

Building a better world by building innovative products

NHK Spring Report 2008

April, 2007 ~ March, 2008



Society · Environment · Finance



NHK Spring — Building a better world by building innovative products.



Domestic demand in the Japanese economy has slowed as consumer spending has dropped, investment in housing has declined under the impact of changes to the law, and capital investment has weakened. Likewise, exports to the U.S. have fallen off because of the problems in the sub-prime mortgage market. Exports to emerging and resource-exporting countries remain a bright spot, continuing to rise and ensuring sustained growth for exports overall.

Despite the general slowdown in the international economy, income at NHK Spring has remained steady due to growth in demand from our principal customers in the automotive and IT equipment industries. However, rising crude oil and raw material prices, accompanied by corresponding increases in the prices of basic consumer commodities, cloud the picture for the future. Overcoming these economic difficulties will require us to act together decisively.

This is the first year of our 2010 Midterm Plan, the new medium-term management plan that stretches to 2010. The plan calls for us to make serious progress in CSR (Corporate Social Responsibility), to further increase management transparency, and to build relationships of trust with all our stakeholders.

As part of our CSR program, we are adopting systems to manage group risk, such as group internal controls and response plans for disasters, including major earthquakes. We are also taking action on the problems of the environment by working to minimize

the environmental impact created by our products and manufacturing activities.

Building the confidence of all our stakeholders, especially our customers, is another important part of our 2010 Midterm Plan. We are making it our highest priority to conduct business so that our customers and other stakeholders know they can always rely on NHK Spring and its products. Internally, we are strengthening our teamwork to meet this goal.

The purpose of this report is to show how we envision our corporate responsibilities and what we are doing to meet them. Our task has just begun, and we welcome your suggestions and advice on the direction we should take.



K. Sasaki

Kenji Sasaki
Chairman of the Board

T. Amaki

Takehiko Amaki
President and CEO

We, the people of NHK Spring, follow our Corporate Philosophy,
in the spirit of our Corporate Slogan:

Corporate Slogan

NHK Spring -
Progress.
Determination.
Working for you.

Corporate Philosophy

To contribute to an affluent society through an attractive corporate identity by applying innovative ideas and practices, based on a global perspective, that bring about corporate growth.

C o n t e n t s

Business areas and main products



Automobiles

- Leaf springs, coil springs, stabilizer bars and other suspension springs
- Seats, mechanical seating components, trim parts
- Wire springs, flat springs, precision machined components
- Polyurethane products



Data Communications

- HDD suspensions and mechanical components
- Wire springs, flat springs
- LCD/semiconductor testing probe units
- Precision machined components
- Ceramic products
- Brazed products
- Metal-based printed wiring boards
- Polyurethane products
- Anti-counterfeit systems and other security products



Industry and Lifestyle

- Parking systems
- Pipe support systems
- Gas springs
- Polyurethane products
- Spring mechanisms

Editorial policy

This Report was compiled on the basis of the Ministry of the Environment's *Environmental Reporting Guidelines* (2007 ed.). The report is intended for shareholders, investors, customers, suppliers, local communities around NHK Spring offices and facilities, employees and their families, and so on. This year we have combined our CSR report and annual report into a new *NHK Spring Report*. We hope it will offer a greater level of completeness by adding economic reporting to our social and environmental reports.

Scope

This report essentially covers the business activities of the NHK Spring Group from April 2007 to March 2008. As it is being issued in September, it also takes in significant developments since April 2008.

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H i g h l i g h t s 2 0 0 7

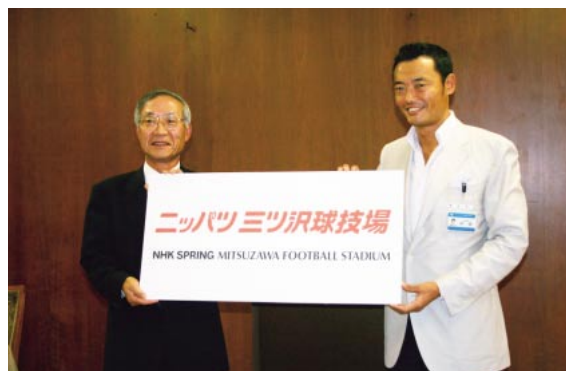
Naming rights for NHK Spring Mitsuzawa Football Stadium

NHK Spring has concluded a basic agreement with the City of Yokohama for the naming rights to the Mitsuzawa Stadium there. The Stadium will be known as the NHK Spring Mitsuzawa Stadium for the next five years from March 2008. The Stadium was built in 1955 as a national rugby ground for the National Sports Festival of Japan and was used as a soccer ground during the 1964 Tokyo Olympics. It is now well-known for hosting the J. League official soccer matches and the All Japan High School Soccer Tournament. When it came to naming the Stadium, we decided to retain the name "Mitsuzawa" which has long been familiar to the local people. The agreement provides for the right to use the Stadium without charge, and we expect it will be opened to local residents who will make good use of it.

The signing ceremony was held at the Yokohama City Hall on September 25, 2007. Mayor Nakada of Yokohama said that he was delighted to have signed the agreement with a local business such as NHK Spring. He hoped that the NHK Spring Mitsuzawa Football Stadium would promote the joy of sports and the attractions of Yokohama. President and CEO Amaki of NHK Spring replied that NHK Spring had been born and raised in Yokohama, and that the naming rights agreement was one way NHK Spring could give back to the community. This would lift the visibility of NHK Spring, and he hoped that the collaboration between the City of Yokohama and NHK Spring would allow everyone to enjoy the NHK Spring Mitsuzawa Football Stadium.

The opening ceremony was held on March 16, 2008, before the start of the inaugural match between the J. League Yokohama FC and Shonan Bellmare teams. Greeting the match, President Amaki said that he hoped the ground would produce players with the same resilience as NHK Spring springs to cheers from the Yokohama fans.

