This is an English translation of the official announcement in Japanese that was released on January 10, 2019. The translation is prepared for the readers' convenience only. All readers are strongly recommended to refer to the original Japanese version for complete and accurate information. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.

Consolidated Financial Results for the Fiscal Year Ended November 30, 2018 <IFRS>

January 10, 2019

Company name: Tosei Corporation
Stock listing: TSE / SGX
Securities code number: 8923/S2D
URL: https://www.toseicorp.co.jp/english/
Representative: Seiichiro Yamaguchi, President and CEO
Contact: Noboru Hirano, Director and CFO
Phone: +81-3-3435-2865
Ordinary general shareholders' meeting: February 27, 2019 (scheduled)
Commencement of dividend payments: February 28, 2019 (scheduled)
Submission of Securities Report (Yuka Shoken Hokokusho): February 28, 2019 (scheduled)
Preparation of supplementary materials for financial results: Yes
Holding of financial results meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended November 30, 2018 (December 1, 2017 – November 30, 2018)

(1) Consolidated Operating Results

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit for the year	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2018	61,543	6.6	10,875	10.6	10,171	12.4	6,852	11.3
Year ended Nov. 30, 2017	57,754	15.9	9,833	6.0	9,049	7.1	6,155	11.0

	Profit attributable to owners of the parent		Total comprehensive income for the year		Basic earnings per share	Diluted earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥)	(¥)
Year ended Nov. 30, 2018	6,852	11.3	6,856	11.2	141.36	141.12
Year ended Nov. 30, 2017	6,155	11.0	6,165	11.9	127.48	127.41

	Ratio of profit to equity attributable to owners of the parent	Ratio of profit before tax to total assets	Ratio of operating profit to revenue
	(%)	(%)	(%)
Year ended Nov. 30, 2018	14.0	7.8	17.7
Year ended Nov. 30, 2017	14.1	7.4	17.0

(Reference) Equity in earnings of affiliates Year ended Nov. 30, 2018: ¥－million Year ended Nov.30, 2017: ¥－million

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets	Equity per share attributable to owners of the parent
	(¥ million)	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2018	138,768	52,021	52,021	37.5	1,071.63
As of Nov. 30, 2017	122,550	46,158	46,158	37.7	955.99

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of year
	(¥ million)	(¥ million)	(¥ million)	(¥ million)
Year ended Nov. 30, 2018	7,615	(10,786)	5,941	26,520
Year ended Nov. 30, 2017	7,089	(18)	(4,962)	23,750

2. Dividends

	Annual dividends per share					Total dividends per share (Total)	Payout ratio (Consolidated)	Ratio of dividend to equity attributable to owners of the parent (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	(¥)	(¥)	(¥)	(¥)	(¥)	(¥ million)	(%)	(%)
Year ended Nov. 30, 2017	―	0.00	―	25.00	25.00	1,207	19.6	2.8
Year ended Nov. 30, 2018	―	0.00	―	30.00	30.00	1,456	21.2	3.0
Year ending Nov. 30, 2019(Forecast)	―	0.00	―	37.00	37.00		23.3	

3. Consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2019 (December 1, 2018 – November 30, 2019)

(Percentages indicate year-on-year changes.)

	Revenue		Operating profit		Profit before tax		Profit attributable to owners of the parent		Basic earnings per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2019	71,510	16.2	12,052	10.8	11,230	10.4	7,708	12.5	158.79

*** Notes**

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

(2) Changes in accounting policies and changes in accounting estimates
(a) Changes in accounting policies required by IFRS: No
(b) Changes in accounting policies other than (a) above: No
(c) Changes in accounting estimates: No

(3) Number of issued shares (ordinary shares)

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

As of Nov. 30, 2018	48,544,800 shares
As of Nov. 30, 2017	48,284,000 shares

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

As of Nov. 30, 2018	105 shares
As of Nov. 30, 2017	–

(c) Average number of outstanding shares during the year

Year ended Nov. 30, 2018	48,472,355 shares
Year ended Nov. 30, 2017	48,284,000 shares

