

**Consolidated Financial Results for the First Quarter of the
Fiscal Year Ending November 20, 2019 (FY11/19)
(Three Months Ended February 20, 2019)**

[Japanese GAAP]

April 2, 2019

Company name: KITAKEI CO.,LTD. Stock Exchange Listing: Tokyo Stock Exchange, First Section
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 Scheduled submission of Quarterly Report: April 3, 2019
 Scheduled date of dividend payment: -
 Preparation of supplementary materials for quarterly financial results: Yes
 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 FY11/19 (from November 21, 2018 to February 20, 2019)

(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	%
Three months ended								
Feb. 20, 2019	14,389	1.7	218	22.4	250	23.0	161	29.3
Feb. 20, 2018	14,147	5.4	178	44.1	203	38.3	124	50.0

Note: Comprehensive income (millions of yen) Three months ended Feb. 20, 2019: 188 (up 2.1%)
 Three months ended Feb. 20, 2018: 184 (up 57.1%)

	Net income per share		Diluted net income per share	
	Yen		Yen	
Three months ended				
Feb. 20, 2019	17.36		-	
Feb. 20, 2018	13.43		-	

(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, 2019	26,079		11,307		43.4		1,218.70	
As of Nov. 20, 2018	25,854		11,332		43.8		1,221.38	

Reference: Shareholders' equity (millions of yen) As of Feb. 20, 2019: 11,307 As of Nov. 20, 2018: 11,332

Note: Effective from the beginning of the first quarter of the current fiscal year, Kitakei has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Figures as of November 20, 2018 have been adjusted retrospectively in accordance with these amendments.

2. Dividends

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen				
FY11/18	-	0.00	-	23.00	23.00
FY11/19	-	-	-	-	-
FY11/19 (Forecast)	-	0.00	-	21.00	21.00

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

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

Commemorative dividend to mark our listing on the first section of the Tokyo Stock Exchange: 2.00 yen

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

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, 2019:	10,011,841 shares	As of Nov. 20, 2018:	10,011,841 shares
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2) Number of treasury shares at the end of the period

As of Feb. 20, 2019:	733,388 shares	As of Nov. 20, 2018:	733,388 shares
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3) Average number of shares outstanding during the period

Three months ended Feb. 20, 2019:	9,278,445 shares	Three months ended Feb. 20, 2018:	9,278,653 shares
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*The current quarterly financial report is not subject to quarterly review 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. 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.

(How to view supplementary materials for quarterly financial results)

Supplementary materials for the quarterly financial results will be disclosed today (April 2, 2019), using the Timely Disclosure network (TDnet).

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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, 2018 to February 20, 2019) of the fiscal year, the Japanese economy recovered slowly as, due to government economic stimulus measures, employment and personal income improved and corporate earnings and capital expenditures increased. However, the outlook remains unclear because of concerns about an economic downturn in Japan caused by the inability of the U.S. and China to end their trade dispute quickly, slowing economic growth in China, and other sources of uncertainty.

In Japan's housing sector, construction starts are increasing for single-family houses constructed by owners and single-family houses constructed for sale because mortgage interest rates remained low and the government continued to implement measures to help people purchase residences. Overall, though, the number of new residential construction starts in the first quarter was the same as one year earlier because of a decrease in the construction of rental housing and other reasons.

The Kitakei Group established relationships with more regional companies, housing manufacturers, home improvement retailers and other companies. 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 such as sectors outside the housing for improving our performance.

Sales in the first three months of the fiscal year were 14,389 million yen compared with 14,147 million yen one year earlier. Operating profit increased from 178 million yen to 218 million yen and ordinary profit increased from 203 million yen to 250 million yen. Profit attributable to owners of parent was up from 124 million yen to 161 million yen.

(2) Explanation of Financial Position

Assets

Total assets increased 224 million yen from the end of the previous fiscal year to 26,079 million yen as of the end of the first quarter. The main factor was increases of 650 million yen in cash and deposits and 100 million yen in securities, while there was a decrease of 698 million yen in notes and accounts receivable-trade.

