Consolidated Financial Results for the Fiscal Year Ended December 31, 2016 [Japanese GAAP]

February 14, 2017

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 annual general meeting of shareholders: March 29, 2017
Scheduled date of commencing dividend payments: March 30, 2017
Scheduled date of filing the securities report: March 30, 2017
Availability of supplementary briefing material on consolidated financial results: Yes
Schedule of consolidated financial results briefing session: Yes

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

1. Consolidated Financial Results for the Fiscal Year Ended December 31, 2016 (April 1, 2016 to December 31, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2016	470,161	-	72,489	-	77,143	-	34,788	-
March 31, 2016	535,746	105.6	71,352	111.4	74,606	51.4	30,020	(83.5)

Note: Comprehensive income: Fiscal year ended December 31, 2016: ¥31,517 million [- %]
Fiscal year ended March 31, 2016: ¥24,284 million [(87.5)%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Total assets Ordinary income ratio	Net sales Operating income ratio
Fiscal year ended	Yen	Yen	%	%	%
December 31, 2016	108.48	108.47	7.4	9.5	15.4
March 31, 2016	93.61	93.60	6.3	9.3	13.3

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended December 31, 2016: ¥1,315 million
Fiscal year ended March 31, 2016: ¥1,115 million

The Company has changed its fiscal year-end from March 31 to December 31 from the fiscal year ended December 31, 2016, receiving approval of Partial Amendments of the Articles of Incorporation at the 191st Annual General Meeting of Shareholders held on June 28, 2016. Accordingly, for the Company and its subsidiaries with the fiscal year-end of March 31, the consolidation period for the fiscal year ended December 31, 2016, which is the transition period, is the nine months starting on April 1, 2016 and ending on December 31, 2016. As a result, changes from the previous corresponding period have not been provided.
For subsidiaries with fiscal year ended December 31, the consolidation period is the 12 months starting on January 1, 2016 and ending on December 31, 2016, as before.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	827,996	585,757	57.2	1,475.93
As of March 31, 2016	791,459	567,748	59.3	1,464.06

Reference: Equity: As of December 31, 2016: ¥473,337 million
As of March 31, 2016: ¥469,533 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
Fiscal year ended	Million yen	Million yen	Million yen	Million yen
December 31, 2016	77,916	(42,697)	(8,583)	134,515
March 31, 2016	63,101	(5,308)	(24,699)	108,271

2. Dividends

	Annual dividends					Total dividends paid (Total)	Dividend payout ratio (Consolidated)	Dividend /Net assets (Consolidated)
	1st quarter -end	2nd quarter -end	3rd quarter -end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended March 31, 2016	-	15.00	-	20.00	35.00	11,224	37.4	2.4
Fiscal year ended December 31, 2016	-	20.00	-	20.00	40.00	12,828	36.9	2.7
Fiscal year ending December 31, 2017 (Forecast)	-	20.00	-	22.00	42.00		36.4	

3. Consolidated Financial Results Forecast for the Fiscal Year Ending December 31, 2017 (January 1, 2017 to December 31, 2017)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	265,000	-	37,500	-	39,000	-	15,500	-	48.33
Full year	540,000	-	81,000	-	84,000	-	37,000	-	115.37

Due to a change in the fiscal year, the consolidated fiscal year under review is the nine months starting on April 1, 2016 and ending on December 31, 2016.

As a result, changes from the previous corresponding period have not been provided.

*** Notes:**

(1) Changes in significant subsidiaries during the period ended December 31, 2016 (changes in specified subsidiaries resulting in changes in scope of consolidation) : No

(2) Changes in accounting policies, changes in accounting estimates and restatement
1) Changes in accounting policies due to the revision of accounting standards: No
2) Changes in accounting policies other than 1) above: Yes
3) Changes in accounting estimates: Yes
4) Restatement: No

(3) Total number of issued shares (common shares)
1) Total number of issued shares at the end of the period (including treasury shares):
December 31, 2016: 325,402,443 shares
March 31, 2016: 325,402,443 shares

2) Total number of treasury shares at the end of the period:
December 31, 2016: 4,698,228 shares
March 31, 2016: 4,696,460 shares

3) Average number of shares during the period:
Fiscal year ended December 31, 2016: 320,705,193 shares
Fiscal year ended March 31, 2016: 320,706,841 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended December 31, 2016 (April 1, 2016 to December 31, 2016)

(1) Non-consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating income		Ordinary income		Profit	
Fiscal year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
December 31, 2016	25,843	-	20,049	-	20,754	-	20,701	-
March 31, 2016	47,359	(35.6)	39,503	166.7	39,624	82.1	36,995	104.2

	Basic earnings per share	Diluted earnings per share
Fiscal year ended	Yen	Yen
December 31, 2016	64.55	64.54
March 31, 2016	115.36	115.35

Due to a change in the fiscal year, the fiscal year under review is the nine months starting on April 1, 2016 and ending on December 31, 2016.

As a result, changes from the previous corresponding period have not been provided.

(2) Non-consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of December 31, 2016	322,424	297,382	92.2	927.02
As of March 31, 2016	314,695	287,264	91.3	895.60

Reference: Equity: As of December 31, 2016: ¥297,297 million
As of March 31, 2016: ¥287,225 million

*Presentation regarding the implementation status of the audit procedures

These consolidated financial results are outside the scope of audit procedures under the Financial Instruments and Exchange Act, and audit procedures for the consolidated financial statements have not been completed.

*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 “Analysis of Operating Results” on page 2 of the Attachment.

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1. Analysis Regarding Operating Results and Financial Position

(1) Analysis of Operating Results

During the fiscal year ended December 31, 2016, consolidated net sales of NIPPON PAINT HOLDINGS CO., LTD. (the "Company") and its group companies (collectively, the "Group") stood at ¥470,161 million. With regard to profits, factors such as expanded sales of high value-added products and continued activities to reduce raw materials costs produced results that absorbed the effects of strong yen, leading to consolidated operating income of ¥72,489 million (profit margin of 15.4%), consolidated ordinary income of ¥77,143 million (profit margin of 16.4%), and profit attributable to owners of parent of ¥34,788 million (profit margin of 7.4%), all of which indicate that profitability has steadily risen.

