

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



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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
Contact person : Zen-ichi Nojima, Director, General Affairs Dept, Corporate Planning & Control Division
TEL +81-45-786-7511

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