Liabilities

Total liabilities increased 249 million yen from the end of the previous fiscal year to 14,771 million yen as of the end of the first quarter. The main factor was increases of 106 million yen in notes and accounts payable-trade, 259 million yen in electronically recorded obligations-operating, and 147 million yen in provision for bonuses, while there was a decrease of 208 million yen in other under current liabilities.

Net assets

Total net assets decreased 24 million yen from the end of the previous fiscal year to 11,307 million yen as of the end of the first quarter. The main factor was a decrease of 52 million yen in retained earnings, while there was an increase of 25 million yen in valuation difference on available-for-sale securities.

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

The first-half and full-year consolidated forecasts announced on December 28, 2018 remain unchanged.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheet

(Thousands of yen)

	FY11/18 (As of Nov. 20, 2018)	First quarter of FY11/19 (As of Feb. 20, 2019)
Assets		
Current assets		
Cash and deposits	9,302,691	9,953,344
Notes and accounts receivable-trade	9,804,094	9,105,915
Securities	-	100,000
Merchandise	689,694	755,563
Costs on uncompleted construction contracts	914,885	888,046
Other	1,208,936	1,281,538
Allowance for doubtful accounts	(13,962)	(14,304)
Total current assets	21,906,339	22,070,103
Non-current assets		
Property, plant and equipment	1,608,115	1,604,628
Intangible assets	87,344	89,558
Investments and other assets		
Other	2,286,299	2,337,660
Allowance for doubtful accounts	(33,703)	(22,723)
Total investments and other assets	2,252,596	2,314,936
Total non-current assets	3,948,057	4,009,124
Total assets	25,854,396	26,079,227
Liabilities		
Current liabilities		
Notes and accounts payable-trade	9,164,244	9,271,049
Electronically recorded obligations-operating	3,025,230	3,284,942
Income taxes payable	151,125	75,547
Provision for bonuses	-	147,377
Provision for directors' bonuses	16,000	-
Other	887,009	678,363
Total current liabilities	13,243,610	13,457,280
Non-current liabilities		
Provision for directors' retirement benefits	225,710	227,230
Net defined benefit liability	182,770	168,141
Asset retirement obligations	16,534	16,559
Other	853,236	902,320
Total non-current liabilities	1,278,251	1,314,250
Total liabilities	14,521,862	14,771,531

	(Thousands of yen)	
	FY11/18 (As of Nov. 20, 2018)	First quarter of FY11/19 (As of Feb. 20, 2019)
Net assets		
Shareholders' equity		
Capital stock	2,220,082	2,220,082
Capital surplus	2,851,408	2,851,427
Retained earnings	6,178,362	6,126,032
Treasury shares	(205,941)	(205,967)
Total shareholders' equity	11,043,912	10,991,575
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	355,431	381,419
Remeasurements of defined benefit plans	(66,809)	(65,299)
Total accumulated other comprehensive income	288,621	316,120
Total net assets	11,332,534	11,307,695
Total liabilities and net assets	25,854,396	26,079,227

(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 FY11/18 (Nov. 21, 2017 – Feb. 20, 2018)	First three months of FY11/19 (Nov. 21, 2018 – Feb. 20, 2019)
Net sales	14,147,461	14,389,202
Cost of sales	12,802,266	12,977,808
Gross profit	1,345,195	1,411,393
Selling, general and administrative expenses	1,166,361	1,192,456
Operating profit	178,834	218,937
Non-operating income		
Interest income	387	647
Dividend income	3,076	3,196
Purchase discounts	31,903	31,622
Rent income	7,175	7,147
Other	4,689	9,210
Total non-operating income	47,232	51,825
Non-operating expenses		
Sales discounts	18,859	18,019
Rent cost of real estate	1,623	1,659
Other	1,597	281
Total non-operating expenses	22,080	19,959
Ordinary profit	203,985	250,802
Profit before income taxes	203,985	250,802
Income taxes-current	45,758	61,993
Income taxes-deferred	33,635	27,735
Total income taxes	79,394	89,728
Profit	124,591	161,073
Profit attributable to owners of parent	124,591	161,073

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

(Thousands of yen)

	First three months of FY11/18 (Nov. 21, 2017 – Feb. 20, 2018)	First three months of FY11/19 (Nov. 21, 2018 – Feb. 20, 2019)
Profit	124,591	161,073
Other comprehensive income		
Valuation difference on available-for-sale securities	57,317	25,988
Remeasurements of defined benefit plans, net of tax	2,791	1,510
Total other comprehensive income	60,109	27,498
Comprehensive income	184,701	188,572
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	184,701	188,572
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.