The Company has changed its fiscal year-end from March 31 to December 31 from the fiscal year ended December 31, 2016, receiving approval of Partial Amendments of the Articles of Incorporation at the 191st Annual General Meeting of Shareholders held on June 28, 2016.

Accordingly, for the Company and its subsidiaries with the fiscal year-end of March 31, the consolidation period for the fiscal year ended December 31, 2016, which is the transition period, is the nine months starting on April 1, 2016 and ending on December 31, 2016. For subsidiaries with fiscal year ended December 31, the consolidation period is the 12 months starting on January 1, 2016 and ending on December 31, 2016, as before.

As a result, changes from the previous corresponding period have not been provided. With regard to comparisons for net sales in each segment, results for the previous fiscal year have been restated to align with the same period of the fiscal year under review, and compared as "the same period of the previous fiscal year. "

Results by business segment are as follows.

Japan

In this region, regarding automotive coatings, while the number of automobiles manufactured recovered from the effects of such factors as the Kumamoto Earthquake and slightly exceeded levels during the same period of the previous fiscal year, efforts to expand market share. As for industrial coatings, as a recovery in the residential construction materials market was seen as shown by factors such as the number of new housing starts exceeding the same period of the previous fiscal year, efforts to capture new customers through differentiated products. As for trade-use paints, while market conditions were sluggish due to factors such as construction delays owing to weather factors, efforts in sales promotion activities via initiatives such as expanding sales of new products. Meanwhile, regarding other coatings, core marine coatings were affected heavily by a downturn in market conditions.

As a result of these factors, consolidated net sales for the Japan segment were ¥127,920 million, lower than during the same period of the previous fiscal year. Consolidated operating income was ¥26,579 million, owing to activities to reduce raw materials costs, and was higher than the same period of the previous fiscal year on a basis excluding dividends received from overseas.

Asia

In this region, regarding automotive coatings in China, while the number of automobiles manufactured increased, efforts to expand market share by promoting cooperation with local companies. As for trade-use paints, measures included advancing activities at paint resellers and the remodeling market within the paints for housing interiors sector in China. In other Asian countries as well, as a result of the efforts to expand market share, net sales were strong. Additionally, regarding automotive coatings in Thailand, while the number of automobiles manufactured recovered, efforts to expand market share.

Although consolidated net sales for the Asia segment were ¥297,517 million and lower than the same period of the previous fiscal year, partly due to the effects of strong yen, consolidated operating income significantly improved profitability to reach ¥43,304 million due to continuous activities to reduce costs.

Americas

In this region, a favorable trend in the number of automobiles manufactured in North America was seen, in addition to a higher ratio of large vehicles produced and a ramping up of operations in Latin America. Meanwhile, foreign exchange rates had a negative impact. Additionally, continued activities to reduce costs led to a significant improvement in profitability.

As a result, consolidated net sales for the Americas segment was ¥32,169 million, lower than the same period of the previous fiscal year. Consolidated operating income was ¥5,147 million, and both sales and profits were up on a local currency basis.

Other

Consolidated net sales for this geographic segment were ¥12,554 million, higher than the same period of the previous fiscal year due to the consolidation of a German paint manufacturer, and consolidated operating loss was ¥365 million partly due to amortization of goodwill.

Outlook for Next Fiscal Year

For the next period (period ending December 31, 2017), a moderate recovery trend is expected in Japan, and personal consumption is also forecast to be robust. Under such circumstances, the Company strives to expand market share and capture customers in new parts manufacturers amid a slight increase predicted in the number of automobiles manufactured. Efforts will be made to expand market share in trade-use paints by promoting the introduction of differentiated products that meet customer needs to the market, while in industrial coatings, new environmentally-conscious products will be introduced to market, all with the intent of cementing a presence in crucial markets.

Additionally, while price fluctuations in crude oil and naphtha are unpredictable, the three low-price strategies the Group has been pursuing (design / procurement / production) will continue to be implemented, ensuring profits by working toward the continued reduction of costs.

In Asia, deceleration is forecast to continue in emerging markets, mainly in China. Under such circumstances, the Company aims to share business strategies with the NIPSEA Group (*), a joint venture in the region, and by executing business operation as a unified group, aim to further increase added-value for products and services. Additionally, in China, which serves as the core market, the Company will continue with efforts to reduce raw materials costs under the Chinese Survival Challenge (Lean for Growth), achieving cost competitiveness and creating and rousing demand against a backdrop of high brand strength.

In the Americas, it is forecast that automotive unit production will continue to trend favorably. Additionally, through the DUNN-EDWARDS CORPORATION, a USA-based coating manufacturer scheduled to become a wholly-owned subsidiary in March 2017, the Company will acquire a platform for the construction paints business, and work to expand business in the Americas, which was previously focused on automotive coatings. In other regions, it is forecast that automotive unit production will be strong in Europe, and through the German paint manufacturer, BOLLIG & KEMPER GMBH & CO. KG which became a wholly-owned subsidiary in January 2016, the Company strives to expand market share and improve profitability.

As a result of the above factors, our outlook for next fiscal year's consolidated business performance is ¥540.0 billion in net sales, ¥81.0 billion in operating income, ¥84.0 billion in ordinary income, and ¥37.0 billion in profit attributable to owners of parent.

(*) Asian joint venture together with WUTHELAM HOLDINGS LTD., a collaborative partner based in Singapore

(2) Analysis of Financial Position

1) Status of Assets, Liabilities, and Net Assets

Total assets at the end of the consolidated fiscal year under review increased by ¥36.54 billion from the end of the previous fiscal year to ¥827,996 million. Current assets increased by ¥53.27 billion from the end of the previous fiscal year, mainly due to increases in cash and deposits, notes and accounts receivable − trade and securities. Non-current assets decreased by ¥16.74 billion from the end of the previous fiscal year, primarily caused by factors such as amortization which led to a decrease in goodwill.

