

Translation

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Summary of Consolidated Financial Results for the Nine Months Ended August 31, 2017 (Based on Japanese GAAP)

October 6, 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: October 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 nine months ended August 31, 2017 (from December 1, 2016 to August 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	%
Nine months ended August 31, 2017	10,653	(1.7)	1,847	(32.2)	1,593	(35.8)	1,078	(22.8)
Nine months ended August 31, 2016	10,837	165.2	2,725	(4.4)	2,481	(9.5)	1,396	(13.3)

	Earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended August 31, 2017	76.95	–
Nine months ended August 31, 2016	98.93	–

(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, 2017	39,738	10,622	26.7	758.13
As of November 30, 2016	36,072	9,885	27.4	705.51

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)				15.00	15.00

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	171.04

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 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 August 31, 2017	14,445,000 shares	As of November 30, 2016	14,445,000 shares
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Number of treasury shares at the end of the period

As of August 31, 2017	433,262 shares	As of November 30, 2016	433,262 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, 2017	14,011,738 shares	Nine months ended August 31, 2016	14,118,880 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2016	As of August 31, 2017
Assets		
Current assets		
Cash and deposits	5,693,711	4,692,034
Deposits in trust	609,013	498,093
Accounts receivable - trade	46,089	30,026
Real estate for sale	25,775,835	30,484,981
Real estate for sale in process	1,115,508	1,151,358
Deferred tax assets	374,721	380,842
Operating loans	458,985	71,985
Operational investment securities	599,555	487,996
Other	697,487	1,147,815
Allowance for doubtful accounts	(112,791)	(72,270)
Total current assets	35,258,117	38,872,863
Non-current assets		
Property, plant and equipment	170,198	181,466
Intangible assets	8,879	10,894
Investments and other assets	635,015	673,692
Total non-current assets	814,093	866,053
Total assets	36,072,210	39,738,917
Liabilities		
Current liabilities		
Short-term loans payable	860,000	860,000
Current portion of long-term loans payable	745,140	809,932
Current portion of long-term non-recourse loans payable	—	7,500
Income taxes payable	814,967	159,861
Provision for bonuses	—	97,941
Other	819,789	505,232
Total current liabilities	3,239,896	2,440,467
Non-current liabilities		
Long-term loans payable	21,832,386	24,580,061
Long-term non-recourse loans payable	—	742,500
Other	1,114,549	1,353,150
Total non-current liabilities	22,946,935	26,675,711
Total liabilities	26,186,832	29,116,179
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	7,388,499
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	9,882,162	10,605,743
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	3,215	16,994
Total accumulated other comprehensive income	3,215	16,994
Total net assets	9,885,378	10,622,737
Total liabilities and net assets	36,072,210	39,738,917

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, 2016	Nine months ended August 31, 2017
Net sales	10,837,627	10,653,567
Cost of sales	7,065,660	7,855,711
Gross profit	3,771,967	2,797,855
Selling, general and administrative expenses	1,046,404	950,487
Operating income	2,725,562	1,847,368
Non-operating income		
Interest income	515	196
Dividend income	3,398	1,284
Rent income	3,006	3,006
Interest on refund	942	690
Gain on valuation of derivatives	21,553	533
Gain on sales of investment securities	–	2,729
Other	0	650
Total non-operating income	29,416	9,090
Non-operating expenses		
Interest expenses	131,710	161,916
Commission fee	117,866	64,179
Going public expenses	4,577	–
Loss on valuation of derivatives	14,405	34,558
Other	5,149	2,699
Total non-operating expenses	273,708	263,352
Ordinary income	2,481,270	1,593,106
Extraordinary income		
Gain on liquidation of subsidiaries and associates	5,499	–
Total extraordinary income	5,499	–
Extraordinary losses		
Loss on valuation of investment securities	50,000	–
Loss on liquidation of subsidiaries and associates	–	856
Total extraordinary losses	50,000	856
Profit before income taxes	2,436,770	1,592,249
Income taxes - current	1,074,319	527,885
Income taxes - deferred	(34,330)	(13,812)
Total income taxes	1,039,989	514,072
Profit	1,396,781	1,078,176
Profit attributable to owners of parent	1,396,781	1,078,176

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2016	Nine months ended August 31, 2017
Profit	1,396,781	1,078,176
Other comprehensive income		
Valuation difference on available-for-sale securities	(30,420)	13,778
Total other comprehensive income	(30,420)	13,778
Comprehensive income	1,366,360	1,091,955
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,366,360	1,091,955
Comprehensive income attributable to non-controlling interests	—	—