Additional Information

Application of the Partial Amendments to Accounting Standard for Tax Effect Accounting

Effective from the beginning of the first quarter of the current fiscal year, Kitakei has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the consolidated balance sheet, respectively.

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.

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.

Supplementary Materials for the Financial
Results for the First Quarter of the Fiscal
Year Ending November 20, 2019

April 2, 2019



Stock code: 9872

1. Summary of 1Q FY11/19 Consolidated Financial Results



(Millions of yen)

	1Q FY11/18		1Q FY11/19		
	Results	%	Results	%	YoY change
Net sales	14,147	100.0%	14,389	100.0%	101.7%
Operating profit	178	1.3%	218	1.5%	122.4%
Ordinary profit	203	1.4%	250	1.7%	123.0%
Profit attributable to owners of parent	124	0.9%	161	1.1%	129.3%
Net income per share	13.43		17.36		

2. Product Category Sales in 1Q FY11/19

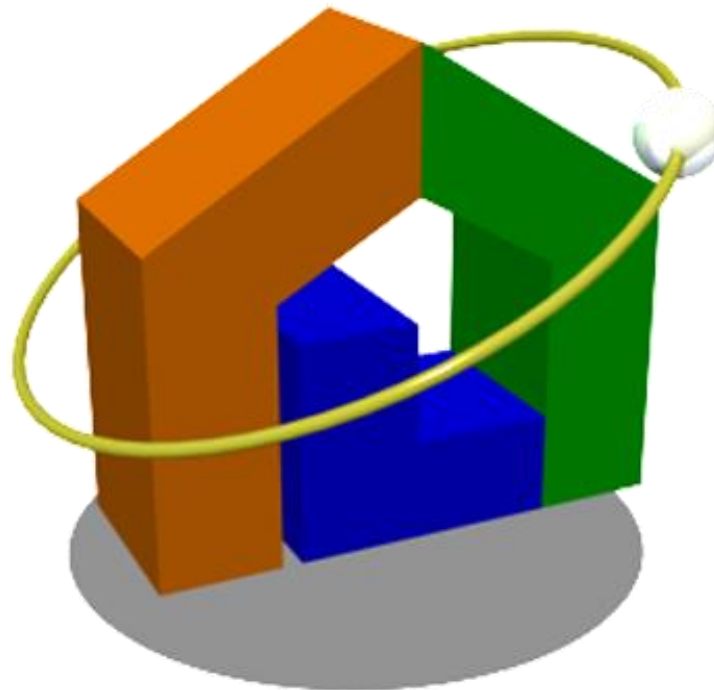
(Millions of yen)

		1Q FY11/18		1Q FY11/19		
		Results	%	Results	%	YoY change
Products	Wood building materials	1,716	12.1%	1,762	12.3%	102.7%
	Non-wood building materials	977	6.9%	970	6.7%	99.3%
	Plywood	538	3.8%	628	4.4%	116.7%
	Wood products	567	4.0%	619	4.3%	109.2%
	Housing fixtures	3,387	23.9%	3,349	23.3%	98.9%
	Sales with installation	417	3.0%	516	3.6%	123.8%
	Others	1,080	7.7%	1,118	7.7%	103.6%
	Subtotal	8,684	61.4%	8,966	62.3%	103.3%
Construction	Completed construction contracts	5,463	38.6%	5,422	37.7%	99.3%
	Subtotal	5,463	38.6%	5,422	37.7%	99.3%
Total		14,147	100.0%	14,389	100.0%	101.7%
Original products		493	3.5%	523	3.6%	105.9%

* 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.

* Original product sales are included mainly in wood building materials, wood products, housing fixtures, and others.



Forecasts of future performance in this material 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. Investors are cautioned not to rely solely on earnings forecasts when making investment decisions.

This material is not prepared for the purpose of soliciting investments. Individuals who use the information in this presentation should reach investment decisions on their own.