

## Consolidated Financial Results for the Fiscal Year Ended November 20, 2018 (FY11/18)

[Japanese GAAP]

December 28, 2018

Company name: KITAKEI CO.,LTD. Stock Exchange Listing: Tokyo Stock Exchange, First Section  
 Stock code: 9872 URL: <http://www.kitakei.jp/>  
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 Scheduled date of Annual General Meeting of Shareholders: February 19, 2019  
 Scheduled date of dividend payment: February 20, 2019  
 Scheduled date of filing of Annual Securities Report: February 20, 2019  
 Preparation of supplementary materials for financial results: Yes (Japanese version only)  
 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, 2018 (from November 21, 2017 to November 20, 2018)

(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, 2018	57,003	2.3	763	(2.2)	856	(3.6)	544	0.4
Fiscal year ended Nov. 20, 2017	55,704	9.6	780	23.3	888	20.9	542	29.6

Note: Comprehensive income (millions of yen) Fiscal year ended Nov. 20, 2018: 455 (down 34.9%)  
 Fiscal year ended Nov. 20, 2017: 700 (up 46.4%)

	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, 2018	58.71	-	4.9	3.4	1.3
Fiscal year ended Nov. 20, 2017	58.50	-	5.0	3.7	1.4

Reference: Equity in earnings of affiliates (millions of yen) Fiscal year ended Nov. 20, 2018: - Fiscal year ended Nov. 20, 2017: -

(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, 2018	25,942	11,332	43.7	1,221.38
As of Nov. 20, 2017	25,084	11,062	44.1	1,192.23

Reference: Shareholders' equity (millions of yen) As of Nov. 20, 2018: 11,332 As of Nov. 20, 2017: 11,062

(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, 2018	959	(377)	(184)	9,302
Fiscal year ended Nov. 20, 2017	1,602	226	(129)	8,906

### 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			
Fiscal year ended Nov. 20, 2017	-	0.00	-	20.00	20.00	185	34.2	1.7
Fiscal year ended Nov. 20, 2018	-	0.00	-	23.00	23.00	213	39.2	1.9
Fiscal year ending Nov. 20, 2019 (Forecast)	-	0.00	-	21.00	21.00		35.4	

Note: Breakdown of the year-end dividend for the fiscal year ended November 20, 2018: Ordinary dividend: 21.00 yen;  
 Commemorative dividend: 2.00 yen

Please refer to the press release dated today titled "Notice of Payment of Dividends from Surplus (Commemorative dividend)" (Japanese version only) for further information.

### 3. Consolidated Forecast for FY11/19 (from November 21, 2018 to November 20, 2019)

(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	29,470	3.6	420	3.0	470	2.2	287	0.1	30.93
Full year	58,720	3.0	820	7.5	910	6.3	550	1.0	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, 2018:	10,011,841 shares	As of Nov. 20, 2017:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Nov. 20, 2018:	733,388 shares	As of Nov. 20, 2017:	733,142 shares
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3) Average number of shares outstanding during the period

Fiscal year ended Nov. 20, 2018:	9,278,539 shares	Fiscal year ended Nov. 20, 2017:	9,278,716 shares
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\*The current financial report is not subject to audit by certified public accountants or auditing firms.

\*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 Kitakei's management at the time the materials were prepared, but are not promises by Kitakei 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.
- Kitakei plans to hold a results presentation for institutional investors and analysts on Friday, January 25, 2019. Materials to be distributed at this event will be available (Japanese version only) on the Company's website immediately thereafter.

