

## Consolidated Financial Results for the Fiscal Year Ended November 20, 2017 (FY11/17)

[Japanese GAAP]

December 28, 2017

Company name: KITAKEI CO.,LTD. Stock Exchange Listing: Tokyo Stock Exchange, Second Section  
 Stock code: 9872 URL: <http://www.kitakei.jp/>  
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 Scheduled date of Annual General Meeting of Shareholders: February 16, 2018  
 Scheduled date of dividend payment: February 19, 2018  
 Scheduled date of filing of Annual Securities Report: February 19, 2018  
 Preparation of supplementary materials for financial results: Yes  
 Holding of financial results meeting: Yes (for institutional investors and analysts)

(All amounts are rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Fiscal Year Ended November 20, 2017

(from November 21, 2016 to November 20, 2017)

(1) Consolidated results of operations (Percentages represent 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	%
Fiscal year ended Nov. 20, 2017	55,704	9.6	780	23.3	888	20.9	542	29.6
Fiscal year ended Nov. 20, 2016	50,827	7.3	632	8.2	734	6.9	418	(9.2)

Note: Comprehensive income (millions of yen) Fiscal year ended Nov. 20, 2017: 700 (up 46.4%)

Fiscal year ended Nov. 20, 2016: 478 (up 29.1%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to net sales
	Yen	Yen	%	%	%
Fiscal year ended Nov. 20, 2017	58.50	-	5.0	3.7	1.4
Fiscal year ended Nov. 20, 2016	45.15	-	4.1	3.2	1.2

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 20, 2017: - Fiscal year ended Nov. 20, 2016: -

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Nov. 20, 2017	25,084	11,062	44.1	1,192.23
As of Nov. 20, 2016	23,424	10,491	44.8	1,130.73

Reference: Shareholders' equity (millions of yen) As of Nov. 20, 2017: 11,062 As of Nov. 20, 2016: 10,491

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Fiscal year ended Nov. 20, 2017	1,602	226	(129)	8,906
Fiscal year ended Nov. 20, 2016	(185)	141	(129)	7,206

### 2. Dividends

	Dividend per share					Total dividends	Payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended Nov. 20, 2016	-	0.00	-	14.00	14.00	129	31.0	1.3
Fiscal year ended Nov. 20, 2017	-	0.00	-	20.00	20.00	185	34.2	1.7
Fiscal year ending Nov. 20, 2018 (Forecast)	-	0.00	-	21.00	21.00		35.4	

### 3. Consolidated Forecast for FY11/18 (from November 21, 2017 to November 20, 2018)

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	28,400	3.6	360	0.6	410	0.7	250	2.2	26.94
Full year	57,500	3.2	800	2.5	900	1.3	550	1.3	59.28

**\* Notes**

(1) Changes in significant subsidiaries during the period (change in scope of consolidation): None

Newly added: -

Excluded: -

(2) Changes in accounting policies and accounting-based estimates, and restatements

1) Changes in accounting policies due to revisions in accounting standards, others: None

2) Changes in accounting policies other than 1) above: None

3) Changes in accounting-based estimates: None

4) Restatements: None

(3) Number of shares outstanding (common stock)

1) Number of shares outstanding at the end of the period (including treasury shares)

As of Nov. 20, 2017:	10,011,841 shares	As of Nov. 20, 2016:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Nov. 20, 2017:	733,142 shares	As of Nov. 20, 2016:	733,102 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Nov. 20, 2017:	9,278,716 shares	Fiscal year ended Nov. 20, 2016:	9,278,806 shares
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\*The current financial report is not subject to audit procedures.

\*Cautionary statement with respect to forward-looking statements and other special items

- Forecasts of future performance in these materials are based on assumption judged to be valid and information available to the Company's management at the time the materials were prepared, but are not promises by the Company regarding future performance. Actual results may differ materially from the forecasts for a number of reasons. Please refer to "1. Overview of Results of Operations, (4) Outlook" on page 3 for forecast assumptions and notes of caution for usage.
- The Company plans to hold a results presentation for institutional investors and analysts on Friday, January 26, 2018. Materials to be distributed at this event will be available (Japanese version only) on the Company's website immediately thereafter.