(Reference) Summary of Non-Consolidated Results

1. Non-consolidated Financial Results for the Fiscal Year Ended November 30, 2018 (December 1, 2017 – November 30, 2018)

(1) Non-consolidated Operating Results (Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)
Year ended Nov. 30, 2018	48,061	5.6	6,330	(1.6)	6,770	(6.2)	5,370	(1.5)
Year ended Nov. 30, 2017	45,491	8.4	6,434	(17.9)	7,218	1.3	5,449	15.1

	Net income per share	Net income per share (diluted)
	(¥)	(¥)
Year ended Nov. 30, 2018	110.79	110.60
Year ended Nov. 30, 2017	112.87	112.81

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	(¥ million)	(¥ million)	(%)	(¥)
As of Nov. 30, 2018	128,160	47,281	36.9	973.16
As of Nov. 30, 2017	115,196	42,889	37.2	886.38

(Reference) Equity As of November 30, 2018: ¥47,241million As of November 30, 2017: ¥42,798million

2. Non-consolidated Earnings Forecasts for the Fiscal Year Ending November 30, 2019 (December 1, 2018 – November 30, 2019)

(Percentages indicate year-on-year changes.)

	Net sales		Ordinary income		Net income		Net income per share
	(¥ million)	(%)	(¥ million)	(%)	(¥ million)	(%)	(¥)
Year ending Nov. 30, 2019	60,027	24.9	9,541	40.9	7,156	33.3	147.41

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

* Proper use of earnings forecasts and other notes

(1) The forward-looking statements, including outlook of future performance, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual performance and other results may differ substantially from these statements due to various factors. For the assumptions on which the earnings forecasts are based and cautions concerning the use thereof, please refer to "1.Operating results and Financial Position (4) Future outlook" on page 5 of the attached materials.

(2) A financial results meeting will be held on January 10, 2019 for institutional investors and analysts. The presentation materials distributed at the meeting will be available on our website immediately after the disclosure of account settlement.

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1. Operating Results and Financial Position

(1) Operating Results

During the fiscal year ended November 30, 2018, the Japanese economy is recovering moderately, supported by increased capital investment on the back of favorable corporate earnings and stable personal consumption, despite a temporary downturn caused by the natural disasters. A moderate recovery is expected to continue going forward, backed by improvements of employment and income environments, as well as various policies, despite concerns over the trend of trade issue and the future of emerging economies.

In the real estate industry where Tosei Group operates, domestic real estate transactions by listed companies and other such entities from January to September 2018, increased 5% year on year to ¥3.0 trillion. Although there are movements for financial institutions to tighten their policies on loans for real estate investment by individuals who do not have sufficient own financial resources, in response to the fraudulent loans made by certain local banks and other issues, the real estate investment market has generally been performing favorably, supported by active property acquisitions by overseas investors and J-REITs (according to a survey by a private research institute).

In the Tokyo metropolitan area condominium market, the number of units sold from January to October 2018 remained unchanged year on year, however, that the contract rate for the first month of sale continued to fall below the 70% threshold from which market conditions are viewed as favorable. In the build-for-sale detached house market, the number of units sold from January to September 2018 decreased 1% year on year, however, there has been a sign of a recovery in demand with a perception that they are undervalued because of a persistently high level of the condominium prices (according to surveys by the Ministry of Land, Infrastructure, Transport and Tourism and private research institute).

The office leasing market of Tokyo's five business wards has been performing favorably. According to a survey by a private research institute, the average vacancy rate as of October 2018 is 2.2% which is the lowest level since January 2002, and the average asking rent rose for the 58th consecutive month. Upward trend of rent is likely to continue as the demand from corporate businesses for relocation and office expansion is continuously expected.

The real estate securitization market is continuing to expand. The total value of assets under management as of June 2018 grew to ¥17.3 trillion in J-REITs (an increase of ¥1.1 trillion year on year), and the total value of assets under management in private placement funds grew to ¥16.9 trillion (an increase of ¥1.1 trillion year on year), and the overall market scale of the real estate securitization market reached ¥34.2 trillion (an increase of ¥2.2 trillion year on year) (according to a survey by a private research institute).

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

As a result, consolidated revenue for the fiscal year under review totaled ¥61,543 million (up 6.6% year on year), operating profit was ¥10,875 million (up 10.6%), profit before tax was ¥10,171 million (up 12.4%), and profit for the year was ¥6,852 million (up 11.3%).

