

Consolidated Financial Results [Japanese GAAP] for the First Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 — June 30, 2017)

August 30, 2017

Company name: Kansai Paint Co., Ltd.
 Stock listing: Tokyo Stock Exchange
 Code number: 4613
 URL: <http://www.kansai.co.jp/>
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 Date of filing of quarterly report to Ministry of Finance: August 10, 2017
 Scheduled payment date for dividend: —
 Supplemental information: No
 Financial results briefing: No

(Amounts are rounded down to the nearest million yen)

1. Consolidated financial results for the First Quarter of the Fiscal Year Ending March 31, 2018 (April 1, 2017 — June 30, 2017)

(1) Consolidated operating results

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2017	89,416	11.1	8,772	3.2	10,893	15.6	5,888	16.2
Three months ended June 30, 2016	80,463	(6.1)	8,502	11.2	9,424	(5.0)	5,068	(6.3)

(Note) Comprehensive income:

Three months ended June 30, 2017: 2,004 million yen —%
 Three months ended June 30, 2016: (7,067) million yen —%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2017	22.88	19.85
Three months ended June 30, 2016	19.19	16.96

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2017	538,946	293,621	46.7
As of March 31, 2017	540,458	296,165	46.9

(Reference) Shareholders' equity:

As of June 30, 2017: 251,954 million yen
 As of March 31, 2017: 253,348 million yen

2. Dividends

	Dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal Year ended March 31, 2017	—	11.00	—	11.00	22.00
Fiscal Year ending March 31, 2018	—				
Fiscal Year ending March 31, 2018 (Forecast)		13.50	—	13.50	27.00

(Note) Revisions to the latest dividend forecast announced : No

3. Consolidated financial forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2017 — March 31, 2018)

(The percentages represent the rates of increase (decrease) compared to the corresponding prior period.)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First Half of the Fiscal Year	190,000	17.1	19,500	9.3	22,500	19.4	14,000	22.4	54.40
Full Year	405,000	22.6	43,000	21.8	49,000	22.4	30,000	24.1	116.58

(Note) Revisions to the latest consolidated financial forecast announced: No

***Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries due to changes in scope of consolidation):	None
(2) Application of accounting treatment specific to preparation of quarterly consolidated financial statements:	Yes
(3) Changes in accounting policies, changes in accounting estimates, and retrospective restatement	
1. Changes in accounting policies in accordance with revision of accounting standards:	None
2. Changes in accounting policies other than 1. above:	None
3. Changes in accounting estimates:	None
4. Retrospective restatement:	None
(4) Number of shares of common stock issued	
1. Number of shares of common stock issued at period-end (including treasury stock):	
As of June 30, 2017:	272,623,270 shares
As of March 31, 2017:	272,623,270 shares
2. Number of shares of treasury stock at period-end:	
As of June 30, 2017:	15,289,380 shares
As of March 31, 2017:	15,286,492 shares
3. Average number of shares during the period:	
Three months ended June 30, 2017:	257,334,970 shares
Three months ended June 30, 2016:	264,101,494 shares

***Status of the implementation of audit procedures**

This financial results report is not subject to quarterly review procedures.

***Explanation for appropriate use of forecasts and other notes**

The forward-looking statements such as operational forecasts contained in this document are based on information currently available to the Company and certain assumptions which are regarded as legitimate. However, it does not mean that we guarantee its achievement. Actual results may differ from such forward-looking statements for a variety of reasons.

Consolidated financial statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Assets		
Current assets		
Cash and deposits	53,027	49,787
Trade notes and accounts receivable	103,199	106,925
Securities	9,181	8,461
Finished goods	33,610	31,452
Work-in-process	4,252	4,842
Raw materials and supplies	21,274	20,130
Other	12,644	14,293
Allowance for doubtful receivables	(3,237)	(3,334)
Total current assets	233,953	232,558
Non-current assets		
Total property, plant and equipment	110,564	112,377
Intangible assets		
Goodwill	44,215	43,478
Other	24,010	22,904
Total intangible assets	68,226	66,383
Investments and other assets		
Investment securities	95,830	95,019
Other	33,012	33,896
Allowance for doubtful receivables	(1,129)	(1,287)
Total investments and other assets	127,713	127,627
Total non-current assets	306,505	306,388
Total assets	540,458	538,946

(Millions of yen)

	As of March 31, 2017	As of June 30, 2017
Liabilities		
Current liabilities		
Trade notes and accounts payable	59,382	60,748
Short-term borrowings	8,520	9,474
Income and enterprise taxes payable	4,374	4,370
Provision for bonuses	4,770	3,017
Other	22,426	24,958
Total current liabilities	99,472	102,569
Non-current liabilities		
Convertible bonds with stock acquisition rights	101,587	101,424
Net defined benefit liability	9,632	8,097
Other	33,600	33,234
Total non-current liabilities	144,820	142,756
Total liabilities	244,293	245,325
Net assets		
Shareholders' equity		
Common stock	25,658	25,658
Capital surplus	14,421	14,421
Retained earnings	218,880	221,928
Treasury stock, at cost	(25,088)	(25,091)
Total shareholders' equity	233,872	236,917
Accumulated other comprehensive income		
Net unrealized holding gains on securities	31,229	31,585
Foreign currency translation adjustments	(12,548)	(17,225)
Remeasurements of defined benefit plans	794	677
Total accumulated other comprehensive income	19,475	15,037
Non-controlling interests	42,817	41,666
Total net assets	296,165	293,621
Total liabilities and net assets	540,458	538,946

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net sales	80,463	89,416
Cost of sales	53,860	60,185
Gross profit	26,603	29,231
Selling, general and administrative expenses	18,100	20,458
Operating income	8,502	8,772
Non-operating income		
Interest income	102	360
Dividend income	720	753
Equity in earnings of unconsolidated subsidiaries and affiliates	1,299	1,067
Miscellaneous income	446	458
Total non-operating income	2,568	2,640
Non-operating expenses		
Interest expense	196	285
Interest on bonds	21	-
Loss on disposal of inventories	37	29
Foreign currency exchange loss	1,178	75
Miscellaneous expenses	213	129
Total non-operating expenses	1,646	520
Ordinary income	9,424	10,893
Extraordinary income		
Gain on sale or disposal of property, plant and equipment	2	1
Gain on sale of investment securities	312	38
Gain on revision of retirement benefit plan	-	760
Total extraordinary income	314	800
Extraordinary losses		
Loss on sale or disposal of property, plant and equipment	27	40
Write-down of securities and investment securities	177	0
Total extraordinary losses	204	41
Income before income taxes and non-controlling interests	9,534	11,652
Total income taxes	3,458	4,654
Net income	6,076	6,997
Net income attributable to non-controlling interests	1,007	1,109
Net income attributable to owners of the parent	5,068	5,888

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2016	Three months ended June 30, 2017
Net income	6,076	6,997
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(3,699)	334
Foreign currency translation adjustments	(7,921)	(3,679)
Remeasurements of defined benefit plans	(64)	(117)
Shares in other comprehensive income of equity method affiliates	(1,457)	(1,530)
Total other comprehensive income	(13,143)	(4,993)
Comprehensive income	(7,067)	2,004
Comprehensive income attributable to:		
Owners of the parent	(5,958)	1,450
Non-controlling interests	(1,108)	554