

Consolidated Financial Results
For the Fiscal Year Ended March 31, 2017
(Japanese GAAP)



May 11, 2017
Tokyo Stock Exchanges in Japan

Company name : NHK SPRING CO., LTD.
Code number : 5991
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Date of the annual general shareholder's meeting : June 28, 2017
Payment date of cash dividends : June 29, 2017
Filing date of financial statements : June 29, 2017
Supplemental materials prepared for financial results : Yes
Earnings announcement for financial results : Yes (Intended for securities analysts)

(Amounts less than one million yen are rounded down)

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

(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	%
FY2017	626,950	(2.1)	40,613	15.9	41,640	15.3	25,098	16.2
FY2016	640,516	6.5	35,041	7.2	36,111	(7.6)	21,592	(9.6)

Note: Comprehensive income : FY2017 35,727 million yen (— %) FY2016 569 million yen ((99.0) %)

	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	%	%	%
FY2017	103.70	99.91	9.3	7.9	6.5
FY2016	88.90	85.66	8.3	6.9	5.5

Reference: Equity in earnings (losses) of affiliates

: FY2017 (223) million yen FY2016 21 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
FY2017	541,741	292,777	51.6	1,179.71
FY2016	509,810	269,837	50.5	1,059.09

Reference: Shareholders' equity (Net assets excluding non-controlling interests)

: FY2017 279,699 million yen FY2016 257,243 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
FY2017	55,664	(27,753)	(16,916)	82,493
FY2016	42,674	(35,127)	(13,672)	72,238

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	%	%
FY2016	—	11.00	—	11.00	22.00	5,343	24.7	2.1
FY2017	—	11.00	—	12.00	23.00	5,516	22.2	2.1
FY2018 (Forecast)	—	11.00	—	12.00	23.00		21.8	

3. Forecast of Consolidated Results for Fiscal Year 2018 (April 1, 2017 through March 31, 2018)

(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	311,000	3.8	16,000	(4.6)	16,000	13.7	11,000	7.6	46.40
Full year	638,000	1.8	36,000	(11.4)	37,000	(11.1)	25,000	(0.4)	105.44

4. Others

(1) Changes of significant subsidiaries in fiscal year 2017 : 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, 2017	244,066,144 shares	As of March 31, 2016	244,066,144 shares
[2] Number of treasury stock	As of March 31, 2017	6,973,371 shares	As of March 31, 2016	1,174,884 shares
[3] Average number of shares	FY2017	242,033,130 shares	FY2016	242,892,223 shares

(Reference) Non-consolidated Financial Results Highlights (April 1, 2016 through March 31, 2017)

(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	%
FY2017	281,620	3.6	15,337	0.1	21,608	5.1	17,832	36.1
FY2016	271,715	1.9	15,324	(6.4)	20,556	(30.0)	13,106	(39.4)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2017	73.68	70.99
FY2016	53.96	52.00

(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
FY2017	355,177	174,753	49.2	737.07
FY2016	329,194	160,686	48.8	661.56

Reference: Shareholders' equity : FY2017 174,753 million yen FY2016 160,686 million yen

* This earnings report is out of the scope of Audit by Independent Auditor.

* 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)

	FY2016 (As of 31 March, 2016)	FY2017 (As of 31 March, 2017)
Assets		
Current assets		
Cash and deposits	72,553	82,575
Notes and accounts receivable - trade	133,422	140,342
Merchandise and finished goods	16,787	16,402
Work in process	7,554	8,609
Raw materials and supplies	14,336	14,079
Partly-finished goods	4,608	4,945
Deferred tax assets	5,135	5,304
Other	22,570	22,548
Allowance for doubtful accounts	(133)	(56)
Total current assets	276,834	294,751
Non-current assets		
Property, plant and equipment		
Buildings and structures	134,343	137,065
Accumulated depreciation	(86,222)	(88,893)
Buildings and structures, net	48,121	48,172
Machinery, equipment and vehicles	223,282	231,875
Accumulated depreciation	(177,281)	(181,605)
Machinery, equipment and vehicles, net	46,000	50,269
Land	31,483	30,699
Leased assets	1,212	1,188
Accumulated depreciation	(718)	(612)
Leased assets, net	494	576
Construction in progress	12,026	5,989
Other	62,578	66,434
Accumulated depreciation	(55,068)	(58,325)
Other, net	7,510	8,109
Total property, plant and equipment	145,636	143,817
Intangible assets	4,307	3,312
Investments and other assets		
Investment securities	61,031	72,086
Long-term loans receivable	8,830	10,383
Deferred tax assets	5,438	5,532
Net defined benefit asset	—	2,825
Other	8,472	10,116
Allowance for doubtful accounts	(740)	(1,084)
Total investments and other assets	83,032	99,858
Total non-current assets	232,976	246,989
Total assets	509,810	541,741