Performance by business segment is shown below.

Revitalization Business

During the fiscal year under review, the segment sold 44 properties it had renovated, including Nishidai Tosei Building (Itabashi-ku, Tokyo), NU Kannai Building (Yokohama-shi, Kanagawa), Ikebukuro-jyoshikaikan Apartment (Toshima-ku, Tokyo), Higashitotsuka West Building (Yokohama-shi, Kanagawa), Kichichoji Ito Building (Musashino-shi, Tokyo) and Kuramochi Building 2 (Sumida-ku, Tokyo). In addition, the segment sold 22 units in the Restyling Business, including Hilltop Yokohama Negishi. During the fiscal year under review, it also acquired a total of 43 income-generating office buildings and apartments and 12 land lots for renovation and sales purposes.

As a result, revenue in this segment was ¥34,793 million (down 13.6% year on year) and the segment profit was ¥6,770 million (down 13.7%).

Development Business

During the fiscal year under review, the segment focused on the sale of condominium and detached houses. The segment sold 88 units at THE Palms Yutenji Master's Place (Setagaya-ku, Tokyo) and sold 102 detached houses at such properties as THE Palms Court Koshigaya Lake Town (Koshigaya-shi, Saitama), THE Palms Court Kamakura Shiromeguri (Kamakura-shi, Kanagawa), THE Palms Court Kunitachi (Kokubunji-shi, Tokyo) and THE Palms Court Kashiwa Hatsuishi (Kashiwa-shi, Chiba). In addition, the segment sold one commercial facility and 12 land lots. During the fiscal year under review, it also acquired a land lot for condominium project, two lots for hotel project, a land lot for logistics facility and land lots for 51 detached housings.

As a result, revenue in this segment was 13,261million (up 155.2% year on year) and the segment profit was ¥1,487 million (in comparison with segment loss of ¥408 million in previous fiscal year).

Rental Business

During the fiscal year under review, while the segment sold 37 buildings of its inventory assets held for leasing purposes, it newly acquired 29 properties including income-generating office buildings and apartments. In addition, the segment made efforts to lease vacancies out following acquisitions and also focused on leasing activities for its existing non-current assets and inventory assets.

As a result, revenue in this segment was ¥6,133 million (down 1.0% year on year) and the segment profit was ¥2,534 million (down 1.8%).

Fund and Consulting Business

During the fiscal year under review, while ¥40,485 million was subtracted from the balance of assets under management (Note), due mainly to property dispositions by funds, ¥151,636 million was added to the balance of Assets under management ¥552,208 million for the end of the previous fiscal year, due mainly to new asset management contracts of large projects the segment obtained. The balance of assets under management as of November 30, 2018, was ¥663,359 million. The acquisition of such large project contracts increased asset management fees and contributed to revenue.

As a result, revenue in this segment was ¥2,982 million (up 7.9% year on year) and the segment profit was ¥1,616 million (up 26.9%).

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

Property Management Business

During the fiscal year under review, the segment worked to win new contracts and maintain existing contracts. Consequently, the total number of properties under management was 622 as of November 30, 2018, a decrease of 43 properties from November 30, 2017, with that total comprising 390 office buildings, hotel, schools and other such properties, and 232 condominiums and apartments.

As a result, although the total number of properties under management decreased, due to increase in commission and fees, etc., revenue in this segment was ¥4,015 million (up 20.6% year on year) and segment profit was ¥453 million (up 63.1%).

Others

During the fiscal year under review, revenue in this segment was ¥356 million (the revenue was ¥0 million in this segment in the same period of the previous year) and the segment loss was ¥45 million (down 39.7% year on year).

(2) Financial positions

As of November 30, 2018, total assets were ¥138,768 million, an increase of ¥16,218 million compared with November 30, 2017, while total liabilities were ¥86,746 million, an increase of ¥10,355 million. This is mainly due to, increase in inventories (up ¥2,739 million year on year) because sales of properties in the revitalization and development businesses, which are the core operations of the Company, exceeded the number of properties the Company sold. Increase in liabilities were primarily due to increase in borrowings (up ¥7,901 million year on year).Total equity increased by ¥5,862 million to ¥52,021 million, mainly due to an increase in retained earnings.

