

Consolidated Financial Results
For the Fiscal Year Ended March 31, 2016
(Japanese GAAP)



May 12, 2016
Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
Code number : 5991
URL : http://www.nhkspg.co.jp/
Representative : Kazumi Tamamura, President & Chief Executive Officer, Representative Member of the Board
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Date of the annual general shareholder's meeting : June 28, 2016
Payment date of cash dividends : June 29, 2016
Filing date of financial statements : June 29, 2016
Supplemental materials prepared for financial results : Yes
Earnings announcement for financial results : Yes (Intended for media and securities analysts)

(Amounts less than one million yen are rounded down)

1. Consolidated Results for Fiscal Year 2016 (April 1, 2015 through March 31, 2016)

(1) Consolidated Financial Results

(Percentage indicates change from 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 | % |
| FY2016 | 640,516 | 6.5 | 35,041 | 7.2 | 36,111 | (7.6) | 21,592 | (9.6) |
| FY2015 | 601,434 | 5.6 | 32,702 | (12.7) | 39,075 | (5.7) | 23,873 | (3.3) |

Note: Comprehensive income : FY2016 569 million yen (99.0 %) FY2015 54,625 million yen (40.4 %)

| | Net income per share, Basic | Net income per share, Diluted | Return on equity | Ratio of ordinary income to total assets | Ratio of operating income to sales |
|--------|-----------------------------|-------------------------------|------------------|--|------------------------------------|
| | Yen | Yen | % | % | % |
| FY2016 | 88.90 | 85.66 | 8.3 | 6.9 | 5.5 |
| FY2015 | 98.29 | 96.39 | 9.9 | 7.9 | 5.4 |

Reference: Equity income from affiliates : FY2016 21 million yen FY2015 235 million yen

(2) Consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity to total assets | Net assets per share |
|--------|-----------------|-----------------|--------------------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY2016 | 509,810 | 269,837 | 50.5 | 1,059.09 |
| FY2015 | 529,899 | 274,893 | 49.6 | 1,081.36 |

Reference: Shareholders' equity (Net assets excluding non-controlling interests and subscription right to shares)
: FY2016 257,243 million yen FY2015 262,654 million yen

(3) Consolidated Cash Flows

| | Net cash provided by operating activities | Net cash provided by investing activities | Net cash provided by financing activities | Cash & cash equivalents at end of period |
|--------|---|---|---|--|
| | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| FY2016 | 42,674 | (35,127) | (13,672) | 72,238 |
| FY2015 | 44,853 | (24,433) | (5,264) | 83,439 |

2. Dividends

| | Cash dividends per share | | | | | Amount of dividends paid (Annual) | Dividend payout ratio (consolidated) | Ratio of dividends to net assets (consolidated) |
|-------------------|--------------------------|-------------|-------------|----------|-----------|-----------------------------------|--------------------------------------|---|
| | 1st Quarter | 2nd Quarter | 3rd Quarter | Year-end | Full year | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| FY2015 | — | 10.00 | — | 10.00 | 20.00 | 4,857 | 20.3 | 2.0 |
| FY2016 | — | 11.00 | — | 11.00 | 22.00 | 5,343 | 24.7 | 2.1 |
| FY2017 (Forecast) | — | 11.00 | — | 11.00 | 22.00 | | 24.3 | |

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

(Percentage indicates change from the previous fiscal year / period)

| | Net sales | | Operating income | | Ordinary income | | Profit 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 |

4. Others

(1) Changes of significant subsidiaries in fiscal year 2016 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)

(2) 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

(3) Number of outstanding shares (Common Stock)

| | | | | |
|----------------------------------|----------------------|--------------------|----------------------|--------------------|
| [1] Number of outstanding shares | As of March 31, 2016 | 244,066,144 shares | As of March 31, 2015 | 244,066,144 shares |
| [2] Number of treasury stock | As of March 31, 2016 | 1,174,884 shares | As of March 31, 2015 | 1,173,013 shares |
| [3] Average number of shares | FY2016 | 242,892,223 shares | FY2015 | 242,894,286 shares |

