

NOTICE: For the convenience of capital market participants, NIPPON PAINT HOLDINGS CO., LTD. makes efforts to provide English translations of the information disclosed in Japanese, provided that the original Japanese version prevails over its English translation version in the case of any discrepancy found between the original and translation.

**Consolidated Financial Results**  
**for the Nine Months Ended December 31, 2015**  
**[Japanese GAAP]**



February 5, 2016

Company name: NIPPON PAINT HOLDINGS CO., LTD.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 4612  
 URL: <http://www.nipponpaint-holdings.com/>  
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 Scheduled date of filing quarterly securities report: February 10, 2016  
 Scheduled date of commencing dividend payments: –  
 Availability of supplementary briefing material on quarterly financial results: Yes  
 Schedule of quarterly financial results briefing session: Yes

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

**1. Consolidated Financial Results for the Nine Months Ended December 31, 2015 (April 1, 2015 to December 31, 2015)**

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2015	405,104	111.8	52,599	119.2	55,451	55.5	23,748	(86.3)
December 31, 2014	191,254	(0.5)	23,992	(2.5)	35,653	(0.8)	173,088	601.6

Note: Comprehensive income: Nine months ended December 31, 2015: ¥22,000 million [(87.7%)]

Nine months ended December 31, 2014: ¥179,013 million [338.2%]

	Profit per share	Diluted profit per share
Nine months ended December 31, 2015	Yen 74.05	Yen 74.05
December 31, 2014	648.96	-

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of December 31, 2015	802,551	576,384	58.7
As of March 31, 2015	810,727	589,923	59.2

Reference: Equity: As of December 31, 2015: ¥471,234 million

As of March 31, 2015: ¥479,829 million

**2. Dividends**

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
Fiscal year ended March 31, 2015	Yen -	Yen 10.00	Yen -	Yen 12.00	Yen 22.00
Fiscal year ending March 31, 2016	-	15.00	-	-	-
Fiscal year ending March 31, 2016 (Forecast)	-	-	-	15.00	30.00

Note: Revision to the forecast for dividends announced most recently: No

### 3. Consolidated Financial Results Forecast for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
	530,000	103.4	70,000	107.4	73,000	48.2	32,000	(82.4)	99.78

Note: Revision to the financial results forecast announced most recently: No

#### \* Notes:

- (1) Changes in significant subsidiaries during the period under review: No
- (2) Accounting treatments adopted specially for the preparation of quarterly consolidated financial statements: Yes
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
  - 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: No
  - 3) Changes in accounting estimates: No
  - 4) Retrospective restatement: No
- (4) Total number of issued shares (common shares)
  - 1) Total number of issued shares at the end of the period (including treasury shares):
    - December 31, 2015: 325,402,443 shares
    - March 31, 2015: 325,402,443 shares
  - 2) Total number of treasury shares at the end of the period:
    - December 31, 2015: 4,696,181 shares
    - March 31, 2015: 4,694,319 shares
  - 3) Average number of shares during the period:
    - Nine months ended December 31, 2015: 320,707,085 shares
    - Nine months ended December 31, 2014: 266,717,938 shares

#### \* Presentation regarding the implementation status of the quarterly review procedures

These quarterly financial results are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act, and quarterly review procedures for the quarterly consolidated financial statements are performed separately.

#### \* Explanation of the proper use of financial results forecast and other notes

The earnings forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions that are judged to be reasonable. Actual results, etc. may differ greatly from the forecast figures depending on various factors. For the assumptions underlying the forecasts and precautions when using the forecasts, please refer to "Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information" on page 3 of the Attachment.

## Table of Contents

1. Qualitative Information on Quarterly Financial Results for the Period under Review .....	2
(1) Explanation of Operating Results.....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information .....	3
2. Matters Concerning Summary Information (Notes).....	4
(1) Changes in Significant Subsidiaries during the Nine Months ended December 31, 2015 .....	4
(2) Accounting Treatments Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements .....	4
(3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement .....	4
3. Quarterly Consolidated Financial Statements .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	7
(3) Notes to Quarterly Consolidated Financial Statements .....	9
(Notes on going concern assumption) .....	9
(Notes in the case of significant changes in shareholders' equity).....	9
(Segment information, etc.).....	10

