

Translation

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## Summary of Consolidated Financial Results for the Six Months Ended May 31, 2017 (Based on Japanese GAAP)

July 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: July 14, 2017  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results meeting: Yes (for institutional investors and analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the six months ended May 31, 2017 (from December 1, 2016 to May 31, 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	%
Six months ended May 31, 2017	10,067	19.1	1,814	5.0	1,667	8.4	1,096	28.6
Six months ended May 31, 2016	8,454	176.1	1,727	(24.1)	1,537	(29.9)	853	(31.1)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended May 31, 2017	156.58	–
Six months ended May 31, 2016	120.41	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of May 31, 2017	37,635	10,628	28.2	1,517.15
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	–	0.00			
Year ending November 30, 2017 (Forecast)			–	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 six months ended May 31, 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 May 31, 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 May 31, 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)

Six months ended May 31, 2017	7,005,869 shares	Six months ended May 31, 2016	7,086,357 shares
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**Quarterly consolidated financial statements**  
**Consolidated balance sheets**

(Thousands of yen)

	As of November 30, 2016	As of May 31, 2017
Assets		
Current assets		
Cash and deposits	5,693,711	5,730,767
Deposits in trust	609,013	578,731
Accounts receivable - trade	46,089	47,827
Real estate for sale	25,775,835	27,050,080
Real estate for sale in process	1,115,508	1,149,608
Deferred tax assets	374,721	408,479
Operating loans	458,985	108,985
Operational investment securities	599,555	610,452
Other	697,487	1,226,785
Allowance for doubtful accounts	(112,791)	(109,391)
Total current assets	35,258,117	36,802,328
Non-current assets		
Property, plant and equipment	170,198	175,695
Intangible assets	8,879	11,663
Investments and other assets	635,015	645,559
Total non-current assets	814,093	832,918
Total assets	36,072,210	37,635,247
Liabilities		
Current liabilities		
Short-term loans payable	860,000	860,000
Current portion of long-term loans payable	745,140	744,928
Income taxes payable	814,967	515,770
Provision for bonuses	—	83,647
Other	819,789	625,078
Total current liabilities	3,239,896	2,829,424
Non-current liabilities		
Long-term loans payable	21,832,386	22,881,297
Other	1,114,549	1,295,555
Total non-current liabilities	22,946,935	24,176,852
Total liabilities	26,186,832	27,006,276
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	7,407,299
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	9,882,162	10,624,542
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,215	4,428
Total accumulated other comprehensive income	3,215	4,428
Total net assets	9,885,378	10,628,971
Total liabilities and net assets	36,072,210	37,635,247

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

**Consolidated statements of income (cumulative)**

	(Thousands of yen)	
	Six months ended May 31, 2016	Six months ended May 31, 2017
Net sales	8,454,704	10,067,757
Cost of sales	6,019,584	7,613,935
Gross profit	2,435,119	2,453,822
Selling, general and administrative expenses	707,205	639,806
Operating income	1,727,914	1,814,015
Non-operating income		
Interest income	474	104
Dividend income	3,306	25
Rent income	2,004	2,004
Gain on sales of investment securities	–	2,705
Interest on refund	886	649
Gain on valuation of derivatives	6,452	4,913
Other	0	642
Total non-operating income	13,124	11,045
Non-operating expenses		
Interest expenses	84,205	106,096
Commission fee	99,865	32,150
Other	19,141	19,204
Total non-operating expenses	203,212	157,451
Ordinary income	1,537,826	1,667,609
Extraordinary income		
Gain on liquidation of subsidiaries and associates	5,499	–
Total extraordinary income	5,499	–
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	–	856
Total extraordinary losses	–	856
Profit before income taxes	1,543,326	1,666,752
Income taxes - current	801,040	600,401
Income taxes - deferred	(110,959)	(30,624)
Total income taxes	690,080	569,776
Profit	853,246	1,096,975
Profit attributable to owners of parent	853,246	1,096,975

**Consolidated statements of comprehensive income (cumulative)**

(Thousands of yen)

	Six months ended May 31, 2016	Six months ended May 31, 2017
Profit	853,246	1,096,975
Other comprehensive income		
Valuation difference on available-for-sale securities	(17,058)	1,212
Total other comprehensive income	(17,058)	1,212
Comprehensive income	836,187	1,098,188
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	836,187	1,098,188
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2016	Six months ended May 31, 2017
Cash flows from operating activities		
Profit before income taxes	1,543,326	1,666,752
Depreciation	116,253	150,236
Increase (decrease) in allowance for doubtful accounts	66,405	(3,400)
Increase (decrease) in provision for bonuses	83,169	83,647
Interest and dividend income	(3,781)	(130)
Interest expenses	84,205	106,096
Loss (gain) on liquidation of subsidiaries and associates	(5,499)	856
Decrease(increase) in deposits in trust	(347,170)	30,281
Decrease (increase) in notes and accounts receivable - trade	(22,813)	(1,737)
Decrease (increase) in inventories	(7,226,793)	(1,453,085)
Decrease (increase) in operating loans receivable	(7,000)	350,000
Decrease (increase) in investment securities for sale	(93,619)	(7,157)
Decrease (increase) in investment in anonymous association of subsidiaries and associates	1,278	(21,727)
Decrease (increase) in other current assets	(48,111)	(528,782)
Increase (decrease) in other current liabilities	(118,345)	(225,634)
Increase (decrease) in other non-current liabilities	357,887	180,470
Other, net	2,720	7,626
Subtotal	(5,617,890)	334,312
Interest and dividend income received	3,781	130
Interest expenses paid	(88,171)	(102,287)
Income taxes refund	—	209
Income taxes paid	(840,635)	(897,169)
Net cash provided by (used in) operating activities	(6,542,915)	(664,804)
Cash flows from investing activities		
Purchase of property, plant and equipment	(87,747)	(10,527)
Purchase of intangible assets	—	(4,000)
Purchase of investment securities	(872)	(3,364)
Proceeds from sales of investment securities	—	8,194
Purchase of shares of subsidiaries and associates	(722,418)	—
Payments for lease and guarantee deposits	(210)	(3,080)
Other, net	(24,264)	(857)
Net cash provided by (used in) investing activities	(835,512)	(13,636)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	450,000	—
Proceeds from long-term loans payable	11,130,000	7,455,000
Repayments of long-term loans payable	(3,899,095)	(6,406,301)
Purchase of treasury shares	(285,657)	—
Cash dividends paid	—	(349,839)
Net cash provided by (used in) financing activities	7,395,247	698,859
Effect of exchange rate change on cash and cash equivalents	(3,075)	(459)
Net increase (decrease) in cash and cash equivalents	13,743	19,958
Cash and cash equivalents at beginning of period	4,040,609	5,693,711
Increase in cash and cash equivalents from newly consolidated subsidiary	6,152	—
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	17,097
Cash and cash equivalents at end of period	4,060,505	5,730,767