Liabilities increased by ¥18.53 billion from the end of the previous year to ¥242,238 million. The increase was mainly attributable to increases in notes and accounts payable – trade and interest-bearing debt.

Net assets increased by ¥18.01 billion from the end of the previous fiscal year to ¥585,757 million. This was mainly attributable to increases in retained earnings and non-controlling interests due to the recording of profit attributable to owners of parent, and a decrease in foreign currency translation adjustment due to a stronger yen.

As a result, equity ratio fell from 59.3% at the end of the previous fiscal year to 57.2%.

2) Status of Cash Flows

Business operations for the fiscal year ended December 31, 2016 resulted in an inflow of ¥77,916 million, investing activities resulted in an outflow of ¥42,697 million, and financing activities resulted in an outflow of ¥8,583 million, resulting in cash and cash equivalents (hereinafter "cash") of ¥134,515 million, an increase of ¥26.24 billion compared to the end of the previous consolidated fiscal year.

Additionally, due to a change in the fiscal year, the consolidated fiscal year under review is the nine months starting on April 1, 2016 and ending on December 31, 2016.

As a result, changes from the previous corresponding period have not been provided.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥77,916 million. Primary factors include an increase in operating capital of ¥7,023 million and income taxes paid of ¥23,003 million, despite a recording of a cash inflow (excluding increases and decreases in operating capital) of ¥107,943 million, reflecting mainly non-cash expenses, such as depreciation and amortization, to profit before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities was ¥42,697 million. This was mainly attributable to an outflow of ¥41,146 million due to purchase of securities and property, plant and equipment and payment for the transfer of a business in India.

(Cash flows from financing activities)

Net cash used in financing activities was ¥8,583 million. Primary factors include cash dividends paid of ¥23,672 million, despite proceeds of ¥13,753 million due to an increase in loans payable.

(Reference) Change in cash flow-related indexes

	188th Period Year Ended March 31, 2014	189th Period Year Ended March 31, 2015	190th Period Year Ended March 31, 2016	191st Period Year Ended December 31, 2016
Equity ratio (%)	60.0	59.2	59.3	57.2
Equity ratio based on market valuation (%)	125.8	174.1	101.2	123.4
Interest-bearing debt to cash flow ratio (times)	0.5	0.4	0.4	0.4
Interest coverage ratio (multiplier)	88.8	181.1	171.1	197.1

*Equity ratio: Ownership equity / Total assets

Equity ratio based on market valuation: Market capitalization / Total assets

Interest-bearing Debt to Cash Flow Ratio: Interest-bearing debt / Cash flow

Interest Coverage Ratio: Cash flow / Interest payment

1. All values are calculated using financial values on a consolidated basis.
2. Market capitalization calculated on a basis of total number of issued shares excluding treasury shares.
3. Cash flow values used are operating cash flow.
4. Interest-bearing debts are all liabilities that pay interest among liabilities calculated on the consolidated balance sheet.

(3) Fundamental Policy Regarding Profit Sharing and Dividends for the Fiscal Year Ended December 31, 2016 and Next Fiscal Year

As disclosed in the “Revisions to Dividends from Surplus and Dividends Forecasts” announced on November 6, 2015, the Company holds as its policy in determining the amount of dividends to shareholders to utilize assumptions on an IFRS basis that includes amortization of goodwill.

Additionally, concerning year-end dividends for the fiscal year under review, based on the above dividend policy, the Company plans on a year-end dividend of ¥20 per share. As a result, total dividends including interim dividends will be ¥40 per share, and the consolidated dividend payout ratio will be 36.9% (IFRS base 29.1%).

Additionally, we plan a full-year dividend of ¥42 per share for the next fiscal year.

2. Business Combination Status

The Group consists of the Company, 123 subsidiaries, 8 affiliates, and 4 other related companies, and its primary business is the manufacturing and sales of paints and fine chemicals.

Additionally, the Company corresponds to a specific listed company, etc., and of the minor criteria for significant matters with regard to the insider trading regulation, the numerical standards that are set by comparison with the size of listed companies, shall be determined based on figures on a consolidated basis.

The positioning and relationship to segments of the business of the Company and the Company's related companies are as follows.

Consolidated subsidiaries	Entities accounted for using equity method
- Japan - NIPPON PAINT AUTOMOTIVE COATINGS CO., LTD. NIPPON PAINT INDUSTRIAL COATINGS CO., LTD. NIPPON PAINT CO., LTD. NIPPON PAINT SURF CHEMICALS CO., LTD. NIPPE TRADING CO., LTD. NIPPON PAINT MARINE COATINGS CO., LTD. And 7 other companies - Asia - NIPSEA CHEMICAL CO., LTD. (South Korea) ASIA INDUSTRIES, LTD. (Taiwan) NIPPON PAINT (THAILAND) COMPANY LIMITED NIPPON PAINT (H.K.) COMPANY LIMITED (Hong Kong) NIPPON PAINT (CHINA) COMPANY LIMITED GUANGZHOU NIPPON PAINT CO., LTD. (China) NIPPON PAINT (CHENGDU) CO., LTD. (China) NIPPON PAINT (SINGAPORE) COMPANY PRIVATE LIMITED NIPPON PAINT (M) SDN. BHD. (Malaysia) PAINT MARKETING CO. (M) SDN. BHD. (Malaysia) NIPPON PAINT PHILIPPINES, INC. NIPSEA TECHNOLOGIES PTE. LTD. (Singapore) And 64 other companies - North America - NIPPON PAINT (USA) INC. And 8 other companies - Other - NIPPON PAINT (EUROPE) LTD. (U.K.) NIPPON PAINT BOYA SANAYI VE TICARET LIMITED SIRKETI (Turkey) And 8 other companies	- Japan - 1 company - Asia - NOROO AUTOMOTIVE COATINGS CO., LTD. (South Korea) NIPPON PAINT (INDIA) PRIVATE LIMITED NIPSEA MANAGEMENT COMPANY PTE. LTD. (Singapore) And 4 other companies - Other - 1 company

(Note) The Company does not have any consolidated subsidiaries available in domestic securities markets.