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## 1. Overview of Results of Operations

### (1) Results of Operations

During the fiscal year ended November 20, 2017, the Japanese economy recovered slowly due to the Japanese government's economic measures and low interest rates. Earnings of Japanese companies continued to improve and there was growth in consumer spending backed by steady increases in the number of jobs and personal income. However, some uncertainty about the outlook exists because concerns about upcoming actions of the U.S. administration and rising geopolitical risk may cause an economic downturn in Japan.

In Japan's housing sector, market conditions were generally favorable despite somewhat sluggish demand for housing. Mortgage interest rates remained low and the Japanese government is continuing to implement measures to help people purchase residences.

To increase construction sales, mainly for home exterior work and the installation of home fixtures, the Kitakei Group established relationships with more regional companies, housing manufacturers, home improvement retailers and other companies. Group companies also upgraded construction capabilities. Another priority was increasing sales of housing fixtures like kitchen equipment and modular bathrooms and of original products in order to target demand associated with new houses and home renovations. We also worked on entering new markets, using efficient systems for business processes and other actions for improving our performance.

In the fiscal year under review, sales were a record-high 55,704 million yen compared with 50,827 million yen one year earlier. Operating profit increased from 632 million yen to 780 million yen and ordinary profit increased from 734 million yen to 888 million yen. Profit attributable to owners of parent was up from 418 million yen to 542 million yen.

### (2) Financial Position

Total assets increased 1,660 million yen from the end of the previous fiscal year to 25,084 million yen as of the end of the fiscal year under review. The main factor was an increase of 1,699 million yen in cash and deposits.

Total liabilities increased 1,089 million yen from the end of the previous fiscal year to 14,022 million yen as of the end of the fiscal year under review. The main factors were increases of 669 million yen in notes and accounts payable-trade and 194 million yen in electronically recorded obligations-operating.

Total net assets increased 570 million yen from the end of the previous fiscal year to 11,062 million yen as of the end of the fiscal year under review. The main factors were increases of 412 million yen in retained earnings and 126 million yen in valuation difference on available-for-sale securities.

### (3) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the fiscal year under review increased 1,699 million yen from the end of the previous fiscal year to 8,906 million yen.

The cash flow components during the fiscal year and the main reasons for changes are as described below.

#### Cash flows from operating activities

Net cash provided by operating activities was 1,602 million yen (compared with 185 million yen used in the previous fiscal year). Main positive factors include profit before income taxes of 879 million yen, an 864 million yen increase in notes and accounts payable-trade and a 130 million yen decrease in notes and accounts receivable-trade. Major negative factors include income taxes paid of 279 million yen and a 207 million yen increase in inventories.

#### Cash flows from investing activities

Net cash provided by investing activities was 226 million yen (compared with 141 million yen provided in the previous fiscal year). Main positive factors include proceeds from redemption of securities of 300 million yen. Main

negative factors include 58 million yen for purchases of property, plant and equipment and intangible assets.

Cash flows from financing activities

Net cash used in financing activities was 129 million yen (compared with 129 million yen used in the previous fiscal year). This was mainly due to cash dividends paid of 129 million yen.

Reference: Cash flow indicators

	FY11/13	FY11/14	FY11/15	FY11/16	FY11/17
Equity ratio (%)	45.5	45.9	45.7	44.8	44.1
Market value-based equity ratio (%)	22.3	25.0	23.4	21.5	32.6

Equity ratio: Shareholders' equity / Total assets

Market value-based equity ratio: Market capitalization / Total assets

- Notes: 1. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares outstanding, excluding treasury shares, at the end of the period.
2. Ratio of interest-bearing debt to cash flow and interest coverage ratio are not presented because the amount of interest-bearing debt and interest payments is insignificant.

#### (4) Outlook

Earnings of companies in Japan are expected to remain strong mainly because of the outlook for interest rates to stay low and for government measures to support the economy. Consumer spending will probably continue to climb slowly as employment and personal income keep improving. There is growing uncertainty about Brexit negotiations and U.S. economic policies. Geopolitical risk is increasing as well. As a result, the outlook for the fiscal year ending November 20, 2018 is somewhat unclear due to the potential effects of this uncertainty on the economies of Japan and other countries.

