

Consolidated Financial Results

For the First Quarter of the Fiscal Year Ending March 31, 2017 (Japanese GAAP)



August 5, 2016
Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
 Code number : 5991
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Filing date of quarterly securities report : August 8, 2016
 Payment date of cash dividends : -
 Supplemental materials prepared for financial results : No
 Earnings announcement for financial results : No

(Amounts less than one million yen are rounded down)

1. Consolidated Results for the First Quarter of Fiscal Year 2017 (April 1, 2016 through June 30, 2016)

(1) Consolidated Financial Results (Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary Income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY2017 1st quarter	150,538	(4.0)	8,462	3.3	6,040	(38.5)	4,672	(30.5)
FY2016 1st quarter	156,777	10.1	8,192	0.8	9,816	17.2	6,725	2.9

Note: Comprehensive income : FY2017 1st quarter (1,509) million yen (- %) FY2016 1st quarter 9,853 million yen (49.2 %)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2017 1st quarter	19.24	19.06
FY2016 1st quarter	27.69	27.43

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
FY2017 1st quarter	504,334	265,320	50.2
FY2016	509,810	269,837	50.5

Reference: Shareholders' equity (Net assets excluding non-controlling interests and subscription right to shares)
 : FY2017 1st quarter 253,283 million yen FY2016 257,243 million yen

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2016	—	11.00	—	11.00	22.00
FY2017	—				
FY2017 (Forecast)		11.00	—	11.00	22.00

Note: Revisions to the forecast of dividends since the latest announcement: No

3. Forecast of Consolidated Results for Fiscal Year 2017 (April 1, 2016 through March 31, 2017)

(Percentage indicates change from the same period of the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share, basic
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	300,000	(3.6)	14,000	(9.9)	13,500	(21.0)	9,000	(20.4)	37.05
Full year	621,000	(3.0)	33,000	(5.8)	34,000	(5.8)	22,000	1.9	90.58

Note: Revisions to the forecast of consolidated results since the latest announcement: No

4. Others

- (1) Changes of significant subsidiaries in the first quarter of fiscal year 2017 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : No
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : Yes
 - [2] Changes due to other reasons : No
 - [3] Changes of estimation due to accounting issues : No
 - [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares	As of June 30, 2016	244,066,144 shares	As of March 31, 2016	244,066,144 shares
[2] Number of treasury stock	As of June 30, 2016	1,175,090 shares	As of March 31, 2016	1,174,884 shares
[3] Average number of shares	1st quarter of FY2017	242,891,163 shares	1st quarter of FY2016	242,892,809 shares

* The status of the implementation of the first quarterly review

This first quarterly review is completed on the basis of the Financial Instruments and Exchange Act on the date for the release of this quarterly report.

In addition, this quarterly report is exempt from audit procedure upon of the Financial Instruments and Exchange Act.

* Explanation about appropriate use of the financial results forecasts, and other noteworthy matters

Statements related to the future, including the forecast of financial results, were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2016 (As of 31 March, 2016)	FY2017 (As of 30 June, 2016)
Assets		
Current assets		
Cash and deposits	72,553	73,356
Notes and accounts receivable - trade	133,422	126,425
Merchandise and finished goods	16,787	16,547
Work in process	7,554	8,556
Raw materials and supplies	14,336	12,987
Partly-finished goods	4,608	4,680
Deferred tax assets	5,135	6,022
Other	22,570	20,340
Allowance for doubtful accounts	(133)	(153)
Total current assets	276,834	268,762
Non-current assets		
Property, plant and equipment		
Buildings and structures	134,343	133,090
Accumulated depreciation	(86,222)	(86,113)
Buildings and structures, net	48,121	46,977
Machinery, equipment and vehicles	223,282	219,820
Accumulated depreciation	(177,281)	(175,310)
Machinery, equipment and vehicles, net	46,000	44,510
Land	31,483	31,095
Leased assets	1,212	1,284
Accumulated depreciation	(718)	(727)
Leased assets, net	494	556
Construction in progress	12,026	10,715
Other	62,578	63,631
Accumulated depreciation	(55,068)	(55,539)
Other, net	7,510	8,092
Total property, plant and equipment	145,636	141,948
Intangible assets	4,307	3,980
Investments and other assets		
Investment securities	61,031	58,520
Long-term loans receivable	8,830	10,331
Deferred tax assets	5,438	4,068
Net defined benefit asset	—	6,818
Other	8,472	10,628
Allowance for doubtful accounts	(740)	(723)
Total investments and other assets	83,032	89,643
Total non-current assets	232,976	235,572
Total assets	509,810	504,334