## 1. Qualitative Information on Quarterly Financial Results for the Period under Review

### (1) Explanation of Operating Results

During the nine months ended December 31, 2015, consolidated net sales of NIPPON PAINT HOLDINGS CO., LTD. (the “Company”) and its group companies (collectively, the “Group”) increased by 111.8% from the corresponding period of the previous year (the “previous year”), to ¥405,104 million due to the acquisition of equity of joint venture companies in the Asian region (making them into subsidiaries). Consolidated operating income increased by 119.2% from the previous year, to ¥52,599 million as a result of the effects of acquiring equity in the joint venture companies and the recording of related amortization expenses for goodwill and intangible assets in selling and administrative expenses, and consolidated ordinary income increased by 55.5% from the previous year, to ¥55,451 million. Profit attributable to owners of parent decreased by 86.3% from the previous year, to ¥23,748 million partly due to posting of gain on step acquisitions of ¥148.8 billion as extraordinary income during the previous year, following the conversion of the aforementioned companies into subsidiaries.

Results by business segment are as follows. Overseas group companies, with the exception of some companies, adopt a December fiscal year-end, and a corresponding period for the period under review is from January to September 2015.

#### **Japan**

In this region, as a result of efforts to expand market share amid the decreasing number of automobiles manufactured, net sales of automotive coatings remained at the same level as the previous year. As for industrial coatings, in line with a decline in market conditions, decreased sales of coatings for construction materials and construction machinery and other factors led to lower net sales compared to the previous year. With respect to trade-use paints, while performance has been weak in the overall market, owing to efforts in sales promotion activities including new products, net sales increased compared to the previous year.

As a result of these factors, consolidated net sales for the Japan segment decreased by 5.3% from the previous year, to ¥130,594 million. Consolidated operating income increased by 94.7% from the previous year, to ¥37,733 million due to the transition to a holding company that occurred on October 1, 2014 leading to the recording of dividend income from overseas group companies (¥16,444 million), and continued activities to reduce costs.

Additionally, such amount is eliminated as an internal transaction under “Inter-segment transaction eliminations and other adjustments.”

#### **Asia**

In this region, net sales and operating income increased substantially due to the acquisition of equity of joint venture companies in the Asian region (making them into subsidiaries) during the previous year. Particularly, in China, the core region of the Asia segment, net sales were robust for trade-use paints such as paints for housing interiors. However, due to making the companies into subsidiaries, share of profit of entities accounted for using equity method decreased.

As a result of these factors, consolidated net sales for the Asia segment increased by 651.9% from the previous year, to ¥242,349 million, consolidated operating income increased by 747.4% from the previous year, to ¥27,630 million, and share of profit of entities accounted for using equity method decreased by 92.1% from the previous year, to ¥792 million.

#### **North America**

In this region, net sales increased due to an increase in the number of automobiles manufactured. Furthermore, in addition to reduced expenses for the import of raw materials due to a strong dollar (a weaker yen), continued activities to reduce costs led to a significant improvement in profitability.

As a result, consolidated net sales for the North America segment increased by 33.5% from the previous

year, to ¥24,558 million, and consolidated operating income increased by 104.6% from the previous year, to ¥3,790 million.

#### **Other**

Consolidated net sales for this geographic segment increased by 175.6% from the previous year to ¥7,602 million due to the consolidation of a German paint manufacturer, and consolidated operating income or loss amounted to a loss of ¥150 million (income of ¥72 million in the previous year) partly due to an increase in amortization of goodwill.

### **(2) Explanation of Financial Position**

Total assets at the end of the third quarter of the fiscal year under review decreased by ¥8.18 billion from the end of the previous fiscal year to ¥802,551 million. Of these, current assets increased by ¥21.46 billion from the end of the previous fiscal year, primarily caused by strong performance in sales of coatings in the Asian region, and an increase in accounts receivable - trade.

Non-current assets decreased by ¥29.63 billion from the end of the previous fiscal year, primarily caused by factors such as the application of the Accounting Standard for Business Combinations, etc. and amortization which led to a decrease in goodwill.

Liabilities increased by ¥5.36 billion from the end of the previous fiscal year to ¥226,166 million. The increase was mainly attributable to increases in accounts payable - trade and loans payable.

Net assets including non-controlling interests decreased by ¥13.54 billion from the end of the previous fiscal year to ¥576,384 million. This was mainly attributable to decreases in capital surplus and foreign currency translation adjustment due to the application of the Accounting Standard for Business Combinations, etc., and yen appreciation, despite an increase in retained earnings stemming from the recording of profit attributable to owners of parent.

As a result, equity ratio fell from 59.2% at the end of the previous fiscal year to 58.7%.