(3) Cash flows

Cash and cash equivalents (hereinafter "cash") as of November 30, 2018 totaled ¥26,520 million, an increase of ¥2,770 million compared with November 30, 2017.

The cash flows for the fiscal year under review and factors contributing to those amounts are as follows:

Cash Flows from Operating Activities

Net cash provided by operating activities totaled ¥7,615 million (up 7.4% year on year). This is mainly attributed to the profit for the period before tax of ¥10,171 million and income taxes paid of ¥2,226 million.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥10,786 million (¥18 million used in the same period of the previous fiscal year). This is mainly due to purchase of investment properties of ¥8,714 million and purchase of investments in subsidiaries resulting in change in scope of consolidation of ¥1,502 million.

Cash Flows from Financing Activities

Net cash provided by financing activities totaled ¥5,941 million (¥4,962 million used in the previous fiscal year). This mainly reflects ¥33,360 million in the repayments of non-current borrowings related to the sales of properties and others, ¥960 million payments of interest and ¥1,206 million in cash dividends paid, despite ¥41,148 million in proceeds from non-current borrowings.

(Reference) Trends in cash flow indicators for the Tosei Group

	Year ended Nov. 30, 2016	Year ended Nov. 30, 2017	Year ended Nov. 30, 2018
Ratio of equity attributable to owners of the parent to total assets (%)	33.8	37.7	37.5
Market value ratio of equity attributable to owners of the parent to total assets (%)	33.1	43.1	36.0
Interest-bearing debt to cash flows ratio (years)	―	9.5	9.9
Interest coverage ratio (times)	―	8.0	7.9

Ratio of equity attributable to owners of the parent to total assets: Equity attributable to owners of the parent to total assets/Total assets

Market value ratio of equity attributable to owners of the parent to total assets: Market capitalization/Total assets

Interest-bearing debt to cash flows ratio: Interest-bearing debt/Cash flows

Interest coverage ratio: Cash flows/Interest expenses

Notes:

(1) All indicators are calculated using consolidated financial figures.
(2) Market capitalization is calculated based on the number of issued shares, excluding treasury shares.
(3) The figure for cash flows employs cash flows from operating activities.
(4) Interest-bearing debt includes all liabilities recorded on the Consolidated Statement of Financial Position on which interest is paid.
(5) Interest-bearing debt to cash flows ratio and interest coverage ratio are not presented for the year ended November 30, 2016 because cash flows from operating activities on the consolidated statements of cash flows was negative.

(4) Future outlook

In the real estate investment market, which is the Company's main target market, a continuing favorable financing environment is fueling real estate transactions by corporations, J-REITs, overseas investors, etc. Although lenders are increasing its cautious stance on loans for investment properties for individual investors due to the impact of fraudulent loans made by certain local banks, the market has a favorable investment environment compared to major cities around the world, and the demand for real estate investment is expected to continue supported by firm demand for offices and stable demand for condominiums. On the other hand, investment properties in suburban area shows relative vulnerability compared to the favorable sales of properties in the metropolitan area. The Company believes that the investment strategy responsive to changes in real estate market is needed.

For the fiscal year ending November 30, 2019, as the second year of its medium-term management plan "Seamless Growth 2020," from December 2017 to November 2020, the Company will continue its efforts toward further growth of existing businesses and establishment of new income-generating businesses.

The Revitalization Business will revitalize and create added value for existing properties and aim to expand operations through initiatives such as product line expansion and diversification of sales methods. With regard to the acquisition of properties, the Company will actively increase the number of small- to medium-size and high liquid property in the metropolitan area and acquire over ¥2.0 billion of medium- to large-size and profitable property, while paying attention to the portfolio. The Development Business will promote the development and sales of detached houses and condominiums that are in steady demand, as well as active development of properties such as logistics facility and hotels after assessing the location demand. On the other hand, the Stock and Fee Business, the Company's stable source of income, aims to expand all segments. The Rental Business will strive to expand Company-held fixed assets; the Fund and Consulting Business will accumulate assets under management; and the Property Management Business will increase properties under management.