NHK Spring will continue to contribute to Yokohama and the wider world from the NHK Spring Mitsuzawa Football Stadium through sport.



President and CEO Amaki (left of photo) holding the new signboard with Mayor Nakada at the press conference



New Auroravision display. "NHK Spring Mitsuzawa Football Stadium" at top



Yokohama FC fans lined up in front of the NHK Spring sign, chanting in support of NHK Spring



Presenting three new balls each to Yokohama's 163 junior soccer teams to mark the opening

Release of the 2010 Midterm Plan

The new three-year Medium-Term Management Plan has been released, ending in 2010.

Slogan

**REALIZING NEW VISIONS
AND POSSIBILITIES**

Main company-wide policies under the 2010 Midterm Plan

- ① Global growth strategies for each business unit
- ② More competitive products and services
- ③ Push forward with CSR

● 2010 Midterm Plan targets

Sales:	¥620 billion
Operating income:	¥47 billion
Income ratio:	7.6%
Ordinary income:	¥50 billion
Net income (for the year):	¥30 billion



First briefing for analysts on interim results held in Tokyo. 2010 Midterm Plan released before 120 analysts

We appear on millions of TV screens!

On May 27, 2007, the TBS TV series Gatchiri Monday!! covered the spring industry, and Director of DDS Development Masao Hanya and Hiroaki Saito of the Public Relations Department appeared. Mr. Hanya promoted our role by saying that we were 'Number one in springs!'

TV Tokyo ran a special feature on progress in technology to prevent counterfeiting in its News Morning Satellite show on May 31, 2007, which showcased the Trustgram. During an interview, Shinsuke Yoshida of the Development and Marketing Department in the Security Technologies and Solutions Division described the success of our advanced counterfeiting prevention technology.



Mr. Hanya on Gatchiri Monday!!



Mr. Yoshida describing our anti-counterfeiting products

A history of product innovation to bear on society's needs

We have developed a wide range of products that contribute to society through product innovation, responding to the demands of the times.
 We started our business by making automotive suspension springs. From our base in springs, we have expanded as spring is our core technology into many different areas, from automobiles into the areas of data communication, industrial equipment and consumer products as the No.1 springs company.
 We will continue to help support the growth of society through product innovation, creating vital products for the world.

1939 NHK Spring established

1940 Began production of leaf springs

1941 Began production of coil springs

1945 Began production of bicycle saddle springs

1949 Began production of mattress coil springs and seat springs for Allied Occupation Force jeeps

1950s Expanded wire and thin leaf springs business

1951 Completed Japan's first automotive multi-leaf springs

1955 Commercialized the three-leaf spring

1958 Began production of stabilizer bars

1960s Improved springs (1960s, 1980s, 2000s)

1964 Began production of one-piece urethane foam seating

1967 Began production of pipe hangers

1978 Began production of mechanical snappers

1975 Began production of automotive seats

1980 Developed tubular stabilizer bars

1981 Began production of armatures for dot matrix printers

1982 Began production of Super Seal

1986 Began production of metal base printed wiring boards

1986 Began production of micro springs thinner than hair (top of photo)

1988 Developed mechanical multilevel parking systems

1990s Developed anti-counterfeiting products

1990s Began production of semiconductor production equipment components

1990s Developed / began production of HDD suspensions

1990s Began production of HDD mechanical components

1990s Developed seating safety and electro-mechanical components

2000 Lighter weight, Stronger

2000 Higher precision, Finer

2000 Developing new needs, Safe and secure

Automobiles

Data Communications

Industry and Lifestyle

Bringing passion and conviction to product innovation

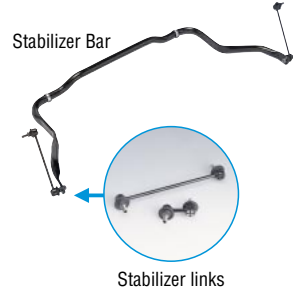
NHK Spring product innovation began with automotive springs and is now firmly established across three broad areas: automobiles, data communications, and industry and lifestyle. We work unceasingly on product innovation to produce products that will satisfy our customers.

