

Translation

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

July 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: July 13, 2018  
 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, 2018 (from December 1, 2017 to May 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	%
Six months ended May 31, 2018	14,131	40.4	3,047	68.0	2,851	71.0	1,798	64.0
Six months ended May 31, 2017	10,067	19.1	1,814	5.0	1,667	8.4	1,096	28.6

	Earnings per share		Diluted earnings per share	
	Yen		Yen	
Six months ended May 31, 2018	128.38		127.70	
Six months ended May 31, 2017	78.29		–	

(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, 2018	39,734	13,190	33.2	941.42
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 six months ended May 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 May 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 May 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)

Six months ended May 31, 2018	14,011,738 shares	Six months ended May 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 May 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	6,161,609	8,674,520
Deposits in trust	536,552	479,900
Accounts receivable - trade	33,887	58,025
Real estate for sale	28,789,238	26,194,088
Real estate for sale in process	1,215,631	1,538,239
Deferred tax assets	140,821	143,396
Operating loans	41,985	–
Operational investment securities	488,602	434,842
Other	1,083,634	1,503,979
Allowance for doubtful accounts	(41,985)	(768)
Total current assets	38,449,978	39,026,224
Non-current assets		
Property, plant and equipment	210,044	204,551
Intangible assets	10,132	8,638
Investments and other assets	482,898	494,790
Total non-current assets	703,074	707,980
Total assets	39,153,053	39,734,205
<b>Liabilities</b>		
Current liabilities		
Short-term loans payable	860,000	860,000
Current portion of long-term loans payable	698,480	654,744
Current portion of long-term non-recourse loans payable	7,500	15,488
Income taxes payable	455,112	1,095,262
Provision for bonuses	–	95,512
Other	642,116	719,293
Total current liabilities	2,663,209	3,440,300
Non-current liabilities		
Long-term loans payable	22,931,152	21,391,791
Long-term non-recourse loans payable	740,625	621,387
Other	1,207,859	1,089,735
Total non-current liabilities	24,879,636	23,102,913
Total liabilities	27,542,846	26,543,213
<b>Net assets</b>		
Shareholders' equity		
Capital stock	1,589,830	1,589,830
Capital surplus	1,913,110	1,913,110
Retained earnings	8,358,987	9,947,440
Treasury shares	(285,698)	(285,698)
Total shareholders' equity	11,576,231	13,164,683
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	33,975	26,307
Total accumulated other comprehensive income	33,975	26,307
Total net assets	11,610,206	13,190,991
Total liabilities and net assets	39,153,053	39,734,205

**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, 2017	Six months ended May 31, 2018
Net sales	10,067,757	14,131,078
Cost of sales	7,613,935	10,446,694
Gross profit	2,453,822	3,684,384
Selling, general and administrative expenses	639,806	636,757
Operating profit	1,814,015	3,047,627
Non-operating income		
Interest income	104	89
Dividend income	25	36
Rent income	2,004	2,004
Gain on sales of investment securities	2,705	113
Interest on refund	649	2,006
Gain on valuation of derivatives	4,913	1,637
Other	642	194
Total non-operating income	11,045	6,082
Non-operating expenses		
Interest expenses	106,096	118,958
Commission fee	32,150	74,786
Other	19,204	8,449
Total non-operating expenses	157,451	202,193
Ordinary profit	1,667,609	2,851,516
Extraordinary losses		
Loss on liquidation of subsidiaries and associates	856	–
Total extraordinary losses	856	–
Profit before income taxes	1,666,752	2,851,516
Income taxes - current	600,401	1,057,279
Income taxes - deferred	(30,624)	(4,646)
Total income taxes	569,776	1,052,633
Profit	1,096,975	1,798,882
Profit attributable to owners of parent	1,096,975	1,798,882

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

(Thousands of yen)

	Six months ended May 31, 2017	Six months ended May 31, 2018
Profit	1,096,975	1,798,882
Other comprehensive income		
Valuation difference on available-for-sale securities	1,212	(7,668)
Total other comprehensive income	1,212	(7,668)
Comprehensive income	1,098,188	1,791,214
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,098,188	1,791,214
Comprehensive income attributable to non-controlling interests	—	—

## Consolidated statements of cash flows

(Thousands of yen)

	Six months ended May 31, 2017	Six months ended May 31, 2018
Cash flows from operating activities		
Profit before income taxes	1,666,752	2,851,516
Depreciation	150,236	173,195
Increase (decrease) in allowance for doubtful accounts	(3,400)	(41,216)
Increase (decrease) in provision for bonuses	83,647	95,512
Increase (decrease) in provision for shareholder benefit program	–	(14,682)
Interest and dividend income	(130)	(126)
Interest expenses	106,096	118,958
Loss (gain) on liquidation of subsidiaries and associates	856	–
Decrease(increase) in deposits in trust	30,281	56,652
Decrease (increase) in notes and accounts receivable - trade	(1,737)	(24,138)
Decrease (increase) in inventories	(1,453,085)	2,107,869
Decrease (increase) in operating loans receivable	350,000	41,985
Decrease (increase) in investment securities for sale	(7,157)	53,652
Decrease (increase) in investment in anonymous association of subsidiaries and associates	(21,727)	(14,211)
Decrease (increase) in other current assets	(528,782)	(557,152)
Increase (decrease) in other current liabilities	(225,634)	145,513
Increase (decrease) in other non-current liabilities	180,470	(114,740)
Other, net	7,626	(2,600)
Subtotal	334,312	4,875,987
Interest and dividend income received	130	126
Interest expenses paid	(102,287)	(120,191)
Income taxes refund	209	166,416
Income taxes paid	(897,169)	(430,343)
Net cash provided by (used in) operating activities	(664,804)	4,491,996
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,527)	(38,264)
Purchase of intangible assets	(4,000)	–
Purchase of investment securities	(3,364)	(2,783)
Proceeds from sales of investment securities	8,194	1,848
Payments for lease and guarantee deposits	(3,080)	(3,240)
Proceeds from collection of lease and guarantee deposits	–	101
Other, net	(857)	(1,000)
Net cash provided by (used in) investing activities	(13,636)	(43,338)
Cash flows from financing activities		
Proceeds from long-term loans payable	7,455,000	6,710,000
Proceeds from long-term non recourse loans payable	–	1,400,000
Repayments of long-term loans payable	(6,406,301)	(8,293,097)
Repayment of long-term non recourse loans payable	–	(1,511,250)
Cash dividends paid	(349,839)	(209,841)
Net cash provided by (used in) financing activities	698,859	(1,904,188)
Effect of exchange rate change on cash and cash equivalents	(459)	(1,261)
Net increase (decrease) in cash and cash equivalents	19,958	2,543,208
Cash and cash equivalents at beginning of period	5,693,711	6,161,609
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	17,097	(254)
Cash and cash equivalents at end of period	5,730,767	8,704,563