,705)
Other, net		(1,458)	(2,991)
Net cash from (used in) financing activities		14,036,090	9,702,047
Net increase (decrease) in cash and cash equivalents		(2,013,856)	(1,371,746)
Cash and cash equivalents at beginning of period		14,711,997	16,100,795
Effect of exchange rate change on cash and cash equivalents		3,445	(9,253)
Cash and cash equivalents at end of period		12,701,587	14,719,794

(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, 2015 to August 31, 2015) and first nine months (December 1, 2014 to August 31, 2015) 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 October 7, 2015.

(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, 2015.

Standard	Name of standard	Overview of new establishment and amendment
IFRIC 21	Levies	Accounting for a liability for a levy
IFRS 10 (Revised)	Consolidated Financial Statements	Exception to consolidation of a subsidiaries by an entity that qualifies as an investment entity
IFRS 12 (Revised)	Disclosure of Interests in Other Entities	Revision of the disclosure method for entities that qualify as investment entities

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

Among the above standards, for IFRIC 21, the comparative data have been adjusted retroactively in accordance with transitional measures.

Additional information

(Abolition of Retirement Benefits Plan for Officers)

At the Ordinary General Meeting of Shareholders held on February 25, 2015, the Company resolved to make final payments of retirement benefits to retiring officers upon abolition of its Retirement Benefits Plan for Officers.

Accordingly, the full amount of the Company's "Provision for directors' retirement benefits" has been reversed and an unpaid portion of ¥360,711 thousand in final payments has been presented included in "Trade and other payables" in non-current liabilities.

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:

Nine months ended August 31, 2014
(December 1, 2013 – August 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	15,719,387	4,685,743	2,993,094	656,439	2,162,918	874,081	—	27,091,664
Intersegment revenue	—	—	42,844	8,057	370,483	—	(421,385)	—
Total	15,719,387	4,685,743	3,035,939	664,496	2,533,402	874,081	(421,385)	27,091,664
Segment profit	1,706,183	422,177	1,832,632	133,945	187,425	222,458	(930,099)	3,574,723
Finance income/costs, net								(594,292)
Profit before tax								2,980,431

Nine months ended August 31, 2015
(December 1, 2014 – August 31, 2015)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	14,862,197	5,631,882	2,907,411	1,343,955	2,235,057	647,345	—	27,627,851
Intersegment revenue	—	—	39,115	4,548	330,064	—	(373,728)	—
Total	14,862,197	5,631,882	2,946,527	1,348,504	2,565,122	647,345	(373,728)	27,627,851
Segment profit	3,375,005	637,935	1,351,891	648,499	102,303	224,734	(1,018,298)	5,322,071
Finance income/costs, net								(578,827)
Profit before tax								4,743,243

Third quarter ended August 31, 2014
(June 1, 2014 – August 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	2,883,768	1,532,597	1,158,250	186,878	658,947	212,984	—	6,633,426
Intersegment revenue	—	—	14,298	2,262	128,902	—	(145,463)	—
Total	2,883,768	1,532,597	1,172,549	189,140	787,850	212,984	(145,463)	6,633,426
Segment profit	437,021	132,612	680,984	25,443	40,765	105,242	(321,044)	1,101,024
Finance income/costs, net								(221,183)
Profit before tax								879,841

Third quarter ended August 31, 2015
(June 1, 2015 – August 31, 2015)

(¥ thousand)

	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business	Alternative Investment Business	Adjustment	Total
Revenue								
Revenue from external customers	1,102,208	1,468,966	1,105,811	586,135	792,375	229,190	—	5,284,687
Intersegment revenue	—	—	11,504	1,058	111,354	—	(123,916)	—
Total	1,102,208	1,468,966	1,117,316	587,193	903,729	229,190	(123,916)	5,284,687
Segment profit	74,040	44,442	545,784	321,346	13,519	132,198	(360,226)	771,104
Finance income/costs, net								(198,788)
Profit before tax								572,315

6. Dividends

Dividends paid in the nine months ended August 31, 2014 and August 31, 2015 are as follows:

Nine months ended August 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

Nine months ended August 31, 2015				
Resolution	Dividends per share (¥)	Total dividends (¥ thousand)	Record date	Effective date
Ordinary General Meeting of Shareholders held on February 25, 2015	12	579,408	November 30, 2014	February 26, 2015

7. Earnings per share

	Nine months ended August 31, 2014	Nine months ended August 31, 2015
Profit for the period attributable to owners of the parent (¥ thousand)	1,832,479	3,049,170
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	37.95	63.15

	Third quarter ended August 31, 2014	Third quarter ended August 31, 2015
Profit for the period attributable to owners of the parent (¥ thousand)	544,163	395,223
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,284,000
Basic earnings per share (¥)	11.27	8.19

Notes: 1. Basic earnings per share is calculated by dividing profit for the period 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.

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, 2014		As of August 31, 2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Cash and cash equivalents	16,100,795	16,100,795	14,719,794	14,719,794
Available-for-sale financial assets	2,445,963	2,445,963	2,259,344	2,259,344
Trade and other receivables	2,830,468	2,830,468	4,632,505	4,632,505
Trade and other payables	5,287,876	5,287,876	6,035,358	6,035,358
Borrowings	40,404,977	40,432,892	51,526,130	51,546,836

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, 2014			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,503,360	38	942,565	2,445,963
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	—	1,945	—	1,945

(¥ thousand)

	As of August 31, 2015			
	Level 1	Level 2	Level 3	Total
Available-for-sale financial assets	1,135,883	38	1,123,422	2,259,344
Financial liabilities measured at fair value with the change in fair value recognized through profit or loss (derivative)	—	13,042	—	13,042

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

(¥ thousand)

	Nine months ended August 31, 2015
Balance at beginning of period	942,565
Acquisition	1,376
Comprehensive income	
Profit (loss)	331,702
Disposal	(152,221)
Balance at end of period	1,123,422

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 7, 2015

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:

Kazuma Shinohara (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, 2015 to August 31, 2015) and the nine-month period (December 1, 2014 to August 31, 2015) of the fiscal year from December 1, 2014 to November 30, 2015.

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 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, 2015, their operating results for the third quarter and the nine-month period ended August 31, 2015, and their cash flows for the nine months ended the same date.

Interest

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

End

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

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

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