NHK Spring products contributing to a motorized society

Suspension springs and suspension spring-related products

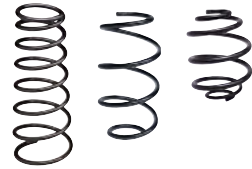
1 Stabilizer bars

Lightweight Stable handling



2 Coil springs

Lightweight Comfort



Seats and interior/exterior products

3 Armrest axle locks

Durability Safety



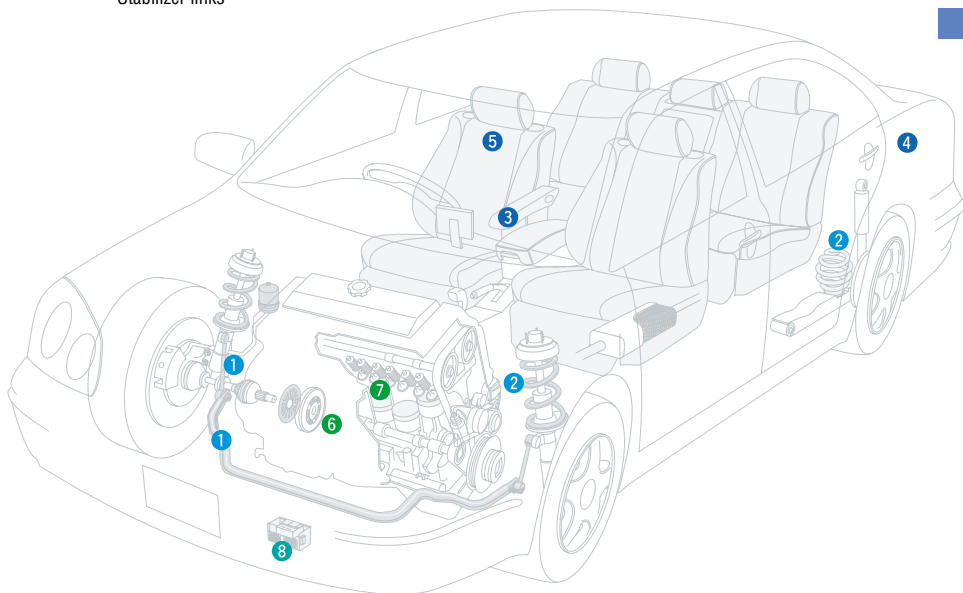
4 Super Seal/ Super Sheet

Waterproof



5 Seat with active headrest

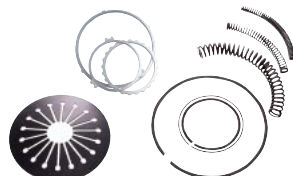
Safety Comfort



Engine and powertrain components

6 Disc springs, wave springs, arc springs

Durability Comfort



7 Valve springs

Durability Safety Lightweight



Safety systems

8 Vehicle-mounted laser radar actuators

Safety Durability



Developing the active headrest mechanism

Kenzo Yasuda
Manager
Development Dept.
Seating Div.



Features and role of the active headrest

As traffic volumes increase, so do car accidents. Around 40% of car accidents are rear-end collisions. The most widely known injury to passengers in rear-end collisions is whiplash. While whiplash injuries may not be obvious to others, they cause lasting neck discomfort to the sufferer and are quite difficult to treat successfully. As a component of automotive seats, active headrests reduce the occurrence of whiplash in passengers and help ensure their safety.

Different organizations around the world have developed their own criteria for assessing vehicle safety performance levels as awareness of safety issues has grown in recent years. Insurers in the voluntary auto insurance market now apply premium differences according to vehicle safety ratings. The U.S. has gone furthest in assessing safety performance in rear-end collisions, and active headrests play a part in lowering the costs of maintaining a car for the average consumer.

Aims in developing the active headrest

While automakers have already been installing active headrests in vehicles for some time, our goal was to improve on the performance of the existing mechanisms by developing the following characteristics.

Faster support for the head: When a rear-end collision occurs, passengers are suddenly thrown backwards under the force of inertia. Placing the pressure receiving unit at the passenger's hips, which are subject to particularly strong forces, allows the headrest to move forward, providing the most rapid support to the head.

More secure support for the head: Increasing the rigidity of the active headrest unit restrains the passenger's head which has been quickly supported and reduces the load on the neck.

We expect to roll out this newly developed active headrest principally in the Japanese and North American markets.

Customers demand the highest safety level, a rating of Good

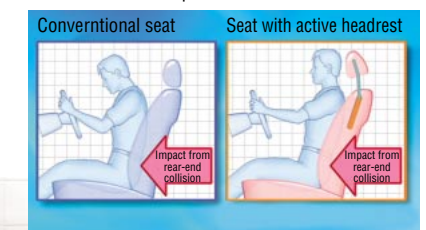
We made sure at the development stage that our headrest would meet customer demand for the highest car safety level, which is a rating of Good from the New Car Assessment Program (NCAP) in the U.S.

We carried out a range of trials through development in-house and repeated testing and evaluations to secure and then improve on its performance in conjunction with our customers.

Towards even higher performance

Japan, Europe, Australia and other countries are taking up the safety performance evaluations in rear-end collisions that have been introduced in the U.S. We anticipate that requirements for headrests will become ever more demanding as these evaluations proceed, which is why our aim is to further enhance the performance of our headrests. In addition, as part of our commitment to reduce global warming, we designed the product with recycling in mind, reducing the number of parts and making it lighter, to reduce the environmental load throughout the product lifecycle.

The image of comparison of rear-end collision impact

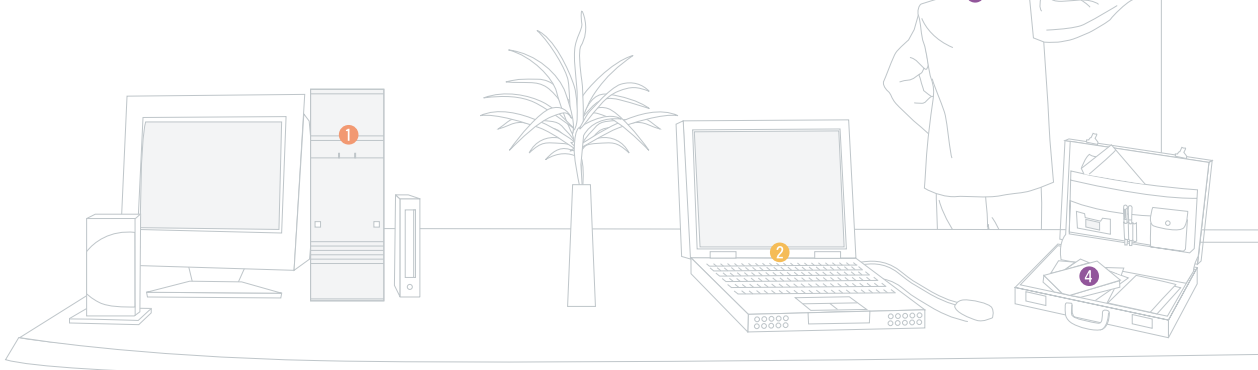


Crash testing for estimate of safety

NHK Spring products contributing to business

HDD-related products

- 1 Gaskets (Nippalay)
 - Low air permeability
 - Low gas emission
- 1 Top covers
 - High dependability
- 1 HDD mechanical components
 - High dependability



Data communications and semiconductor manufacturing equipment-related products

- 2 Microcontact units
 - Durability
 - High dependability
- 2 Metal base printed wiring boards
 - High heat dissipating
- 2 Lock hinges
 - High dependability
 - Comfort

Security-related products

- 3 ALTATTEX
 - High dependability
- 4 Trustgram (optical hologram)
 - High dependability
- 5 Key-VISCS (access control security)
 - High dependability

Global rollout of HDD suspensions



Role and features

Hard disk drives (HDDs) are used in a wide range of applications from computers to VCRs. The HDD suspension is the part that supports the magnetic head that reads and writes data on the disk. It is a thin leaf spring manufactured to a very high tolerance and incorporates a circuit board that transmits signals. The disk spins at between 4,200 and 15,000 rpm, maintaining a tiny 0.01 micrometer gap as the head follows the 0.12 micrometer-wide recording track.