Moreover, as an initiative to establish new income-generating businesses, the Hotel Business segment will be newly established from the fiscal year ending November 30, 2019. In addition to the operation and rental of the existing properties, the Company is currently advancing the development of own brand hotel at three locations following TOSEI HOTEL COCONE Kanda, opened in December 2017, and TOSEI HOTEL COCONE Ueno, opened in December 2018, and will continue to work toward the growth of hotel business and enhancement of Tosei brand.

As a result of the above measures, the Company expects both revenue and profit to increase in the business forecast for the fiscal year ending November 30, 2019 with a consolidated revenue of ¥71,510 million (up 16.2% year on year), operating profit of ¥12,052 million (up 10.8%), profit before tax of ¥11,230 million (up 10.4%), and profit for the year of ¥7,708 million (up 12.5%).

(5) Fundamental Earnings Distribution Policy and Dividends for 2018 and 2019

Tosei's fundamental earnings distribution policy is to strive to continuously provide stable dividends while comprehensively considering operating results, the future operating environment and progress in its business plan to balance dividends with the need for internal capital resources to generate long-term growth in corporate value by taking advantage of highly profitable business opportunities.

For the fiscal year ended November 30, 2018 and the fiscal year ending November 30, 2019, Tosei plans to pay cash dividends per share of ¥30 and ¥37 respectively.

2. Basic Concept Regarding Selection of Accounting Standards

Tosei Group has adopted IFRS.

The Group expects that adoption of IFRS will bring numerous benefits in facilitating its overseas expansion going forward, such that include improving its creditworthiness abroad enhancing flexibility in fund raising by global offering, etc., and improved convenience of financial information for overseas investors and others.

Meanwhile, another benefit is that the adoption of IFRS enables Tosei Corporation to submit IFRS-based financial statements, as is, for matters involving both the Tokyo Stock Exchange and the Singapore Exchange where the Company maintains multiple listings.

3. Consolidated Financial Statements and notes

(1) Consolidated Statement of Financial Position

(¥ thousand)

	As of Nov. 30, 2017	As of Nov. 30, 2018
Assets		
Current assets		
Cash and cash equivalents	23,750,239	26,520,569
Trade and other receivables	2,148,608	3,090,237
Inventories	59,718,614	62,457,864
Other current assets	26,376	30,495
Total current assets	85,643,839	92,099,167
Non-current assets		
Property, plant and equipment	5,305,652	8,785,869
Investment properties	28,359,547	33,752,847
Intangible assets	83,544	87,966
Available-for-sale financial assets	1,751,463	2,244,831
Trade and other receivables	859,731	865,235
Deferred tax assets	517,587	903,707
Other non-current assets	28,914	28,914
Total non-current assets	36,906,441	46,669,371
Total assets	122,550,281	138,768,538
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	4,278,612	4,075,579
Borrowings	6,449,040	7,308,494
Current income tax liabilities	732,961	2,445,597
Provisions	484,671	593,669
Total current liabilities	11,945,287	14,423,341
Non-current liabilities		
Trade and other payables	3,280,020	3,708,969
Borrowings	60,674,335	67,716,752
Retirement benefits obligations	472,574	493,554
Provisions	19,197	6,817
Deffered Tax Liabilties	—	397,320
Total non-current liabilities	64,446,127	72,323,414
Total Liabilities	76,391,414	86,746,756
Equity		
Share capital	6,421,392	6,554,139
Capital reserves	6,464,240	6,544,924
Retained earnings	33,209,210	38,843,309
Treasury shares	—	(128)
Other components of equity	64,024	79,537
Total equity attributable to owners of parent	46,158,867	52,021,782
Total equity	46,158,867	52,021,782
Total liabilities and equity	122,550,281	138,768,538

(2) Consolidated Statement of Comprehensive Income

(¥ thousand)

