

Translation

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**Summary of Consolidated Financial Results
for the Nine Months Ended August 31, 2018
(Based on Japanese GAAP)**

October 9, 2018

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 12, 2018
 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, 2018 (from December 1, 2017 to August 31, 2018)

(1) Consolidated operating results (cumulative)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended August 31, 2018	16,333	53.3	3,124	69.2	2,859	79.5	1,798	66.8
Nine months ended August 31, 2017	10,653	(1.7)	1,847	(32.2)	1,593	(35.8)	1,078	(22.8)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended August 31, 2018	128.36		127.68	
Nine months ended August 31, 2017	76.95		–	

(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, 2018	42,360	13,193	31.1	941.61
As of November 30, 2017	39,153	11,610	29.7	828.61

2. Cash dividends

	Annual dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total
	Yen				
Year ended November 30, 2017	–	0.00	–	15.00	15.00
Year ending November 30, 2018	–	0.00	–		
Year ending November 30, 2018 (Forecast)				18.00	18.00

3. Forecast of consolidated financial results for the year ending November 30, 2018 (from December 1, 2017 to November 30, 2018)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	22,568	20.3	5,015	48.7	4,458	45.7	2,815	37.4	200.92

4. Notes

- (1) Changes in significant subsidiaries during the nine months ended August 31, 2018
(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, 2018	14,445,000 shares	As of November 30, 2017	14,445,000 shares
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Number of treasury shares at the end of the period

As of August 31, 2018	433,262 shares	As of November 30, 2017	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, 2018	14,011,738 shares	Nine months ended August 31, 2017	14,011,738 shares
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Quarterly consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of November 30, 2017	As of August 31, 2018
Assets		
Current assets		
Cash and deposits	6,161,609	7,267,830
Deposits in trust	536,552	463,053
Accounts receivable - trade	33,887	67,714
Real estate for sale	28,789,238	28,361,231
Real estate for sale in process	1,215,631	3,557,106
Deferred tax assets	140,821	130,532
Operating loans	41,985	–
Operational investment securities	488,602	485,902
Other	1,083,634	1,262,991
Allowance for doubtful accounts	(41,985)	(768)
Total current assets	38,449,978	41,595,595
Non-current assets		
Property, plant and equipment	210,044	168,748
Intangible assets	10,132	7,891
Investments and other assets	482,898	588,586
Total non-current assets	703,074	765,227
Total assets	39,153,053	42,360,822
Liabilities		
Current liabilities		
Short-term loans payable	860,000	860,000
Current portion of long-term loans payable	698,480	716,196
Current portion of long-term non-recourse loans payable	7,500	15,488
Income taxes payable	455,112	714,880
Provision for bonuses	–	112,342
Other	642,116	493,412
Total current liabilities	2,663,209	2,912,319
Non-current liabilities		
Long-term loans payable	22,931,152	24,634,962
Long-term non-recourse loans payable	740,625	617,515
Other	1,207,859	1,002,468
Total non-current liabilities	24,879,636	26,254,945
Total liabilities	27,542,846	29,167,264
Net assets		
Shareholders' equity		
Capital stock	1,589,830	1,589,830
Capital surplus	1,913,110	1,913,110
Retained earnings	8,358,987	9,946,891
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	11,576,231	13,164,134
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,975	29,422
Total accumulated other comprehensive income	33,975	29,422
Total net assets	11,610,206	13,193,557
Total liabilities and net assets	39,153,053	42,360,822

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, 2017	Nine months ended August 31, 2018
Net sales	10,653,567	16,333,743
Cost of sales	7,855,711	12,235,089
Gross profit	2,797,855	4,098,654
Selling, general and administrative expenses	950,487	973,659
Operating profit	1,847,368	3,124,994
Non-operating income		
Interest income	196	248
Dividend income	1,284	971
Rent income	3,006	3,006
Interest on refund	690	2,485
Gain on valuation of derivatives	533	29,159
Gain on sales of investment securities	2,729	113
Other	650	194
Total non-operating income	9,090	36,179
Non-operating expenses		
Interest expenses	161,916	166,105
Commission fee	64,179	130,647
Loss on valuation of derivatives	34,558	-
Other	2,699	5,035
Total non-operating expenses	263,352	301,789
Ordinary profit	1,593,106	2,859,384
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	856	-
Total extraordinary losses	856	-
Profit before income taxes	1,592,249	2,859,384
Income taxes - current	527,885	1,052,625
Income taxes - deferred	(13,812)	8,278
Total income taxes	514,072	1,060,904
Profit	1,078,176	1,798,480
Profit attributable to owners of parent	1,078,176	1,798,480

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Nine months ended August 31, 2017	Nine months ended August 31, 2018
Profit	1,078,176	1,798,480
Other comprehensive income		
Valuation difference on available-for-sale securities	13,778	(4,552)
Total other comprehensive income	13,778	(4,552)
Comprehensive income	1,091,955	1,793,927
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,091,955	1,793,927
Comprehensive income attributable to non-controlling interests	—	—