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(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: Yes

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

3) Changes in accounting-based estimates: None

4) Restatements: None

Note: Please refer to “2. Matters Related to Summary Information (Notes), (3) Changes in Accounting Policies and Accounting-based Estimates, and Restatements” on page 3 of the attachments for further information.

(4) Number of shares outstanding (common stock)

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

As of Aug. 20, 2016:	10,011,841 shares	As of Nov. 20, 2015:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Aug. 20, 2016:	733,092 shares	As of Nov. 20, 2015:	732,881 shares
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3) Average number of shares outstanding during the period

Nine months ended Aug. 20, 2016:	9,278,826 shares	Nine months ended Aug. 20, 2015:	9,279,024 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 nine months (from November 21, 2015 to August 20, 2016), concerns remained over the Japanese economy although corporate earnings, employment and incomes continued to improve because of government economic stimulus measures. On the other hand, consumer spending was sluggish and there were concerns about a downside risk in the global economy due to slowing economic growth in emerging countries and BREXIT that is Britain's withdrawal from the EU.

In the Japan's housing sector there were worries about the postponement of the Consumption Tax hike originally scheduled for April next year. However, the sector is benefiting from falling interest rates as the Bank of Japan adopted a negative interest rate policy and government measures to help people purchase residences. As a result, new construction starts in the single-family home category, both existing houses and newly constructed houses for sale, the primary market for the Kitakei Group, stayed firm.

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 as we made utilizing our resources and improving efficiency our highest priorities.

First nine-month sales were 37,474 million yen compared with 34,826 million yen one year earlier. Operating income decreased from 427 million yen to 415 million yen and ordinary income decreased from 502 million yen to 488 million yen and profit attributable to owners of parent was down from 362 million yen to 276 million yen. The main reason for the fall in profits is that earnings one year earlier included an extraordinary gain on the sale of investment real estate.

(2) Explanation of Financial Position

Assets

Total assets decreased 107 million yen from the end of the previous fiscal year to 22,069 million yen as of the end of the third quarter under review. The main factors were a decrease of 1,081 million yen in cash and deposits and an increase of 879 million yen in notes and accounts receivable-trade.

Liabilities

Total liabilities decreased 252 million yen from the end of the previous fiscal year to 11,781 million yen as of the end of the third quarter under review. The main factor was a decrease of 299 million yen in others under current liabilities.

Net assets

Total net assets increased 144 million yen from the end of the previous fiscal year to 10,287 million yen as of the end of the third quarter under review. The main factor was an increase of 146 million yen in retained earnings.

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

There is no change in the full-year consolidated forecast that was announced on January 6, 2016.

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

Changes in accounting policies

Application of the accounting standard for business combinations, etc.

Effective from the first quarter of the current fiscal year, the Company has adopted the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013) and other standards. In association with these changes, the presentation of net income and other items has been revised. For consistency with these changes, the consolidated financial statements for the first nine months of the previous fiscal year and the previous fiscal year have been revised.

Change in depreciation method

Following tax law revisions, the Company has adopted the “Practical Solution on a Change in Depreciation Method due to Tax Reform 2016” (ASBJ Practical Issue Task Force (PITF) No. 32, June 17, 2016) from the second quarter of the current fiscal year, and changed the method for the depreciation of facilities attached to buildings and structures acquired on or after April 1, 2016, from the declining-balance method to the straight-line method.

The effect of this change on the quarterly consolidated financial statements for the first nine months is insignificant.

(4) Additional Information

Revised amount of deferred tax assets and deferred tax liabilities following the change in the corporate tax rate, etc.

Following the promulgation on March 31, 2016 of the “Act for Partial Revision of the Income Tax Act, etc.” (Act No. 15 of 2016), “Act for Partial Revision of the Local Tax Act, etc.” (Act No. 13 of 2016), corporate tax rate, etc. have been revised for the fiscal years beginning on or after April 1, 2016.

Consequently, the statutory effective tax rate for the calculation of deferred tax assets and deferred tax liabilities will be lowered from 32.2% to 30.8% for temporary differences expected to be reversed for the fiscal years beginning from November 21, 2016 and 2017, and to 30.5% for temporary differences expected to be reversed for the fiscal year beginning from November 21, 2018 and thereafter.

Due to these changes in tax rates, there were decreases of 7,680 thousand yen in deferred tax liabilities (after deducting deferred tax assets), 4,752 thousand yen in income taxes-deferred and 1,950 thousand yen in remeasurements of defined benefit plans, and an increase of 4,878 thousand yen in valuation difference on available-for-sale securities.