(Reference) Non-consolidated Financial Results Highlights (April 1, 2015 through March 31, 2016)

(1) Non-consolidated Financial Results (Percentage indicates change from the previous fiscal year)

| | Net Sales | | Operating income | | Ordinary income | | Net income | |
|--------|-----------------|-----|------------------|-------|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| FY2016 | 271,715 | 1.9 | 15,324 | (6.4) | 20,556 | (30.0) | 13,106 | (39.4) |
| FY2015 | 266,650 | 6.7 | 16,371 | 18.9 | 29,373 | 22.0 | 21,632 | 14.8 |

| | Net income per share, Basic | Net income per share, Diluted |
|--------|-----------------------------|-------------------------------|
| | Yen | Yen |
| FY2016 | 53.96 | 52.00 |
| FY2015 | 89.06 | 87.35 |

(2) Non-consolidated Financial Position

| | Total assets | Net assets | Shareholders' equity to total assets | Net assets per share |
|--------|-----------------|-----------------|--------------------------------------|----------------------|
| | Millions of yen | Millions of yen | % | Yen |
| FY2016 | 329,194 | 160,686 | 48.8 | 661.56 |
| FY2015 | 336,906 | 157,774 | 46.8 | 649.56 |

Reference: Shareholders' equity : FY2016 160,686 million yen FY2015 157,774 million yen

* The status of the implementation of the annual audit

This earnings report is exempt from audit procedure based upon of the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

* 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.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Unit: Millions of yen)

| | FY2015 (As of 31 March, 2015) | FY2016 (As of 31 March, 2016) |
|--|----------------------------------|----------------------------------|
| Assets | | |
| Current assets | | |
| Cash and deposits | 83,701 | 72,553 |
| Notes and accounts receivable - trade | 135,432 | 133,422 |
| Merchandise and finished goods | 16,546 | 16,787 |
| Work in process | 9,423 | 7,554 |
| Raw materials and supplies | 13,440 | 14,336 |
| Partly-finished goods | 4,239 | 4,608 |
| Deferred tax assets | 4,974 | 5,135 |
| Other | 20,886 | 22,570 |
| Allowance for doubtful accounts | (28) | (133) |
| Total current assets | 288,616 | 276,834 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 134,066 | 134,343 |
| Accumulated depreciation | (84,592) | (86,222) |
| Buildings and structures, net | 49,473 | 48,121 |
| Machinery, equipment and vehicles | 222,488 | 223,282 |
| Accumulated depreciation | (175,613) | (177,281) |
| Machinery, equipment and vehicles, net | 46,874 | 46,000 |
| Land | 31,751 | 31,483 |
| Leased assets | 2,064 | 1,212 |
| Accumulated depreciation | (1,260) | (718) |
| Leased assets, net | 803 | 494 |
| Construction in progress | 10,138 | 12,026 |
| Other | 61,055 | 62,578 |
| Accumulated depreciation | (52,811) | (55,068) |
| Other, net | 8,244 | 7,510 |
| Total property, plant and equipment | 147,287 | 145,636 |
| Intangible assets | 5,017 | 4,307 |
| Investments and other assets | | |
| Investment securities | 71,821 | 61,031 |
| Long-term loans receivable | 3,947 | 8,830 |
| Deferred tax assets | 4,763 | 5,438 |
| Other | 9,009 | 8,472 |
| Allowance for doubtful accounts | (563) | (740) |
| Total investments and other assets | 88,978 | 83,032 |
| Total non-current assets | 241,282 | 232,976 |
| Total assets | 529,899 | 509,810 |