(Japan)

In this region, the Company is involved in the paint business in areas such as automotive paint, trade-use paint, and industrial paint, as well as the fine chemical business.

Automotive paint is primarily manufactured by NIPPON PAINT AUTOMOTIVE COATINGS CO., LTD. and two manufacturing subsidiaries under its umbrella and is sold by the company and authorized dealers.

Trade-use paint and automotive repair paint are primarily manufactured or procured and sold by NIPPON PAINT CO., LTD. and AS PAINT CO., LTD and is sold by the company and authorized dealers. Additionally, heavy-duty and concrete anticorrosive paint is manufactured and sold by NIPPON PAINT ANTI-CORROSIVE COATINGS CO., LTD.

Industrial paint is mainly manufactured and procured by NIPPON PAINT INDUSTRIAL COATING CO., LTD. and is sold by the company and authorized dealers.

Aside from the above-mentioned companies, there is also NIPPON PAINT MARINE COATINGS CO., LTD., which manufactures and sells marine paint, NIPPE HOME PRODUCTS CO., LTD., which manufactures and sells home-use paints, and NIPPE TRADING CO., LTD., a trading firm specializing in import and export, along with 1 company that conducts sale and installation of facilities equipment affiliated with NIPPON PAINT AUTOMOTIVE COATINGS CO., LTD. and 1 paint manufacturing subsidiary company affiliated with AS PAINT CO., LTD.

In the fine chemicals business, surface treatment chemicals are mainly manufactured and procured by NIPPON PAINT SURF CHEMICALS CO., LTD., and display-related materials, electronic materials, and particulate materials, etc., are mainly manufactured and procured by NIPPON PAINT INDUSTRIAL COATINGS CO., LTD. and sold by the company and authorized dealers.

As for entities accounted for using equity method, we have 1 company that designs and constructs road traffic safety facilities.

(Asia)

In this region, for China, Hong Kong, Taiwan, South Korea, various Southeast Asian nations, and India, the Company is involved in the paint business in areas such as automotive paint, trade-use paint, and industrial paint, as well as the fine chemical business.

The Company directly holds 11 consolidated subsidiaries in addition to NIPPON PAINT (CHINA) COMPANY LIMITED, 2 entities accounted for using equity method in addition to NIPSEA MANAGEMENT COMPANY PTE. LTD., 10 paint manufacturing and sales companies, 1 manufacturing and sales company for surface treatment chemicals, 1 paint sales company, 1 coating sales and regional supervision company, 1 presiding company, and 1 research and development company.

10 consolidated subsidiaries and 1 entity accounted for using equity method are affiliated with NIPPON PAINT AUTOMOTIVE COATINGS CO., LTD., and all conduct the manufacturing and sales of automotive paint. 7 consolidated subsidiaries are affiliated with NIPPON PAINT MARINE COATINGS CO., LTD., and all conduct the manufacturing and sales of marine paint.

Additionally, there are 47 consolidated subsidiaries and 3 entities accounted for using equity method affiliated with consolidated subsidiaries directly held by the Company.

(Americas)

In this region, the Company is primarily involved in the automotive paint business.

The company uses the directly-owned consolidated subsidiary NIPPON PAINT (USA) Inc., as a presiding company, under which are 6 consolidated subsidiaries. Additionally, 2 consolidated subsidiaries are affiliated with NIPPON PAINT AUTOMOTIVE COATINGS Co., Ltd., and all are manufacturers and sellers of automotive paint.

(Other)

In other regions, the Company is primarily involved in the automotive paint business.

The Company uses the directly-owned consolidated subsidiary NIPPON PAINT (EUROPE) LTD., as a presiding company in the United Kingdom, and 8 consolidated subsidiaries are affiliated with it that manufactures and sells automotive paints. Additionally, there is 1 consolidated subsidiary that manufactures and sells paints.

Furthermore, 1 entity accounted for using equity method is affiliated with NIPPON PAINT MARINE COATINGS CO., LTD., and conducts the manufacturing and sales of marine paint.

3. Management Policy

(1) Basic Corporate Management Policy

Since its establishment in 1881, the Company's management principles state that "The Nippon Paint Group is committed to contributing to the welfare of society as a whole through its business activities, working together for the mutual prosperity and benefit of everyone," and upon these principles have put forth the following managerial vision to share its values.

- We will deliver satisfaction and deep impression to our customers by providing excellent specialty chemicals products and services, centering coatings technology
- We will grow globally based on respect for the cultures and values of entire world
- We will pursue corporate culture that accumulates people with challenging sprits and enthusiasm

Based on this fundamental approach, we recognize that the Group's social responsibility is to create a relationship of trust with all stakeholders and to contribute to society, and will strive to conduct continued and expansive corporate activities with it in mind.

(2) Medium-term Corporate Management Strategy

The Group's performance suffered due to effects of the global financial crisis that took place in 2008, and thus began the "Survival Challenges" (hereinafter "SC") stage I beginning in fiscal 2009 in an attempt to return to profitability. Additionally, "SC Stage II," which ended in fiscal 2014, was launched in fiscal 2012 in an attempt to establish firm profitability. The company also transitioned to a holding company structure in October 2014, and in December 2014 acquired equity of joint ventures (turning them into subsidiaries) in order to maintain its structure and become a growing company. The company also transitioned to a holding company structure in October 2014, and in December 2014 acquired equity of joint ventures (turning them into subsidiaries) in order to maintain its structure and become a growing company.

In "SC Stage III" beginning in fiscal 2015, the Group has established as its goal to become a global paint major that "Has a leading position in the coatings and other related business in each global region, or a top 3 net sales position in each business region." In "SC Stage III", as the first stage, the Company set targets for the fiscal year ending December 31, 2017 as net sales of ¥700.0 billion, an operating profit margin of 15% or more, and ROE of 10% or more. Of these, although the operating profit margin target was achieved ahead of schedule in fiscal 2016, continued measures will be undertaken toward continuous growth and effort will be made to improve capital efficiency.

