

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 Fiscal Year Ended March 31, 2015**  
**[Japanese GAAP]**



May 12, 2015

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: June 26, 2015  
 Scheduled date of commencing dividend payments: June 29, 2015  
 Scheduled date of filing the securities report: June 29, 2015  
 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 March 31, 2015 (April 1, 2014 to March 31, 2015)**

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

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended								
March 31, 2015	260,590	0.0	33,751	1.1	49,271	5.2	181,477	464.4
March 31, 2014	260,578	11.7	33,387	29.1	46,832	42.1	32,156	60.6

Note : Comprehensive income: Fiscal year ended March 31, 2015: ¥193,771 million [279.7%]

Fiscal year ended March 31, 2014: ¥51,028 million [68.9%]

	Net income per share	Diluted net income per share	Equity Net income ratio	Total assets Ordinary income ratio	Net sales Operating income ratio
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2015	650.04	-	53.8	8.7	13.0
March 31, 2014	122.47	-	18.1	15.3	12.8

Reference: Equity in earnings (losses) of affiliates: Fiscal year ended March 31, 2015: ¥14,103 million  
 Fiscal year ended March 31, 2014: ¥11,273 million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of March 31, 2015	810,727	589,923	59.2	1,496.16
As of March 31, 2014	324,028	207,715	60.0	746.25

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

As of March 31, 2014: ¥194,565 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
March 31, 2015	34,419	(86,966)	85,298	78,702
March 31, 2014	26,920	(7,173)	(21,034)	43,787

## 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, 2014	-	8.00	-	12.00	20.00	5,214	16.3	3.0
Fiscal year ended March 31, 2015	-	10.00	-	12.00	22.00	6,455	3.4	2.0
Fiscal year ending March 31, 2016 (Forecast)	-	11.0	-	11.00	22.00		21.4	

## 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 (loss) attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half	266,000	109.0	33,500	113.5	35,000	53.3	14,000	(10.3)	43.65
Full year	560,000	114.9	74,000	119.2	76,500	55.3	33,000	(81.8)	102.90

### \* Notes:

(1) Changes in significant subsidiaries during the period ended March 31, 2015 (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: 2 companies      Nippon Paint (H.K.) Company Limited      Excluded: None  
Nippon Paint China Holdings Co., Ltd.

(2) 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

(3) Total number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

March 31, 2015: 325,402,443 shares

March 31, 2014: 265,402,443 shares

2) Total number of treasury shares at the end of the period:

March 31, 2015: 4,694,319 shares

March 31, 2014: 4,678,873 shares

3) Average number of shares during the period:

Fiscal year ended March 31, 2015: 279,177,386 shares

Fiscal year ended March 31, 2014: 262,560,345 shares

(Reference) Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2015 (April 1, 2014 to March 31, 2015)

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

Fiscal year ended	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2015	73,561	(43.5)	14,812	(9.7)	21,759	(23.5)	18,113	(14.6)
March 31, 2014	130,266	4.0	16,394	19.0	28,444	2.9	21,198	1.3

Fiscal year ended	Net income per share	Diluted net income per share
	Yen	Yen
March 31, 2015	64.88	-
March 31, 2014	80.74	-

(2) Non-consolidated Financial Position

As of	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
March 31, 2015	296,089	264,074	89.2	823.41
March 31, 2014	211,480	147,481	69.7	565.66

Reference : Equity: As of March 31, 2015: ¥264,074 million

As of March 31, 2014: ¥147,481 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 Regarding Management Results" on page 2 of the Attachment.

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## 1. Analysis Regarding Management Results / Financial Situation

### (1) Analysis of Operating Results

During the fiscal year ended March 31, 2015, consolidated net sales of NIPPON PAINT HOLDINGS CO., LTD. (the “Company”) and its group companies (collectively, the “Group”) increased by 0.0% from the corresponding period of the previous year (the “previous year”), to ¥260,590 million, consolidated operating income increased by 1.1% from the previous year, to ¥33,751 million as a result of continued actions to lower raw materials cost prices in the face of rising raw materials costs, and consolidated ordinary income increased by 5.2% from the previous year, to ¥49,271 million. Consolidated net income was up 464.4% from the previous year, to ¥181,477 million due to a gain on step acquisitions of ¥148,800 million recorded as extraordinary income, accompanying the acquisition of equity of joint venture companies in the Asian region (making them 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 ended March 31, 2015 is from January to December 2014.

#### **Japan**

In this region, while automobile production declined compared to the previous year, net sales of automotive coatings remained at the same level as the previous year. As for industrial coatings, performance of coatings for construction machinery and other applications was strong, but a decline in sales of coatings for housing materials and other factors led to lower net sales compared to the previous year. With respect to trade-use paints, weak performance in the overall market caused net sales to fall compared to the previous year.

As a result of these factors, consolidated net sales for the Japan segment decreased by 0.1% from the previous year, to ¥187,204 million. Consolidated operating income increased by 26.7% from the previous year, to ¥34,232 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 (recording ¥7,824 million for the fiscal year ended March 31, 2015) in segment net sales and profits. Additionally, such amount is eliminated as an internal transaction under “Inter-segment transaction eliminations and other adjustments.”

#### **Asia**

In this region, with regard to the consolidated subsidiary, net sales declined substantially in Thailand reflecting the impact of the economic slowdown stemming from political instability. Meanwhile in China, net sales of automotive paints for plastics grew on the back of an increase in sales volume of Japanese automobile manufacturers.

As a result of these factors, consolidated net sales for the Asia segment decreased by 4.0% from the previous year, to ¥43,870 million, and consolidated operating income increased by 6.4% from the previous year, to ¥4,530 million.

With regard to share of profit of entities accounted for using equity method, at joint ventures in the Asian region which was turned into subsidiaries in December 2014, sales of paints for house interior in China continued to be favorable, and ongoing efforts were being made to reduce costs mainly of raw materials. Owing to these factors, profitability further improved.

As a result, share of profit of entities accounted for using equity method for the Asia segment increased by 25.8% from the previous year, to ¥14,180 million.

#### **North America**

Regarding automotive coatings business operations in this region, net sales on a yen basis increased due to the impact of foreign exchange rates, despite a decrease in net sales on a local currency basis caused by the cold weather in January and February 2014 and the sale of a portion of unprofitable businesses at the end of the

previous fiscal year.

As a result, consolidated net sales for the North America segment increased by 9.5% from the previous year, to ¥25,794 million, and consolidated operating income rose by 35.9% from the previous year, to ¥2,685 million.

### **Other**

Consolidated net sales for this geographic segment decreased by 3.2% from the previous year, to ¥3,720 million, and consolidated operating income decreased by 16.1% from the previous year, to ¥69 million.

Moreover, as a result of the acquisition of 39% of shares in a German paint manufacturer in the previous fiscal year, share of profit or loss of entities accounted for using equity method for this geographic segment to be recorded from the current fiscal year amounted to a loss of ¥77 million partly due to the expense of amortization of goodwill.

### **Outlook for Next Fiscal Year**

For next fiscal year (year ending March 31, 2016), our consolidated performance outlook reflects the effects from the consolidation due to the completion of acquisition of equity of joint ventures in the Asian region (turning them into subsidiaries) in December 2014. As a result, our outlook is that net sales will be at a scale that exceeds ¥500.0 billion and that the Group's percentage of net sales will grow to around 60%.

Domestically, while foreseeable demand continues to be sluggish, we plan to increase our trade-use paint market share in the next fiscal year by moving forward with the introduction of new products to the market that match customer needs, and anticipate increased sales in industrial paint as a result of greater use of residential-use paint as a result of a recovery in new residential construction as well as greater use of construction and industrial machine paint as a result of a recovery in capital investment.

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

Overseas, in the trade-use paint businesses in the newly consolidated China, Malaysia, and Singapore markets, the Group is building firm business bases that will allow it to obtain a top share in the residential interior paint section and aims to achieve further growth in net sales in the next fiscal year as a result. While the competitive environment in our main overseas market of China is growing more difficult as a result of slowing economic growth, we will attempt to reduce prices by introducing cost-reduction methods used in Japan through the Chinese Survival Challenge (Lean for Growth), becoming a competitive force from a cost perspective while using the Company's powerful brand power to re-awaken demand.

In North America, where business developments focus on the automotive paint business, our outlook is for steady net sales.