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

(Thousands of yen)

	FY11/15 (As of Nov. 20, 2015)	Third quarter of FY11/16 (As of Aug. 20, 2016)
Assets		
Current assets		
Cash and deposits	7,379,756	6,297,757
Notes and accounts receivable-trade	9,371,803	10,250,843
Securities	300,480	100,000
Merchandise	615,546	667,389
Costs on uncompleted construction contracts	568,903	597,860
Other	108,869	96,381
Allowance for doubtful accounts	(14,063)	(12,390)
Total current assets	18,331,294	17,997,842
Non-current assets		
Property, plant and equipment	1,679,381	1,659,583
Intangible assets	178,852	150,663
Investments and other assets		
Other	2,022,269	2,299,197
Allowance for doubtful accounts	(34,770)	(37,998)
Total investments and other assets	1,987,499	2,261,199
Total non-current assets	3,845,733	4,071,445
Total assets	22,177,027	22,069,287
Liabilities		
Current liabilities		
Notes and accounts payable-trade	7,391,904	7,195,841
Electronically recorded obligations-operating	2,548,628	2,788,764
Income taxes payable	118,279	31,914
Provision for bonuses	-	141,872
Provision for directors' bonuses	19,000	-
Other	683,107	383,599
Total current liabilities	10,760,920	10,541,992
Non-current liabilities		
Provision for directors' retirement benefits	268,230	190,980
Net defined benefit liability	185,319	176,233
Asset retirement obligations	16,243	16,315
Other	802,958	855,933
Total non-current liabilities	1,272,751	1,239,462
Total liabilities	12,033,672	11,781,455

(Thousands of yen)

	FY11/15 (As of Nov. 20, 2015)	Third quarter of FY11/16 (As of Aug. 20, 2016)
Net assets		
Shareholders' equity		
Capital stock	2,220,082	2,220,082
Capital surplus	2,851,408	2,851,408
Retained earnings	5,117,267	5,263,811
Treasury shares	(205,600)	(205,706)
Total shareholders' equity	9,983,158	10,129,595
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	245,017	237,968
Deferred gains or losses on hedges	1,022	-
Remeasurements of defined benefit plans	(85,842)	(79,731)
Total accumulated other comprehensive income	160,197	158,237
Total net assets	10,143,355	10,287,832
Total liabilities and net assets	22,177,027	22,069,287

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

(Thousands of yen)

	First nine months of FY11/15 (Nov. 21, 2014 – Aug. 20, 2015)	First nine months of FY11/16 (Nov. 21, 2015 – Aug. 20, 2016)
Net sales	34,826,748	37,474,098
Cost of sales	31,284,797	33,840,805
Gross profit	3,541,950	3,633,292
Selling, general and administrative expenses	3,114,656	3,217,738
Operating income	427,294	415,554
Non-operating income		
Interest income	5,096	4,736
Dividend income	8,370	10,086
Purchase discounts	84,969	90,682
Rent income	24,230	21,526
Other	29,623	18,547
Total non-operating income	152,291	145,580
Non-operating expenses		
Sales discounts	64,695	59,036
Rent cost of real estate	5,474	5,108
Other	7,252	8,277
Total non-operating expenses	77,422	72,421
Ordinary income	502,163	488,712
Extraordinary income		
Gain on sales of non-current assets	1,669	-
Gain on sales of investment property	83,968	-
Gain on sales of investment securities	11,125	-
Total extraordinary income	96,763	-
Extraordinary losses		
Loss on sales of non-current assets	5,396	-
Loss on abandonment of non-current assets	-	3,593
Impairment loss	-	8,107
Total extraordinary losses	5,396	11,701
Profit before income taxes	593,529	477,011
Income taxes-current	204,467	170,687
Income taxes-deferred	26,890	29,875
Total income taxes	231,357	200,562
Profit	362,172	276,448
Profit attributable to owners of parent	362,172	276,448

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

(Thousands of yen)

	First nine months of FY11/15 (Nov. 21, 2014 – Aug. 20, 2015)	First nine months of FY11/16 (Nov. 21, 2015 – Aug. 20, 2016)
Profit	362,172	276,448
Other comprehensive income		
Valuation difference on available-for-sale securities	4,173	(7,049)
Deferred gains or losses on hedges	(5,748)	(1,022)
Remeasurements of defined benefit plans, net of tax	3,477	6,111
Total other comprehensive income	1,901	(1,960)
Comprehensive income	364,074	274,488
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	364,074	274,488
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

The Kitakei Group does not provide business segment information because all business activities are in a single category. Group companies are engaged in the sale (including sales with installation) of materials and equipment used for homebuilding, such as new types of 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 nine months of FY11/15 (Nov. 21, 2014 – Aug. 20, 2015)		First nine months of FY11/16 (Nov. 21, 2015 – Aug. 20, 2016)	
		Amount	%	Amount	%
Products	Wood building materials	3,912,979	11.2	3,327,286	8.9
	Non-wood building materials	2,295,935	6.6	2,272,796	6.1
	Plywood	1,677,955	4.8	1,542,711	4.1
	Wood products	1,298,801	3.7	1,332,510	3.6
	Housing fixtures	8,285,161	23.8	8,238,347	22.0
	Sales with installation	2,337,725	6.7	3,927,931	10.5
	Others	2,478,735	7.2	2,462,612	6.5
	Subtotal	22,287,293	64.0	23,104,195	61.7
Construction	Completed construction contracts	12,539,454	36.0	14,369,902	38.3
	Subtotal	12,539,454	36.0	14,369,902	38.3
Total		34,826,748	100.0	37,474,098	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 nine months of FY11/16 include original product sales of 1,271,872 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.