(i) Domestic Business

On October 1, 2014, the Company changed its trade name to Nippon Paint Holdings Co., Ltd., and the Group transitioned to a holding company structure. In April 2015, the Company reorganized its domestic business, newly reorganizing into various businesses that deal in automotive, trade-use, and industrial paint businesses as well as the surface treatment chemical business under placing them under the Company.

Beginning with these business firms, the Group has strengthened its control by managing as one all its companies in Japan, Asia, Americas, and Europe, proposing business strategies, financial strategies, and human resources strategies in order to do what is best for the group as a whole.

Each business firm has proposed their own growth measures appropriate for the business models of their business and region and are now attempting to implement them. Additionally, by gradually pursing delegation of authority from the Company and by accurately understanding and rapidly responding to consumer and market needs that differ depending on business and region, the Company is attempting to increase its market share in the domestic economy, in which it is difficult to hope for significant future market growth, as well as to enter new fields. Additionally, proactive cooperation is being pursued with overseas Group companies, and a role is being played in order to lay the foundation needed to become a global paint major.

(ii) Oversea Business

In 1962, the Company began an Asian joint venture together with WUTHELAM HOLDINGS LTD., a Singapore-based company, which has since then established a firm position as an Asian paint manufacturer that, among other achievements, holds the top market share for interior residential paint in China, Malaysia, and Singapore. In December 2014, moves were made to become the majority owner of this joint venture. The Company will strengthen the business foundation in Asia through securing a commanding market share in various business domains in which growth can be expected, in an attempt to further expand net sales and profit with the China business as a core.

Additionally, in 2013, it acquired 39% of the stock of a German paint manufacturer, BOLLIG & KEMPER GMBH & CO. KG that has strong business ties with European automobile manufacturers, and by making it a wholly-owned subsidiary in January 2016 to further deepening the Company's relationship, the expansion of use and delivery of the Group's products by automotive manufacturers in Europe is being accelerated. Additionally, in November 2015, the Company agreed with a local major coatings manufacturer in India, BERGER PAINTS INDIA LIMITED to expand its partnership, and by concentrating the automotive coatings businesses of both companies in the joint venture, the Company seeks to expand business and improve presence in the Indian market, where further growth is expected in the future. In December 2016, an agreement was reached to make DUNN-EDWARDS CORPORATION, a coating manufacturer in the USA focused on the manufacture and sale of professional-use construction coatings, a wholly-owned subsidiary (stock acquisition scheduled for March 2017). The Company, which had previously centered on the automotive coatings business, will aim for stable growth in the Americas by acquiring a platform for the construction coatings business.

In "SC Stage III," the Company will significantly change its business structure to serve as the base for its growth strategy, increase the composition of the coatings for construction materials, an area of high growth and profitability, and aim for business expansion in the high-growth Asia region, while also expanding its entry into untapped global markets for each business area.

4. Basic Approach to Selection of Accounting Standards

In order to increase international comparability of financial statements, increase quality and efficiency of group management, and strengthen governance, preparations are being made with the goal of adopting IFRS (International Financial Regulation Standards) by the time of the fiscal year 2018 annual securities report.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Million yen)

	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	112,941	136,778
Notes and accounts receivable - trade	137,300	135,139
Electronically recorded monetary claims - operating	3,447	13,713
Securities	31,783	50,787
Merchandise and finished goods	30,305	31,041
Work in process	2,890	3,639
Raw materials and supplies	19,923	20,912
Deferred tax assets	6,247	7,553
Other	18,089	17,052
Allowance for doubtful accounts	(3,283)	(3,698)
Total current assets	359,646	412,920
Non-current assets		
Property, plant and equipment		
Buildings and structures	106,616	106,220
Accumulated depreciation	(62,905)	(62,527)
Buildings and structures, net	43,711	43,692
Machinery, equipment and vehicles	95,942	95,032
Accumulated depreciation	(72,111)	(70,368)
Machinery, equipment and vehicles, net	23,830	24,664
Tools, furniture and fixtures	25,796	25,513
Accumulated depreciation	(21,715)	(21,522)
Tools, furniture and fixtures, net	4,081	3,991
Land	20,754	20,500
Leased assets	2,101	2,150
Accumulated depreciation	(834)	(977)
Leased assets, net	1,266	1,173
Construction in progress	10,655	13,646
Total property, plant and equipment	104,300	107,669
Intangible assets		
Goodwill	183,750	166,362
Trademark right	49,578	44,279
Other	49,902	47,055
Total intangible assets	283,231	257,696
Investments and other assets		
Investment securities	39,260	45,418
Deferred tax assets	1,816	1,210
Net defined benefit asset	138	154
Other	3,241	3,096
Allowance for doubtful accounts	(176)	(170)
Total investments and other assets	44,280	49,709
Total non-current assets	431,812	415,076
Total assets	791,459	827,996

(Million yen)

	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	70,769	70,732
Electronically recorded obligations - operating	12,187	21,512
Short-term loans payable	19,584	29,548
Current portion of long-term loans payable	963	947
Income taxes payable	10,020	7,866
Other	60,043	57,325
Total current liabilities	173,568	187,932
Non-current liabilities		
Long-term loans payable	1,684	3,457
Lease obligations	945	883
Deferred tax liabilities	23,836	23,270
Provision for directors' retirement benefits	126	142
Provision for environmental measures	328	294
Net defined benefit liability	16,343	19,124
Other	6,877	7,133
Total non-current liabilities	50,141	54,306
Total liabilities	223,710	242,238
Net assets		
Shareholders' equity		
Capital stock	78,862	78,862
Capital surplus	63,451	63,451
Retained earnings	339,113	361,074
Treasury shares	(6,439)	(6,444)
Total shareholders' equity	474,989	496,944
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,078	10,120
Deferred gains or losses on hedges	(0)	-
Foreign currency translation adjustment	(9,533)	(28,512)
Remeasurements of defined benefit plans	(3,000)	(5,214)
Total accumulated other comprehensive income	(5,455)	(23,606)
Subscription rights to shares	39	85
Non-controlling interests	98,176	112,334
Total net assets	567,748	585,757
Total liabilities and net assets	791,459	827,996