Global business rollout

We began producing HDD suspensions around 25 years ago. We now do the development, design and initial trials of HDD suspensions at our Atsugi plant, with volume production for the Japanese market at our Komagane plant in Nagano Prefecture. We began overseas production at NAT Peripherals (Hong Kong) Co., Ltd. in China in 2004.

In 2006 we expanded overseas production into Thailand, the biggest producer of HDD suspensions. Our local employees and staff dispatched from Japan are working together to make this new plant the world's best. Our slogan for our HDD suspension business in Thailand is *Clear, simple, and flexible*.

Increasing customer satisfaction

Our principal customers' plants in Thailand are staffed mainly by locally hired employees. At NHK Spring (Thailand), we also think it is important to have most of our business handled by local staff. We expedite a range of issues through active communication with our customers, which increases customer satisfaction, and play an increasingly important role as NHK Spring Group's liaison in Thailand.



Norio Horie
 Department Manager, Quality Assurance Dept.
 Disk Drive Suspension Div.
 NHK SPRING (Thailand) CO., LTD.

Issues for the future

NHK Spring (Thailand)'s HDD suspension business is now 30 months old, and production is in full swing. We hope to continuously improve our mass production systems, conduct trial production, step up local procurement in particular of dies and tools, and participate in our customers' projects. In this way, we hope to integrate our activities and become a world leader.

As a developer of HDD suspensions ...

When I first became involved in the HDD suspension business in 1993, I used to explain that an HDD suspension was "a part used in computer data recording devices." Nowadays, the word HDD is well known because HDD suspensions are found in a variety of products, from computers to HDD-equipped recorders and car navigation systems. It makes me realize how much this business has grown.




New HDD suspension plant at NHK Spring (Thailand) Co., Ltd.

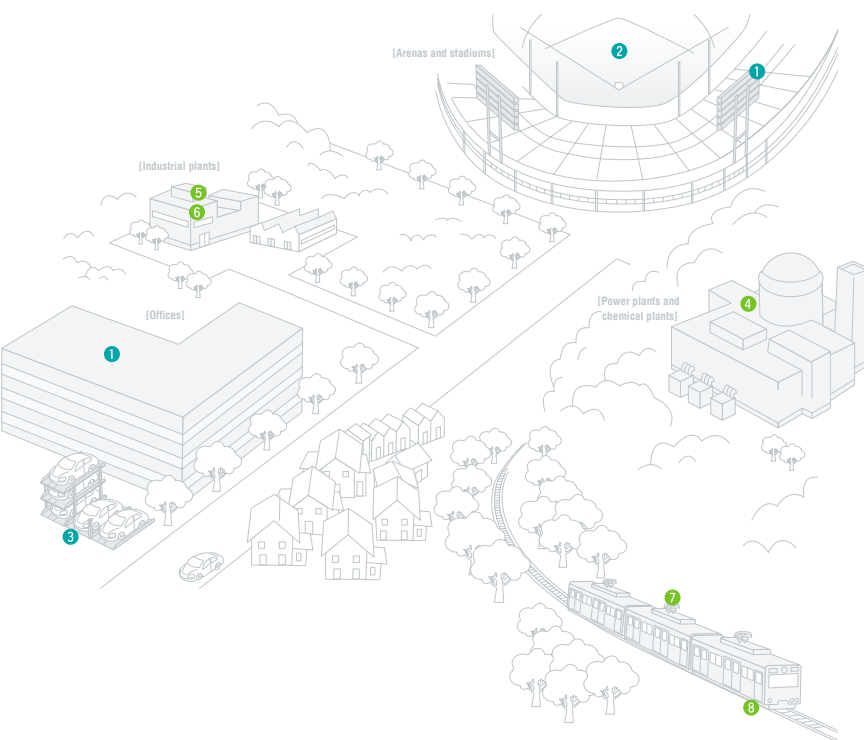


HDD suspensions produced in clean room



NHK Spring contributing to life in the city

Lifestyle-related products

<p>① Lighting systems Yokohama Kiko</p> <p>Durability Comfort</p> 	<p>② Sporting goods Nippon Shaft</p> <p>Lightweight Optimal</p> 	<p>③ Mechanical multilevel parking systems (SD/UD park)</p> <p>Space saving Environmental protection Safety</p> 
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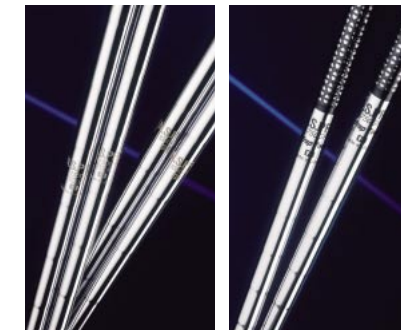


Industrial equipment and lifestyle products

<p>④ Vehicle-mounted laser radar actuators</p> <p>Optimal Safety</p>  <p>Hydraulic/pneumatic pipe clamps</p>  <p>Pipe support systems</p>	<p>⑤ Metal bellows / gas cushions</p> <p>Durability High dependability</p> 	<p>⑧ Railroad car and industrial machinery springs Sumihatsu</p> <p>Durability Comfort Safety</p> 
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<p>⑥ Balance units</p> <p>Maintenance free</p> 	<p>⑦ Tension balancers (Automatic tension adjusting systems for railroad overhead lines)</p> <p>Space saving Maintenance free</p>  
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Steel shafts for golf clubs



Naruki Yatsuda
 Manager, Development of Shaft Sect.
 Product Development Dept.
 NIPPON SHAFT CO., LTD.