As a result of the above factors, our outlook for next fiscal year's consolidated business performance is ¥560.0 billion in net sales, ¥74.0 billion in operating income, ¥76.5 billion in ordinary income, and ¥33.0 billion in profit (loss) attributable to owners of parent. Also, amortization expenses (¥15.0 billion) of goodwill and intangible assets resulting from the acquisition of equity of joint ventures in the Asian region (turning them into subsidiaries) are calculated as selling and administrative expenses.

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

### **1) Status of Assets, Liabilities, and Net Assets**

Total assets increased by ¥486.70 billion from the end of the previous fiscal year to ¥810,727 million. The increase was mainly attributable to the consolidation of eight joint venture companies between the Company and Wuthelam Holdings Ltd. and 38 subsidiaries of these companies that were previously accounted for using the equity method, and goodwill recorded thereof.

Liabilities increased by ¥104.49 billion from the end of the previous fiscal year to ¥220,804 million. The increase was mainly attributable to the consolidation of joint venture companies.

Net assets including minority interests increased by ¥382.21 billion from the end of the previous fiscal year to ¥589,923 million. This was mainly attributable to an increase in capital stock and capital surplus of ¥51.15 billion each due to a capital increase via a third-party allotment of shares conducted on December 5, 2014, in addition to an increase in retained earnings from the recording of net income and an increase in minority interests from the consolidation of joint venture companies.

As a result, equity ratio fell from 60.0% at the end of the previous fiscal year to 59.2%.

## 2) Status of Cash Flows

Business operations for the fiscal year ended March 31, 2015 resulted in an inflow of ¥34,419 million, investing activities resulted in an outflow of ¥86,966 million, and financing activities resulted in an inflow of ¥85,298 million, resulting in cash and cash equivalents (hereinafter “cash”) of ¥78,702 million, an increase of ¥34,920 million compared to the end of the previous consolidated fiscal year.

### (Cash flows from operating activities)

Cash flows from operating activities were ¥34,419 million (an increase of ¥7.50 billion compared to the previous fiscal year). Primary factors include an inflow of ¥47,757 million resulting from depreciation and amortization expenses applied to income before taxes and minority interests and gain on step acquisitions (the revaluation of existing holdings) of ¥148.8 billion and other non-cash income resulting from the acquisition of equity of joint venture companies in the Asian region (turning them into subsidiaries), and share of profits accounted for using the equity method and other non-cash income, offset in part by income taxes paid of ¥13,338 million.

### (Cash flows from investing activities)

Cash flows from investing activities were ¥86,966 million (an increase of ¥79.79 billion compared with previous fiscal year). Primary factors include an outflow of ¥82,632 million as a result of the acquisition of shares of subsidiaries due to changes in the scope of consolidation and ¥4,184 million in the purchase of property, plant and equipment.

### (Cash flows from financing activities)

Cash flows from financing activities were an outflow of ¥85,298 million (outflow of ¥21.03 billion in the previous year). Primary factors include repayment of loans payable of ¥8,239 million, as well as a ¥7,898 million in cash dividend paid, offset by income of ¥101,837 million as a result of the issuance of new shares through third-party allocation of shares on December 5, 2014.

(Reference) Change in cash flow-related indexes

	186th Period Year Ending March 31, 2012	187th Period Year Ending March 31, 2013	188th Period Year Ending March 31, 2014	189th Period Year Ending March 31, 2015
Equity ratio (%)	49.7	56.0	60.0	59.2
Equity ratio based on market valuation (%)	60.6	86.2	125.8	174.1
Interest-bearing debt to cash flow ratio (times)	1.6	0.7	0.5	0.4
Interest coverage ratio (multiplier)	41.1	80.1	88.8	181.1

\*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 March 31, 2015 and Next Fiscal Year

The Group's policy regarding dividends to shareholders is to allocate profits according to performance.

As a result of acquisition of equity of joint venture companies in the Asian region (turning them into subsidiaries), a ¥148.8 billion gain on step acquisitions (the revaluation of existing holdings) was recorded as extraordinary income.

Based on income for the fiscal year ended March 31, 2015 excluding this extraordinary factor, we plan on a year-end dividend of ¥12 per share, making the full-year dividend ¥22 per share.

Additionally, we plan a full-year dividend of ¥22 per share for the next fiscal year.

## 2. Business Combination Status

The Group consists of the Company, 112 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
<p>- Japan -</p> <p>Nippon Paint Co., Ltd.</p> <p>Nippon Paint Hanbai Co., Ltd</p> <p>Nippon Paint Industrial Coating Co., Ltd.</p> <p>Daiwa Paint Trading Co., Ltd.</p> <p>Nippon Bee Chemical Co., Ltd.</p> <p>Nippon Fine Coatings, Inc.</p> <p>Nippe Trading Co., Ltd.</p> <p>Nippon Paint Marine Coatings Co., Ltd</p> <p>And 6 other companies</p> <p>- Asia -</p> <p>Nipsea Chemical Co., Ltd. (South Korea)</p> <p>Asia Industries, Ltd. (Taiwan)</p> <p>Nippon Paint (Thailand) Company Limited</p> <p>Nippon Paint (H.K.) Company Limited (Hong Kong)</p> <p>Nippon Paint (China) Company Limited</p> <p>Guangzhou Nippon Paint Co., Ltd. (China)</p> <p>Nippon Paint (Chengdu) Co., Ltd. (China)</p> <p>Nippon Paint (Singapore) Company Private Limited</p> <p>Nippon Paint (M) Sdn. Bhd. (Malaysia)</p> <p>Paint Marketing Co. (M) Sdn. Bhd. (Malaysia)</p> <p>Nippon Paint Philippines, Inc.</p> <p>Nipsea Technologies Pte. Ltd. (Singapore)</p> <p>And 60 other companies</p> <p>- North America -</p> <p>Nippon Paint (Usa) Inc.</p> <p>And 7 other companies</p> <p>- Other -</p> <p>Nippon Paint (Europe) Ltd. (U.K.)</p> <p>Nippon Paint Boya Sanayi Ve Ticaret Limited Sirketi (Turkey)</p> <p>And 2 other companies</p>	<p>- Japan -</p> <p>1 company</p> <p>- Asia -</p> <p>Noroo Automotive Coatings Co., Ltd. (South Korea)</p> <p>Nippon Paint (India) Private Limited</p> <p>Nipsea Management Company Pte. Ltd. (Singapore)</p> <p>And 4 other companies</p> <p>- Other -</p> <p>1 company</p>

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

(Japan)

In this region, the Company are 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 manufactured by Nippon Paint Co., Ltd. and Nippon Bee Chemical Co., Ltd. and sold through Daiwa Paint Trading Co., Ltd. and authorized dealers.

Trade-use paint and automotive repair paint are primarily manufactured and procured by Nippon Paint Co., Ltd. and As Paint Co., Ltd. and sold through Nippon Paint Hanbai Co., Ltd. Additionally, heavy-duty and concrete anticorrosive paint is manufactured and sold by Nippon Paint Anti-Corrosive Coatings Co., Ltd.

Industrial paint is manufactured and sold domestically by Nippon Paint Co., Ltd. and is sold by Nippon Paint Industrial Coating Co., Ltd. and authorized dealers. Also, pre-coating paints for metal plates are manufactured and sold by Nippon Fine Coatings., Inc.

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 three paint manufacturing subsidiary companies affiliated with As Paint Co., Ltd. and Nippon Bee Chemical Co., Ltd.

In the fine chemicals business, surface treatment chemicals and display-related, electronic, and particulate materials are manufactured and procured by Nippon Paint Co., Ltd. and sold by Daiwa Paint Trading Co., Ltd., Nippon Paint Industrial Coating Co., Ltd., and authorized dealers.

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

(Asia)

In this region, for South Korea, Taiwan, China, Hong Kong, 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 eleven consolidated subsidiaries including Nippon Paint (China) Company Limited, two entities accounted for using equity method including Nipsea Management Company Pte. Ltd., ten paint manufacturing and sales companies, one fine chemical manufacturing and sales company, two paint sales companies, one presiding company, and one research and development company.

Ten consolidated subsidiaries, one entity accounted for using equity method, ten manufacturing and sales companies for plastic paints, and one sales company are affiliated with Nippon Bee Chemical Co., Ltd.

Seven consolidated subsidiaries are affiliated with Nippon Paint Marine Coatings Co., Ltd., and all conduct the manufacturing and sales of marine paint.