(Unit: Millions of yen)

	FY2016 (As of 31 March, 2016)	FY2017 (As of 31 March, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	81,660	76,911
Electronically recorded obligations - operating	29,561	38,992
Short-term loans payable	9,145	13,996
Income taxes payable	3,310	7,245
Deferred tax liabilities	576	812
Provision for directors' bonuses	267	278
Notes payable - facilities	2,320	2,904
Other	47,563	39,384
Total current liabilities	174,407	180,525
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	11,268	11,219
Long-term loans payable	16,917	20,176
Lease obligations	481	519
Deferred tax liabilities	7,968	12,978
Net defined benefit liability	24,216	13,926
Provision for directors' retirement benefits	571	579
Provision for officers' retirement benefits	644	746
Other	3,498	8,293
Total non-current liabilities	65,565	68,438
Total liabilities	239,972	248,963
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,404	19,579
Retained earnings	196,477	216,232
Treasury stock	(801)	(7,515)
Total shareholders' equity	232,090	245,305
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	21,513	30,176
Foreign currency translation adjustment	9,442	6,570
Remeasurements of defined benefit plans	(5,803)	(2,353)
Total accumulated other comprehensive income	25,152	34,394
Non-controlling interests	12,594	13,077
Total net assets	269,837	292,777
Total liabilities and net assets	509,810	541,741

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

(Unit: Millions of yen)

	FY2016 (For the year ended March 31, 2016)	FY2017 (For the year ended March 31, 2017)
Net sales	640,516	626,950
Cost of sales	561,668	542,830
Gross profit	78,848	84,119
Selling, general and administrative expenses	43,806	43,505
Operating income	35,041	40,613
Non-operating income		
Interest income	1,078	962
Dividend income	1,270	1,249
Share of profit of entities accounted for using equity method	21	—
Real estate rent	589	623
Other	2,341	1,192
Total non-operating income	5,301	4,028
Non-operating expenses		
Interest expenses	299	184
Share of loss of entities accounted for using equity method	—	223
Foreign exchange losses	2,113	925
Other	1,818	1,668
Total non-operating expenses	4,230	3,001
Ordinary income	36,111	41,640
Extraordinary income		
Gain on revision of retirement benefit plan	—	1,064
Total extraordinary income	—	1,064
Extraordinary losses		
Loss on sales of non-current assets	110	—
Impairment loss	392	1,658
Loss on valuation of investment securities	657	—
Loss on valuation of shares of subsidiaries and associates	538	1,449
Loss on valuation of investments in capital of subsidiaries and associates	841	35
Loss on business of subsidiaries and associates	—	206
Loss of plant closure	—	1,108
Legal fee	—	576
Total extraordinary losses	2,539	5,035
Profit before income taxes	33,571	37,669
Income taxes - current	10,813	11,646
Income taxes - deferred	(555)	(902)
Total income taxes	10,257	10,744
Profit	23,314	26,925
Profit attributable to non-controlling interests	1,721	1,826
Profit attributable to owners of parent	21,592	25,098

(Consolidated Statements of Comprehensive Income)

	(Unit: Millions of yen)	
	FY2016 (For the year ended March 31, 2016)	FY2017 (For the year ended March 31, 2017)
Profit	23,314	26,925
Other comprehensive income		
Valuation difference on available-for-sale securities	(5,766)	8,675
Foreign currency translation adjustment	(9,025)	(3,299)
Remeasurements of defined benefit plans, net of tax	(6,750)	3,456
Share of other comprehensive income of entities accounted for using equity method	(1,200)	(31)
Total other comprehensive income	(22,744)	8,802
Comprehensive income	569	35,727
Comprehensive income attributable to:		
Owners of parent	(404)	34,340
Non-controlling interests	973	1,386