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended December 31, 2016
Net sales	535,746	470,161
Cost of sales	312,402	265,286
Gross profit	223,343	204,875
Selling, general and administrative expenses	151,991	132,385
Operating income	71,352	72,489
Non-operating income		
Interest income	1,201	1,061
Dividend income	848	773
Share of profit of entities accounted for using equity method	1,115	1,315
Gain on investment of securities	1,118	839
Subsidy income	1,308	1,123
Other	2,459	1,997
Total non-operating income	8,051	7,111
Non-operating expenses		
Interest expenses	389	495
Compensation expenses	671	318
Foreign exchange losses	2,671	656
Other	1,063	986
Total non-operating expenses	4,796	2,457
Ordinary income	74,606	77,143
Extraordinary income		
Gain on sales of non-current assets	40	144
Gain on sales of investment securities	40	59
Gain on transfer of business	250	-
Total extraordinary income	330	204
Extraordinary losses		
Loss on sales and retirement of non-current assets	556	325
Other	358	22
Total extraordinary losses	915	348
Profit before income taxes	74,022	76,999
Income taxes - current	23,710	21,041
Income taxes - deferred	(189)	(533)
Total income taxes	23,521	20,508
Profit	50,500	56,491
Profit attributable to non-controlling interests	20,480	21,702
Profit attributable to owners of parent	30,020	34,788

Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended December 31, 2016
Profit	50,500	56,491
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,113)	3,149
Deferred gains or losses on hedges	(24)	1
Foreign currency translation adjustment	(19,832)	(25,407)
Remeasurements of defined benefit plans, net of tax	(805)	(2,251)
Share of other comprehensive income of entities accounted for using equity method	(440)	(464)
Total other comprehensive income	(26,216)	(24,973)
Comprehensive income	24,284	31,517
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,248	16,634
Comprehensive income attributable to non-controlling interests	14,036	14,883

(3) Consolidated Statements of Changes in Equity

For the Fiscal Year Ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Million Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	78,862	78,338	314,743	(6,432)	465,513
Cumulative effects of changes in accounting policies		(14,886)	3,008		(11,877)
Restated balance	78,862	63,451	317,752	(6,432)	453,635
Changes of items during period					
Dividends of surplus			(8,659)		(8,659)
Profit attributable to owners of parent			30,020		30,020
Purchase of treasury shares				(7)	(7)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	21,360	(7)	21,353
Balance at end of current period	78,862	63,451	339,113	(6,439)	474,989

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	12,218	13	4,307	(2,224)	14,316	-	110,094	589,923
Cumulative effects of changes in accounting policies								(11,877)
Restated balance	12,218	13	4,307	(2,224)	14,316	-	110,094	578,046
Changes of items during period								
Dividends of surplus								(8,659)
Profit attributable to owners of parent								30,020
Purchase of treasury shares								(7)
Net changes of items other than shareholders' equity	(5,140)	(14)	(13,841)	(775)	(19,772)	39	(11,918)	(31,651)
Total changes of items during period	(5,140)	(14)	(13,841)	(775)	(19,772)	39	(11,918)	(10,297)
Balance at end of current period	7,078	(0)	(9,533)	(3,000)	(5,455)	39	98,176	567,748

For the Fiscal Year Ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

(Million Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	78,862	63,451	339,113	(6,439)	474,989
Changes of items during period					
Dividends of surplus			(12,828)		(12,828)
Profit attributable to owners of parent			34,788		34,788
Purchase of treasury shares				(5)	(5)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	21,960	(5)	21,955
Balance at end of current period	78,862	63,451	361,074	(6,444)	496,944

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,078	(0)	(9,533)	(3,000)	(5,455)	39	98,176	567,748
Changes of items during period								
Dividends of surplus								(12,828)
Profit attributable to owners of parent								34,788
Purchase of treasury shares								(5)
Net changes of items other than shareholders' equity	3,042	0	(18,979)	(2,214)	(18,150)	45	14,158	(3,946)
Total changes of items during period	3,042	0	(18,979)	(2,214)	(18,150)	45	14,158	18,008
Balance at end of current period	10,120	-	(28,512)	(5,214)	(23,606)	85	112,334	585,757

(4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2016	For the fiscal year ended December 31, 2016
Cash flows from operating activities		
Profit before income taxes	74,022	76,999
Depreciation	16,182	13,545
Amortization of goodwill	10,351	9,347
Interest and dividend income	(2,050)	(1,835)
Interest expenses	389	495
Share of (profit) loss of entities accounted for using equity method	(1,115)	(1,315)
Loss (gain) on sales and retirement of property, plant and equipment	516	181
Decrease (increase) in notes and accounts receivable - trade	(8,613)	(14,073)
Decrease (increase) in inventories	(212)	(4,967)
Increase (decrease) in notes and accounts payable - trade	(8,894)	12,018
Increase (decrease) in net defined benefit liability	(369)	(469)
Other, net	7,240	8,933
Subtotal	87,445	98,858
Interest and dividend income received	2,143	2,456
Interest expenses paid	(368)	(395)
Income taxes paid	(28,264)	(27,609)
Income taxes refund	2,145	4,605
Net cash provided by (used in) operating activities	63,101	77,916
Cash flows from investing activities		
Net decrease (increase) in short-term investment securities	11,476	(21,653)
Purchase of property, plant and equipment	(16,953)	(15,623)
Proceeds from sales of property, plant and equipment	1,784	562
Purchase of investment securities	(1,599)	(772)
Proceeds from sales of investment securities	76	134
Payments for transfer of business	-	(3,096)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(2,236)	-
Other, net	2,145	(2,247)
Net cash provided by (used in) investing activities	(5,308)	(42,697)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	11,591	11,649
Proceeds from long-term loans payable	941	2,993
Repayments of long-term loans payable	(4,308)	(888)
Repayments of lease obligations	(527)	(365)
Purchase of treasury shares	(7)	(5)
Cash dividends paid	(8,659)	(12,828)
Dividends paid to non-controlling interests	(23,721)	(10,844)
Proceeds from share issuance to non-controlling shareholders	-	1,670
Other, net	(9)	35
Net cash provided by (used in) financing activities	(24,699)	(8,583)
Effect of exchange rate change on cash and cash equivalents	(3,524)	(391)
Net increase (decrease) in cash and cash equivalents	29,569	26,243
Cash and cash equivalents at beginning of period	78,702	108,271
Cash and cash equivalents at end of period	108,271	134,515

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Basis of presentation of consolidated financial statements)

(Change to consolidated fiscal year-end)

From the fiscal year ended December 31, 2016, the Company and consolidated subsidiaries for which the fiscal year-end was previously in March changed the fiscal year-end from March 31 to December 31, and at the same time, the consolidated fiscal year-end was changed from March 31 to December 31. This change was made to promote global business operations and improve management transparency via timely and accurate disclosure of management information, in addition to responding to requirements to unify the fiscal year-end as a consolidated company as stipulated by International Financial Reporting Standards (IFRS), for which future application is under consideration.