Additionally, there are 43 consolidated subsidiaries and three entities accounted for using equity method affiliated with consolidated subsidiaries directly held by the Company.

(North America)

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 six consolidated subsidiaries, two paint manufacturing and sales companies, one plastic paint manufacturing and sales company, and three plastic paint sales companies affiliated with it.

Additionally, one consolidated subsidiary is affiliated with Nippon Bee Chemical Co., Ltd., a manufacturer and seller of plastic paints.

(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 one consolidated subsidiary is affiliated with it that manufactures and sells paints.

Additionally, there are two consolidated subsidiaries, and one entity accounted for using equity method that manufacture and sell paints.

### 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 spirits 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") 1<sup>st</sup> stage beginning in fiscal 2009 in an attempt to return to profitability. Additionally, "SC 2<sup>nd</sup> Stage," which ended this fiscal year, was launched in fiscal 2012 in an attempt to establish firm profitability. As a result of efforts over the past six years, domestic business profitability in particular has increased greatly, with consolidated operating income rising from ¥3.0 billion (FY 2008 performance) to 33.7 billion (FY 2014 performance), showing definite results.

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.

##### (i) Reorganization of 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. Keeping an eye on future growth strategies, in December 2014 the Group made the pre-coating paints for metal plates business Nippon Fine Coatings, Inc. into a wholly owned subsidiary company, and in March 2015 it sold a portion of its holding in Nippon Liner Co., Ltd. to a manufacturer of materials relating to highway-attached facilities as a result of reconsidering its highway paint manufacturing and construction businesses. 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.

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

Newly-started business firms have proposed their own growth measures appropriate to the business models of their business and region and are now attempting to implement them. 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, which suffers from sluggish demand, 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) Synergies Resulting from Strategic Cooperation

In 1962, the Company began an Asian joint venture together with Wuthelham Holdings Ltd., a Singapore-based company, which has since then has 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, and profit improvement measures were taken with it mostly in its primary Chinese business that were implemented domestically during SC stages I and II, and by further increasing net sales and profits, we will further stabilize our business foundation in Asia.

Additionally, in 2013, it acquired 39% of the stock of a German paint manufacturer that has strong business ties with European automobile manufacturers, and in April 2015, this held amount was increased to 51%, further deepening the Company's relationship with it and attempting to increase the adoption to and supply of the Group's paints in Chinese manufacturing locations primarily through European automobile manufacturers, establishing the medium-term automotive paint business as a cornerstone of global expansion.

In SC 3<sup>rd</sup> Stage, which begins next fiscal year, the Group will further deepen and strengthen its relations of trust with its partners, with a special focus on these newly-consolidated overseas Group companies, accelerating the appearance of synergies.

Using the above measures as a base, 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 or better net sales position in each business region." In order to accomplish this goal, the first goal of SC 3<sup>rd</sup> Stage has been set in fiscal 2017 and the Group will work to create a business platform that will act as a foothold to becoming a global paint major.

#### 4. Basic Approach to Selection of Accounting Standards

In order to increase international comparability of financial statements, increase product 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, 2014	As of March 31, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	43,591	89,007
Notes and accounts receivable - trade	86,714	136,694
Securities	331	43,752
Merchandise and finished goods	17,497	29,600
Work in process	1,668	3,476
Raw materials and supplies	9,446	20,201
Deferred tax assets	4,712	7,218
Other	8,702	14,962
Allowance for doubtful accounts	(492)	(3,179)
Total current assets	172,171	341,736
Non-current assets		
Property, plant and equipment		
Buildings and structures	79,253	105,066
Accumulated depreciation	(51,819)	(61,496)
Buildings and structures, net	27,433	43,570
Machinery, equipment and vehicles	62,914	93,547
Accumulated depreciation	(52,996)	(69,968)
Machinery, equipment and vehicles, net	9,917	23,578
Tools, furniture and fixtures	22,743	26,714
Accumulated depreciation	(19,097)	(21,939)
Tools, furniture and fixtures, net	3,645	4,775
Land	18,742	20,288
Leased assets	1,634	2,073
Accumulated depreciation	(621)	(705)
Leased assets, net	1,013	1,368
Construction in progress	1,048	7,349
Total property, plant and equipment	61,801	100,930
Intangible assets		
Goodwill	10,984	210,538
Trademark right	-	54,017
Other	3,699	53,518
Total intangible assets	14,684	318,073
Investments and other assets		
Investment securities	72,025	47,284
Deferred tax assets	1,888	917
Net defined benefit asset	183	183
Other	1,789	1,775
Allowance for doubtful accounts	(514)	(174)
Total investments and other assets	75,371	49,987
Total non-current assets	151,857	468,991
<b>Total assets</b>	<b>324,028</b>	<b>810,727</b>

(Million yen)

	As of March 31, 2014	As of March 31, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	45,026	82,272
Electronically recorded obligations - operating	11,824	11,456
Short-term loans payable	4,695	10,868
Current portion of long-term loans payable	7,320	240
Income taxes payable	6,442	9,931
Other	15,744	52,208
<b>Total current liabilities</b>	<b>91,052</b>	<b>166,977</b>
Non-current liabilities		
Long-term loans payable	754	2,612
Lease obligations	895	1,198
Deferred tax liabilities	1,427	27,404
Provision for directors' retirement benefits	245	172
Provision for environmental measures	328	304
Net defined benefit liability	17,496	16,763
Other	4,111	5,370
<b>Total non-current liabilities</b>	<b>25,259</b>	<b>53,826</b>
<b>Total liabilities</b>	<b>116,312</b>	<b>220,804</b>
Net assets		
Shareholders' equity		
Capital stock	27,712	78,862
Capital surplus	27,187	78,338
Retained earnings	140,270	314,743
Treasury shares	(6,389)	(6,432)
<b>Total shareholders' equity</b>	<b>188,782</b>	<b>465,513</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,827	12,218
Deferred gains or losses on hedges	(1)	13
Foreign currency translation adjustment	2,618	4,307
Remeasurements of defined benefit plans	(3,661)	(2,224)
<b>Total accumulated other comprehensive income</b>	<b>5,783</b>	<b>14,316</b>
Minority interests	13,149	110,094
<b>Total net assets</b>	<b>207,715</b>	<b>589,923</b>
<b>Total liabilities and net assets</b>	<b>324,028</b>	<b>810,727</b>

(2) Consolidated Statements of Income and Comprehensive Income  
 Consolidated Statements of Income

(Million yen)

	For the fiscal year ended March 31, 2014	For the fiscal year ended March 31, 2015
Net sales	260,578	260,590
Cost of sales	166,938	168,039
Gross profit	93,640	92,550
Selling, general and administrative expenses	60,252	58,798
Operating income	33,387	33,751
Non-operating income		
Interest income	84	161
Dividend income	655	876
Share of profit of entities accounted for using equity method	11,273	14,103
Foreign exchange gains	2,032	2,057
Other	1,211	1,074
Total non-operating income	15,257	18,273
Non-operating expenses		
Interest expenses	276	173
Compensation expenses	586	625
Share issuance cost	–	462
Restructuring cost	–	528
Other	949	963
Total non-operating expenses	1,811	2,754
Ordinary income	46,832	49,271
Extraordinary income		
Gain on sales of non-current assets	63	23
Gain on step acquisitions	–	148,800
Other	96	61
Total extraordinary income	160	148,885
Extraordinary losses		
Loss on sales and retirement of non-current assets	436	195
Impairment loss	10	46
Loss on revision of retirement benefit plan	467	–
Other	54	45
Total extraordinary losses	968	286
Income before income taxes and minority interests	46,024	197,869
Income taxes – current	12,657	12,165
Income taxes – deferred	(1,149)	1,814
Total income taxes	11,508	13,980
Income before minority interests	34,516	183,889
Minority interests in income	2,359	2,412
Net income	32,156	181,477

## Consolidated Statements of Comprehensive Income

(Million yen)

	For the fiscal year ended March 31, 2014	For the fiscal year ended March 31, 2015
Income before minority interests	34,516	183,889
Other comprehensive income		
Valuation difference on available-for-sale securities	2,853	5,508
Deferred gains or losses on hedges	(3)	25
Foreign currency translation adjustment	6,885	6,080
Remeasurements of defined benefit plans, net of tax	–	1,437
Share of other comprehensive income of entities accounted for using equity method	6,776	(3,169)
Total other comprehensive income	16,512	9,882
Comprehensive income	51,028	193,771
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	47,224	190,009
Comprehensive income attributable to minority interests	3,803	3,761