Japan's housing sector is benefiting from low interest rates along with numerous government initiatives aimed at increasing activity in the residential real estate market. Due to the continuation of these benefits, demand for housing is expected to be firm during the fiscal year.

The Kitakei Group is well aware of the opportunities and challenges associated with this operating environment. Group companies will continue to take actions aimed at establishing relationships with more regional companies, housing manufacturers, home improvement retailers and other companies. Other goals are further upgrading construction capabilities, increasing construction sales, mainly involving home exteriors and housing fixtures, and increasing sales of housing fixtures and original products that are environmentally responsible and conserve energy. The growth of sales and earnings is the objective of all these activities.

Based on this outlook, we are forecasting sales of 57,500 million yen, operating profit of 800 million yen, ordinary profit of 900 million yen and profit attributable to owners of parent of 550 million yen.

#### (5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

Distributing earnings to shareholders is one of our highest priorities. The basic policy is to pay a stable dividend consistently while conducting shareholder distributions that reflect results of operations and take into account the current business climate, financial condition and other factors. For the time being, our policy is to pay an annual dividend of at least 14 yen and use a consolidated payout ratio of 35% as the basis for determining the amount of dividend. Retained earnings are used to fund upcoming business activities.

Although we have a provision for the payment of interim dividends, our current policy is to pay only a year-end dividend. The main reason is the increase in administrative procedures and expenses that would result from paying an interim dividend, too.

The board of directors determines the interim dividend and the year-end dividend is determined at the shareholders meeting.

In accordance with this basic policy, we plan to pay a dividend of 20 yen per share for the fiscal year that ended on November 20, 2017. For more information, please refer to our release dated today titled “Notice of payment of dividends from surplus” (Japanese version only).

For the fiscal year ending November 20, 2018, we plan to pay a dividend of 21 yen per share.

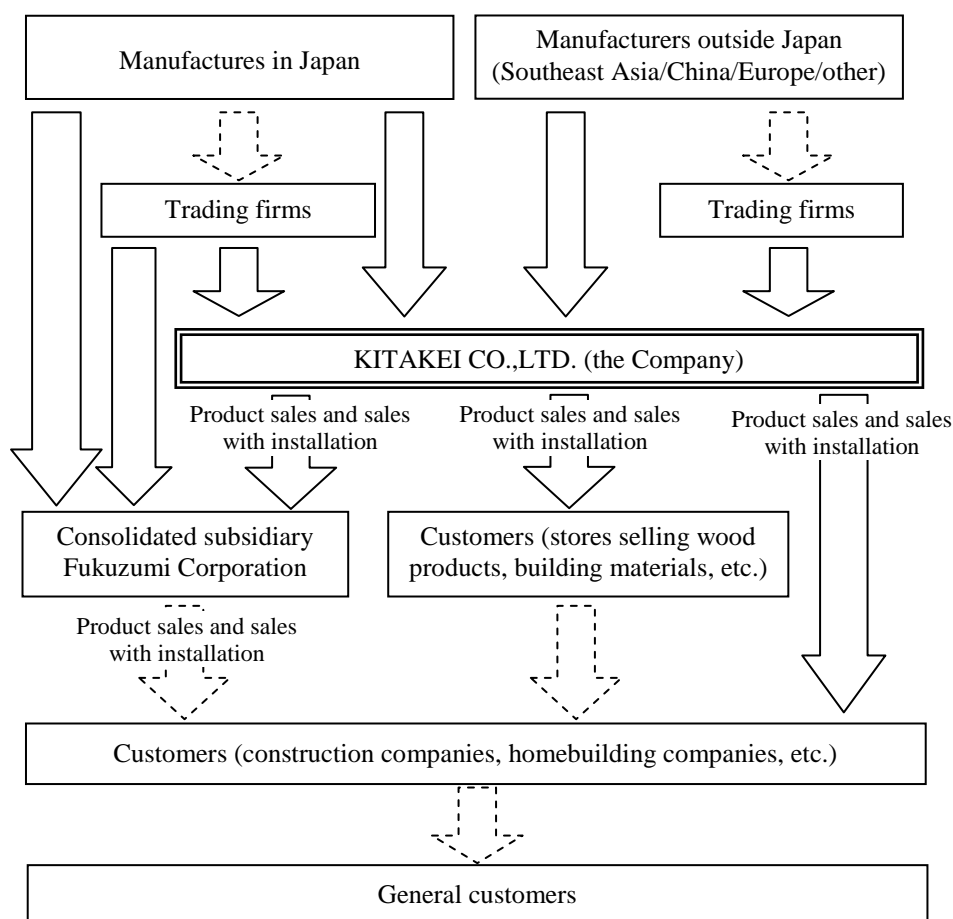
Note: The Kitakei Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act.