### **(3) Explanation of Consolidated Financial Results Forecast and Other Forward-Looking Information**

There are no changes to the full-year financial results forecast announced on November 6, 2015.

## 2. Matters Concerning Summary Information (Notes)

### (1) Changes in Significant Subsidiaries during the Nine Months ended December 31, 2015

There is no relevant information.

### (2) Accounting Treatments Adopted Specially for the Preparation of Quarterly Consolidated Financial Statements

(Special Accounting Treatments)

Calculation of tax expenses

Tax expenses have been calculated by multiplying income before income taxes by an effective tax rate, which is reasonably estimated after the application of tax effect accounting to income before income taxes for the consolidated fiscal year including the third quarter of the fiscal year under review.

### (3) Changes in Accounting Policies, Changes in Accounting Estimates and Retrospective Restatement

(Changes in Accounting Policies)

Effective from the first quarter of the fiscal year under review, the Company has applied the “Accounting Standard for Business Combinations” (Accounting Standards Board of Japan (ASBJ) Statement No. 21, September 13, 2013; hereinafter the “Business Combination Accounting Standard”), “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013; hereinafter the “Consolidated Financial Statement Accounting Standard”), and “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013; hereinafter the “Business Divestiture Accounting Standard”), and along with recording differences in the Company’s holding value for subsidiaries for which control continues as capital surplus, the method for recording expenses related to acquisition has been changed to the consolidated fiscal year in which the expenses were incurred. Furthermore, concerning business combinations which occur at or after the beginning of the first quarter of the fiscal year under review, the method has been changed to reflect revisions to distribution amounts for acquisition costs resulting from settlement of provisional accounting treatment to the quarterly consolidated financial statements for the consolidated accounting period to which the business combination applies. As a result, changes in presentation in net income, etc. as well as a change in presentation from “minority interests” to “non-controlling interests” have been made. In order to reflect these changes in presentation, reclassifications have been made in the quarterly consolidated financial statements and the consolidated financial statements for the nine months ended December 31, 2014 and the previous consolidated fiscal year.

The application of Business Combination Accounting Standard, etc., have been adopted in accordance with transitional treatments stipulated in Business Combination Accounting Standard, Paragraph 58-2 (3), Consolidated Financial Statement Accounting Standard, Paragraph 44-5 (3), and Business Divestiture Accounting Standard, Paragraph 57-4 (3), and the amount of the cumulative effect as of the beginning of the first quarter of the fiscal year under review when the new accounting standards are retroactively applied to all previous periods has been added to or subtracted from capital surplus and retained earnings.

As a result, as of the beginning of the first quarter of the fiscal year under review, goodwill and capital surplus decreased by ¥11,753 million and ¥14,886 million, respectively, while retained earnings increased by ¥3,008 million. In addition, during the nine months ended December 31, 2015, operating income increased by ¥780 million, and ordinary income and income before income taxes each increased by ¥790 million.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of March 31, 2015	As of December 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	89,007	85,062
Notes and accounts receivable - trade	136,694	165,725
Securities	43,752	36,866
Inventories	53,279	54,683
Deferred tax assets	7,218	6,829
Other	14,962	18,000
Allowance for doubtful accounts	(3,179)	(3,976)
Total current assets	341,736	363,192
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	43,570	42,515
Other, net	57,360	61,627
Total property, plant and equipment	100,930	104,143
Intangible assets		
Goodwill	210,538	186,409
Trademark right	54,017	50,087
Other	53,518	50,782
Total intangible assets	318,073	287,279
Investments and other assets		
Investment securities	47,284	44,450
Deferred tax assets	917	945
Other	1,958	2,749
Allowance for doubtful accounts	(174)	(209)
Total investments and other assets	49,987	47,936
Total non-current assets	468,991	439,359
Total assets	810,727	802,551

(Million yen)