(Unit: Millions of yen)

| | FY2015 (As of 31 March, 2015) | FY2016 (As of 31 March, 2016) |
|--|----------------------------------|----------------------------------|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 87,626 | 81,660 |
| Electronically recorded obligations - operating | 30,229 | 29,561 |
| Short-term loans payable | 9,062 | 9,145 |
| Income taxes payable | 5,862 | 3,310 |
| Deferred tax liabilities | 621 | 576 |
| Provision for directors' bonuses | 301 | 267 |
| Notes payable - facilities | 2,361 | 2,320 |
| Other | 48,317 | 47,563 |
| Total current liabilities | 184,381 | 174,407 |
| Non-current liabilities | | |
| Bonds payable | 10,000 | — |
| Convertible bond-type bonds with subscription rights to shares | 12,017 | 11,268 |
| Long-term loans payable | 15,439 | 16,917 |
| Lease obligations | 750 | 481 |
| Deferred tax liabilities | 13,067 | 7,968 |
| Net defined benefit liability | 15,233 | 24,216 |
| Provision for directors' retirement benefits | 643 | 571 |
| Provision for officers' retirement benefits | 679 | 644 |
| Other | 2,794 | 3,498 |
| Total non-current liabilities | 70,624 | 65,565 |
| Total liabilities | 255,006 | 239,972 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 17,009 | 17,009 |
| Capital surplus | 19,308 | 19,404 |
| Retained earnings | 179,985 | 196,477 |
| Treasury stock | (798) | (801) |
| Total shareholders' equity | 215,505 | 232,090 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 27,247 | 21,513 |
| Foreign currency translation adjustment | 19,063 | 9,442 |
| Remeasurements of defined benefit plans | 838 | (5,803) |
| Total accumulated other comprehensive income | 47,149 | 25,152 |
| Non-controlling interests | 12,238 | 12,594 |
| Total net assets | 274,893 | 269,837 |
| Total liabilities and net assets | 529,899 | 509,810 |

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

(Unit: Millions of yen)

| | FY2015 (For the year ended March 31, 2015) | FY2016 (For the year ended March 31, 2016) |
|---|--|--|
| Net sales | 601,434 | 640,516 |
| Cost of sales | 526,436 | 561,668 |
| Gross profit | 74,997 | 78,848 |
| Selling, general and administrative expenses | 42,295 | 43,806 |
| Operating income | 32,702 | 35,041 |
| Non-operating income | | |
| Interest income | 1,007 | 1,078 |
| Dividend income | 980 | 1,270 |
| Share of profit of entities accounted for using equity method | 235 | 21 |
| Real estate rent | 616 | 589 |
| Foreign exchange gains | 4,328 | — |
| Other | 1,539 | 2,341 |
| Total non-operating income | 8,708 | 5,301 |
| Non-operating expenses | | |
| Interest expenses | 398 | 299 |
| Foreign exchange losses | — | 2,113 |
| Other | 1,937 | 1,818 |
| Total non-operating expenses | 2,335 | 4,230 |
| Ordinary income | 39,075 | 36,111 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 153 | — |
| Total extraordinary income | 153 | — |
| Extraordinary losses | | |
| Loss on sales of non-current assets | — | 110 |
| Impairment loss | 601 | 392 |
| Loss on valuation of investment securities | — | 657 |
| Loss on valuation of shares of subsidiaries and associates | — | 538 |
| Loss on valuation of investments in capital of subsidiaries and associates | — | 841 |
| Loss of plant closure | 1,436 | — |
| Total extraordinary losses | 2,037 | 2,539 |
| Profit before income taxes | 37,191 | 33,571 |
| Income taxes - current | 11,857 | 10,813 |
| Income taxes - deferred | (99) | (555) |
| Total income taxes | 11,758 | 10,257 |
| Profit | 25,432 | 23,314 |
| Profit attributable to non-controlling interests | 1,559 | 1,721 |
| Profit attributable to owners of parent | 23,873 | 21,592 |

