

Consolidated Financial Results [Japanese GAAP]
for the Third Quarter of the Fiscal Year Ending March 31, 2017
(April 1, 2016 — December 31, 2016)

February 10, 2017

Company name: Kansai Paint Co., Ltd.
 Stock listing: Tokyo Stock Exchange
 Code number: 4613
 URL: <http://www.kansai.co.jp/>
 Representative: Hiroshi Ishino, President
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 Date of filing of quarterly report to Ministry of Finance: February 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 Third Quarter of the Fiscal Year Ending March 31, 2017 (April 1, 2016 — December 31, 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	%
Nine months ended December 31, 2016	244,736	(1.9)	26,211	3.5	29,636	(0.3)	18,574	11.2
Nine months ended December 31, 2015	249,387	(1.9)	25,336	18.5	29,720	13.4	16,707	21.3

(Note) Comprehensive income:

Nine months ended December 31, 2016: 16,289 million yen 339.9%
 Nine months ended December 31, 2015: 3,702 million yen (87.1%)

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended December 31, 2016	71.43	62.41
Nine months ended December 31, 2015	62.73	—

(2) Consolidated financial positions

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of December 31, 2016	522,882	278,844	46.3
As of March 31, 2016	430,198	293,903	59.3

(Reference) Shareholders' equity:

As of December 31, 2016: 241,986 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	—	11.00	—		
Fiscal Year ending March 31, 2017 (Forecast)				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
Full Year	340,000	3.6	36,500	5.0	42,000	5.8	25,000	(11.8)	96.14

(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 December 31, 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 December 31, 2016:	15,284,889 shares
As of March 31, 2016:	6,268,153 shares
3. Average number of shares during the period:	
Nine months ended December 31, 2016:	260,044,362 shares
Nine months ended December 31, 2015:	266,363,510 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 December 31, 2016
Assets		
Current assets		
Cash and deposits	72,309	129,145
Trade notes and accounts receivable	91,544	96,847
Securities	8,536	10,135
Finished goods	25,768	26,059
Work-in-process	3,728	4,137
Raw materials and supplies	13,677	15,145
Other	10,890	10,417
Allowance for doubtful receivables	(1,221)	(1,924)
Total current assets	225,232	289,965
Non-current assets		
Total property, plant and equipment	90,024	87,666
Intangible assets		
Goodwill	7,657	11,174
Other	11,797	12,230
Total intangible assets	19,454	23,404
Investments and other assets		
Investment securities	69,358	96,065
Other	28,250	27,859
Allowance for doubtful receivables	(2,120)	(2,077)
Total investments and other assets	95,487	121,846
Total non-current assets	204,966	232,917
Total assets	430,198	522,882

(Millions of yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Trade notes and accounts payable	53,667	55,627
Electronically recorded obligations - operating	1,342	1,836
Short-term borrowings	3,907	6,799
Current portion of bonds payable	15,000	15,000
Income and enterprise taxes payable	3,631	866
Provision for bonuses	4,407	3,236
Other	20,054	21,309
Total current liabilities	102,010	104,675
Non-current liabilities		
Convertible bonds with stock acquisition rights	-	101,749
Net defined benefit liability	8,503	8,736
Other	25,781	28,877
Total non-current liabilities	34,284	139,363
Total liabilities	136,294	244,038
Net assets		
Shareholders' equity		
Common stock	25,658	25,658
Capital surplus	18,896	14,421
Retained earnings	200,096	213,291
Treasury stock, at cost	(5,077)	(25,085)
Total shareholders' equity	239,574	228,286
Accumulated other comprehensive income		
Net unrealized holding gains on securities	25,424	33,215
Deferred loss on derivatives under hedge accounting	-	(58)
Foreign currency translation adjustments	(10,545)	(20,048)
Remeasurements of defined benefit plans	785	590
Total accumulated other comprehensive income	15,664	13,699
Non-controlling interests	38,665	36,857
Total net assets	293,903	278,844
Total liabilities and net assets	430,198	522,882

(2) Consolidated Statements of Income

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net sales	249,387	244,736
Cost of sales	168,197	161,837
Gross profit	81,190	82,899
Selling, general and administrative expenses	55,854	56,688
Operating income	25,336	26,211
Non-operating income		
Interest income	232	681
Dividend income	1,613	1,411
Equity in earnings of unconsolidated subsidiaries and affiliates	3,315	3,228
Miscellaneous income	782	962
Total non-operating income	5,943	6,283
Non-operating expenses		
Interest expense	334	689
Interest on bonds	63	63
Loss on disposal of inventories	156	128
Foreign currency exchange loss	452	1,447
Miscellaneous expenses	552	528
Total non-operating expenses	1,559	2,858
Ordinary income	29,720	29,636
Extraordinary income		
Gain on sale or disposal of property, plant and equipment	24	137
Gain on sale of shares of subsidiaries and affiliates	-	0
Gain on sale of investment securities	1	812
Total extraordinary income	25	951
Extraordinary losses		
Loss on sale or disposal of property, plant and equipment	824	124
Loss on sale of securities and investment securities	139	-
Write-down of securities and investment securities	20	0
Total extraordinary losses	984	124
Income before income taxes and non-controlling interests	28,760	30,463
Total income taxes	8,814	8,841
Net income	19,946	21,621
Net income attributable to non-controlling interests	3,238	3,047
Net income attributable to owners of the parent	16,707	18,574

(3) Consolidated Statements of Comprehensive Income

(Millions of yen)

	Nine months ended December 31, 2015	Nine months ended December 31, 2016
Net income	19,946	21,621
Other comprehensive income		
Net unrealized holding gains (losses) on securities	(1,573)	7,157
Deferred loss on derivatives under hedge accounting	-	(58)
Foreign currency translation adjustments	(13,586)	(10,778)
Remeasurements of defined benefit plans	(26)	(194)
Shares in other comprehensive income of equity method affiliates	(1,056)	(1,458)
Total other comprehensive income	(16,243)	(5,332)
Comprehensive income	3,702	16,289
Comprehensive income attributable to:		
Owners of the parent	4,090	16,609
Non-controlling interests	(388)	(319)