

**Consolidated Financial Results for the First Quarter of the
Fiscal Year Ending November 20, 2017 (FY11/17)
(Three Months Ended February 20, 2017)**

[Japanese GAAP]

April 3, 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 submission of Quarterly Report: April 4, 2017
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: None
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the First Quarter of FY11/17 (from November 21, 2016 to February 20, 2017)

(1) Consolidated results of operations (Percentages represent year-on-year changes)

Three months ended	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Feb. 20, 2017	13,418	12.3	124	85.0	147	68.2	83	80.3
Feb. 20, 2016	11,951	2.8	67	(48.1)	87	(45.4)	46	(70.3)

Note: Comprehensive income (millions of yen) Three months ended Feb. 20, 2017: 117 (-%)
 Three months ended Feb. 20, 2016: 0 (down 99.4%)

Three months ended	Net income per share	Diluted net income per share
	Yen	Yen
Feb. 20, 2017	8.95	-
Feb. 20, 2016	4.97	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of Feb. 20, 2017	23,915	10,479	43.8	1,129.40
As of Nov. 20, 2016	23,424	10,491	44.8	1,130.73

Reference: Shareholders' equity (millions of yen) As of Feb. 20, 2017: 10,479 As of Nov. 20, 2016: 10,491

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
FY11/16	-	0.00	-	14.00	14.00
FY11/17	-				
FY11/17 (Forecast)		0.00	-	14.00	14.00

Note: Revisions to the most recently announced dividend forecast: None

3. Consolidated Forecast for FY11/17 (from November 21, 2016 to November 20, 2017)

(Percentages represent year-on-year changes)

	Net sales		Operating income		Ordinary income		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	25,000	0.5	270	(9.1)	310	(10.7)	185	(6.9)	19.94
Full year	52,000	2.3	650	2.7	750	2.1	450	7.4	48.50

Note: Revisions to the most recently announced consolidated forecast: None

*** Notes**

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

Newly added: -

Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) 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

(4) Number of shares outstanding (common stock)

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

As of Feb. 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 Feb. 20, 2017:	733,112 shares	As of Nov. 20, 2016:	733,102 shares
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3) Average number of shares outstanding during the period

Three months ended Feb. 20, 2017:	9,278,734 shares	Three months ended Feb. 20, 2016:	9,278,930 shares
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Information regarding the implementation of quarterly review procedures

The current quarterly financial statements are exempted from quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure, the review procedures for these consolidated financial statements have not been completed.

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. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Consolidated Forecast and Other Forward-looking Statements" on page 2 for forecast assumptions and notes of caution for usage.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

In the first three months (from November 21, 2016 to February 20, 2017), the Japanese economy stayed on a gradual recovery trend supported by improvement in the corporate earnings, employment, and income environment. But there were concerns about the outlook going forward due to political risks in Europe, policy uncertainties in the U.S. and possible slowing of economic growth in emerging countries.

In the Japan's housing sector, new construction starts stayed firm as mortgage rates continued to hover at low levels, the government extended measures to help people purchase residences and construction of rental units increased due in part to revisions of Japan's inheritance tax laws.

Establishing relationships with new suppliers and customers and upgrading construction capabilities are two major goals of the Kitakei Group. Another goal is increasing construction sales, chiefly for work involving home exteriors and home fixtures. We are also focusing on sales of housing facilities like kitchen equipment and modular bathrooms and of original products. All these activities were aimed at improving our performance.

First three-month sales were 13,418 million yen compared with 11,951 million yen one year earlier. Operating income increased from 67 million yen to 124 million yen and ordinary income increased from 87 million yen to 147 million yen. Profit attributable to owners of parent was up from 46 million yen to 83 million yen.

(2) Explanation of Financial Position

Assets

Total assets increased 491 million yen from the end of the previous fiscal year to 23,915 million yen as of the end of the first quarter under review. The main factors were an increase of 1,106 million yen in cash and deposits, and a decrease of 802 million yen in notes and accounts receivable-trade.

Liabilities

Total liabilities increased 503 million yen from the end of the previous fiscal year to 13,436 million yen as of the end of the first quarter under review. The main factors were increases of 428 million yen in notes and accounts payable-trade and 234 million yen in electronically recorded obligations-operating.

Net assets

Total net assets decreased 12 million yen from the end of the previous fiscal year to 10,479 million yen as of the end of the first quarter under review. The main factor was a decrease of 46 million yen in retained earnings.

(3) Explanation of Consolidated Forecast and Other Forward-looking Statements

The first half and fiscal year consolidated forecasts announced on December 28, 2016 remain unchanged.

2. Matters Related to Summary Information (Notes)

(1) Changes in Significant Subsidiaries during the Period

Not applicable.

(2) Application of Special Accounting Methods for Presenting Quarterly Consolidated Financial Statements

Not applicable.

(3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements

Not applicable.

(4) Additional Information

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the first quarter of 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).