(Consolidated Statements of Comprehensive Income)

| | (Unit: Millions of yen) | |
|---|--|--|
| | FY2015 (For the year ended March 31, 2015) | FY2016 (For the year ended March 31, 2016) |
| Profit | 25,432 | 23,314 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 10,529 | (5,766) |
| Foreign currency translation adjustment | 14,648 | (9,025) |
| Remeasurements of defined benefit plans, net of tax | 3,556 | (6,750) |
| Share of other comprehensive income of entities accounted for using equity method | 457 | (1,200) |
| Total other comprehensive income | 29,192 | (22,744) |
| Comprehensive income | 54,625 | 569 |
| Comprehensive income attributable to: | | |
| owners of parent | 51,918 | (404) |
| non-controlling interests | 2,707 | 973 |

(3) Consolidated Statement of Changes in Net Assets
FY2015 (April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 17,009 | 19,308 | 163,920 | (796) | 199,441 |
| Cumulative effects of changes in accounting policies | | | (3,137) | | (3,137) |
| Restated balance | 17,009 | 19,308 | 160,782 | (796) | 196,303 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (4,857) | | (4,857) |
| Profit attributable to owners of parent | | | 23,873 | | 23,873 |
| Change of scope of consolidation | | | 188 | | 188 |
| Purchase of treasury stock | | | | (2) | (2) |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | — | | | — |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | 0 | 19,203 | (1) | 19,201 |
| Balance at end of current period | 17,009 | 19,308 | 179,985 | (798) | 215,505 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 16,740 | 4,782 | (2,695) | 18,828 | 11,770 | 230,040 |
| Cumulative effects of changes in accounting policies | | | | | | (3,137) |
| Restated balance | 16,740 | 4,782 | (2,695) | 18,828 | 11,770 | 226,902 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (4,857) |
| Profit attributable to owners of parent | | | | | | 23,873 |
| Change of scope of consolidation | | | | | | 188 |
| Purchase of treasury stock | | | | | | (2) |
| Disposal of treasury stock | | | | | | 0 |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | | — |
| Net changes of items other than shareholders' equity | 10,506 | 14,280 | 3,533 | 28,321 | 468 | 28,789 |
| Total changes of items during period | 10,506 | 14,280 | 3,533 | 28,321 | 468 | 47,990 |
| Balance at end of current period | 27,247 | 19,063 | 838 | 47,149 | 12,238 | 274,893 |

FY2016 (April 1, 2015 to March 31, 2016)

(Unit: Millions of yen)

| | Shareholders' equity | | | | |
|---|----------------------|-----------------|-------------------|-----------------|----------------------------|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 17,009 | 19,308 | 179,985 | (798) | 215,505 |
| Cumulative effects of changes in accounting policies | | | — | | — |
| Restated balance | 17,009 | 19,308 | 179,985 | (798) | 215,505 |
| Changes of items during period | | | | | |
| Dividends of surplus | | | (5,100) | | (5,100) |
| Profit attributable to owners of parent | | | 21,592 | | 21,592 |
| Change of scope of consolidation | | | — | | — |
| Purchase of treasury stock | | | | (2) | (2) |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | 95 | | | 95 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | 95 | 16,491 | (2) | 16,585 |
| Balance at end of current period | 17,009 | 19,404 | 196,477 | (801) | 232,090 |

| | Accumulated other comprehensive income | | | | Non-controlling interests | Total net assets |
|---|---|---|---|--|---------------------------|------------------|
| | Valuation difference on available-for-sale securities | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 27,247 | 19,063 | 838 | 47,149 | 12,238 | 274,893 |
| Cumulative effects of changes in accounting policies | | | | | | — |
| Restated balance | 27,247 | 19,063 | 838 | 47,149 | 12,238 | 274,893 |
| Changes of items during period | | | | | | |
| Dividends of surplus | | | | | | (5,100) |
| Profit attributable to owners of parent | | | | | | 21,592 |
| Change of scope of consolidation | | | | | | — |
| Purchase of treasury stock | | | | | | (2) |
| Disposal of treasury stock | | | | | | 0 |
| Change in treasury shares of parent arising from transactions with non-controlling shareholders | | | | | | 95 |
| Net changes of items other than shareholders' equity | (5,733) | (9,621) | (6,641) | (21,996) | 355 | (21,640) |
| Total changes of items during period | (5,733) | (9,621) | (6,641) | (21,996) | 355 | (5,055) |
| Balance at end of current period | 21,513 | 9,442 | (5,803) | 25,152 | 12,594 | 269,837 |