	As of March 31, 2015	As of December 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	82,272	83,944
Electronically recorded obligations - operating	11,456	12,888
Short-term loans payable	11,109	18,902
Income taxes payable	9,931	7,549
Other	52,208	51,322
Total current liabilities	166,977	174,607
Non-current liabilities		
Long-term loans payable	2,612	1,511
Deferred tax liabilities	27,404	25,697
Provision for directors' retirement benefits	172	120
Provision for environmental measures	304	334
Net defined benefit liability	16,763	15,567
Other	6,568	8,326
Total non-current liabilities	53,826	51,559
<b>Total liabilities</b>	<b>220,804</b>	<b>226,166</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	78,862	78,862
Capital surplus	78,338	63,451
Retained earnings	314,743	332,842
Treasury shares	(6,432)	(6,438)
Total shareholders' equity	465,513	468,718
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,218	11,470
Deferred gains or losses on hedges	13	4
Foreign currency translation adjustment	4,307	(6,986)
Remeasurements of defined benefit plans	(2,224)	(1,973)
Total accumulated other comprehensive income	14,316	2,515
Subscription rights to shares	-	26
Non-controlling interests	110,094	105,124
<b>Total net assets</b>	<b>589,923</b>	<b>576,384</b>
<b>Total liabilities and net assets</b>	<b>810,727</b>	<b>802,551</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2015
Net sales	191,254	405,104
Cost of sales	122,774	237,478
Gross profit	68,479	167,626
Selling, general and administrative expenses	44,486	115,026
Operating income	23,992	52,599
Non-operating income		
Interest income	97	750
Dividend income	842	801
Share of profit of entities accounted for using equity method	9,967	645
Foreign exchange gains	1,792	—
Gain on investment of securities	—	912
Other	821	1,638
Total non-operating income	13,521	4,748
Non-operating expenses		
Interest expenses	135	289
Foreign exchange losses	—	419
Other	1,725	1,187
Total non-operating expenses	1,860	1,896
Ordinary income	35,653	55,451
Extraordinary income		
Gain on sales of non-current assets	19	19
Gain on transfer of business	—	250
Gain on step acquisitions	148,800	—
Other	0	18
Total extraordinary income	148,820	287
Extraordinary losses		
Loss on sales and retirement of non-current assets	106	204
Other	47	16
Total extraordinary losses	154	220
Income before income taxes	184,319	55,519
Income taxes	9,360	16,763
Profit	174,958	38,755
Profit attributable to non-controlling interests	1,870	15,006
Profit attributable to owners of parent	173,088	23,748

Quarterly Consolidated Statements of Comprehensive Income  
 Nine Months Ended December 31

(Million yen)

	For the nine months ended December 31, 2014	For the nine months ended December 31, 2015
Profit	174,958	38,755
Other comprehensive income		
Valuation difference on available-for-sale securities	3,900	(764)
Deferred gains or losses on hedges	21	(14)
Foreign currency translation adjustment	5,978	(15,705)
Remeasurements of defined benefit plans, net of tax	632	216
Share of other comprehensive income of entities accounted for using equity method	(6,478)	(485)
Total other comprehensive income	4,054	(16,754)
Comprehensive income	179,013	22,000
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	174,654	11,948
Comprehensive income attributable to non-controlling interests	4,359	10,052

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Notes in the case of significant changes in shareholders' equity)

#### I. For the nine months ended December 31, 2014

On December 5, 2014, the Company received payment from Nipsea International Limited for a capital increase via a third-party allotment of shares. As a result, during the nine months ended December 31, 2014, capital stock and capital surplus each increased by ¥51,150 million. As of December 31, 2014, capital stock was ¥78,862 million and capital surplus was ¥78,338 million.

Additionally, during the nine months ended December 31, 2014, the Company acquired additional equity in eight joint venture companies between the Company and Wuthelam Holdings Ltd., and added these eight companies and their 38 subsidiaries in the scope of consolidation. As a result, the Company recorded gain on step acquisitions, and retained earnings increased by ¥148,800 million.

#### II. For the nine months ended December 31, 2015

Effective from the first quarter of the fiscal year under review, the Company has applied the Business Combination Accounting Standard and other standards. Details regarding the effects are described in "Changes in Accounting Policies."

(Segment information, etc.)

[Segment information]

I. For the nine months ended December 31, 2014

1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	North America	Subtotal		
Net sales						
Net sales to outside customers	137,874	32,232	18,389	188,496	2,758	191,254
Inter-segment net sales or transfers	10,083	3,002	104	13,190	805	13,996
Total	147,958	35,234	18,494	201,687	3,563	205,250
Segment income	19,376	3,260	1,852	24,489	72	24,562
Share of profit (loss) of entities accounted for using equity method	–	10,040	–	10,040	(73)	9,967

Note: “Other” represents business segments that are not included in the reportable segments, and contains business activities by overseas subsidiaries in Europe, etc.