## (3) Consolidated Statements of Changes in Equity

For the Fiscal Year Ended March 31, 2014 (From April 1, 2013 to March 31, 2014)

(Millions of Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	27,712	27,187	112,318	(337)	166,881
Cumulative effects of changes in accounting policies					
Restated balance	27,712	27,187	112,318	(337)	166,881
Changes of items during period					
Issuance of new shares					–
Dividends of surplus			(4,203)		(4,203)
Net income			32,156		32,156
Purchase of treasury shares				(6,052)	(6,052)
Disposal of treasury shares					–
Net changes of items other than shareholders' equity					
Total changes of items during period	–	–	27,952	(6,052)	21,900
Balance at end of current period	27,712	27,187	140,270	(6,389)	188,782

	Accumulated other comprehensive income					Minority 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	3,950	0	(9,574)	–	(5,623)	10,766	172,024
Cumulative effects of changes in accounting policies							
Restated balance	3,950	0	(9,574)		(5,623)	10,766	172,024
Changes of items during period							
Issuance of new shares							–
Dividends of surplus							(4,203)
Net income							32,156
Purchase of treasury shares							(6,052)
Disposal of treasury shares							–
Net changes of items other than shareholders' equity	2,876	(1)	12,193	(3,661)	11,407	2,382	13,790
Total changes of items during period	2,876	(1)	12,193	(3,661)	11,407	2,382	35,690
Balance at end of current period	6,827	(1)	2,618	(3,661)	5,783	13,149	207,715

For the Fiscal Year Ended March 31, 2015 (From April 1, 2014 to March 31, 2015)

(Millions of Yen)

	Shareholder's equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	27,712	27,187	140,270	(6,389)	188,782
Cumulative effects of changes in accounting policies			(1,268)		(1,268)
Restated balance	27,712	27,187	139,002	(6,389)	187,513
Changes of items during period					
Issuance of new shares	51,150	51,150			102,300
Dividends of surplus			(5,735)		(5,735)
Net income			181,477		181,477
Purchase of treasury shares				(44)	(44)
Disposal of treasury shares		0		1	2
Net changes of items other than shareholders' equity					
Total changes of items during period	51,150	51,150	175,741	(42)	277,999
Balance at end of current period	78,862	78,338	314,743	(6,432)	465,513

	Accumulated other comprehensive income					Minority 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	6,827	(1)	2,618	(3,661)	5,783	13,149	207,715
Cumulative effects of changes in accounting policies							(1,268)
Restated balance	6,827	(1)	2,618	(3,661)	5,783	13,149	206,446
Changes of items during period							
Issuance of new shares							102,300
Dividends of surplus							(5,735)
Net income							181,477
Purchase of treasury shares							(44)
Disposal of treasury shares							2
Net changes of items other than shareholders' equity	5,391	15	1,688	1,436	8,532	96,945	105,477
Total changes of items during period	5,391	15	1,688	1,436	8,532	96,945	383,476
Balance at end of current period	12,218	13	4,307	(2,224)	14,316	110,094	589,923

## (4) Consolidated Statements of Cash Flows

(Million yen)

	For the fiscal year ended March 31, 2014	For the fiscal year ended March 31, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	46,024	197,869
Depreciation	6,113	5,895
Interest and dividend income	(739)	(1,038)
Interest expenses	276	173
Share of (profit) loss of entities accounted for using equity method	(11,273)	(14,103)
Loss (gain) on sales and retirement of property, plant and equipment	371	172
Loss (gain) on sales and valuation of investment securities	(37)	(54)
Loss (gain) on step acquisitions	–	(148,800)
Decrease (increase) in notes and accounts receivable - trade	(1,955)	1,874
Decrease (increase) in inventories	(488)	1,724
Increase (decrease) in notes and accounts payable - trade	(1,479)	(358)
Increase (decrease) in net defined benefit liability	860	(1,117)
Other, net	(871)	(123)
Subtotal	36,800	42,114
Interest and dividend income received	3,188	5,833
Interest expenses paid	(303)	(190)
Income taxes paid	(12,765)	(13,338)
Net cash provided by (used in) operating activities	26,920	34,419
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(5,527)	(4,184)
Proceeds from sales of property, plant and equipment	503	131
Purchase of investment securities	(2,224)	(21)
Proceeds from sales of investment securities	166	133
Purchase of shares of subsidiaries	–	(5,772)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	–	(76,860)
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	–	418
Other, net	(92)	(811)
Net cash provided by (used in) investing activities	(7,173)	(86,966)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	(9,420)	(933)
Proceeds from long-term loans payable	20	210
Repayments of long-term loans payable	(133)	(7,517)
Repayments of lease obligations	(313)	(359)
Purchase of treasury shares	(6,052)	(44)
Cash dividends paid	(4,203)	(5,735)
Cash dividends paid to minority shareholders	(931)	(2,162)
Proceeds from issuance of common shares	–	101,837
Other, net	–	2
Net cash provided by (used in) financing activities	(21,034)	85,298
Effect of exchange rate change on cash and cash equivalents	2,281	1,818
Net increase (decrease) in cash and cash equivalents	993	34,569
Cash and cash equivalents at beginning of period	42,793	43,787
Increase in cash and cash equivalents from newly consolidated subsidiary	–	346
Cash and cash equivalents at end of period	43,787	78,702

## (5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

There is no relevant information.

(Basis of presentation of consolidated financial statements)

Excluding the following, there are no major changes from the content of the most recent securities report (submitted June 30, 2014), and so it will be omitted.

(Major changes regarding subsidiaries)

During this consolidated fiscal year, the Company acquired eight joint ventures between the Company and Wuthelam Holdings Ltd. in China, Malaysia, and Singapore, and as a result, the following eight companies and 38 of their subsidiaries are now included in the scope of consolidation.

- Nippon Paint (H.K.) Company Limited
- Nippon Paint (China) Company Limited
- Guangzhou Nippon Paint Co., Ltd.
- Nippon Paint (Chengdu) Co., Ltd.
- Nippon Paint (Singapore) Company Private Limited
- Paint Marketing Co. (M) Sdn. Bhd.
- Nippon Paint (M) Sdn. Bhd.
- Nipsea Technologies Pte. Ltd.
- and other companies totaling 38 companies

(Changes in accounting policies)

Effective from the fiscal year ended March 31, 2015, the Company adopted the “Accounting Standard for Retirement Benefits” (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012; hereinafter the “Retirement Benefits Accounting Standard”) and the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015; hereinafter the “Retirement Benefits Guidance”), for the provisions prescribed in the main clause of Paragraph 35 of the Retirement Benefits Accounting Standard and the main clause of Paragraph 67 of the Retirement Benefits Guidance. Accordingly, the Company reviewed the calculation methods of retirement benefit obligations and service costs, and changed the method for attributing projected retirement benefits to periods from a straight-line basis to a benefit formula basis. Additionally, the Company changed the method to determine the discount rate from a method using a discount rate based on a duration of bonds similar to the average remaining service period of an employee to a method using a single weighted average discount rate that reflects the projected payment period of retirement benefits and the amount projected for each payment period.

In adopting the Accounting Standard for Retirement Benefits, etc., as of April 1, 2014, the effects of changes in calculation methods of retirement benefit obligations and service costs are added to or deducted from retained earnings, pursuant to transitional treatment stipulated under Paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, as of April 1, 2014, net defined benefit liability increased by ¥1,973 million, while retained earnings decreased by ¥1,268 million. In addition, operating income, ordinary income, and income before income taxes and minority interests for the fiscal year ended March 31, 2015 increased by ¥121 million, respectively.

Additionally, effects on per share information are described where appropriate.

(Unapplied accounting standards, etc.)

(Business combinations, etc.)

- “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013)
- “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013)
- “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013)
- “Accounting Standard for Earnings Per Share” (ASBJ Statement No. 2, September 13, 2013)
- “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, September 13, 2013)
- “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No. 4, September 13, 2013)

(1) Summary

These accounting standards, etc., have been revised primarily concerning (i) treatment of changes in holdings at the parent company toward subsidiaries which continue to be controlled during the additional acquisition of shares, etc., at a subsidiary, (ii) treatment of related fees, (iii) display of net income and changes to non-controlling shareholders from minority interests, and (iv) treatment of provisional accounting processes.