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

| | FY2015 (For the year ended March 31, 2015) | FY2016 (For the year ended March 31, 2016) |
|--|--|--|
| Cash flows from operating activities | | |
| Profit before income taxes | 37,191 | 33,571 |
| Depreciation | 21,448 | 23,582 |
| Impairment loss | 601 | 392 |
| Increase (decrease) in net defined benefit liability | (483) | 217 |
| Interest and dividend income | (1,988) | (2,349) |
| Interest expenses | 398 | 299 |
| Foreign exchange losses (gains) | (1,754) | 381 |
| Share of (profit) loss of entities accounted for using equity method | (235) | (21) |
| Loss (gain) on sales and retirement of property, plant and equipment | 200 | 472 |
| Loss (gain) on valuation of investment securities | 1,176 | 657 |
| Decrease (increase) in notes and accounts receivable - trade | (2,919) | (1,433) |
| Decrease (increase) in inventories | (3,639) | (948) |
| Increase (decrease) in notes and accounts payable - trade | 5,624 | (4,300) |
| Other, net | 1,233 | 2,870 |
| Subtotal | 56,852 | 53,391 |
| Interest and dividend income received | 2,888 | 2,765 |
| Interest expenses paid | (438) | (310) |
| Income taxes paid | (14,449) | (13,172) |
| Net cash provided by (used in) operating activities | 44,853 | 42,674 |
| Cash flows from investing activities | | |
| Decrease (increase) in time deposits | 126 | (79) |
| Purchase of property, plant and equipment | (18,964) | (26,339) |
| Proceeds from sales of property, plant and equipment | 768 | 691 |
| Purchase of intangible assets | (748) | (464) |
| Purchase of investment securities | (3,488) | (2,136) |
| Proceeds from sales of investment securities | 0 | 548 |
| Payments of loans receivable | (2,910) | (9,282) |
| Collection of loans receivable | 681 | 1,932 |
| Other, net | 103 | 1 |
| Net cash provided by (used in) investing activities | (24,433) | (35,127) |
| Cash flows from financing activities | | |
| Proceeds from short-term loans payable | 1,388 | 801 |
| Repayments of short-term loans payable | (289) | (644) |
| Proceeds from long-term loans payable | 2,000 | 10,000 |
| Repayments of long-term loans payable | (10,540) | (8,546) |
| Proceeds from issuance of commercial papers | 38,000 | 52,000 |
| Redemption of commercial papers | (40,000) | (50,000) |
| Redemption of bonds | — | (10,000) |
| Proceeds from issuance of convertible bond type bonds with subscription rights to shares | 10,945 | — |
| Purchase of treasury stock | (2) | (2) |
| Proceeds from sales of treasury stock | 0 | 0 |

| | | |
|---|---------|----------|
| Repayments of lease obligations | (827) | (372) |
| Cash dividends paid | (4,857) | (5,100) |
| Dividends paid to non-controlling interests | (1,081) | (523) |
| Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | — | (1,284) |
| Net cash provided by (used in) financing activities | (5,264) | (13,672) |
| Effect of exchange rate change on cash and cash equivalents | 5,906 | (5,075) |
| Net increase (decrease) in cash and cash equivalents | 21,061 | (11,200) |
| Cash and cash equivalents at beginning of period | 61,993 | 83,439 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 384 | — |
| Cash and cash equivalents at end of period | 83,439 | 72,238 |