2. Information on assets by reportable segment

(Significant increase in assets due to the acquisition of subsidiaries)

During the nine months ended December 31, 2014, the Company additionally acquired the equity of eight joint venture companies between the Company and Wuthelam Holdings Ltd., which are located in China, Malaysia and Singapore. As a result of adding them and their 38 subsidiaries in the scope of consolidation, assets in the “Asia” segment increased by ¥453,685 million compared to the end of the previous year.

(Significant increase in assets due to the third-party allotment)

During the nine months ended December 31, 2014, the assets in the “Japan” segment increased by ¥102,300 million compared to the end of the previous year, as a result of increases in capital stock and capital surplus by ¥51,150 million each, due to the third-party allotment.

3. Difference between total reportable segment income (loss) and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to adjustments of differences)

(Million yen)

Income	Amount
Total reportable segment income	24,489
Segment income from “Other”	72
Inter-segment transaction eliminations and other adjustments	(569)
Operating income recorded in the quarterly consolidated statement of income	23,992

4. Information regarding impairment loss on non-current assets or goodwill, etc. by reportable segment  
(Significant changes in the amount of goodwill)

In the “Asia” segment, the Company additionally acquired the equity of eight joint venture companies between the Company and Wuthelam Holdings Ltd., and added the eight companies and their 38 subsidiaries in the scope of consolidation.

The increase in the amount of goodwill due to the acquisition for the nine months ended December 31, 2014 was ¥235,793 million.

5. Information on products and services

(Million yen)

Net sales to outside customers	Amount	Change from the previous year (%)
Paints	179,614	(1.0)
Automotive	68,053	(1.4)
Trade-use	35,300	(5.9)
Industrial	35,005	(1.8)
Other paints	41,254	4.9
Fine chemicals	11,639	7.8
Total	191,254	(0.5)

Note: Consumption taxes are not included in these amounts.

## II. For the nine months ended December 31, 2015

### 1. Information on net sales and income (loss) by reportable segment

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	North America	Subtotal		
Net sales						
Net sales to outside customers	130,594	242,349	24,558	397,502	7,602	405,104
Inter-segment net sales or transfers	32,456	4,001	161	36,619	845	37,464
Total	163,050	246,350	24,720	434,121	8,447	442,568
Segment income (loss)	37,733	27,630	3,790	69,154	(150)	69,003
Share of profit (loss) of entities accounted for using equity method	(0)	792	–	791	(146)	645

Note: “Other” represents business segments that are not included in the reportable segments, and contains business activities by overseas subsidiaries in Europe, etc.

### 2. Difference between total reportable segment income (loss) and the amount recorded in the quarterly consolidated statements of income, and major details of said difference (matters related to adjustments of differences)

(Million yen)

Income	Amount
Total reportable segment income	69,154
Segment loss from “Other”	(150)
Inter-segment transaction eliminations and other adjustments	(16,404)
Operating income recorded in the quarterly consolidated statement of income	52,599

Note: “Inter-segment transaction eliminations and other adjustments” for the nine months ended December 31, 2015 includes inter-segment dividend income.

### 3. Changes to reportable segments

(Application of the Accounting Standard of Business Combinations)

As described in “Changes in Accounting Policies,” effective from the first quarter of the fiscal year under review, the Company records differences in the Company’s holding value for subsidiaries for which control continues as capital surplus, and the method for recording expenses related to acquisition has been changed to the consolidated fiscal year in which the expenses were incurred.

As a result of these changes, segment income for the nine months ended December 31, 2015 has increased by ¥730 million in the “Japan” segment and increased by ¥49 million in the “Asia” segment, compared to that recorded using the previous method.

### 4. Information regarding impairment loss on non-current assets or goodwill, etc. by reportable segment

(Significant changes to goodwill amounts)

From the first quarter of the fiscal year under review, the application of the Business Combination Accounting Standard, Consolidated Financial Statement Accounting Standard, and Business Divestiture

Accounting Standard, etc., has resulted in a decrease in goodwill. As a result of these changes, the amount of goodwill at the beginning of the first quarter of the fiscal year under review decreased by ¥10,475 million in the “Japan” segment and decreased by ¥1,277 million in the “Asia” segment.

5. Information on products and services

(Million yen)

Net sales to outside customers	Amount	Change from the previous year (%)
Paints	392,340	118.4
Automotive	101,287	48.8
Trade-use	196,517	456.7
Industrial	51,475	47.1
Other paints	43,060	4.4
Fine chemicals	12,764	9.7
Total	405,104	111.8

Note: Consumption taxes are not included in these amounts.