

Consolidated Financial Results [Japanese GAAP] for the First Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 – June 30, 2016)

August 25, 2016

Company name: Kansai Paint Co., Ltd.
 Stock listing: Tokyo Stock Exchange
 Code number: 4613
 URL: <http://www.kansai.co.jp/>
 Representative: Hiroshi Ishino, President
 Contact: Shinji Asatsuma, Director, Managing Executive Officer, General Manager, Administration Div.
 Telephone: +81-6-6203-5531
 Date of filing of quarterly report to Ministry of Finance: August 10, 2016
 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, 2017 (April 1, 2016 – June 30, 2016)

(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, 2016	80,463	(6.1)	8,502	11.2	9,424	(5.0)	5,068	(6.3)
Three months ended June 30, 2015	85,672	6.8	7,648	17.0	9,919	24.3	5,409	45.4

(Note) Comprehensive income:

Three months ended June 30, 2016: (7,067) million yen –%
 Three months ended June 30, 2015: 4,293 million yen (4.9%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2016	19.19	16.96
Three months ended June 30, 2015	20.31	–

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of June 30, 2016	492,289	260,911	45.7
As of March 31, 2016	430,198	293,903	59.3

(Reference) Shareholders' equity:

As of June 30, 2016: 224,873 million yen
 As of March 31, 2016: 255,238 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, 2016	–	9.50	–	9.50	19.00
Fiscal Year ending March 31, 2017	–				
Fiscal Year ending March 31, 2017 (Forecast)		11.00	–	11.00	22.00

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

3. Consolidated financial forecast for the Fiscal Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

(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	169,000	(1.1)	17,000	1.6	20,000	1.6	12,000	15.7	45.44
Full Year	340,000	3.6	36,500	5.0	42,000	5.8	25,000	(11.8)	94.66

(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:	Yes
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, 2016:	272,623,270 shares
As of March 31, 2016:	272,623,270 shares
2. Number of shares of treasury stock at period-end:	
As of June 30, 2016:	15,281,911 shares
As of March 31, 2016:	6,268,153 shares
3. Average number of shares during the period:	
Three months ended June 30, 2016:	264,101,494 shares
Three months ended June 30, 2015:	266,368,699 shares

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

This financial results report is not subject to quarterly review procedures based on the Financial Instruments and Exchange Act. At the time of disclosure of this report, the quarterly review procedures for the financial statements have been completed.

***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, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	72,309	139,156
Trade notes and accounts receivable	91,544	90,397
Securities	8,536	13,825
Finished goods	25,768	24,940
Work-in-process	3,728	4,204
Raw materials and supplies	13,677	13,019
Other	10,890	13,368
Allowance for doubtful receivables	(1,221)	(1,088)
Total current assets	225,232	297,824
Non-current assets		
Total property, plant and equipment	90,024	87,137
Intangible assets		
Goodwill	7,657	7,022
Other	11,797	11,257
Total intangible assets	19,454	18,279
Investments and other assets		
Investment securities	69,358	62,894
Other	28,250	28,111
Allowance for doubtful receivables	(2,120)	(1,958)
Total investments and other assets	95,487	89,047
Total non-current assets	204,966	194,465
Total assets	430,198	492,289

(Millions of yen)

	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Trade notes and accounts payable	53,667	49,812
Electronically recorded obligations -	1,342	1,367
Short-term borrowings	3,907	5,185
Current portion of bonds payable	15,000	15,000
Income and enterprise taxes payable	3,631	2,676
Provision for bonuses	4,407	2,733
Other	20,054	21,355
Total current liabilities	102,010	98,131
Non-current liabilities		
Convertible bonds with stock acquisition	-	102,074
Net defined benefit liability	8,503	8,607
Other	25,781	22,564
Total non-current liabilities	34,284	133,246
Total liabilities	136,294	231,377
Net assets		
Shareholders' equity		
Common stock	25,658	25,658
Capital surplus	18,896	17,030
Retained earnings	200,096	202,626
Treasury stock, at cost	(5,077)	(25,078)
Total shareholders' equity	239,574	220,237
Accumulated other comprehensive income		
Net unrealized holding gains on securities	25,424	21,244
Foreign currency translation adjustments	(10,545)	(17,328)
Remeasurements of defined benefit plans	785	720
Total accumulated other comprehensive	15,664	4,636
Non-controlling interests	38,665	36,038
Total net assets	293,903	260,911
Total liabilities and net assets	430,198	492,289

(2) Consolidated Statements of Income

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	85,672	80,463
Cost of sales	58,929	53,860
Gross profit	26,742	26,603
Selling, general and administrative expenses	19,094	18,100
Operating income	7,648	8,502
Non-operating income		
Interest income	73	102
Dividend income	810	720
Equity in earnings of unconsolidated subsidiaries and affiliates	1,307	1,299
Miscellaneous income	316	446
Total non-operating income	2,508	2,568
Non-operating expenses		
Interest expense	118	196
Interest on bonds	21	21
Loss on disposal of inventories	41	37
Foreign currency exchange loss	—	1,178
Miscellaneous expenses	56	213
Total non-operating expenses	237	1,646
Ordinary income	9,919	9,424
Extraordinary income		
Gain on sale or disposal of property, plant and equipment	13	2
Gain on sale of investment securities	1	312
Total extraordinary income	14	314
Extraordinary losses		
Loss on sale or disposal of property, plant and equipment	58	27
Write-down of securities and investment	—	177
Total extraordinary losses	58	204
Income before income taxes and non-controlling interests	9,875	9,534
Total income taxes	3,200	3,458
Net income	6,675	6,076
Net income attributable to non-controlling	1,265	1,007
Net income attributable to owners of the parent	5,409	5,068

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net income	6,675	6,076
Other comprehensive income		
Net unrealized holding gains (losses) on	671	(3,699)
Foreign currency translation adjustments	(2,712)	(7,921)
Remeasurements of defined benefit plans	(40)	(64)
Shares in other comprehensive income of equity method affiliates	(300)	(1,457)
Total other comprehensive income	(2,381)	(13,143)
Comprehensive income	4,293	(7,067)
Comprehensive income attributable to:		
Owners of the parent	3,803	(5,958)
Non-controlling interests	489	(1,108)