(3) Consolidated Statement of Changes in Net Assets
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
Changes of items during period					
Dividends of surplus			(5,100)		(5,100)
Profit attributable to owners of parent			21,592		21,592
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
Changes of items during period						
Dividends of surplus						(5,100)
Profit attributable to owners of parent						21,592
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

FY2017 (April 1, 2016 to March 31, 2017)

(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	19,404	196,477	(801)	232,090
Changes of items during period					
Dividends of surplus			(5,343)		(5,343)
Profit attributable to owners of parent			25,098		25,098
Purchase of treasury stock				(6,714)	(6,714)
Disposal of treasury stock		0		0	0
Change in treasury shares of parent arising from transactions with non-controlling shareholders		174			174
Net changes of items other than shareholders' equity					
Total changes of items during period	—	174	19,755	(6,714)	13,215
Balance at end of current period	17,009	19,579	216,232	(7,515)	245,305

	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	21,513	9,442	(5,803)	25,152	12,594	269,837
Changes of items during period						
Dividends of surplus						(5,343)
Profit attributable to owners of parent						25,098
Purchase of treasury stock						(6,714)
Disposal of treasury stock						0
Change in treasury shares of parent arising from transactions with non-controlling shareholders						174
Net changes of items other than shareholders' equity	8,663	(2,871)	3,450	9,241	482	9,724
Total changes of items during period	8,663	(2,871)	3,450	9,241	482	22,939
Balance at end of current period	30,176	6,570	(2,353)	34,394	13,077	292,777

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2016 (For the year ended March 31, 2016)	FY2017 (For the year ended March 31, 2017)
Cash flows from operating activities		
Profit before income taxes	33,571	37,669
Depreciation	23,582	23,137
Impairment loss	392	1,658
Increase (decrease) in net defined benefit liability	217	(717)
Interest and dividend income	(2,349)	(2,212)
Interest expenses	299	184
Foreign exchange losses (gains)	381	346
Share of (profit) loss of entities accounted for using equity method	(21)	223
Loss (gain) on sales and retirement of property, plant and equipment	472	253
Loss (gain) on valuation of investment securities	657	—
Decrease (increase) in notes and accounts receivable - trade	(1,433)	(8,420)
Decrease (increase) in inventories	(948)	(1,171)
Increase (decrease) in notes and accounts payable - trade	(4,300)	5,869
Other, net	2,870	4,259
Subtotal	53,391	61,079
Interest and dividend income received	2,765	2,903
Interest expenses paid	(310)	(179)
Income taxes paid	(13,172)	(8,138)
Net cash provided by (used in) operating activities	42,674	55,664
Cash flows from investing activities		
Decrease (increase) in time deposits	(79)	219
Purchase of property, plant and equipment	(26,339)	(24,407)
Proceeds from sales of property, plant and equipment	691	783
Purchase of intangible assets	(464)	(209)
Purchase of investment securities	(2,136)	(3,890)
Proceeds from sales of investment securities	548	610
Payments of loans receivable	(9,282)	(5,257)
Collection of loans receivable	1,932	4,515
Other, net	1	(116)
Net cash provided by (used in) investing activities	(35,127)	(27,753)

Cash flows from financing activities

Proceeds from short-term loans payable	801	1,096
Repayments of short-term loans payable	(644)	(348)
Proceeds from long-term loans payable	10,000	16,000
Repayments of long-term loans payable	(8,546)	(8,560)
Proceeds from issuance of commercial papers	52,000	51,000
Redemption of commercial papers	(50,000)	(53,000)
Redemption of bonds	(10,000)	(10,000)
Purchase of treasury stock	(2)	(6,714)
Proceeds from sales of treasury stock	0	0
Repayments of lease obligations	(372)	(318)
Cash dividends paid	(5,100)	(5,343)
Dividends paid to non-controlling interests	(523)	(718)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,284)	(8)
Net cash provided by (used in) financing activities	(13,672)	(16,916)
Effect of exchange rate change on cash and cash equivalents	(5,075)	(739)
Net increase (decrease) in cash and cash equivalents	(11,200)	10,255
Cash and cash equivalents at beginning of period	83,439	72,238
Cash and cash equivalents at end of period	72,238	82,493