

Translation

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Summary of Consolidated Financial Results for the Three Months Ended February 28, 2018 (Based on Japanese GAAP)

April 6, 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: April 13, 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 three months ended February 28, 2018 (from December 1, 2017 to February 28, 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	%
Three months ended February 28, 2018	1,431	(32.9)	446	201.5	387	290.5	260	282.0
Three months ended February 28, 2017	2,131	12.5	148	(61.4)	99	(71.8)	68	(67.1)

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Three months ended February 28, 2018	18.59		18.51	
Three months ended February 28, 2017	4.87		–	

(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, 2018	38,123	11,655	30.6	831.86
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	–	–	–	–	–
Year ending November 30, 2018 (Forecast)	–	0.00	–	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 three months ended February 28, 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 February 28, 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 February 28, 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)

Three months ended February 28, 2018	14,011,738 shares	Three months ended February 28, 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 February 28, 2018
Assets		
Current assets		
Cash and deposits	6,161,609	4,895,162
Deposits in trust	536,552	469,073
Accounts receivable - trade	33,887	36,769
Real estate for sale	28,789,238	28,297,457
Real estate for sale in process	1,215,631	1,538,214
Deferred tax assets	140,821	110,415
Operating loans	41,985	19,485
Operational investment securities	488,602	468,154
Other	1,083,634	1,596,263
Allowance for doubtful accounts	(41,985)	(20,140)
Total current assets	38,449,978	37,410,857
Non-current assets		
Property, plant and equipment	210,044	207,614
Intangible assets	10,132	9,385
Investments and other assets	482,898	495,348
Total non-current assets	703,074	712,348
Total assets	39,153,053	38,123,205
Liabilities		
Current liabilities		
Short-term loans payable	860,000	860,000
Current portion of long-term loans payable	698,480	649,456
Current portion of long-term non-recourse loans payable	7,500	41,600
Income taxes payable	455,112	105,041
Provision for bonuses	–	47,093
Other	642,116	438,775
Total current liabilities	2,663,209	2,141,966
Non-current liabilities		
Long-term loans payable	22,931,152	21,019,358
Long-term non-recourse loans payable	740,625	2,104,650
Other	1,207,859	1,201,450
Total non-current liabilities	24,879,636	24,325,458
Total liabilities	27,542,846	26,467,425
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	8,409,348
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	11,576,231	11,626,591
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,975	29,188
Total accumulated other comprehensive income	33,975	29,188
Total net assets	11,610,206	11,655,780
Total liabilities and net assets	39,153,053	38,123,205

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

Consolidated statements of income (cumulative)

(Thousands of yen)

	Three months ended February 28, 2017	Three months ended February 28, 2018
Net sales	2,131,781	1,431,393
Cost of sales	1,671,654	682,747
Gross profit	460,126	748,646
Selling, general and administrative expenses	311,992	301,985
Operating profit	148,134	446,660
Non-operating income		
Interest income	98	84
Dividend income	23	25
Rent income	1,002	1,002
Gain on sales of investment securities	–	47
Interest on refund	–	13
Gain on valuation of derivatives	28,040	2,167
Other	537	163
Total non-operating income	29,701	3,505
Non-operating expenses		
Interest expenses	46,727	57,129
Commission fee	31,149	56
Loss on valuation of derivatives	–	4,358
Other	813	1,509
Total non-operating expenses	78,690	63,053
Ordinary profit	99,145	387,112
Profit before income taxes	99,145	387,112
Income taxes - current	4,631	96,390
Income taxes - deferred	26,315	30,184
Total income taxes	30,946	126,575
Profit	68,198	260,536
Profit attributable to owners of parent	68,198	260,536

Consolidated statements of comprehensive income (cumulative)

(Thousands of yen)

	Three months ended February 28, 2017	Three months ended February 28, 2018
Profit	68,198	260,536
Other comprehensive income		
Valuation difference on available-for-sale securities	(224)	(4,786)
Total other comprehensive income	(224)	(4,786)
Comprehensive income	67,973	255,749
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	67,973	255,749
Comprehensive income attributable to non-controlling interests	—	—