	Year ended Nov. 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)	Year ended Nov. 30, 2018 (Dec. 1, 2017 – Nov. 30, 2018)
Revenue	57,754,328	61,543,319
Cost of revenue	40,937,814	42,820,221
Gross profit	16,816,513	18,723,097
Selling, general and administrative expenses	7,153,850	7,860,072
Other income	215,754	147,032
Other expenses	44,550	134,249
Operating profit	9,833,867	10,875,807
Finance income	76,881	85,743
Finance costs	861,281	790,534
Profit before tax	9,049,467	10,171,017
Income tax expense	2,894,297	3,318,779
Profit for the year	6,155,169	6,852,237
Other comprehensive income		
Items that will not be reclassified to net profit or loss		
Remeasurements of defined benefit pension plans	(4,016)	(11,038)
Total items that will not be reclassified to net profit or loss	(4,016)	(11,038)
Items that may be reclassified to net profit or loss		
Exchange differences on translation of foreign operations	12,035	(881)
Net change in fair values of available-for-sale financial assets	(2,644)	13,480
Net change in fair values of cash flow hedges	5,070	2,913
Total items that may be reclassified to net profit or loss	14,461	15,513
Other comprehensive income for the year, net of tax	10,445	4,474
Total comprehensive income for the year	6,165,615	6,856,712
Profit attributable to:		
Owners of the parent	6,155,169	6,852,237
Total comprehensive income attributable to:		
Owners of the parent	6,165,615	6,856,712
Earnings per share attributable to owners of the parent		
Basic earnings per share (yen)	127.48	141.36
Diluted earnings per share (yen)	127.41	141.12

(3) Consolidated Statement of Changes in Equity

Year ended November 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at Dec. 1, 2016	6,421,392	6,418,823	28,120,304	—	49,562	41,010,083	41,010,083
Profit for the year			6,155,169			6,155,169	6,155,169
Other comprehensive income					10,445	10,445	10,445
Total comprehensive income for the year	—	—	6,155,169	—	10,445	6,165,615	6,165,615
Amount of transactions with owners							
Issuance of new shares						—	—
Purchase of treasury shares						—	—
Dividends from surplus			(1,062,248)			(1,062,248)	(1,062,248)
Share-based payment		45,416				45,416	45,416
Transfer from other components of equity to retained earnings			(4,016)		4,016	—	—
Balance at Nov. 30, 2017	6,421,392	6,418,823	33,209,210	—	64,024	46,158,867	46,158,867

Year ended November 30, 2018 (Dec. 1, 2017 – Nov. 30, 2018)

(¥ thousand)

	Share capital	Capital reserves	Retained earnings	Treasury shares	Other components of equity	Total equity attributable to owners of parent	Total equity
Balance at Dec. 1, 2017	6,421,392	6,464,240	33,209,210	—	64,024	46,158,867	46,158,867
Profit for the year			6,852,237			6,852,237	6,852,237
Other comprehensive income					4,474	4,474	4,474
Total comprehensive income for the year	—	—	6,852,237	—	4,474	6,856,712	6,856,712
Amount of transactions with owners							
Issuance of new shares	132,747	75,748				208,495	208,495
Purchase of treasury shares				(128)		(128)	(128)
Dividends from surplus			(1,207,100)			(1,207,100)	(1,207,100)
Share-based payment		4,935				4,935	4,935
Transfer from other components of equity to retained earnings			(11,038)		11,038	—	—
Balance at Nov. 30, 2018	6,554,139	6,544,924	38,843,309	(128)	79,537	52,021,782	52,021,782

(4) Consolidated Statement of Cash Flows

(¥ thousand)