## 2. Corporate Group

### (1) Business Overview

The Kitakei Group consists of KITAKEI CO.,LTD. (the Company) and a consolidated subsidiary (Fukuzumi Corporation). Group companies are engaged in the product sales (including sales with installation) of materials and equipment used for homebuilding, such as new building materials and a variety of housing fixtures, and in activities associated with these sales. These products are sold to stores that sell wood products and building materials, construction companies, homebuilding companies and other buyers.

Major business activities and the roles of group companies are shown below.



Note: There is no non-consolidated subsidiary or equity-method affiliate as of the end of the fiscal year.

### (2) Major Products

Category	Major products
Wood building materials	Unit doors, closets, floors, storage units, stairway sets
Non-wood building materials	Gypsum boards, insulation, roof materials, nonflammable panels, siding
Plywood	Lauan plywood, conifer plywood
Wood products	Structural wood products, manufactured wood products, flooring
Housing fixtures	System kitchens, modular bathrooms, wash stands, toilets, heating/AC equipment, burners, solar panels
Sales with installation	Works associated with exterior walls, home fixtures, roofing, structural components, interior finishing and window sashes, solar power systems
Others	Window sashes, exterior products, chemicals, architectural metal parts, architectural tools

### **3. Basic Approach for the Selection of Accounting Standards**

The Kitakei Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.



**4. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY11/16	FY11/17
	(As of Nov. 20, 2016)	(As of Nov. 20, 2017)
Assets		
Current assets		
Cash and deposits	7,206,409	8,906,043
Notes and accounts receivable-trade	10,869,665	10,758,431
Merchandise	607,135	632,819
Costs on uncompleted construction contracts	668,972	852,144
Supplies	4,544	3,670
Deferred tax assets	79,127	94,726
Other	40,945	37,169
Allowance for doubtful accounts	(12,559)	(13,670)
Total current assets	19,464,241	21,271,334
Non-current assets		
Property, plant and equipment		
Buildings and structures	815,688	816,248
Accumulated depreciation	(580,222)	(594,673)
Buildings and structures, net	235,466	221,575
Land	1,357,940	1,357,940
Leased assets	-	4,392
Accumulated depreciation	-	(305)
Leased assets, net	-	4,087
Other	221,642	241,185
Accumulated depreciation	(162,821)	(183,138)
Other, net	58,820	58,046
Total property, plant and equipment	1,652,226	1,641,649
Intangible assets		
Other	148,064	114,352
Total intangible assets	148,064	114,352
Investments and other assets		
Investment securities	1,245,002	1,125,666
Real estate for investment, net	530,650	527,535
Other	423,072	448,932
Allowance for doubtful accounts	(38,534)	(44,473)
Total investments and other assets	2,160,191	2,057,660
Total non-current assets	3,960,483	3,813,662
Total assets	23,424,725	25,084,996