**Contents of Attachments**

1. Overview of Results of Operations	2
(1) Results of Operations	2
(2) Financial Position	2
(3) Cash Flows	2
(4) Outlook	3
(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years	4
2. Corporate Group	5
(1) Business Overview	5
(2) Major Products	5
3. Basic Approach for the Selection of Accounting Standards	6
4. Consolidated Financial Statements and Notes	7
(1) Consolidated Balance Sheet	7
(2) Consolidated Statements of Income and Comprehensive Income	9
(3) Consolidated Statement of Changes in Equity	11
(4) Consolidated Statement of Cash Flows	13
(5) Notes to Consolidated Financial Statements	14
Going Concern Assumption	14
Reclassifications	14
Segment and Other Information	14
Per-share Information	15
Material Subsequent Events	15
5. Others	16
(1) Production, Orders and Sales	16
(2) Changes in Directors	16

## 1. Overview of Results of Operations

### (1) Results of Operations

In the fiscal year ended November 20, 2018, the Japanese economy recovered slowly as employment, personal income, and corporate earnings continued to improve. However, the economic outlook remains unclear because of concerns about slowing global economic growth due to US-China trade friction and other reasons, politics in Europe and the United States, and other sources of uncertainty.

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. Kitakei 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 that ended on November 20, 2018, sales were 57,003 million yen compared with 55,704 million yen one year earlier. Operating profit decreased from 780 million yen to 763 million yen due to an increase in freightage and other selling, general and administrative expenses caused by higher sales. Ordinary profit decreased from 888 million yen to 856 million yen due to an increase in non-operating expenses (rent cost of real estate). Profit attributable to owners of parent increased from 542 million yen to 544 million yen.

### (2) Financial Position

Total assets increased 857 million yen from the end of the previous fiscal year to 25,942 million yen as of the end of the fiscal year under review. The main factor was an increase of 396 million yen in cash and deposits, 282 million yen in electronically recorded monetary claims-operating and 193 million yen in investment securities.

Total liabilities increased 587 million yen from the end of the previous fiscal year to 14,610 million yen as of the end of the fiscal year under review. The main factors were increases of 529 million yen in notes and accounts payable-trade and 139 million yen in other under current liabilities.

Total net assets increased 270 million yen from the end of the previous fiscal year to 11,332 million yen as of the end of the fiscal year under review. The main factor was an increase of 359 million yen in retained earnings.

### (3) Cash Flows

Cash and cash equivalents (hereinafter, "net cash") at the end of the fiscal year under review increased 396 million yen from the end of the previous fiscal year to 9,302 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 959 million yen (compared with 1,602 million yen provided in the previous fiscal year). Main positive factors include profit before income taxes of 858 million yen and a 522 million yen increase in notes and accounts payable-trade. Major negative factors include income taxes paid of 393 million yen, a 162 million yen increase in notes and accounts receivable-trade and a 119 million yen increase in inventories.

#### Cash flows from investing activities

Net cash used in investing activities was 377 million yen (compared with 226 million yen provided in the previous fiscal year). Main factors include payments of 303 million yen for purchase of investment securities and 77 million yen for purchases of property, plant and equipment and intangible assets.

#### Cash flows from financing activities

Net cash used in financing activities was 184 million yen (compared with 129 million yen used in the previous fiscal year). This was mainly due to cash dividends paid.

#### Reference: Cash flow indicators

	FY11/14	FY11/15	FY11/16	FY11/17	FY11/18
Equity ratio (%)	45.9	45.7	44.8	44.1	43.7
Market value-based equity ratio (%)	25.0	23.4	21.5	32.6	34.7

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

The gradual recovery of the Japanese economy will probably continue in the fiscal year ending November 20, 2019 because of government measures to support the economy and the ongoing improvements in the labor market and personal income. Uncertainty about the economic outlook is increasing for reasons such as the planned consumption tax hike in Japan, the possibility of slowing global economic growth due to US-China trade friction and other factors, and political events in Europe and the United States. Due to the potential impact of all these events on the Japanese and overseas economies, we expect that the operating environment will remain unclear.

In Japan's housing sector, the demand for houses will probably remain firm because of low interest rates and government measures to offset the negative impact of the upcoming consumption tax hike. For example, the housing loan tax reduction has been extended for three years to assist homebuyers and payments to eligible homebuyers to offset the higher consumption tax have been increased.