	Year ended Nov. 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)	Year ended Nov. 30, 2018 (Dec. 1, 2017 – Nov. 30, 2018)
Cash flows from operating activities		
Profit before tax	9,049,467	10,171,017
Depreciation expense	393,045	621,108
Increase (decrease) in provisions and retirement benefits obligations	98,422	112,683
Interest and dividends income	(76,881)	(85,743)
Interest expenses	861,281	790,534
Gain on sales of stocks of subsidiaries and affiliates	(123,505)	—
Loss on retirement of property, plant and equipment	22,955	791
Decrease (increase) in trade and other receivables	(13,498)	(827,489)
Decrease (increase) in inventories	353,672	(932,707)
Increase (decrease) in trade and other payables	415,296	(14,822)
Other, net	59,676	(79,792)
Subtotal	11,039,932	9,755,580
Interest and dividends income received	76,619	85,743
Income taxes paid	(4,027,392)	(2,226,001)
Net cash from (used in) operating activities	7,089,159	7,615,322
Cash flows from investing activities		
Proceeds from withdrawal of time deposits	95,000	—
Purchase of property, plant and equipment	(30,994)	(72,169)
Purchase of investment properties	(1,282,517)	(8,714,445)
Purchase of intangible assets	(13,189)	(33,450)
Purchase of available-for-sale financial assets	(687,589)	(473,717)
Collection of available-for-sale financial assets	7,619	1,907
Proceeds from sales of available-for-sale financial assets	349,201	3,458
Payments of loans receivable	(1,085,000)	—
Collection of loans receivable	2,760,075	77
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(182,766)	(1,502,160)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	39,328	—
Other, net	12,032	3,715
Net cash from (used in) investing activities	(18,800)	(10,786,784)
Cash flows from financing activities		
Net increase (decrease) in current borrowings	(1,930,300)	117,500
Proceeds from non-current borrowings	38,871,150	41,148,950
Repayments of non-current borrowings	(39,951,833)	(33,360,923)
Proceeds from issuance of new shares	—	208,086
Cash dividends paid	(1,061,561)	(1,206,976)
Interest expenses paid	(886,261)	(960,968)
Other, net	(3,374)	(3,783)
Net cash from (used in) financing activities	(4,962,180)	5,941,884
Net increase (decrease) in cash and cash equivalents	2,108,179	2,770,422
Cash and cash equivalents at beginning of year	21,640,866	23,750,239
Effect of exchange rate change on cash and cash equivalents	1,193	(92)
Cash and cash equivalents at end of year	23,750,239	26,520,569

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumption)

No item to report.

(Segment information)

(1) Summary of reportable segments

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

(2) Method for calculating revenue, profit or loss and other items by reportable segment

The methods of accounting applied in the reported operating segments are consistent with the accounting policies adopted by the Group.

The reported segment profit is calculated on an operating profit basis. Intersegment revenue or transfers are based on actual market prices.

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

Year ended November 30, 2017
(Dec.1, 2016 – Nov 30, 2017)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	40,268,193	5,197,322	6,194,849	2,763,389	3,330,553	20	—	57,754,328
Intersegment revenue	—	—	43,114	38,933	1,306,827	—	(1,388,876)	—
Total	40,268,193	5,197,322	6,237,963	2,802,323	4,637,381	20	(1,388,876)	57,754,328
Segment profit or loss	7,845,032	(408,738)	2,581,960	1,273,565	278,217	(74,920)	(1,661,249)	9,833,867
Finance income/costs, net								(784,400)
Profit before tax								9,049,467

Year ended November 30, 2018
(Dec.1, 2017 – Nov 30, 2018)

(¥ thousand)

	Reportable Segments					Other	Adjustment	Total
	Revitalization Business	Development Business	Rental Business	Fund and Consulting Business	Property Management Business			
Revenue								
Revenue from external customers	34,793,585	13,261,604	6,133,861	2,982,251	4,015,450	356,565	—	61,543,319
Intersegment revenue	—	—	44,221	56,356	1,216,701,	2,240	(1,319,519)	—
Total	34,793,585	13,261,604	6,178,083	3,038,607	5,232,152	358,805	(1,319,519)	61,543,319
Segment profit or loss	6,770,700	1,487,253	2,534,521	1,616,478	453,725	(45,211)	(1,941,660)	10,875,807
Finance income/costs, net								(704,790)
Profit before tax								10,171,017

(Earnings per share)

	Year ended November 30, 2017 (Dec. 1, 2016 – Nov. 30, 2017)	Year ended November 30, 2018 (Dec. 1, 2017 – Nov. 30, 2018)
Profit attributable to owners of the parent (¥ thousand)	6,155,169	6,852,237
Net income used to figure diluted net income per share (¥ thousand)	6,155,169	6,852,237
Weighted average number of outstanding ordinary shares (shares)	48,284,000	48,472,355
The number of increased ordinary shares used to figure diluted earnings per share (shares)	25,402	85,411
The weighted-average number of ordinary shares used to figure diluted earnings per share (shares)	48,309,402	48,557,766
Basic earnings per share (¥)	127.48	141.36
Diluted net income per share (¥)	127.41	141.12

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

(Significant subsequent events)

No item to report.