

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended August 31, 2016 (Based on Japanese GAAP)

October 7, 2016

Company name: First Brothers Co., Ltd.
 Stock exchange listing: Tokyo
 Stock code: 3454 URL <http://www.firstbrothers.com/>
 Representative: President Tomoki Yoshihara
 Inquiries: Chief Financial Officer Yoshinobu Hotta TEL 03(5219)5370
 Scheduled date to file Quarterly Securities Report: October 14, 2016
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly financial results: Yes
 Holding of quarterly financial results meeting: No

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the nine months ended August 31, 2016 (from December 1, 2015 to August 31, 2016)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended August 31, 2016	10,837	165.2	2,725	(4.4)	2,481	(9.5)	1,396	(13.3)
Nine months ended August 31, 2015	4,087	(60.4)	2,850	25.4	2,742	23.0	1,611	134.0

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2016	197.86	–
Nine months ended August 31, 2015	239.20	238.47

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of August 31, 2016	35,604	8,981	25.2	1,281.93
As of November 30, 2015	23,281	7,900	33.9	1,093.89

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended November 30, 2015	–	0.00	–	0.00	0.00
Year ending November 30, 2016	–	0.00	–		
Year ending November 30, 2016 (Forecast)				0.00	0.00

3. Forecast of consolidated financial results for the year ending November 30, 2016 (from December 1, 2015 to November 30, 2016)

Percentages indicate year-on-year changes

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	14,503	218.3	3,743	32.2	3,352	26.1	1,922	15.8	272.90

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 31, 2016
(changes in specified subsidiaries resulting in the change in scope of consolidation): No
- (2) Application of special accounting methods for preparing quarterly consolidated financial statements: No
- (3) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements
- Changes in accounting policies due to revisions to accounting standards and other regulations: Yes
- Changes in accounting policies due to other reasons: No
- Changes in accounting estimates: No
- Restatement of prior period financial statements: No

(4) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of August 31, 2016	7,222,500 shares	As of November 30, 2015	7,222,500 shares
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Number of treasury shares at the end of the period

As of August 31, 2016	216,631 shares	As of November 30, 2015	– shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Nine months ended August 31, 2016	7,059,440 shares	Nine months ended August 31, 2015	6,736,562 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2015	As of August 31, 2016
Assets		
Current assets		
Cash and deposits	4,040,609	4,872,565
Deposits in trust	574,700	676,277
Accounts receivable - trade	91,149	79,941
Real estate for sale	16,191,402	25,514,961
Real estate for sale in process	–	1,206,081
Deferred tax assets	156,627	238,548
Operating loans	453,000	460,000
Operational investment securities	694,532	549,523
Other	501,356	733,628
Allowance for doubtful accounts	(147,720)	(257,932)
Total current assets	22,555,659	34,073,595
Non-current assets		
Property, plant and equipment	180,076	171,724
Intangible assets	3,901	2,868
Investments and other assets	541,786	1,356,462
Total non-current assets	725,764	1,531,055
Total assets	23,281,423	35,604,650
Liabilities		
Current liabilities		
Short-term loans payable	–	1,310,000
Current portion of long-term loans payable	352,156	743,116
Income taxes payable	734,509	505,739
Provision for bonuses	–	91,844
Other	472,752	870,921
Total current liabilities	1,559,417	3,521,621
Non-current liabilities		
Long-term loans payable	12,961,757	21,758,109
Other	859,664	1,343,877
Total non-current liabilities	13,821,421	23,101,986
Total liabilities	15,380,838	26,623,608
Net assets		
Shareholders' equity		
Capital stock	1,589,830	1,589,830
Capital surplus	1,913,110	1,913,110
Retained earnings	4,377,602	5,774,177
Treasury shares	–	(285,698)
Total shareholders' equity	7,880,543	8,991,421
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	20,041	(10,378)
Total accumulated other comprehensive income	20,041	(10,378)
Total net assets	7,900,585	8,981,042
Total liabilities and net assets	23,281,423	35,604,650

Consolidated statements of income (cumulative) and consolidated statements of comprehensive income (cumulative)

Consolidated statements of income (cumulative)

	(Thousands of yen)	
	Nine months ended August 31, 2015	Nine months ended August 31, 2016
Net sales	4,087,037	10,837,627
Cost of sales	376,264	7,065,660
Gross profit	3,710,772	3,771,967
Selling, general and administrative expenses	860,557	1,046,404
Operating income	2,850,214	2,725,562
Non-operating income		
Interest income	628	515
Dividend income	31	3,398
Foreign exchange gains	6,324	—
Rent income	3,006	3,006
Interest on refund	112	942
Gain on valuation of derivatives	—	21,553
Other	1,645	0
Total non-operating income	11,749	29,416
Non-operating expenses		
Interest expenses	82,481	131,710
Commission fee	1,180	117,866
Share issuance cost	26,143	—
Going public expenses	6,729	4,577
Loss on valuation of derivatives	2,254	14,405
Other	611	5,149
Total non-operating expenses	119,400	273,708
Ordinary income	2,742,563	2,481,270
Extraordinary income		
Gain on liquidation of subsidiaries and associates	—	5,499
Total extraordinary income	—	5,499
Extraordinary losses		
Loss on retirement of non-current assets	0	—
Loss on valuation of investment securities	1,557	50,000
Loss on valuation of investments in capital of subsidiaries and associates	3,281	—
Total extraordinary losses	4,838	50,000
Income before income taxes and minority interests	2,737,725	2,436,770
Income taxes - current	1,215,833	1,074,319
Income taxes - deferred	(89,515)	(34,330)
Total income taxes	1,126,317	1,039,989
Profit	1,611,407	1,396,781
Profit attributable to owners of parent	1,611,407	1,396,781

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2015	Nine months ended August 31, 2016
Profit	1,611,407	1,396,781
Other comprehensive income		
Valuation difference on available-for-sale securities	(3,343)	(30,420)
Total other comprehensive income	(3,343)	(30,420)
Comprehensive income	1,608,064	1,366,360
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,608,064	1,366,360
Comprehensive income attributable to non-controlling interests	—	—