N.S. PRO 950GH

Apart from our N.S. PRO 950GH, our steel shaft line includes the light 750GH, 850GH and V90, the semi-light 1050GH, and the heavy 1150GH and N.S. PRO series models.

The N.S. PRO 950GH has been an outstanding success, with over 17 million sold since it was launched. It has cemented the place of the light weight steel shaft, and many golfers are avid devotees. It is a favorite not only of Japanese women professional golfers but American LPGA pros as well, with a commanding market share of over 40% in this segment. Karrie Webb, three-time champion of the U.S. LPGA Championship, has been using them in her woods and irons for seven years.

The N.S. PRO 950GH has won high praise as a light weight shaft. Our lighter N.S. PRO Series won a 2008 Golf Digest award in the Extra category.

Role and features

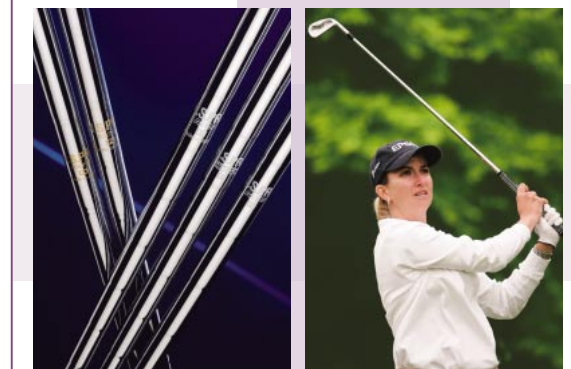
The traditional steel golf club shaft was heavy, solid, very safe, and reliable. The Nippon Shaft N.S. PRO 950GH shaft retains the safety and reliability, but weighs only 95g, and improves the play and gives better lift for amateurs and professional women golfers. These clubs are ideal for the golfer looking for clubs that are easier to use with a longer carry. The N.S. PRO 950GH use patented NSGS8655V steel materials developed jointly with Nisshin Steel Co., Ltd., giving both strength and viscosity. Nippon Shaft's special machining processes and the right heat treatment bring out the best in the steel, yielding shafts with a superb feel. We have developed a shaft design program with the support of NHK Spring to develop and design different shafts.

Meeting the customer's needs

We supply OEM products to virtually all Japanese golf club makers, and we also supply some famous American golf club makers as well. Our sales and development teams follow the men's and women's pro golf tours and talk directly to the professionals and the golf club makers' staff who service the pros. This way, we get feedback for the development of new products, and we can work to build systems to deliver exactly what the customer wants.

For the future

We are developing the world's lightest steel shafts and are continuing to work on developing standard heavy weight shafts to round out our offering.



Light weight shaft "N.S. PRO"

Former LPGA champion Karrie Webb uses "N.S. PRO"

社會責任報告

Social Report

CSR Management

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Attitude toward Stakeholders

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CSR management system

NHK Spring recognizes the part it should play as a member of society. We have established a management system to integrate group awareness of Corporate Social Responsibility (CSR), to ensure that our CSR activities proceed properly.

Approach to CSR

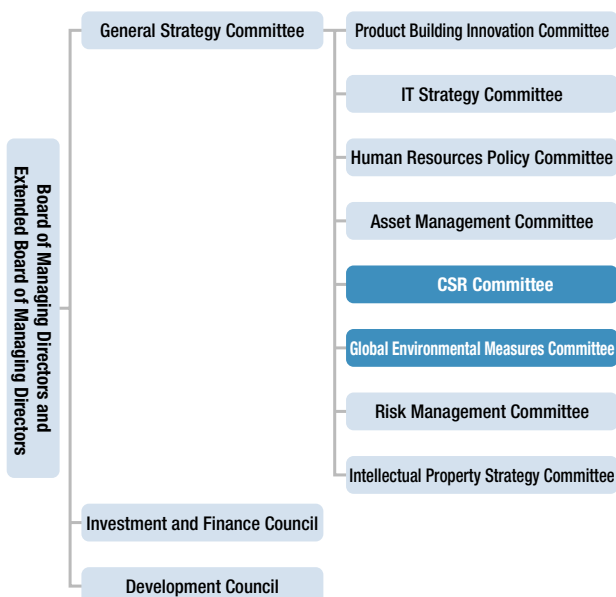
In our Corporate Philosophy, we speak of “contributing to the development of an affluent society,” and throughout our history, we have worked to meet our responsibilities as a company to society. We have done this in a wide range of areas. We were one of the first companies to become involved with the environment, and we have contributed to local communities for many years.

Promoting CSR

We have a system of committees which operate as Head Office functions under our General Strategy Committee. The committees act to facilitate discussion to enhance corporate value.

In terms of specific activities, the Product Building Innovation Committee covers manufacturing including suppliers, the IT Strategy Committee handles information security, the Human Resources Policy Committee examines employment and other similar issues, the Asset Management Committee examines our use of resources, the CSR Committee orchestrates our CSR activities, the Global Environmental Measures Committee encourages conservation of the environment, the Risk Management Committee manages risk, and the Intellectual Property Strategy Committee looks after our patents and other intellectual property. Together they systematically drive the CSR work of the NHK Spring Group.

Board of Managing Directors



Encouraging CSR

Each of the committees below the General Strategy Committee consists of members drawn from many different relevant departments to cover a broad range of areas. The committees actively discuss how to enhance their functions and CSR activities.

Business units and Group companies work together through the relevant departments on the basis of action plans developed from these discussions. We also work with our suppliers and with local government administrations and non-profit organizations to press forward with local initiatives.



CSR Committee



Sensitivity to changes in society

Looking back over the last ten years, there have been great changes in the social demands stakeholders place on companies as social awareness has developed. Within the field of CSR, the environmental conservation movement to take one example has spread from group companies to embrace the whole supply chain, taking in suppliers as well.