(Unit: Millions of yen)

	FY2016 (As of 31 March, 2016)	FY2017 (As of 30 June, 2016)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	81,660	72,784
Electronically recorded obligations - operating	29,561	32,695
Short-term loans payable	9,145	6,287
Income taxes payable	3,310	2,472
Deferred tax liabilities	576	563
Provision for directors' bonuses	267	114
Notes payable - facilities	2,320	3,061
Other	47,563	57,641
Total current liabilities	174,407	175,620
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	11,268	10,291
Long-term loans payable	16,917	15,951
Lease obligations	481	535
Deferred tax liabilities	7,968	7,464
Net defined benefit liability	24,216	20,480
Provision for directors' retirement benefits	571	536
Provision for officers' retirement benefits	644	680
Other	3,498	7,454
Total non-current liabilities	65,565	63,393
Total liabilities	239,972	239,014
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,404	19,579
Retained earnings	196,477	198,478
Treasury stock	(801)	(801)
Total shareholders' equity	232,090	234,265
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,513	20,878
Foreign currency translation adjustment	9,442	3,113
Remeasurements of defined benefit plans	(5,803)	(4,973)
Total accumulated other comprehensive income	25,152	19,017
Non-controlling interests	12,594	12,036
Total net assets	269,837	265,320
Total liabilities and net assets	509,810	504,334

(2) Quarterly Consolidated Statement of (Comprehensive) Income
(Quarterly Consolidated Statements of Income)
(Three Month Ended June 30, 2016)

(Unit: Millions of yen)

	FY2016 (3 months ended June 30, 2015)	FY2017 (3 months ended June 30, 2016)
Net sales	156,777	150,538
Cost of sales	137,505	131,060
Gross profit	19,271	19,478
Selling, general and administrative expenses	11,079	11,015
Operating income	8,192	8,462
Non-operating income		
Interest income	298	257
Dividend income	586	575
Foreign exchange gains	450	—
Other	638	325
Total non-operating income	1,973	1,157
Non-operating expenses		
Interest expenses	122	46
Foreign exchange losses	—	3,302
Other	226	231
Total non-operating expenses	349	3,580
Ordinary income	9,816	6,040
Extraordinary income		
Gain on revision of retirement benefit plan	—	1,064
Total extraordinary income	—	1,064
Extraordinary losses		
Loss on valuation of investment securities	—	364
Total extraordinary losses	—	364
Profit before income taxes	9,816	6,740
income taxes	2,688	1,708
Profit	7,127	5,032
Profit attributable to non-controlling interests	401	359
Profit attributable to owners of parent	6,725	4,672

(Quarterly Consolidated Statements of Comprehensive Income)
(Three Months Ended June 30, 2016)

	(Unit: Millions of yen)	
	FY2016 (3 months ended June 30, 2015)	FY2017 (3 months ended June 30, 2016)
Profit	7,127	5,032
Other comprehensive income		
Valuation difference on available-for-sale securities	3,384	(646)
Foreign currency translation adjustment	828	(6,370)
Remeasurements of defined benefit plans, net of tax	(932)	831
Share of other comprehensive income of entities accounted for using equity method	(555)	(357)
Total other comprehensive income	2,725	(6,542)
Comprehensive income	9,853	(1,509)
Comprehensive income attributable to:		
Owners of parent	9,485	(1,462)
Non-controlling interests	367	(47)