(2) Scheduled date of application

These are scheduled to be applied from the fiscal year ending March 31, 2016. Additionally, concerning the treatment of provisional accounting processes, these are scheduled to be applied for business combinations that are implemented on or after April 1, 2015.

(3) Effect of application of the aforementioned accounting standards

The amounts of effects are under evaluation during the creation of financial statements for fiscal year ended March 31, 2015.

(Consolidation of foreign subsidiaries)

- “Practical Solution on Accounting for Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements” (Practical Issues Task Force (“PITF”) No. 18, March 26, 2015)

(1) Summary

The above accounting standard involves the implementation of responses to United States accounting standards regarding goodwill that were revised in January 2014, implementation of responses to ASBJ Statement No. 22, “Accounting Standard for Consolidated Financial Statements,” which was revised in September 2013, and clarification of expense accounting for actuarial differences in accounting for retirement benefits.

(2) Scheduled date of application

This is scheduled to be applied from the fiscal year ending March 31, 2016.

(3) Effect of application of the aforementioned accounting standard

The amounts of effects are under evaluation during the creation of financial statements for the fiscal year ended March 31, 2015.

(Changes in methods of presentation)

(Consolidated balance sheets)

“Available-for-sale securities,” which were included in “other” of “current assets” during the previous fiscal year, have exceeded 1/100 of the total amount of total assets, and are presented separately from the fiscal year ended March 31, 2015. To reflect this change, the consolidated financial statements for the previous fiscal year have been rearranged.

As a result, “other” of ¥9,033 million which was presented in “current assets” on the consolidated balance sheets during the previous fiscal year has been rearranged to “available-for-sale securities” of ¥331 million and “other” of ¥8,702 million.

“Lease assets,” which were separately presented in “intangible assets” during the previous fiscal year, are no longer significant in value, and are included in “other” from the fiscal year ended March 31, 2015. Furthermore, the amount of “lease assets” presented in “intangible assets” during the previous fiscal year was ¥33 million.

“Long-term loans receivable,” which were separately presented in “investments and other assets” during the previous fiscal year, are no longer significant in value, and are included in “other” from the fiscal year ended March 31, 2015. Furthermore, the amount of “long-term loans receivable” presented in “investments and other assets” during the previous fiscal year was ¥104 million.

“Lease obligations,” which were separately presented in “current liabilities” during the previous fiscal year, are no longer significant in value, and are included in “other” from the fiscal year ended March 31, 2015. Furthermore, the amount of “lease obligations” presented in “current liabilities” during the previous fiscal year was ¥281 million.

(Consolidated statements of income)

“Gain on sales of investment securities,” which were separately presented in “extraordinary income” during the previous fiscal year, are no longer significant in value, and are included in “other” from the fiscal year ended March 31, 2015. Furthermore, the amount of “gain on sales of investment securities” presented in “extraordinary income” during the previous fiscal year was ¥95 million.

“Impairment loss,” which were included in “other” of “extraordinary losses” during the previous fiscal year, has exceeded 10/100 of the total amount of extraordinary losses, and is presented separately from the fiscal year ended March 31, 2015. To reflect this change, the consolidated financial statements for the previous fiscal year have been rearranged.

As a result, “other” of ¥64 million which was presented in “extraordinary losses” on the consolidated balance sheets during the previous fiscal year has been rearranged to “impairment loss” of ¥10 million and “other” of ¥54 million.

(Additional information)

(Revision to the amount of deferred tax assets and deferred tax liabilities due to changes in the income tax rate)

In line with the promulgation of the “Partial Amendment of the Income Tax Act, etc.” (Act No. 9 of 2015) and “Act to Amend the Local Taxation Act” (Act No. 2 of 2015) on March 31, 2015, the statutory tax rate used in the calculation of deferred tax assets and deferred tax liabilities for the fiscal year ended March 31, 2015 (limited to those that are resolved on or after April 1, 2015) has been changed from the 35.6% in the previous fiscal year to 33.0% for those that will be paid or collected during the period between April 1, 2015 and March 31, 2016, and to 32.2% for those that will be paid or collected on or after April 1, 2016. As a result of this change, the amount of deferred tax assets (amount after deferred tax liabilities are eliminated) decreased by ¥138 million, and income taxes – deferred (debit), valuation difference on available-for-sale securities (credit), deferred gains or losses on hedges (debit), and remeasurements of defined benefit plans (debit) have increased by ¥574 million, ¥542 million, ¥0 million, and ¥106 million, respectively.

(Segment information, etc.)

#### 1. Summary of reportable segments

In the Group’s reportable segments, separate financial information can be obtained based on individual units that comprise the Group, and in order to determine distribution of management resources and evaluate business performance, such information is periodically evaluated by the Board of Directors.

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 companies are responsible for domestic activities, and overseas, separate companies are responsible for the Asia, North America, 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 as a base, and the three reportable segments are “Japan,” “Asia,” and “North America.”

#### 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,” from the fiscal year ended March 31, 2015, calculation methods for retirement benefit obligations and service costs have changed, and calculation methods for retirement benefit obligations and service costs of reportable segments have changed in the same manner.

Due to this change, compared to the previous method, segment income for the “Japan” segment during the fiscal year ended March 31, 2015 has increased by ¥121 million.

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

Previous fiscal year (April 1, 2013–March 31, 2014)

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	North America	Subtotal		
Net sales						
Net sales to outside customers	187,477	45,707	23,552	256,737	3,841	260,578
Inter-segment net sales or transfers	12,677	3,139	172	15,989	965	16,955
Total	200,155	48,846	23,724	272,727	4,806	277,534
Segment income	27,016	4,257	1,975	33,249	82	33,332
Share of profit (loss) of entities accounted for using equity method	(1)	11,274	–	11,273	–	11,273
Segment assets	214,765	43,629	21,612	280,006	5,781	285,788
Other items						
Depreciation	4,071	1,062	941	6,075	38	6,113
Increase in property, plant, and equipment and intangible assets	3,375	1,620	912	5,908	71	5,980

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 March 31, 2015 (April 1, 2014–March 31, 2015)

(Million yen)

	Reportable segment				Other (Note)	Total
	Japan	Asia	North America	Subtotal		
Net sales						
Net sales to outside customers	187,204	43,870	25,794	256,869	3,720	260,590
Inter-segment net sales or transfers	21,261	3,928	140	25,330	1,064	26,394
Total	208,466	47,798	25,934	282,200	4,784	286,984
Segment income	34,232	4,530	2,685	41,448	69	41,517
Share of profit (loss) of entities accounted for using equity method	–	14,180	–	14,180	(77)	14,103
Segment assets	524,437	551,340	26,491	1,102,269	5,756	1,108,025
Other items						
Depreciation	3,792	1,122	938	5,854	41	5,895
Increase in property, plant, and equipment and intangible assets	3,247	344,986	747	348,981	61	349,042

Notes: 1. “Other” represents business segments that are not included in the reportable segments, and contains business activities by overseas subsidiaries in Europe, etc.

2. Increases in “Segment assets” in the “Japan” segment and the “Asia” segment, as well as in “Increase in property, plant and equipment and intangible assets” in the “Asia” segment are primarily the result of consolidating joint venture companies between the Company and Wuthelam Holdings Ltd.

4. Difference between total amount 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, 2014	For the fiscal year ended March 31, 2015
Total reportable segment sales	272,727	282,200
Net sales from "Other"	4,806	4,784
Inter-segment transaction eliminations and other adjustments	(16,955)	(26,394)
Net sales recorded in the consolidated financial statements	260,578	260,590

Note: "Inter-segment transaction eliminations and other adjustments" for the consolidated fiscal year ended March 31, 2015 includes inter-segment dividend income.

(Million yen)

Income	For the fiscal year ended March 31, 2014	For the fiscal year ended March 31, 2015
Total reportable segment income	33,249	41,448
Segment income from "Other"	82	69
Inter-segment transaction eliminations and other adjustments	55	(7,765)
Operating income recorded in the consolidated financial statements	33,387	33,751

Note: "Inter-segment transaction eliminations and other adjustments" for the consolidated fiscal year ended March 31, 2015 includes inter-segment dividend income.