In line with the above, consolidated subsidiaries for which the fiscal year-end was previously in March have a period of consolidation of the nine months from April 1, 2016 to December 31, 2016, and consolidated subsidiaries for which the fiscal year-end is in December have a period of consolidation of the twelve months from January 1, 2016 to December 31, 2016, yielding an irregular fiscal year.

(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates)

(Change in depreciation method)

The Company and its Japanese subsidiaries had adopted the declining balance method for property, plant and equipment (excluding leased assets), except for buildings (excluding facilities attached to buildings) acquired on or after April 1, 1998, which are depreciated using the straight-line method. The Company and its Japanese subsidiaries changed the depreciation method to the straight-line method used by overseas consolidated subsidiaries from the fiscal year ended December 31, 2016.

The Group developed a new medium-term management plan “Survival Challenges Stage III” during the previous fiscal year in line with our recent active efforts on business expansion in overseas market (e.g., acquisition of some joint venture companies in Asia at the end of 2014). In the process of its development, the Company reviewed its depreciation method for non-current assets.

In order to capture domestic demand for coatings that was previously on an increasing trend, the Company and domestic consolidated subsidiaries had been making capital investment in response to higher production volume, but after the financial crisis, domestic demand for coatings has tended to be relatively stable while maintaining a certain level of growth, and it is projected that existing domestic production facilities will continue to hold stable utilization. As a result, investment regarding new domestic production facilities has been limited to highly versatile facilities that can be utilized with stability over the long term, and it was determined that utilizing the method of depreciation with the straight-line method is the expense distribution method that more appropriately reflects economic substance.

Due to this change, operating income, ordinary income, profit before income taxes for the fiscal year ended December 31, 2016 increased by ¥453 million, ¥451 million, and ¥451 million, respectively.

(Changes in methods of presentation)

(Consolidated Balance Sheets)

"Electronically recorded monetary claims - operating," which was included in "notes and accounts receivable - trade" of "current assets" during the previous fiscal year, is presented separately from the fiscal year ended December 31, 2016 due to increased significance in value. To reflect this change, the consolidated financial statements for the previous fiscal year have been rearranged.

As a result, ¥140,748 million which was presented in "notes and accounts receivable - trade" on the consolidated balance sheets during the previous fiscal year has been rearranged to "notes and accounts receivable - trade" of ¥137,300 million and "electronically recorded monetary claims - operating" of ¥3,447 million.

(Consolidated Statements of Income)

"Impairment loss," which was separately presented in "extraordinary losses" during the previous fiscal year, is no longer significant in value, and is included in "other" from the fiscal year ended December 31, 2016. The amount of "impairment loss" presented in "extraordinary losses" on the consolidated statements of income during the previous fiscal year is ¥323 million.

(Consolidated Statements of Cash Flows)

"Loss (gain) on sales and valuation of investment securities," which was separately presented in "cash flows from investing activities" is no longer significant in value, and included in "other" from the fiscal year ended December 31, 2016. Additionally, "Loss (gain) on sales and valuation of investment securities" which was presented in "cash flows from investing activities" on the consolidated statement of cash flows during the previous fiscal year is ¥(27) million.

(Additional information)

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

Implementation Guidance on Recoverability of Deferred Tax Assets (Accounting Standards Board of Japan Guidance No. 26, March 28, 2016) has been applied from the fiscal year ended December 31, 2016.

(Business combination due to acquisition)

At a meeting of the Board of Directors held on December 22, 2016, a resolution was made to make DE PARENT CORP. (hereinafter "DE PARENT") and a business company under its control, DUNN-EDWARDS CORPORATION, wholly-owned subsidiaries by acquiring all stocks in DE PARENT (hereinafter the "Transaction") through the method of merging a newly established special purpose company (hereinafter the "SPC") with DE PARENT, with the SPC being established by NIPPON PAINT (USA) INC., a USA-based consolidated subsidiary of the Company.

Additionally, regarding the Transaction, cash will be provided as consideration for the acquisition of DE PARENT stock from existing DE PARENT shareholders via a cash exchange merger procedure between the Company's USA-based the SPC and DE PARENT. Upon completion, DE PARENT will absorb the SPC, and DE PARENT, the surviving company, is scheduled to become a subsidiary of the Company.

(Segment information, etc.)

1. Summary of reportable segments

The reportable segments of the Company categorize the business composition of the Company for which separate financial information is available and are subject to periodical evaluation by the Board of Directors in order to make decisions regarding management resource allocation and performance assessment.

The Group's primary business is the manufacture and sale of paint for automotive, general, industrial, and other uses, and fine chemicals. The Company and separate local companies are responsible for domestic activities, and overseas, separate local companies are responsible for the Asia, Americas, and other regions.

Each company is an individual management unit, and concerning which items to carry, comprehensive strategic proposals are made for each region to foster business growth.

As a result, the Group consists of segments divided by region with manufacture and sales structure as a base, and the three reportable segments are "Japan," "Asia," and "Americas."

2. Calculation methods for net sales, profit and loss, assets, liabilities, and other items by reportable segment

Accounting treatment methods for reportable segments are nearly the same with those described in "Basis of Presentation of Consolidated Financial Statements."