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 new relationships with prominent regional companies, housing manufacturers, home improvement retailers, companies outside the housing sector and other companies. Other goals are strengthening ties with current business partners, increasing construction sales, mainly involving home exteriors and housing fixtures, by further upgrading construction capabilities, and increasing sales of housing fixtures and original products that are environmentally responsible and conserve energy. As we focus on these goals, we will also take numerous actions aimed at the growth of sales and earnings.

On November 21, 2018, our office in the city of Kitakyushu that serves northern Kyushu was upgraded to become the Kitakyushu Sales Office.

Based on this outlook, we are forecasting sales of 58,720 million yen, operating profit of 820 million yen, ordinary profit of 910 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 an ordinary dividend of 21 yen per share for the fiscal year that ended on November 20, 2018. Additionally, we plan to pay a 2 yen commemorative dividend to mark our listing on the first section of the Tokyo Stock Exchange on October 26, 2018. This will result in a total dividend of 23 yen per share for the fiscal year.

For more information, please refer to the press release dated today titled “Notice of Payment of Dividends from Surplus (Commemorative dividend)” (Japanese version only).

For the fiscal year ending November 20, 2019, we plan to pay a dividend of 21 yen per share.

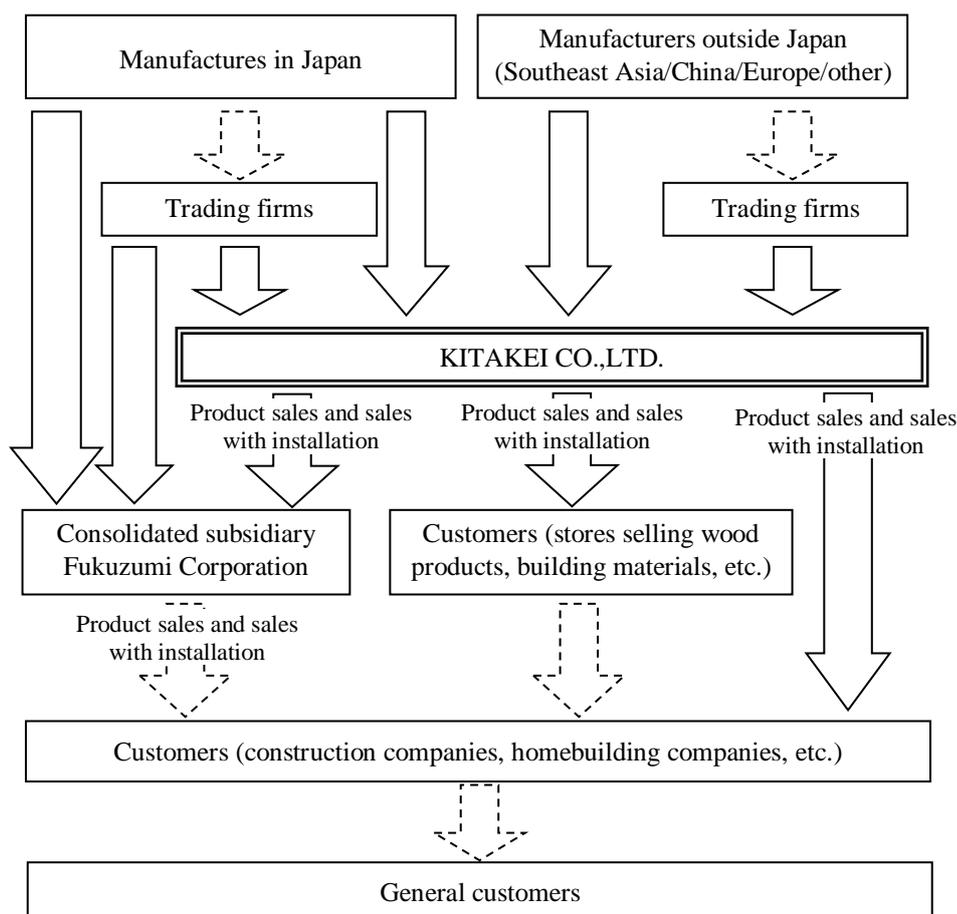
Note: The Kitakei Articles of Incorporation include a provision for the payment of an interim dividend as provided for in Article 454, Paragraph 5 of the Companies Act.

