

Translation

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Summary of Consolidated Financial Results for the Three Months Ended February 28, 2017 (Based on Japanese GAAP)

April 7, 2017

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: April 13, 2017
 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 three months ended February 28, 2017 (from December 1, 2016 to February 28, 2017)

(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	%
Three months ended February 28, 2017	2,131	12.5	148	(61.4)	99	(71.8)	68	(67.1)
Three months ended February 29, 2016	1,894	(3.1)	383	(75.6)	351	(76.9)	207	(76.2)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Three months ended February 28, 2017	9.73	–
Three months ended February 29, 2016	28.96	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of February 28, 2017	38,657	9,598	24.8	1,370.10
As of November 30, 2016	36,072	9,885	27.4	1,411.01

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, 2016	–	0.00	–	50.00	50.00
Year ending November 30, 2017	–				
Year ending November 30, 2017 (Forecast)		0.00	–	30.00	30.00

3. Forecast of consolidated financial results for the year ending November 30, 2017 (from December 1, 2016 to November 30, 2017)

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	18,072	23.7	4,107	3.6	3,687	0.7	2,396	4.8	342.09

4. Notes

- (1) Changes in significant subsidiaries during the three months ended February 28, 2017
(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: No
- 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 February 28, 2017	7,222,500 shares	As of November 30, 2016	7,222,500 shares
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Number of treasury shares at the end of the period

As of February 28, 2017	216,631 shares	As of November 30, 2016	216,631 shares
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Average number of shares during the period (cumulative from the beginning of the fiscal year)

Three months ended February 28, 2017	7,005,869 shares	Three months ended February 29, 2016	7,167,700 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2016	As of February 28, 2017
Assets		
Current assets		
Cash and deposits	5,693,711	3,673,205
Deposits in trust	609,013	581,280
Accounts receivable - trade	46,089	17,515
Real estate for sale	25,775,835	30,192,596
Real estate for sale in process	1,115,508	1,117,608
Deferred tax assets	374,721	351,157
Operating loans	458,985	108,985
Operational investment securities	599,555	595,606
Other	697,487	1,215,924
Allowance for doubtful accounts	(112,791)	(109,391)
Total current assets	35,258,117	37,744,489
Non-current assets		
Property, plant and equipment	170,198	178,510
Intangible assets	8,879	8,300
Investments and other assets	635,015	725,964
Total non-current assets	814,093	912,774
Total assets	36,072,210	38,657,264
Liabilities		
Current liabilities		
Short-term loans payable	860,000	860,000
Current portion of long-term loans payable	745,140	841,316
Income taxes payable	814,967	32,414
Provision for bonuses	—	41,127
Other	819,789	541,164
Total current liabilities	3,239,896	2,316,021
Non-current liabilities		
Long-term loans payable	21,832,386	25,525,736
Other	1,114,549	1,216,749
Total non-current liabilities	22,946,935	26,742,485
Total liabilities	26,186,832	29,058,507
Net assets		
Shareholders' equity		
Capital stock	1,589,830	1,589,830
Capital surplus	1,913,110	1,913,110
Retained earnings	6,664,919	6,378,521
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	9,882,162	9,595,765
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,215	2,991
Total accumulated other comprehensive income	3,215	2,991
Total net assets	9,885,378	9,598,756
Total liabilities and net assets	36,072,210	38,657,264

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Net sales	1,894,776	2,131,781
Cost of sales	1,201,784	1,671,654
Gross profit	692,992	460,126
Selling, general and administrative expenses	309,549	311,992
Operating income	383,442	148,134
Non-operating income		
Interest income	407	98
Dividend income	3,303	23
Rent income	1,002	1,002
Gain on valuation of derivatives	6,961	28,040
Other	0	537
Total non-operating income	11,675	29,701
Non-operating expenses		
Interest expenses	38,187	46,727
Commission fee	2,737	31,149
Other	2,426	813
Total non-operating expenses	43,351	78,690
Ordinary income	351,765	99,145
Extraordinary income		
Gain on liquidation of subsidiaries and associates	5,499	—
Total extraordinary income	5,499	—
Profit before income taxes	357,265	99,145
Income taxes - current	151,212	4,631
Income taxes - deferred	(1,508)	26,315
Total income taxes	149,703	30,946
Profit	207,561	68,198
Profit attributable to owners of parent	207,561	68,198

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended February 29, 2016	Three months ended February 28, 2017
Profit	207,561	68,198
Other comprehensive income		
Valuation difference on available-for-sale securities	(13,564)	(224)
Total other comprehensive income	(13,564)	(224)
Comprehensive income	193,996	67,973
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	193,996	67,973
Comprehensive income attributable to non-controlling interests	—	—