Profits for reportable segments are figures based on operating profit. Inter-segment net sales or transfers are based on actual market prices.

As stated in "(Changes in accounting policies that are difficult to distinguish from changes in accounting estimates), the depreciation method has been changed from the fiscal year ended December 31, 2016 for property, plant and equipment at the Company and domestic consolidated subsidiaries.

Due to this change, compared to the previous method, segment income during the fiscal year ended December 31, 2016 has increased by ¥453 million in the "Japan" segment.

3. Information on net sales, income (loss), assets, liabilities, and other figures by reportable segment

Previous fiscal year (April 1, 2015 - March 31, 2016)

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	Americas	Subtotal		
Net sales						
Net sales to outside customers	174,280	317,396	33,156	524,833	10,912	535,746
Inter-segment net sales or transfers	49,747	5,153	242	55,143	1,058	56,201
Total	224,027	322,549	33,399	579,976	11,971	591,948
Segment income (loss)	57,287	37,748	5,177	100,214	(897)	99,316
Segment assets	513,033	513,048	30,603	1,056,685	11,725	1,068,411
Other items						
Depreciation	3,641	11,332	1,049	16,023	158	16,182
Increase in property, plant, and equipment and intangible assets	3,784	13,274	1,795	18,854	3,422	22,276

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

Fiscal year ended December 31, 2016 (April 1, 2016 - December 31, 2016)

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	Americas	Subtotal		
Net sales						
Net sales to outside customers	127,920	297,517	32,169	457,606	12,554	470,161
Inter-segment net sales or transfers	17,745	3,362	191	21,298	896	22,195
Total	145,665	300,879	32,360	478,905	13,451	492,356
Segment income (loss)	26,579	43,304	5,147	75,032	(365)	74,666
Segment assets	506,152	528,391	32,900	1,067,444	10,745	1,078,189
Other items						
Depreciation	2,206	10,235	987	13,430	115	13,545
Increase in property, plant, and equipment and intangible assets	4,541	13,373	2,562	20,478	540	21,019

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

4. Difference between total amount for reportable segment and the amount recorded in the consolidated financial statements, and major details of such difference (matters related to adjustments of differences)

(Million yen)

Net sales	For the fiscal year ended March 31, 2016	For the fiscal year ended December 31, 2016
Total reportable segment sales	579,976	478,905
Net sales from "Other"	11,971	13,451
Inter-segment transaction eliminations and other adjustments	(56,201)	(22,195)
Net sales recorded in the consolidated financial statements	535,746	470,161

Note: "Inter-segment transaction eliminations and other adjustments" includes inter-segment dividend income.

(Million yen)

Income	For the fiscal year ended March 31, 2016	For the fiscal year ended December 31, 2016
Total reportable segment income	100,214	75,032
Segment income (loss) from "Other"	(897)	(365)
Inter-segment transaction eliminations and other adjustments	(27,964)	(2,176)
Operating income recorded in the consolidated financial statements	71,352	72,489

Note: "Inter-segment transaction eliminations and other adjustments" includes inter-segment dividend income.

(Million yen)

Net assets	As of March 31, 2016	As of December 31, 2016
Total reportable segment assets	1,056,685	1,067,444
Net assets from "Other"	11,725	10,745
Inter-segment transaction eliminations and other adjustments	(358,874)	(351,667)
Total company assets (Note)	81,922	101,474
Net assets recorded in the consolidated financial statements	791,459	827,996

Note: Total company assets consist of surplus operating funds (cash and deposits), long-term investment funds (investment securities), and deferred tax assets.

(Million yen)

Other items	Total of reported segments		Other, net		Adjustment		Consolidated financial statements total	
	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year	Previous consolidated fiscal year	Current consolidated fiscal year
Depreciation	16,023	13,430	158	115	-	-	16,182	13,545
Increase in property, plant and equipment and intangible assets	18,854	20,478	3,422	540	-	-	22,276	21,019

(Omissions)

Regarding notes on lease transactions, transactions with related parties, tax effect accounting, financial instruments, available-for-sale securities, derivative transactions, retirement benefits, stock options, etc., business combinations, asset retirement obligations, and rental and other real estate, these have been omitted as they are not considered to have a high necessity for disclosure.

(Information on per share)

	Previous consolidated fiscal year (From April 1, 2015 To March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 To December 31, 2016)
Net assets per share	¥1,464.06	¥1,475.93
Basic earnings per share	¥93.61	¥108.48
Diluted earnings per share	¥93.60	¥108.47

(Note) The basis of calculations of basic earnings per share and diluted earnings per share are as below.

	Previous consolidated fiscal year (From April 1, 2015 To March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 To December 31, 2016)
Basic earnings per share		
Profit attributable to owners of parent (million yen)	30,020	34,788
Amount not attributable to common shareholders (million yen)	-	-
Profit attributable to owners of parent relating to common shares (million yen)	30,020	34,788
Average number of shares during the period (thousands of shares)	320,706	320,705
Diluted earnings per share		
Profit attributable to owners of parent (million yen)	-	-
Increase in the number of shares of common stock (thousands of shares)	10	33
(Subscription rights to shares included in the above) (thousands of shares)	(10)	(33)
Descriptions of potential shares that were not included in the computation of diluted earnings per share because of their anti-dilutive effect	-	

(Significant subsequent events)

There is no relevant information.

6. Other

(1) State of Sales Performance

(Million yen)

	Previous consolidated fiscal year (From April 1, 2015 To March 31, 2016)	Current consolidated fiscal year (From April 1, 2016 To December 31, 2016)	Compared with previous fiscal year (%)
Paint business	518,364	454,512	-
Automotive paint	138,755	129,007	-
Trade-use paint	253,354	226,156	-
Industrial paint	68,281	58,416	-
Other paint	57,973	40,932	-
Fine chemical business	17,381	15,649	-
Total	535,746	470,161	-

(Notes) 1: Amounts do not include consumption tax, etc.

2: Due to a change in the fiscal year, the consolidated fiscal year under review is the nine months starting on April 1, 2016 and ending on December 31, 2016. As a result, changes from the previous corresponding period have not been provided.