

Non-Consolidated Financial Results for the First Quarter of the Fiscal Year Ending June 30, 2018 [Japanese GAAP]

November 10, 2017

Company name: KeePer Technical Laboratory Co., Ltd.
 Stock exchange listings: Tokyo Stock Exchange, Nagoya Stock Exchange
 Code number: 6036
 URL: <http://www.keepercoating.jp/corp/>
 Representative: Yoshimichi Tani, Representative Director and President
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 Scheduled date to commence dividend payments: —
 Scheduled date to file quarterly securities report: November 13, 2017
 Supplementary documents for financial results: None
 Financial results briefing session: None

(Amounts of less than one million yen are rounded down)

1. Financial Results for the First Quarter of the Year Ending June 30, 2018 (July 1, 2017 to September 30, 2017)

(1) Operating Results (% figures indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended September 30, 2017	1,750	0.8	209	(14.8)	209	(15.3)	133	(14.5)
September 30, 2016	1,735	8.1	245	11.3	247	11.3	155	12.2
	Net income per share		Diluted net income per share					
	Yen		Yen					
Three months ended September 30, 2017	9.47		9.43					
September 30, 2016	10.67		10.62					

Note: The Company executed a 2-for-1 stock split of common shares on July 1, 2017. Net income per share and diluted net income per share are calculated assuming the said stock split was conducted at the beginning of the previous fiscal year.

(2) Financial Position

	Total assets	Net assets	Equity ratio
	Millions of yen	Millions of yen	%
As of September 30, 2017	5,566	3,918	70.4
As of June 30, 2017	5,789	3,918	67.7

Reference: Equity: As of September 30, 2017: ¥3,918 million
 As of June 30, 2017: ¥3,918 million

2. Dividends

	Dividends per share				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended June 30, 2017	—	0.00	—	19.00	19.00
Year ending June 30, 2018	—				
Year ending June 30, 2018 (forecast)		0.00	—	10.00	10.00

Note: The Company executed a 2-for-1 stock split of common shares on July 1, 2017. Dividends per share for the year ended June 30, 2017 are those before this stock split was conducted.

3. Financial Results Forecast for the Year Ending June 30, 2018 (July 1, 2017 to June 30, 2018)

(% figures indicate year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending December 31, 2017	4,149	9.3	772	12.0	772	12.1	486	15.3	34.56
Year ending June 30, 2018	7,784	11.2	1,100	8.4	1,102	8.4	703	8.4	49.97

Note: Revision to the financial results forecast announced most recently: None

Notes:

(1) Adoption of Accounting Methods Specific to Preparation of Quarterly Financial Statements:

None

(2) Changes in accounting policies, changes in accounting estimates and restatements

- 1) Changes in accounting policies due to the revision of accounting standards: None
- 2) Changes in accounting policies other than 1): None
- 3) Changes in accounting estimates: None
- 4) Restatements: None

(3) Number of shares issued (common stock)

1) Number of shares issued and outstanding at the end of the period (including treasury stock):

September 30, 2017: 14,086,020 shares
June 30, 2017: 14,086,020 shares

2) Number of shares of treasury stock issued and outstanding at the end of the period:

September 30, 2017: 78 shares
June 30, 2017: 78 shares

3) Average number of shares during the period (cumulative period):

September 30, 2017: 14,085,942 shares
September 30, 2016: 14,615,775 shares

Note: The Company executed a 2-for-1 stock split of common shares on July 1, 2017. The number of shares issued (common stock) is calculated assuming the said stock split was conducted at the beginning of the previous fiscal year.

This financial results is not subject to the audit procedure.

Explanation of the proper use of financial results forecast and other notes

(Caution concerning forward-looking statements)

The forecasts and future projections contained herein have been prepared on the basis of rational decisions given the information available as of the date of announcement of this document. These forecasts do not represent a commitment by the Company, and actual performance may differ substantially from forecasts for a variety of reasons.

