

Consolidated Financial Results

For the First Quarter of the Fiscal Year Ending March 31, 2018 (Japanese GAAP)



August 8, 2017
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 9, 2017
 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 2018 (April 1, 2017 through June 30, 2017)

(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	%
FY2018 1st quarter	159,253	5.8	9,384	10.9	10,623	75.9	7,297	56.2
FY2017 1st quarter	150,538	(4.0)	8,462	3.3	6,040	(38.5)	4,672	(30.5)

Note: Comprehensive income : FY2018 1st quarter 3,917 million yen (— %) FY2017 1st quarter (1,509) million yen (— %)

	Net income per share, Basic	Net income per share, Diluted
	Yen	Yen
FY2018 1st quarter	30.78	30.48
FY2017 1st quarter	19.24	19.06

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets
	Millions of yen	Millions of yen	%
FY2018 1st quarter	532,486	291,328	52.3
FY2017	541,741	292,777	51.6

Reference: Shareholders' equity (Net assets excluding non-controlling interests)
 : FY2018 1st quarter 278,296 million yen FY2017 279,699 million yen

2. Dividends

	Cash dividends per share				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
FY2017	—	11.00	—	12.00	23.00
FY2018	—	—	—	—	—
FY2018(Forecast)	—	11.00	—	12.00	23.00

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

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

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

	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

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 2018 : Yes
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
Newly consolidated companies: NHK SPRING MEXICO, S.A.DE C.V.
Excluded companies: None
- (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 : No
 - [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, 2017	244,066,144 shares	As of March 31, 2017	244,066,144 shares
[2] Number of treasury stock	As of June 30, 2017	6,973,516 shares	As of March 31, 2017	6,973,371 shares
[3] Average number of shares	1st quarter of FY2018	237,092,715 shares	1st quarter of FY2017	242,891,163 shares

* This quarterly report is out of the scope of the quarterly review.

* 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)

	FY2017 (As of 31 March, 2017)	FY2018 (As of 30 June, 2017)
Assets		
Current assets		
Cash and deposits	82,575	80,532
Notes and accounts receivable - trade	140,342	137,218
Merchandise and finished goods	16,402	16,843
Work in process	8,609	8,970
Raw materials and supplies	14,079	14,807
Partly-finished goods	4,945	5,377
Deferred tax assets	5,304	6,096
Other	22,548	20,249
Allowance for doubtful accounts	(56)	(60)
Total current assets	294,751	290,035
Non-current assets		
Property, plant and equipment		
Buildings and structures	137,065	141,521
Accumulated depreciation	(88,893)	(89,950)
Buildings and structures, net	48,172	51,570
Machinery, equipment and vehicles	231,875	236,672
Accumulated depreciation	(181,605)	(184,489)
Machinery, equipment and vehicles, net	50,269	52,182
Land	30,699	31,223
Leased assets	1,188	1,098
Accumulated depreciation	(612)	(558)
Leased assets, net	576	539
Construction in progress	5,989	8,922
Other	66,434	67,255
Accumulated depreciation	(58,325)	(59,275)
Other, net	8,109	7,979
Total property, plant and equipment	143,817	152,418
Intangible assets	3,312	3,231
Investments and other assets		
Investment securities	72,086	64,458
Long-term loans receivable	10,383	6,574
Deferred tax assets	5,532	3,960
Net defined benefit asset	2,825	2,996
Other	10,116	10,091
Allowance for doubtful accounts	(1,084)	(1,281)
Total investments and other assets	99,858	86,800
Total non-current assets	246,989	242,450
Total assets	541,741	532,486

	(Unit: Millions of yen)	
	FY2017	FY2018
	(As of 31 March, 2017)	(As of 30 June, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	76,911	75,966
Electronically recorded obligations - operating	38,992	38,943
Short-term loans payable	13,996	13,459
Income taxes payable	7,245	3,447
Deferred tax liabilities	812	809
Provision for directors' bonuses	278	109
Notes payable - facilities	2,904	3,183
Other	39,384	41,181
Total current liabilities	180,525	177,101
Non-current liabilities		
Convertible bond-type bonds with subscription rights to shares	11,219	11,200
Long-term loans payable	20,176	19,710
Lease obligations	519	498
Deferred tax liabilities	12,978	11,679
Net defined benefit liability	13,926	14,109
Provision for directors' retirement benefits	579	434
Provision for officers' retirement benefits	746	738
Other	8,293	5,685
Total non-current liabilities	68,438	64,056
Total liabilities	248,963	241,158
Net assets		
Shareholders' equity		
Capital stock	17,009	17,009
Capital surplus	19,579	19,579
Retained earnings	216,232	218,573
Treasury stock	(7,515)	(7,516)
Total shareholders' equity	245,305	247,645
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	30,176	29,047
Foreign currency translation adjustment	6,570	3,714
Remeasurements of defined benefit plans	(2,353)	(2,110)
Total accumulated other comprehensive income	34,394	30,650
Non-controlling interests	13,077	13,031
Total net assets	292,777	291,328
Total liabilities and net assets	541,741	532,486

(2) Quarterly Consolidated Statement of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(Three Months Ended June 30, 2017)

	(Unit: Millions of yen)	
	FY2017 (3 months ended June 30, 2016)	FY2018 (3 months ended June 30, 2017)
Net sales	150,538	159,253
Cost of sales	131,060	138,772
Gross profit	19,478	20,480
Selling, general and administrative expenses	11,015	11,095
Operating income	8,462	9,384
Non-operating income		
Interest income	257	215
Dividend income	575	810
Foreign exchange gains	—	141
Other	325	465
Total non-operating income	1,157	1,633
Non-operating expenses		
Interest expenses	46	33
Foreign exchange losses	3,302	—
Other	231	360
Total non-operating expenses	3,580	394
Ordinary income	6,040	10,623
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	6,740	10,623
income taxes	1,708	2,835
Profit	5,032	7,788
Profit attributable to non-controlling interests	359	490
Profit attributable to owners of parent	4,672	7,297

(Quarterly Consolidated Statements of Comprehensive Income)
(Three Months Ended June 30, 2017)

	(Unit: Millions of yen)	
	FY2017 (3 months ended June 30, 2016)	FY2018 (3 months ended June 30, 2017)
Profit	5,032	7,788
Other comprehensive income		
Valuation difference on available-for-sale securities	(646)	(1,127)
Foreign currency translation adjustment	(6,370)	(2,952)
Remeasurements of defined benefit plans, net of tax	831	245
Share of other comprehensive income of entities accounted for using equity method	(357)	(35)
Total other comprehensive income	(6,542)	(3,870)
Comprehensive income	(1,509)	3,917
Comprehensive income attributable to:		
Owners of parent	(1,462)	3,525
Non-controlling interests	(47)	392