(Million yen)

Net assets	As of March 31, 2014	As of March 31, 2015
Total reportable segment assets	280,006	1,102,269
Net assets from "Other"	5,781	5,756
Inter-segment transaction eliminations and other adjustments	(17,513)	(354,868)
Total company assets (Note)	55,752	57,571
Net assets recorded in the consolidated financial statements	324,028	810,727

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	6,075	5,854	38	41	—	—	6,113	5,895
Increase in property, plant and equipment and intangible assets	5,908	348,981	71	61	—	—	5,980	349,042

(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., rental and other real estate, and notes to consolidated financial statements, these have been omitted as they are not considered to have a high necessity for disclosure.

(Business combinations, etc.)

(Company split associated with transformation into a holding company structure)

In accordance with a split plan approved at the Annual General Meeting of Shareholders held on June 27, 2014, the Company established “Nippon Paint Co., Ltd.” as a newly established succeeding company (wholly-owned subsidiary) on October 1, 2014 to transfer the Company’s overall paint business and non-paint business (including the surface treatment chemicals business), and changed the corporate name of Nippon Paint Co., Ltd. to “Nippon Paint Holdings Co., Ltd.,” transforming into a holding company structure.

#### 1. Objectives of company split

In the medium-term management plan for fiscal 2015 and beyond, “Survival Challenge Program: 3rd Stage,” the Company has set its objective “to catch up with the world’s leading coatings manufacturers.” Based on the actual results it achieved up to the 2nd Stage, the Company decided to change its management structure and aim at “portfolio management” which enables speedy and dynamic business operations and decision making according to the growth models of businesses or regions in order to grow substantially as a truly global player.

To implement the “portfolio management,” we believe that adequate management infrastructure and specific growth measures both have to function as two wheels.

By transforming into a holding company structure, a holding company can focus on group management, while it can substantially delegate its operational authority to business companies. As a result, we can expect optimized group management and enhanced independent business operations. The flexibility of the holding company structure should also make great contributions in executing M&A deals smoothly, which are dominant options as a growth measure.

#### 2. Overview of company split

##### (1) Schedule

Incorporation-Type Company Split Plan approved by the Board of Directors:	Thursday, May 22, 2014
Incorporation-Type Company Split Plan approved at the Annual General Meeting of Shareholders:	Friday, June 27, 2014
Date of split (effective date):	Wednesday, October 1, 2014

##### (2) Method

The incorporation-type company split whereby the Company, as a split company, newly established “Nippon Paint Co., Ltd.,” as a succeeding company.

##### (3) Details of allotment of shares related to the company split

The newly established company issued 2,000 common shares in the incorporation-type company split and allotted all of the shares to the Company.

##### (4) Handling of subscription rights to shares and bonds with subscription rights to shares following the company split

Not applicable as the Company does not issue either of them.

(5) Changes in capital stock resulting from the company split

There is no change in the Company's capital stock resulting from the incorporation-type company split.

(6) Rights and obligations transferred to the succeeding company

As set forth in the "Incorporation-Type Company Split Plan" dated May 22, 2014, the succeeding company took over assets, liabilities and other rights and obligations that the Company held in relation to the transferred businesses as of the effective date of the incorporation-type company split.

The Company has assumed cumulative taking of obligations transferred to the succeeding company.

(7) Capability for fulfillment of obligations

The Company and the succeeding company have sufficient assets to secure the fulfillment of obligations to be fulfilled on and after the effective date of the incorporation-type company split. Therefore, any obligation borne by the Company and the succeeding company should be duly fulfilled.

### 3. Outlines of companies involved in Split

		Split company (As of September 30, 2014)	Newly established (succeeding) company (Established on October 1, 2014)						
1)	Trade name	Nippon Paint Co., Ltd. (Changed trade name to “Nippon Paint Holdings Co., Ltd.” as of October 1, 2014)	Nippon Paint Co., Ltd.						
2)	Location	2-1-2 Oyodo Kita, Kita-ku, Osaka City, Osaka	Same as left						
3)	Name and title of representative	Kenji Sakai, Representative Director and President	Same as left						
4)	Business description	Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products	Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products						
5)	Capital	¥27,712 million	¥100 million						
6)	Foundation date	March 14, 1881	October 1, 2014						
7)	Shares outstanding	265,402,443 shares	2,000 shares						
8)	Account closing date	March 31	March 31						
9)	Major shareholders and shareholding ratios	<table border="1"> <tr> <td>Nipsea International Limited</td> <td>24.42%</td> </tr> <tr> <td>Natixis</td> <td>4.73%</td> </tr> <tr> <td>Nippon Life Insurance Company</td> <td>4.15%</td> </tr> </table>	Nipsea International Limited	24.42%	Natixis	4.73%	Nippon Life Insurance Company	4.15%	Nippon Paint Holdings Co., Ltd. 100%
Nipsea International Limited	24.42%								
Natixis	4.73%								
Nippon Life Insurance Company	4.15%								

(Note) Shareholding ratios are calculated excluding treasury shares (4,687,352 shares).

### 4. Outlines of transferred business divisions

#### (1) Description of businesses of transferred divisions

Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products

#### (2) Operating results of transferred divisions (fiscal year ended march 31, 2014)

(Million yen)

	Operating results of transferred business divisions (a)	Operating results of split company (b)	Ratio (a/b)
Net sales	130,266	130,266	100%

(3) Items and amounts of transferred assets and liabilities (As of September 30, 2014)  
(Million yen)

Assets		Liabilities	
Item	Book value	Item	Book value
Current assets	7,089	Current liabilities	39
Non-current assets	21,405	Non-current liabilities	1,659
Total	28,494	Total	1,699

5. Post-split status

		Split company (listed company)	Newly established (succeeding) company
1)	Trade name	Nippon Paint Holdings Co., Ltd.	Nippon Paint Co., Ltd.
2)	Location	2-1-2 Oyodo Kita, Kita-ku, Osaka City, Osaka	Same as left
3)	Name and title of representative	Kenji Sakai, Representative Director and President	Same as left
4)	Business description	Group strategies planning and group companies governance and management	Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products
5)	Capital	¥27,712 million	¥100 million
6)	Account closing date	March 31	March 31

6. Implemented accounting treatments

Treated as a transaction under common control in accordance with the “Accounting Standards for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

(Companies made into subsidiaries through acquisition)

Following the Company's meeting of the Board of Directors on February 3, 2014, the Company implemented on December 2, 2014 actions to become the majority owner through acquisition of eight joint-venture companies between the Company and Wuthelam Holdings Ltd. (hereinafter WUTHELAM) in China, Malaysia, and Singapore, and made a third-party allotment of shares to WUTHELAM's wholly-owned subsidiary Nipsea International Limited on December 5, 2014. Additionally, as of December 5, 2014, WUTHELAM's representative Goh Hup Jin was appointed as a Board Director of the Company.

Through this strengthened relationship, a framework where the Company's paint technology and WUTHELAM Group's (WUTHELAM, its representative Goh Hup Jin, WUTHELAM's subsidiaries, and

entities that are substantively controlled by WUTHELAM (hereinafter “WUTHELAM Group” as a whole)) knowledge of and sales network in Asia can be more mutually utilized by both companies will be maintained, and efforts will be made to further increase the corporate value of joint venture companies in the Asia region operated with WUTHELAM Group, deepen ties of cooperation with WUTHELAM Group, and increase corporate value of the Company as a result.

(1) Outline of Business Combination

1) Trade names and businesses of acquired firms

a. China Group

i. Nippon Paint (H.K.) Company Limited

Trade name	Nippon Paint (H.K.) Company Limited	
Business description	Sales of paint, presiding over activities in the China region	
Voting rights	Voting rights proportion held immediately prior to business combination	40.0%
	Additional voting rights proportion acquired on the day of business combination	11.0%
	Voting rights proportion after acquisition	51.0%

ii. Nippon Paint (China) Company Limited

Trade name	Nippon Paint (China) Company Limited	
Business description	Manufacture and sales of paint	
Voting rights	Voting rights proportion held immediately prior to business combination	40.0%
	Additional voting rights proportion acquired on the day of business combination	11.0%
	Voting rights proportion after acquisition	51.0%

iii. Guangzhou Nippon Paint Co., Ltd.

Trade name	Guangzhou Nippon Paint Co., Ltd.	
Business description	Manufacture and sales of paint	
Voting rights	Voting rights proportion held immediately prior to business combination	40.0%
	Additional voting rights proportion acquired on the day of business combination	11.0%
	Voting rights proportion after acquisition	51.0%

iv. Nippon Paint (Chengdu) Co., Ltd.