The rapid development of societies in the Asian region where the NHK Spring Group’s business is expanding is likely to lead to greater and more diverse social demands on business.

Being responsible for encouraging CSR, I am always sensitive to changes in society and I hope to encourage NHK Spring to be active in this area.



Tadashi Abe
Senior Manager, Corporate Planning

Governance and compliance

We have established a governance system and provide training in compliance in the pursuit of CSR.

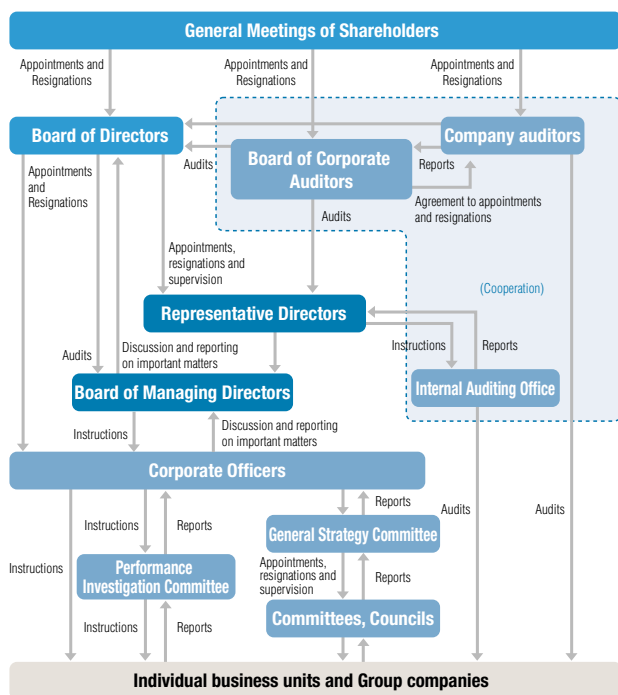
Corporate governance

General Meetings of Shareholders and the Board of Directors are the decision-making bodies. However, to allow for more rapid decision-making, we established a system of executive corporate officers in fiscal 2005. There are now eight Executive Corporate Officers.

The Board of Managing Directors and Committees are the deliberative bodies. The Board of Managing Directors consists of the Executive Corporate Officers and Auditors and enables the exchange of ideas among a smaller group. The Board of Corporate Auditors is the audit body: it consists of four auditors, of who two have traditionally been external auditors. The Internal Auditing Office provides internal controls and is intended to exercise an internal audit function looking at the appropriateness and efficiency of Group activities.

We also receive advice as required on the basis of a consultancy agreement with our consultant lawyers.

● Governance system



Compliance

Our compliance system is intended to ensure we retain a high level of trust from the community. We have appointed Senior Compliance, Compliance Promotion and Compliance Instruction Officers, whose duty is to instill an understanding of compliance issues.

We conduct intensive training in compliance based on the NHK Spring Employees Code of Conduct for new recruits, managers and senior executives, and we spread awareness of compliance through e-learning, internal publications and so on.



NHK Spring Employees Code of Conduct



Educating people in compliance

Legal issues used to be handled by a number of functions across the company, but they were centralized into a new Legal Department at the end of June 2007. The department's main duties are to handle legal disputes, litigation, contract preparation, audits, general legal matters for the Group, and legal support for business strategies. The department also offers consultations on legal matters for individual staff members and promotes compliance through e-learning and company newsletters. We aim to be the trusted source for legal risk management not just for NHK Spring but the entire Group.

Takayuki Yamazaki
Director, Legal Dept.



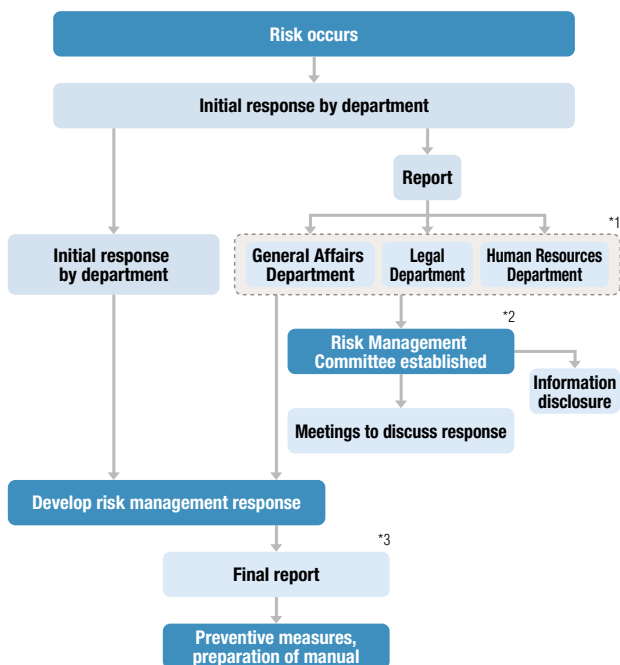
Risk management

We have a risk management system in place to deal appropriately with the various types of risk confronting us, and we maintain the information security about all our transactions.

Risk management system

NHK Spring confronts many types of risk: legal, financial, natural disaster and unauthorized release of information. We have established a Risk Management Committee within the company to deal appropriately with these risks. The Committee is active in developing systems through organizational arrangements and rules to cope with emergencies such as natural disasters. We will continue to work to improve risk management.

● Flowchart in the event of risk



*1 The General Affairs Department is responsible for financial and natural disaster risk. The Legal Department is responsible for legal risk. The Human Resources Department is responsible for labor-related risk and incidents overseas.
 *2 Either General Affairs or Human Resources Department organizes the secretariat.
 *3 The final report goes to ① President and Vice President ② Corporate officers in charge of the incident and ③ Risk Management Committee secretariat.

Maintaining information security

In December 2003 we established our Security Management Policy as the basis for preventing the unauthorized disclosure of information relating to transactions between NHK Spring and Group members, customers, and suppliers. We work to maintain the security of information through these policies and procedures.