	(Thousands of yen)	
	FY11/16	FY11/17
	(As of Nov. 20, 2016)	(As of Nov. 20, 2017)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	7,965,230	8,634,558
Electronically recorded obligations-operating	2,837,564	3,032,329
Accounts payable-other	271,761	275,819
Accrued expenses	282,388	322,084
Lease obligations	-	790
Income taxes payable	156,433	256,605
Provision for directors' bonuses	15,500	17,500
Other	113,678	134,950
<b>Total current liabilities</b>	<b>11,642,556</b>	<b>12,674,640</b>
<b>Non-current liabilities</b>		
Long-term guarantee deposited	707,266	718,010
Deferred tax liabilities	162,673	226,874
Provision for directors' retirement benefits	194,790	210,090
Net defined benefit liability	199,816	163,357
Lease obligations	-	3,755
Asset retirement obligations	16,339	16,436
Other	9,503	9,503
<b>Total non-current liabilities</b>	<b>1,290,389</b>	<b>1,348,027</b>
<b>Total liabilities</b>	<b>12,932,945</b>	<b>14,022,668</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	2,220,082	2,220,082
Capital surplus	2,851,408	2,851,408
Retained earnings	5,406,334	5,819,218
Treasury shares	(205,711)	(205,736)
<b>Total shareholders' equity</b>	<b>10,272,113</b>	<b>10,684,973</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	306,535	432,842
Remeasurements of defined benefit plans	(86,869)	(55,486)
<b>Total accumulated other comprehensive income</b>	<b>219,665</b>	<b>377,355</b>
<b>Total net assets</b>	<b>10,491,779</b>	<b>11,062,328</b>
<b>Total liabilities and net assets</b>	<b>23,424,725</b>	<b>25,084,996</b>

**(2) Consolidated Statements of Income and Comprehensive Income****Consolidated Statement of Income**

	(Thousands of yen)	
	FY11/16	FY11/17
	(Nov. 21, 2015 – Nov. 20, 2016)	(Nov. 21, 2016 – Nov. 20, 2017)
Net sales	50,827,744	55,704,376
Cost of sales	45,888,330	50,392,432
Gross profit	4,939,413	5,311,944
Selling, general and administrative expenses	4,306,675	4,531,811
Operating profit	632,738	780,132
Non-operating income		
Interest income	6,415	3,159
Dividend income	14,704	17,623
Purchase discounts	121,282	128,348
Rent income	28,701	28,701
Other	26,668	24,508
Total non-operating income	197,772	202,341
Non-operating expenses		
Interest expenses	116	58
Sales discounts	79,055	82,558
Rent cost of real estate	6,256	6,429
Other	10,256	4,982
Total non-operating expenses	95,684	94,028
Ordinary profit	734,826	888,445
Extraordinary losses		
Loss on valuation of golf club membership	-	8,472
Loss on abandonment of non-current assets	5,529	-
Impairment loss	8,107	-
Total extraordinary losses	13,637	8,472
Profit before income taxes	721,188	879,972
Income taxes-current	287,314	357,911
Income taxes-deferred	14,902	(20,724)
Total income taxes	302,216	337,186
Profit	418,972	542,786
Profit attributable to owners of parent	418,972	542,786

**Consolidated Statement of Comprehensive Income**

	(Thousands of yen)	
	FY11/16	FY11/17
	(Nov. 21, 2015 – Nov. 20, 2016)	(Nov. 21, 2016 – Nov. 20, 2017)
Profit	418,972	542,786
Other comprehensive income		
Valuation difference on available-for-sale securities	61,517	126,306
Deferred gains or losses on hedges	(1,022)	-
Remeasurements of defined benefit plans, net of tax	(1,027)	31,382
Total other comprehensive income	59,468	157,689
Comprehensive income	478,440	700,475
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	478,440	700,475
Comprehensive income attributable to non-controlling interests	-	-

**(3) Consolidated Statement of Changes in Equity**

FY11/16 (Nov. 21, 2015 – Nov. 20, 2016)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,220,082	2,851,408	5,117,267	(205,600)	9,983,158
Changes of items during period					
Dividends of surplus			(129,905)		(129,905)
Profit attributable to owners of parent			418,972		418,972
Purchase of treasury shares				(111)	(111)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	289,066	(111)	288,955
Balance at end of current period	2,220,082	2,851,408	5,406,334	(205,711)	10,272,113