Trade name	Nippon Paint (Chengdu) Co., Ltd.	
Business description	Manufacture and sales of paint	
Voting rights	Voting rights proportion held immediately prior to business combination	40.0%
	Additional voting rights proportion acquired on the day of business combination	11.0%
	Voting rights proportion after acquisition	51.0%

b. Malaysia Group

i. Nippon Paint (M) Sdn. Bhd.

Trade name	Nippon Paint (M) Sdn. Bhd.	
Business description	Manufacturing and sales of paint	
Voting rights	Voting rights proportion held immediately prior to business combination	25.0%
	Additional voting rights proportion acquired on the day of business combination	26.0%
	Voting rights proportion after acquisition	51.0%

ii. Paint Marketing Co. (M) Sdn. Bhd.

Trade name	Paint Marketing Co. (M) Sdn. Bhd.	
Business description	Sales of paint	
Voting rights	Voting rights proportion held immediately prior to business combination	25.0%
	Additional voting rights proportion acquired on the day of business combination	26.0%
	Voting rights proportion after acquisition	51.0%

c. Singapore Group

i. Nippon Paint (Singapore) Company Private Limited

Trade name	Nippon Paint (Singapore) Company Private Limited	
Business description	Manufacturing and sales of paint	
Voting rights	Voting rights proportion held immediately prior to business combination	40.0%
	Additional voting rights proportion acquired on the day of business combination	11.0%
	Voting rights proportion after acquisition	51.0%

ii. Nipsea Technologies Pte. Ltd.

Trade name	Nipsea Technologies Pte. Ltd.	
Business description	Research and development of paint	
Voting rights	Voting rights proportion held immediately prior to business combination	50.0%
	Additional voting rights proportion acquired on the day of business combination	1.0%
	Voting rights proportion after acquisition	51.0%

2) Primary reason for business combination

In order to further increase the corporate value of joint venture companies in the Asia region operated by the Company and WUTHELAM Group, deepen ties of cooperation with WUTHELAM Group, and increase corporate value of the Company as a result, the Company will attempt to expand and implement strategies meant to expand its business, optimize its operations, and develop new markets as it uses its paint technology together with WUTHELAM Group's knowledge and sales network in Asia with the goal of becoming a top global manufacturer in the paint industry.

3) Date of business combination

December 2, 2014

4) Legal form of business combination

Acquisition of interest

5) Corporate trade name after business combination

No changes.

6) Voting rights proportion acquired

Please refer to the above “1) Trade names and businesses of acquired firms.”

7) Primary basis for deciding upon corporate acquisition

The Company acquired an interest in exchange for cash.

(2) Period of acquired corporation's performance included in consolidated financial statement

As the date of acquisition was considered to be December 31, 2014, the consolidated statement of income related to this consolidated fiscal year does not include the performance of related acquired corporations.

(3) Acquisition cost and itemization of acquired corporation

Compensation paid for acquisition

Market value of shares of acquired corporation held on the day of business combination immediately prior to business combination ¥192,052 million

Market value of additional shares acquired on the day of business combination of acquired corporation on date of business combination ¥103,300 million

Costs directly required for acquisition ¥1,188 million

Acquisition cost ¥296,540 million

a. China Group

Acquired corporation	Compensation paid for acquisition		Costs directly required for acquisition	Acquisition cost of acquired corporation (millions of yen)
	Market value of shares of acquired corporation held on the day of business combination immediately prior to business combination (millions of yen)	Market value of additional shares acquired on the day of business combination of acquired corporation on the day of business combination (millions of yen)	Advisory and other costs (millions of yen)	
Nippon Paint (H.K.) Company Limited	152,628	77,000	885	230,514
Nippon Paint (China) Company Limited	7,354	3,700	42	11,096
Guangzhou Nippon Paint Co., Ltd.	8,800	4,400	50	13,251
Nippon Paint (Chengdu) Co., Ltd.	4,701	2,400	27	7,129
Total	173,485	87,500	1,006	261,992

b. Malaysia Group

Acquired corporation	Compensation paid for acquisition		Costs directly required for acquisition	Acquisition cost of acquired corporation (millions of yen)
	Market value of shares of acquired corporation held on the day of business combination immediately prior to business combination (millions of yen)	Market value of additional shares acquired on the day of business combination of acquired corporation on the day of business combination (millions of yen)	Advisory and other costs (millions of yen)	
Nippon Paint (M) Sdn. Bhd.	8,559	10,200	117	18,877
Paint Marketing Co. (M) Sdn. Bhd.	2,531	3,000	34	5,566
Total	11,091	13,200	151	24,443

c. Singapore Group

Acquired corporation	Compensation paid for acquisition		Costs directly required for acquisition	Acquisition cost of acquired corporation (millions of yen)
	Market value of shares of acquired corporation held on the day of business combination immediately prior to business combination (millions of yen)	Market value of additional shares acquired on the day of business combination of acquired corporation on the day of business combination (millions of yen)	Advisory and other costs (millions of yen)	
Nippon Paint (Singapore) Company Private Limited	6,842	2,586	29	9,458
Nipsea Technologies Pte. Ltd.	632	14	0	646
Total	7,474	2,600	29	10,104

(4) Difference between acquisition cost of acquired company and total amount of the costs of the transactions leading to the acquisition:

	Acquisition cost of acquired corporation (millions of yen)	Total amount of the costs of the transactions leading to the acquisition (millions of yen)	Difference (gains as a result of step acquisitions) (millions of yen)
China Group	261,992	123,780	138,211
Malaysia Group	24,443	17,842	6,600
Singapore Group	10,104	6,116	3,988
Total	296,540	147,739	148,800

(5) Amount of goodwill that occurred, cause for occurrence, amortization method, and amortization period

1) Amount of goodwill that occurred

¥190,442 million

	Amount of goodwill that occurred (millions of yen)
China Group	171,369
Malaysia Group	13,912
Singapore Group	5,160
Total	190,442

2) Cause for occurrence

Primarily due to excess earning power expected as a result of future business developments.

3) Amortization method and amortization period

Straight-line basis over 20 years

(6) Amounts of assets and liabilities received on the day of business combination and itemization of major items

Current assets	¥173,121 million
Non-current assets	¥339,118 million
<b>Total assets</b>	<b>¥512,239 million</b>
Current liabilities	¥86,004 million
Non-current liabilities	¥27,055 million
<b>Total liabilities</b>	<b>¥113,059 million</b>

(7) Amount of money distributed to non-goodwill intangible assets and major items by category as well as total and weighted average by major category amortization period

Category	Amount	Weighted average Amortization period
Trademark right	¥54,017 million	20 years
Customer relationship	¥25,363 million	20 years
Technology	¥11,091 million	10 years
Land-use rights	¥5,982 million	35 years
<b>Total</b>	<b>¥96,453 million</b>	<b>18 years</b>

(8) Approximate amount and method of calculation of effect on current fiscal year's consolidated statement of income assuming that business combination was completed on the first day of the current fiscal year.

Net sales	¥236,526 million
Operating income	¥23,188 million
Ordinary income	¥26,372 million
Income before taxes and minority interests	¥25,351 million
Net income	¥22,047 million
Net income per share	¥78.97

(Method of calculation of approximation)

The approximate amount of the effects are equal to the difference between net sales as well as profit and loss information calculated assuming that the business combination was completed on the first day of the fiscal year and net sales as well as profit and loss information in the consolidated statement of income of the acquired corporation.

Also, amortization expenses of goodwill and intangible assets (¥15.0 billion) are calculated as selling and administrative expenses

Additionally, the applicable notes have not been certified by an audit.

(Additional subsidiary stock acquired)

(1) Outline of Business Combination

1) Trade names and businesses of acquired firms

Trade name	Nippon Fine Coatings., Inc.	
Business description	Manufacturing, sales, and research and development of paints for metal plates	
Voting rights	Voting rights proportion held immediately prior to business combination	60.0%
	Additional voting rights proportion acquired on day of business combination	40.0%
	Voting rights proportion after acquisition	100.0%

2) Primary reason for business combination

Regarding the future image of Nippon Fine Coatings., Inc., which deals in paints for metal plates, the Company and the jointly-founding financier DIC Corporation reached the conclusion after repeated sincere discussions and searching for the best course of action that the best option for Nippon Fine Coatings., Inc. was to become a wholly owned subsidiary company of the Company in order to continuously expand the acquired corporation's business.