The Policy applies to executives and employees of NHK Spring and affiliates and also to the employees (including leased and part-time employees) of contractors. The importance of information is assessed, classified,

and managed appropriately according to confidentiality and content to prevent leakages, distortion, falsification, improper use, and so on.



Pushing ahead with risk management in conjunction with the divisions

The environment in which our business operates is always changing, giving rise to new risks. It is vital for us to be constantly alert to prevent or minimize possible risks to NHK Spring or the Group.

Risk management is not a job that is finished once the how-to manual is written. The PDCA cycle must be continually repeated to improve. Risk is most often managed not only at the company-wide level, but also at the departmental level. We encourage risk management through the Risk Management Committee in conjunction with individual departments.



Masanori Ohkubo
 Manager, General Affairs Dept.

We aim to develop and put in place arrangements for information security

Information security is key to creating a business environment in which vital in-house information can be use safely and securely. As an organization concerned with the security of its customers worldwide, it is vital that we educate everyone from top management down to individual employees about information security and raise all Group companies to the same level in this area. NHK Spring provides education through e-learning in information security, privacy, and compliance to increase staff awareness of the issues.

We expect to firm up and develop our systems further as we incorporate information security into IT controls and workflows.



Yuji Igarashi
 Director, Information Systems Dept.
 NIPPATSU SERVICE CO., LTD.

Customers

We strive to ensure the quality of our products by gaining ISO 9000 Series and other international quality assurance standard certifications.

Quality assurance

Quality guidelines

We have established Quality Guidelines and apply a range of quality assurance measures in order to ensure world class quality products and further lift levels of customer satisfaction.

Quality management

We work hard to gain certifications for international quality standards, and we operate our quality management on that basis.

Quality guidelines

We achieve higher levels of customer satisfaction globally by delivering world class quality products.

Main points

1. Improve the global quality management system by monitoring quality
2. Improve quality assurance in special processes and eliminate serious complaints
3. Activities to reduce the cost of market complaints
4. Activities to reduce defective products
5. Activities to reduce defective purchases
6. Be involved in working to resolve problems at the process level in order to build quality in
7. Improve quality through SQC and parameter design

Acquisition of international standard certifications

Head office and divisions: (Facilities:)	Types of certification: Date acquired:	Products covered:	
Suspension Spring Div. (Div. Head Office, Yokohama, Shiga)	ISO/TS16949 August 7, 1998	All automotive suspension springs	
Seating Div. (Div. Head Office, Gunma, Yokohama, Toyota)	ISO/TS16949: 2002 November 21, 2000	All automotive seats and interior components	
Precision Spring & Components Div. (Div. Head Office, Atsugi, Ina)	ISO9001: 2000 June 19, 1998	All precision springs	
Disk Drive Suspension Div. (Div. Head Office, Komagane)	ISO9001: 2000 April 25, 1997	HDD suspensions	
Industrial Machinery & Equipment Div.	(Isehara)	ISO9001: 2000 May 26, 2000	Semiconductor testing probe units
	(Komagane)	ISO9001: 2000 August 12, 1997	Polyurethane form products and metal base printed wiring boards
	(Yasu)	ISO9001: 2000 June 18, 1999	Mechanical multilevel parking systems
Security Technologies & Solutions Div.	ISO9001: 2000 March 25, 2003	All security devices	

What our customers say about us

We work to improve quality, delivery times and costs to meet our customers' expectations. As a result, many of our customers have shown their appreciation in the form of awards and so on.



Receiving the Toyota Quality Management Excellence Award. President Amaki (right of photo) of NHK Spring receiving the plaque from President and Representative Director Watanabe of Toyota Motor Corporation.

VOICE

Contributing to society by growing together

NHK Spring is a major supplier. They supply us with a wide range of important parts related to basic vehicle functions. They really do encourage involvement in CSR from the practical up to the organizational level, and Subaru has a lot to learn from them.

Fuel efficiency is a very important issue these days. There have been big changes in the way we do things at Subaru as we have firmed up our alliance with Toyota. In view of these changes, we expect to further strengthen our collaboration with NHK Spring to create many solutions and so grow together and contribute to society.

Tatsuo Irie
Manager, Interior & Exterior Parts
Section, 2nd Purchasing Dept.
FUJI HEAVY INDUSTRIES LTD.



Shareholders and investors

We believe that timely disclosure of the position and finances of NHK Spring is the key to support from shareholders and investors over the long term, and we strive to implement this.

Shareholder information and breakdown of shareholdings

Shareholders can contact us in the following way:

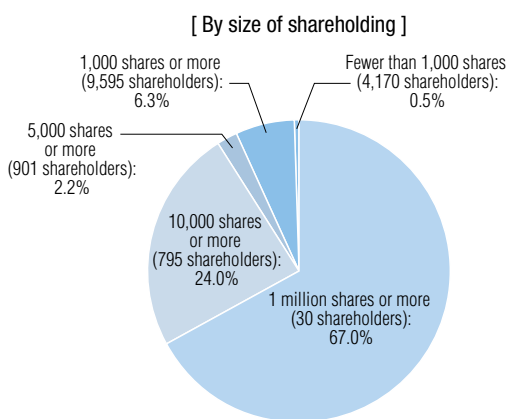
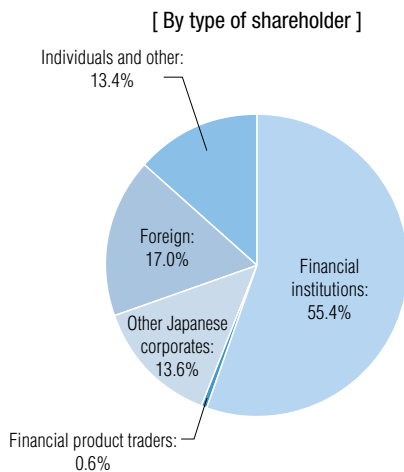
Public Relations Group: Business activities and general

General Affairs Dept.: All share-related procedures

(Share Registry: Mitsubishi UFJ Trust and Banking Corp.)