3. Quarterly Consolidated Financial Statements**(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY11/16 (As of Nov. 20, 2016)	First quarter of FY11/17 (As of Feb. 20, 2017)
Assets		
Current assets		
Cash and deposits	7,206,409	8,313,318
Notes and accounts receivable-trade	10,869,665	10,066,918
Securities	-	200,060
Merchandise	607,135	723,944
Costs on uncompleted construction contracts	668,972	719,417
Other	124,617	101,138
Allowance for doubtful accounts	(12,559)	(10,899)
Total current assets	19,464,241	20,113,898
Non-current assets		
Property, plant and equipment	1,652,226	1,654,659
Intangible assets	148,064	139,281
Investments and other assets		
Other	2,198,726	2,044,909
Allowance for doubtful accounts	(38,534)	(36,901)
Total investments and other assets	2,160,191	2,008,007
Total non-current assets	3,960,483	3,801,948
Total assets	23,424,725	23,915,846
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,965,230	8,393,725
Electronically recorded obligations-operating	2,837,564	3,071,887
Income taxes payable	156,433	54,474
Provision for bonuses	-	137,500
Provision for directors' bonuses	15,500	-
Other	667,828	469,931
Total current liabilities	11,642,556	12,127,518
Non-current liabilities		
Provision for directors' retirement benefits	194,790	198,600
Net defined benefit liability	199,816	185,105
Asset retirement obligations	16,339	16,364
Other	879,442	908,826
Total non-current liabilities	1,290,389	1,308,896
Total liabilities	12,932,945	13,436,414

	(Thousands of yen)	
	FY11/16 (As of Nov. 20, 2016)	First quarter of FY11/17 (As of Feb. 20, 2017)
Net assets		
Shareholders' equity		
Capital stock	2,220,082	2,220,082
Capital surplus	2,851,408	2,851,408
Retained earnings	5,406,334	5,359,513
Treasury shares	(205,711)	(205,717)
Total shareholders' equity	10,272,113	10,225,287
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	306,535	337,719
Remeasurements of defined benefit plans	(86,869)	(83,575)
Total accumulated other comprehensive income	219,665	254,144
Total net assets	10,491,779	10,479,432
Total liabilities and net assets	23,424,725	23,915,846

(2) Quarterly Consolidated Statements of Income and Comprehensive Income**Quarterly Consolidated Statement of Income****For the Three-month Period**

(Thousands of yen)

	First three months of FY11/16 (Nov. 21, 2015 – Feb. 20, 2016)	First three months of FY11/17 (Nov. 21, 2016 – Feb. 20, 2017)
Net sales	11,951,867	13,418,241
Cost of sales	10,781,919	12,159,731
Gross profit	1,169,948	1,258,510
Selling, general and administrative expenses	1,102,856	1,134,404
Operating income	67,091	124,105
Non-operating income		
Interest income	1,659	1,030
Dividend income	2,278	2,788
Purchase discounts	29,336	31,129
Rent income	7,175	7,175
Other	4,512	6,121
Total non-operating income	44,962	48,246
Non-operating expenses		
Sales discounts	18,489	22,310
Rent cost of real estate	1,573	1,534
Other	4,309	1,054
Total non-operating expenses	24,372	24,899
Ordinary income	87,681	147,452
Profit before income taxes	87,681	147,452
Income taxes-current	45,366	43,610
Income taxes-deferred	(3,765)	20,759
Total income taxes	41,600	64,370
Profit	46,080	83,081
Profit attributable to owners of parent	46,080	83,081

Quarterly Consolidated Statement of Comprehensive Income**For the Three-month Period**

(Thousands of yen)

	First three months of FY11/16 (Nov. 21, 2015 – Feb. 20, 2016)	First three months of FY11/17 (Nov. 21, 2016 – Feb. 20, 2017)
Profit	46,080	83,081
Other comprehensive income		
Valuation difference on available-for-sale securities	(43,546)	31,184
Deferred gains or losses on hedges	(4,348)	-
Remeasurements of defined benefit plans, net of tax	2,687	3,294
Total other comprehensive income	(45,208)	34,478
Comprehensive income	871	117,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	871	117,560
Comprehensive income attributable to non-controlling interests	-	-

(3) Notes to Quarterly Consolidated Financial Statements**Going Concern Assumption**

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other 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.

4. Supplementary Information**(1) Breakdown of Sales****1) Sales**

Sales in the period under review are broken down by category as follows.

(Thousands of yen)

Category		First three months of FY11/16 (Nov. 21, 2015 – Feb. 20, 2016)		First three months of FY11/17 (Nov. 21, 2016 – Feb. 20, 2017)	
		Amount	%	Amount	%
Products	Wood building materials	1,050,454	8.8	1,328,257	9.9
	Non-wood building materials	752,823	6.3	817,868	6.1
	Plywood	482,699	4.0	547,527	4.1
	Wood products	437,456	3.7	497,535	3.7
	Housing fixtures	2,599,313	21.7	2,792,874	20.8
	Sales with installation	1,262,179	10.6	1,471,039	11.0
	Others	789,446	6.6	872,925	6.5
	Subtotal	7,374,373	61.7	8,328,028	62.1
Construction	Completed construction contracts	4,577,494	38.3	5,090,213	37.9
	Subtotal	4,577,494	38.3	5,090,213	37.9
Total		11,951,867	100.0	13,418,241	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. Product sales in the first three months of FY11/17 include original product sales of 499,895 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.

4. Sales with installations 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.

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.