Quarterly Financial Statements

(1) Quarterly Balance Sheets

(Thousands of yen)

	As of June 30, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	1,468,608	1,114,076
Notes receivable - trade	163,880	177,665
Accounts receivable - trade	574,381	559,797
Merchandise	505,188	487,744
Supplies	26,687	27,339
Prepaid expenses	99,369	92,794
Deferred tax assets	36,372	33,665
Other	7,900	3,330
Allowance for doubtful accounts	(520)	(443)
Total current assets	2,881,868	2,495,972
Non-current assets		
Property, plant and equipment		
Buildings, net	1,472,507	1,610,029
Structures, net	103,836	112,820
Machinery and equipment, net	74,774	76,132
Vehicles, net	24,670	27,113
Tools, furniture and fixtures, net	96,889	100,626
Land	459,729	459,729
Construction in progress	31,091	5,149
Total plant, property and equipment	2,263,500	2,391,600
Intangible assets		
Goodwill	650	325
Software	41,990	50,681
Other	26,246	22,432
Total Intangible assets	68,887	73,439
Investments and other assets		
Investment securities	16,360	16,800
Long-term prepaid expenses	36,750	35,716
Lease and guarantee deposits	227,423	256,793
Construction assistance fund receivables	158,545	155,614
Insurance funds	13,499	13,499
Deferred tax assets	122,790	126,703
Other	20	20
Total investments and other assets	575,389	605,147
Total non-current assets	2,907,777	3,070,187
Total assets	5,789,645	5,566,160

(Thousands of yen)

	As of June 30, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Accounts payable—trade	200,036	139,445
Current portion of long-term loans payable	381,277	356,581
Accounts payable—other	157,051	135,215
Income taxes payable	218,023	89,558
Accrued expenses	142,635	124,542
Provision for bonuses	19,432	77,729
Other	51,771	72,908
Total current liabilities	1,170,226	995,981
Non-current liabilities		
Long-term loans payable	229,585	157,276
Provision for retirement benefits	164,424	172,933
Provision for directors' retirement benefits	227,967	231,631
Asset retirement obligations	74,933	85,962
Other	4,043	4,043
Total non-current liabilities	700,953	651,846
Total liabilities	1,871,180	1,647,827
Net assets		
Shareholders' equity		
Capital stock	1,345,163	1,345,163
Capital surplus	1,007,224	1,007,224
Retained earnings	1,565,121	1,564,682
Treasury shares	(61)	(61)
Total shareholders' equity	3,917,447	3,917,008
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1,017	1,323
Total valuation and translation adjustments	1,017	1,323
Total net assets	3,918,465	3,918,332
Total liabilities and net assets	5,789,645	5,566,160

(2) Quarterly Statements of Income
Three Months Ended September 30

(Thousands of yen)

	For the three months ended September 30, 2016	For the three months ended September 30, 2017
Net sales	1,735,655	1,750,314
Cost of sales	539,710	480,568
Gross profit	1,195,944	1,269,746
Selling, general and administrative expenses	950,098	1,060,231
Operating income	245,845	209,514
Non-operating income		
Interest income	140	213
Foreign exchange gains	2,018	—
Commission fee	434	806
Other	795	314
Total non-operating income	3,388	1,334
Non-operating expenses		
Interest expenses	1,446	1,062
Foreign exchange losses	—	37
Other	13	—
Total non-operating expenses	1,459	1,100
Ordinary income	247,775	209,748
Extraordinary income		
Gain on sales of non-current assets	69	55
Total extraordinary income	69	55
Extraordinary losses		
Loss on sales and retirement of non-current assets	0	—
Retirement benefit expenses	12,783	—
Total extraordinary losses	12,783	—
Income before income taxes	235,061	209,804
Income taxes—current	92,519	77,767
Income taxes—deferred	(13,448)	(1,340)
Income taxes	79,070	76,427
Net income	155,990	133,376