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	245,017	1,022	(85,842)	160,197	10,143,355
Changes of items during period					
Dividends of surplus					(129,905)
Profit attributable to owners of parent					418,972
Purchase of treasury shares					(111)
Net changes of items other than shareholders' equity	61,517	(1,022)	(1,027)	59,468	59,468
Total changes of items during period	61,517	(1,022)	(1,027)	59,468	348,423
Balance at end of current period	306,535	-	(86,869)	219,665	10,491,779

FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	2,220,082	2,851,408	5,406,334	(205,711)	10,272,113
Changes of items during period					
Dividends of surplus			(129,902)		(129,902)
Profit attributable to owners of parent			542,786		542,786
Purchase of treasury shares				(24)	(24)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	412,883	(24)	412,859
Balance at end of current period	2,220,082	2,851,408	5,819,218	(205,736)	10,684,973

	Accumulated other comprehensive income				Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	306,535	-	(86,869)	219,665	10,491,779
Changes of items during period					
Dividends of surplus					(129,902)
Profit attributable to owners of parent					542,786
Purchase of treasury shares					(24)
Net changes of items other than shareholders' equity	126,306	-	31,382	157,689	157,689
Total changes of items during period	126,306	-	31,382	157,689	570,548
Balance at end of current period	432,842	-	(55,486)	377,355	11,062,328

**(4) Consolidated Statement of Cash Flows**

	(Thousands of yen)	
	FY11/16	FY11/17
	(Nov. 21, 2015 – Nov. 20, 2016)	(Nov. 21, 2016 – Nov. 20, 2017)
Cash flows from operating activities		
Profit before income taxes	721,188	879,972
Depreciation	102,993	104,690
Impairment loss	8,107	-
Increase (decrease) in net defined benefit liability	16,115	8,696
Increase (decrease) in provision for directors' retirement benefits	(73,440)	15,300
Increase (decrease) in allowance for doubtful accounts	2,260	7,050
Increase (decrease) in provision for directors' bonuses	(3,500)	2,000
Interest and dividend income	(21,120)	(20,782)
Loss on abandonment of non-current assets	5,529	-
Decrease (increase) in notes and accounts receivable-trade	(1,523,918)	130,731
Decrease (increase) in inventories	(92,660)	(207,982)
Increase (decrease) in notes and accounts payable-trade	861,446	864,908
Loss on valuation of golf club memberships	-	8,472
Other, net	52,870	67,917
Subtotal	55,874	1,860,975
Interest and dividend income received	22,118	21,682
Income taxes paid	(263,217)	(279,867)
Net cash provided by (used in) operating activities	(185,224)	1,602,791
Cash flows from investing activities		
Proceeds from redemption of securities	300,000	300,000
Purchase of property, plant and equipment	(31,455)	(40,237)
Proceeds from sales of property, plant and equipment	743	-
Purchase of intangible assets	(19,813)	(18,120)
Purchase of investment securities	(308,245)	(1,993)
Proceeds from redemption of investment securities	200,000	-
Purchase of golf club memberships	-	(6,972)
Other, net	-	(6,300)
Net cash provided by (used in) investing activities	141,229	226,376
Cash flows from financing activities		
Decrease (increase) in treasury shares	(111)	(24)
Cash dividends paid	(129,278)	(129,511)
Net cash provided by (used in) financing activities	(129,389)	(129,536)
Effect of exchange rate change on cash and cash equivalents	38	2
Net increase (decrease) in cash and cash equivalents	(173,346)	1,699,634
Cash and cash equivalents at beginning of period	7,379,756	7,206,409
Cash and cash equivalents at end of period	7,206,409	8,906,043

**(5) Notes to Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Additional Information**

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the current fiscal year, the Company has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

**Segment and Other Information**

Segment information

Business segment information is omitted because the Kitakei Group has only a single business segment and therefore there is no segment subject to disclosure requirements. Group companies are engaged in the sale (including sales with installation) of materials and equipment used for homebuilding, such as new building materials and a variety of housing fixtures, and in activities associated with these sales. These products are sold to stores that sell wood products and building materials, construction companies, homebuilding companies and other buyers.