3) Date of business combination

December 26, 2014

4) Legal form of business combination

Acquisition of interest

5) Corporate trade name after business combination

No changes.

6) Voting rights proportion acquired

Please refer to the above "1) Trade names and businesses of acquired firms."

7) Primary basis for deciding upon corporate acquisition

The Company acquired an interest in exchange for cash.

(2) Outline of accounting process implemented

Of common control transactions, transactions with minority shareholders are processed based on "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan Statement No. 21, December 26, 2008) and "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestures" (Accounting Standards Board of Japan Guidance No. 10, December 26, 2008).

(3) Acquisition cost and itemization of acquired corporation

Compensation paid for acquisition	¥5,772 million
Costs directly required for acquisition	¥2 million
Acquisition cost	¥5,774 million

(4) Amount of goodwill that occurred, cause for occurrence, amortization method, and amortization period

1) Amount of goodwill incurred

¥4,164 million

2) Cause for occurrence

Primarily due to excess earning power expected as a result of future business developments.

3) Amortization method and amortization period

Straight-line basis over ten years

(Information on per share)

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 To March 31, 2015)
Net assets per share	¥746.25	¥1,496.16
Net income per share	¥122.47	¥650.04

(Notes) 1: Diluted net income per share is not listed as latent shares such as bonds with subscription rights to shares do not exist.

2: The basis of calculations of earnings per share are as below.

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 To March 31, 2015)
Net income per share		
Net income (million yen)	32,156	181,477
Profit (loss) attributable to common stock (millions of yen)	32,156	181,477
Average number of shares during the period (thousands of shares)	262,560	279,177

3: As stated in "Changes in Accounting Policies," the Accounting Standards for Retirement Benefits was adopted, and the transitional approach as established in Paragraph 37 of the Accounting Standards for Retirement Benefits.

As a result, net assets per share during this fiscal year decreased by ¥4.05, while income per share increased by ¥0.27.

(Significant subsequent events)

(Relating to business combinations, etc.)

At the Company's meeting of the Board of Directors on December 19, 2014, a reorganization was resolved, and a reorganization was implemented as of April 1, 2015.

1. Goals of this reorganization

The Company made as a goal to be counted among the world's top paint manufacturers, and conducted an incorporation-type company split effective October 1, 2014, transitioning to a holding company structure that makes possible optimal group management and independent business operations. A reorganization was implemented in order to use this this management infrastructure and accelerate business operations suited for growth models that differ depending on region and business.

2. Trade names of reorganized corporations, details of their businesses, legal form of reorganization, trade names of corporations after reorganization, and outline of transactions including goal of transactions

1) Reorganization of automotive paint business

(1) Trade names and details of businesses of involved firms

Involved firms	Business description
Nippon Paint Co., Ltd. (Automotive coatings business)	Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products
Daiwa Paint Trading Co., Ltd.	Sales of automotive coatings, coating equipment and devices, metal surface treatment chemicals, metal surface treatment equipment, etc.
Nippon Bee Chemical Co., Ltd.	Manufacturing and sales of paints for plastics; manufacturing and sales of chemical products; and all operations contingent to or related to these

(2) Legal form of business combination

Through an absorption-type split, Nippon Paint Co., Ltd.'s (hereinafter "NPC") automotive paint business (Including shares of Daiwa Paint Trading Co., Ltd. (hereinafter "Daiwa")), was succeeded by Nippon Bee Chemical Co., Ltd (hereinafter NBC).

Additionally, Daiwa's business not related to the equipment business was continued by NBC through an absorption-type split.

Also, Daiwa will change its trade name to "NPA Engineering and Maintenance Co., Ltd." and continue its equipment business.

(3) Corporate trade name after business combination

Nippon Paint Automotive Coatings Co., Ltd.

(4) Outline of transactions including goal of transactions

In order to achieve needed further global advances in the automotive paint market, the Company aims to gain strength through structure maintenance while increasing efficiency and competitive power through consolidated management.

2) Reorganization of Surface Business

(1) Trade names and details of businesses of involved firms

Involved firms	Business description
Nippon Paint Co., Ltd. (Surface treatment business)	Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products
Nippon Paint Industrial Coating Co., Ltd.	Sales of industrial paint, undertaking of paint equipment installation, and design supervision

(\*) The industrial paint and surface businesses of Nippon Paint Industrial Coating Co., Ltd. (hereinafter "NPIC") were separately integrated.

(2) Legal form of business combination

NPC and NPIC were succeeded by the newly formed Nippon Paint Surf Chemicals Co., Ltd., formed by a joint incorporation-type split of their surface businesses.

Additionally, upon this joint incorporation-type split, Nippon Paint Surf Chemicals Co., Ltd. issued ordinary shares allotted and issued to NPC and NPIC on April 1, the effective date of the joint incorporation-type split. Also, on the same day, NPC and NPIC delivered these shares to the Company as a dividend.

(3) Corporate trade name after business combination

Nippon Paint Surf Chemicals Co., Ltd.

(4) Outline of transactions including goal of transactions

In order to achieve needed further global advances in the surface treatment chemicals market, the Company aims to gain strength through structure maintenance while increasing efficiency and competitive power through consolidated management.

3) Reorganization of industrial paint business

(1) Trade names and details of businesses of involved firms

Involved firms	Business description
Nippon Paint Co., Ltd. (Industrial coatings business)	Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products
Nippon Fine Coatings, Inc.	Manufacturing, sales, and research and development of paints for metal plates
Nippon Paint Industrial Coating Co., Ltd.	Sales of industrial-use coatings; contract, design and supervision of coating equipment construction works

(\*) The industrial paint and surface businesses of Nippon Paint Industrial Coating Co., Ltd. (hereinafter “NPIC”) were separately integrated.

(2) Legal form of business combination

NPC's industrial paint business was succeeded by NPIC through an absorption-type split.

Also, NPIC and Nippon Fine Coatings (hereinafter NFC) were integrated by way of absorption-type merger.

Additionally, the name of the remaining company after the merger was changed to Nippon Paint Industrial Coatings Co., Ltd.

(3) Corporate trade name after business combination

Nippon Paint Industrial Coatings Co., Ltd.

(4) Outline of transactions including goal of transactions

In order to achieve needed further global advances in the industrial paint market, the Company aims to gain strength through structure maintenance while increasing efficiency and competitive power through consolidated management.

#### 4) Reorganization of trade-use paint business

##### (1) Trade names and details of businesses of involved firms

Involved firms	Business description
Nippon Paint Co., Ltd. (Trade-use paints business)	Manufacturing and sales of all types of paints (for automobiles, constructions, structures, vessels, metal materials, electrical equipment, industrial machinery, roadways, households, etc.); and manufacturing and sales of surface treatment chemicals, electronic component materials and chemical products
Nippon Paint Hanbai Co., Ltd.	Manufacturing and sales of trade-use paints and related products

##### (2) Legal form of business combination

Nippon Paint Hanbai Co., Ltd. and NPC were integrated by way of absorption-type merger. Additionally, the name of the remaining company after the merger was changed to Nippon Paint Co., Ltd.

##### (3) Corporate trade name after business combination

Nippon Paint Co., Ltd.

##### (4) Outline of transactions including goal of transactions

In order to achieve needed further global advances in the trade-use paint market, the Company aims to gain strength through structure maintenance while increasing efficiency and competitive power through consolidated management.

#### 3. Implemented accounting treatments

Treated as a transaction under common control in accordance with the “Accounting Standards for Business Combinations” (ASBJ Statement No. 21, December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, December 26, 2008).

6. Other

(1) State of Sales Performance

(Unit: Million yen)

	Previous consolidated fiscal year (From April 1, 2013 To March 31, 2014)	Current consolidated fiscal year (From April 1, 2014 To March 31, 2015)	Compared with previous fiscal year (%)
Paint business	245,942	245,093	(0.3)
Automotive paint	92,512	93,354	0.9
Trade-use paint	50,058	45,787	(8.5)
Industrial paint	47,562	46,446	(2.3)
Other paint	55,810	59,504	6.6
Fine chemical business	14,636	15,496	5.9
Total	260,578	260,590	0.0

(Note) Amounts do not include consumption tax, etc.