## 2. Corporate Group

### (1) Business Overview

The Kitakei Group consists of KITAKEI CO.,LTD. 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)	
	FY11/17 (As of Nov. 20, 2017)	FY11/18 (As of Nov. 20, 2018)
Assets		
Current assets		
Cash and deposits	8,906,043	9,302,691
Notes and accounts receivable-trade	9,862,999	9,804,094
Electronically recorded monetary claims-operating	895,431	1,177,630
Merchandise	632,819	689,694
Costs on uncompleted construction contracts	852,144	914,885
Supplies	3,670	3,668
Deferred tax assets	94,726	88,283
Other	37,169	27,637
Allowance for doubtful accounts	(13,670)	(13,962)
Total current assets	21,271,334	21,994,622
Non-current assets		
Property, plant and equipment		
Buildings and structures	816,248	827,755
Accumulated depreciation	(594,673)	(608,300)
Buildings and structures, net	221,575	219,455
Land	1,357,940	1,320,529
Leased assets	4,392	10,296
Accumulated depreciation	(305)	(1,693)
Leased assets, net	4,087	8,603
Other	241,185	272,338
Accumulated depreciation	(183,138)	(212,810)
Other, net	58,046	59,528
Total property, plant and equipment	1,641,649	1,608,115
Intangible assets		
Other	114,352	87,344
Total intangible assets	114,352	87,344
Investments and other assets		
Investment securities	1,125,666	1,318,757
Real estate for investment, net	527,535	524,538
Other	448,932	443,003
Allowance for doubtful accounts	(44,473)	(33,703)
Total investments and other assets	2,057,660	2,252,596
Total non-current assets	3,813,662	3,948,057
Total assets	25,084,996	25,942,679

	(Thousands of yen)	
	FY11/17	FY11/18
	(As of Nov. 20, 2017)	(As of Nov. 20, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	8,634,558	9,164,244
Electronically recorded obligations-operating	3,032,329	3,025,230
Accounts payable-other	275,819	288,688
Accrued expenses	322,084	322,446
Lease obligations	790	1,853
Income taxes payable	256,605	151,125
Provision for directors' bonuses	17,500	16,000
Other	134,950	274,021
<b>Total current liabilities</b>	<b>12,674,640</b>	<b>13,243,610</b>
<b>Non-current liabilities</b>		
Long-term guarantee deposited	718,010	731,818
Lease obligations	3,755	7,481
Deferred tax liabilities	226,874	192,716
Provision for directors' retirement benefits	210,090	225,710
Net defined benefit liability	163,357	182,770
Asset retirement obligations	16,436	16,534
Other	9,503	9,503
<b>Total non-current liabilities</b>	<b>1,348,027</b>	<b>1,366,535</b>
<b>Total liabilities</b>	<b>14,022,668</b>	<b>14,610,145</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	5,819,218	6,178,362
Treasury shares	(205,736)	(205,941)
<b>Total shareholders' equity</b>	<b>10,684,973</b>	<b>11,043,912</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	432,842	355,431
Remeasurements of defined benefit plans	(55,486)	(66,809)
<b>Total accumulated other comprehensive income</b>	<b>377,355</b>	<b>288,621</b>
<b>Total net assets</b>	<b>11,062,328</b>	<b>11,332,534</b>
<b>Total liabilities and net assets</b>	<b>25,084,996</b>	<b>25,942,679</b>

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

(Thousands of yen)

	FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)	FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)
Net sales	55,704,376	57,003,746
Cost of sales	50,392,432	51,539,902
Gross profit	5,311,944	5,463,844
Selling, general and administrative expenses	4,531,811	4,700,739
Operating profit	780,132	763,104
Non-operating income		
Interest income	3,159	2,061
Dividend income	17,623	18,929
Purchase discounts	128,348	125,077
Rent income	28,701	28,643
Other	24,508	18,207
Total non-operating income	202,341	192,919
Non-operating expenses		
Interest expenses	58	60
Sales discounts	82,558	73,296
Rent cost of real estate	6,429	20,840
Other	4,982	5,539
Total non-operating expenses	94,028	99,736
Ordinary profit	888,445	856,287
Extraordinary income		
Gain on sales of investment securities	-	2,430
Total extraordinary income	-	2,430
Extraordinary losses		
Loss on valuation of golf club membership	8,472	-
Total extraordinary losses	8,472	-
Profit before income taxes	879,972	858,718
Income taxes-current	357,911	304,658
Income taxes-deferred	(20,724)	9,341
Total income taxes	337,186	314,000
Profit	542,786	544,718
Profit attributable to owners of parent	542,786	544,718

**Consolidated Statement of Comprehensive Income**

(Thousands of yen)

	FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)	FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)
Profit	542,786	544,718
Other comprehensive income		
Valuation difference on available-for-sale securities	126,306	(77,410)
Remeasurements of defined benefit plans, net of tax	31,382	(11,322)
Total other comprehensive income	157,689	(88,733)
Comprehensive income	700,475	455,984
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	700,475	455,984
Comprehensive income attributable to non-controlling interests	-	-

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

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	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

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)

(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	5,819,218	(205,736)	10,684,973
Changes of items during period					
Dividends of surplus			(185,573)		(185,573)
Profit attributable to owners of parent			544,718		544,718
Purchase of treasury shares				(205)	(205)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	359,144	(205)	358,939
Balance at end of current period	2,220,082	2,851,408	6,178,362	(205,941)	11,043,912

	Accumulated other comprehensive income			Total net assets
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	
Balance at beginning of current period	432,842	(55,486)	377,355	11,062,328
Changes of items during period				
Dividends of surplus				(185,573)
Profit attributable to owners of parent				544,718
Purchase of treasury shares				(205)
Net changes of items other than shareholders' equity	(77,410)	(11,322)	(88,733)	(88,733)
Total changes of items during period	(77,410)	(11,322)	(88,733)	270,205
Balance at end of current period	355,431	(66,809)	288,621	11,332,534

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

	(Thousands of yen)	
	FY11/17	FY11/18
	(Nov. 21, 2016 – Nov. 20, 2017)	(Nov. 21, 2017 – Nov. 20, 2018)
Cash flows from operating activities		
Profit before income taxes	879,972	858,718
Depreciation	104,690	104,310
Increase (decrease) in net defined benefit liability	8,696	3,121
Increase (decrease) in provision for directors' retirement benefits	15,300	15,620
Increase (decrease) in allowance for doubtful accounts	7,050	(10,478)
Increase (decrease) in provision for directors' bonuses	2,000	(1,500)
Interest and dividend income	(20,782)	(20,990)
Loss on valuation of golf club memberships	8,472	-
Loss (gain) on sales of investment securities	-	(2,430)
Decrease (increase) in notes and accounts receivable-trade	130,731	(162,270)
Decrease (increase) in inventories	(207,982)	(119,614)
Increase (decrease) in notes and accounts payable-trade	864,908	522,491
Other, net	67,917	145,056
Subtotal	1,860,975	1,332,033
Interest and dividend income received	21,682	20,668
Income taxes paid	(279,867)	(393,382)
Net cash provided by (used in) operating activities	1,602,791	959,320
Cash flows from investing activities		
Proceeds from redemption of securities	300,000	-
Purchase of property, plant and equipment	(40,237)	(45,702)
Purchase of intangible assets	(18,120)	(31,941)
Purchase of investment securities	(1,993)	(303,011)
Proceeds from sales of investment securities	-	2,790
Purchase of golf club memberships	(6,972)	-
Other, net	(6,300)	-
Net cash provided by (used in) investing activities	226,376	(377,865)
Cash flows from financing activities		
Decrease (increase) in treasury shares	(24)	(205)
Cash dividends paid	(129,511)	(184,619)
Net cash provided by (used in) financing activities	(129,536)	(184,824)
Effect of exchange rate change on cash and cash equivalents	2	16
Net increase (decrease) in cash and cash equivalents	1,699,634	396,647
Cash and cash equivalents at beginning of period	7,206,409	8,906,043
Cash and cash equivalents at end of period	8,906,043	9,302,691