Related information

## 1. Information by product or service

This information is omitted since sales to external customers of materials and equipment used for homebuilding such as new building materials and a variety of housing fixtures (including sales with installation), and activities associated with these sales accounted for more than 90% of net sales in the consolidated statement of income.

## 2. Information by region

## (1) Net sales

This information is omitted since sales to external customers in Japan accounted for more than 90% of net sales in the consolidated statement of income.

## (2) Property, plant and equipment

Not applicable because there are no property, plant and equipment outside Japan.

## 3. Information by major client

This information is omitted because no single external customer accounted for 10% or more of net sales in the consolidated statement of income.

Information related to impairment losses of non-current assets for each reportable segment

FY11/16 (Nov. 21, 2015 – Nov. 20, 2016)

This information is omitted because the Kitakei Group has only a single business segment, which is engaged in the sale (including sales with installation) of materials and equipment used for homebuilding, such as new building materials and a variety of housing fixtures, and in activities associated with these sales. These products are sold to stores that sell wood products and building materials, construction companies, homebuilding companies and other buyers.

FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)

Not applicable.



Information related to goodwill amortization and the unamortized balance for each reportable segment

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

### Per-share Information

(Yen)

	FY11/16 (Nov. 21, 2015 – Nov. 20, 2016)	FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)
Net assets per share	1,130.73	1,192.23
Net income per share	45.15	58.50

Notes: 1. Diluted net income per share is not presented since the Company had no dilutive potential shares.

2. The basis of calculating the net income per share is as follows:

	FY11/16 (Nov. 21, 2015 – Nov. 20, 2016)	FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)
Profit attributable to owners of parent (Thousands of yen)	418,972	542,786
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	418,972	542,786
Average number of common stock outstanding during the period (Thousands shares)	9,278	9,278

### Material Subsequent Events

Not applicable.

## 5. Others

### (1) Production, Orders and Sales

#### 1) Breakdown of Sales

##### a) Sales

Sales in FY11/16 and FY11/17 are broken down by category as follows.

(Thousands of yen)

Category		FY11/16 (Nov. 21, 2015 – Nov. 20, 2016)		FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)	
		Amount	%	Amount	%
Products	Wood building materials	6,050,813	11.9	6,817,575	12.2
	Non-wood building materials	3,483,266	6.9	3,801,918	6.8
	Plywood	2,131,680	4.2	2,279,536	4.1
	Wood products	2,191,731	4.3	2,423,503	4.4
	Housing fixtures	12,480,902	24.6	13,598,522	24.4
	Sales with installation	1,452,251	2.9	1,640,996	2.9
	Others	3,672,752	7.1	4,028,158	7.3
	Subtotal	31,463,398	61.9	34,590,212	62.1
Construction	Completed construction contracts	19,364,346	38.1	21,114,164	37.9
	Subtotal	19,364,346	38.1	21,114,164	37.9
Total		50,827,744	100.0	55,704,376	100.0

Notes: 1. Figures in this table do not include consumption taxes.

2. No single customer accounts for more than 10% of total sales.

3. From FY11/17, a method for aggregating sales in the “Products” category was partially changed due to an increase in sales of “pre-arranged materials,” which are delivered as required by the construction schedule.

Accordingly, sales figures in the previous fiscal year have been also revised.

4. Product sales in FY11/17 include original product sales of 1,809,328 thousand yen.

Original products: Products that the Kitakei Group has developed and started selling since 1978 by using its own brands. Major original products include solid hardwood flooring manufactured at the factory of a business partner overseas and a line of building materials manufactured at factories of business partners in Japan and other countries.

5. Sales with installation and completed construction contracts are defined as follows.

Sales with installation: A company affiliated with the manufacturer of the associated materials performs the installation and assumes all responsibility.

Completed construction contracts: A subcontractor selected and supervised by the Kitakei Group performs the installation or construction.

### (2) Changes in Directors

#### 1) Changes in representative

Not applicable.

#### 2) Changes in other directors (Formally decided at the annual general meeting of shareholders on February 16, 2018.)

Candidate for director

Director (Outside Director): Masahiro Sugino (currently part-time advisor of LIXIL Corporation)

*This financial report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*