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

Not applicable.

**Reclassifications**

Consolidated Balance Sheet

“Electronically recorded monetary claims-operating,” which was included in “Notes and accounts receivable-trade” in the previous fiscal year, has been separately stated in the current fiscal year due to the increased significance of the amount. In order to reflect changes in this presentation method, the consolidated financial statements for the previous fiscal year have been restated.

As a result, “Notes and accounts receivable-trade” of 10,758,431 thousand yen in the consolidated balance sheet for the previous fiscal year has been reclassified into “Notes and accounts receivable-trade” of 9,862,999 thousand yen and “Electronically recorded monetary claims-operating” of 895,431 thousand yen.

**Segment and Other Information**

Segment information

FY11/17 (Nov. 21, 2016 – Nov. 20, 2017) and FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)

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

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

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.

FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)

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

This information is omitted because property, plant and equipment in Japan accounted for more than 90% of property, plant and equipment in the consolidated balance sheet.

## 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

FY11/17 (Nov. 21, 2016 – Nov. 20, 2017) and FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)

Not applicable.

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

FY11/17 (Nov. 21, 2016 – Nov. 20, 2017) and FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)

Not applicable.

Information related to gain on bargain purchase for each reportable segment

FY11/17 (Nov. 21, 2016 – Nov. 20, 2017) and FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)

Not applicable.

## Per-share Information

(Yen)

	FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)	FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)
Net assets per share	1,192.23	1,221.38
Net income per share	58.50	58.71

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:

	FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)	FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)
Profit attributable to owners of parent (Thousands of yen)	542,786	544,718
Amount not attributable to common shareholders (Thousands of yen)	-	-
Profit attributable to owners of parent applicable to common stock (Thousands of yen)	542,786	544,718
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 FY11/17 and FY11/18 are broken down by category as follows.

(Thousands of yen)

Category		FY11/17 (Nov. 21, 2016 – Nov. 20, 2017)		FY11/18 (Nov. 21, 2017 – Nov. 20, 2018)	
		Amount	%	Amount	%
Products	Wood building materials	6,817,575	12.2	6,770,303	11.9
	Non-wood building materials	3,801,918	6.8	3,736,713	6.6
	Plywood	2,279,536	4.1	2,428,119	4.3
	Wood products	2,423,503	4.4	2,440,472	4.3
	Housing fixtures	13,598,522	24.4	13,779,456	24.2
	Sales with installation	1,640,996	2.9	1,721,491	3.0
	Others	4,028,158	7.3	4,422,007	7.6
	Subtotal	34,590,212	62.1	35,298,565	61.9
Construction	Completed construction contracts	21,114,164	37.9	21,705,181	38.1
	Subtotal	21,114,164	37.9	21,705,181	38.1
Total		55,704,376	100.0	57,003,746	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 FY11/18 include original product sales of 1,972,087 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 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 19, 2019.)

Candidate for auditor

Full-time Auditor: Hiromichi Kashihara (currently General Manager of Purchasing Dept.)

Retiring auditor (expiration of a term of office)

Full-time Auditor: Masaaki Nakajima

*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.*