The following graph illustrates the breakdown of shareholdings in NHK Spring.

● Breakdown of shareholdings



Release of investor relations information

We issue Business Reports and the NHK Spring Report (in Japanese and English) to better inform shareholders and investors about us. We also issue press releases and carry the latest information about the company on our website. We will continue to work to provide fuller and faster information through our website.

[URL of Investor Information page](http://www.nhkspg.co.jp/eng/ir/)

<http://www.nhkspg.co.jp/eng/ir/>



Investor Information link on NHK Spring website



We anticipate even greater interest from global investors

NHK Spring has been proactive in announcing details of their results and business strategies to investors through disclosure by management and their IR team.

NHK Spring's strong and concerted growth strategies make them stand out from the crowd on the stock exchange. All their businesses show high growth and profitability. We will be focusing particularly on the HDD (hard disk drive) suspension business, where they expect very strong growth. They will use their high quality and responsiveness to customers to grow deliveries to the big manufacturers, and work towards their goal of becoming No. 1 in market share worldwide. We expect NHK Spring to attract more interest from global investors.

Masaru Koshita
Senior Vice President,
Analyst, Japan Equity Research
LEHMAN BROTHERS JAPAN INC.



Employees

At NHK Spring, we have a corporate culture of valuing people. We regard our employees as an important asset, and we develop our human resources. We provide employment for the disabled, and we take care over workplace health and safety and employee welfare to create a company that people want to work for.

Employment and training of human assets

Employment

For us, the keyword when we look to recruit staff is "partner." We want to employ people who will become partners of NHK Spring. We aim to employ people who will pursue their dreams and test their limits in a free and vigorous corporate environment.

Types of people we seek



Human resource development

There are three organically linked structures in human resource development that help the individual reach his or her potential as a professional.

- ① The Individual who grows himself or herself
- ② The Workplace which trains the employee, and
- ③ The Personnel System that supports the others

Education and training for human resource development includes both intensive work and specialist skills training according to level and training in foreign languages and other cultures. This is rounded out with active participation in external training, overseas training, and distance learning as well.



Upgrading employee skills with internal training courses

Employing the disabled

We aim for a non-discriminatory working environment, and we actively seek to employ the disabled. This led us to establish a special subsidiary, Nippatsu Harmony, dedicated to promoting the employment of disabled people. It began operating from our Yokohama offices in April 2002. Nippatsu Harmony opened sales offices in Atsugi in April 2004, in Komagane in April 2005, and in Ina in 2007. Its work is expanding around cleaning and greening offices, and it employed 52, including staff instructors, as of April 2008.



Staff of Nippatsu Harmony busy at work



Recruiting and training our human resource partners

The Human Resources Department is responsible for planning and improving our human resources systems, personnel and labor management, recruiting and education. I am in charge of recruiting and education. We aim to make our employees our partners. I believe this means having a thoroughly inquiring mind and the desire to overcome any obstacles. I want to find people who can think outside the box, who can push the envelope, who can always think positively.

I explain these things at recruiting sessions and interviews, and I aim to enhance these qualities through development programs, particularly intensive training. I hope to actively respond to new challenges through recruiting and education work.



Kenji Arai
Manager, Human Resources Dept.

Workplace health and safety

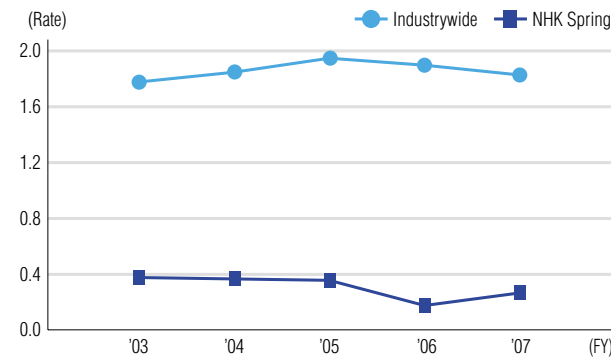
We introduced a Workplace Health and Safety Management System in fiscal 2000, and it was rolled out companywide in fiscal 2003. We have taken the following measures to eliminate workplace accidents to achieve Zero hazards:

- Training intended to make safety second nature
- Safety dojos, aimed at safety at work
- Risk assessments, to identify risk factors, associated with basic safety around plants and equipment

Days lost as an indicator of workplace health and safety are well below the industry average.

Through the judicious use of the PDCA cycle in our Workplace Health and Safety Management System, we will achieve an upward spiral leading to even better health and safety outcomes.

Trend in days lost due to workplace accidents



$$\text{*Rate of days lost through injury} = \frac{\text{Rate of occurrence of workplace injuries}}{\text{Hours worked}} \times \text{Million}$$

Benefits programs

Our full range of benefits addresses not only the work environment but also the social environment to ensure that our employees live fulfilling lives.

As the economy has matured, people's aspirations have turned from acquiring more material possessions towards more spiritual fulfillment. We offer comprehensive benefits programs ranging from mind-body health maintenance and leisure activities to retirement planning.



Expanding range of sporting activities for communication at different workplaces



Full range of club activities, both sporting and cultural



Range of events to build healthy minds and bodies

Local communities

We have facilities and local affiliates throughout Japan, and they are all engaged in activities within their local communities. We work actively to contribute to the community in many ways, to grow from living in harmony with the local community to the wider world.

Internships

We provide genuine work experience through internships.

At the request of the Boards of Education of Kanagawa Prefecture and the City of Yokohama, we provide work experience at our Yokohama suspension spring and seating plants for teachers from elementary, junior high, and high schools.

University students can also experience analysis and evaluation using the latest equipment in our Research & Development Department.

Demand for our internships grows year by year. All the workers at our facilities work with the interns to not only provide work experience but also help mould them into better members of society.



High school teachers keen to gain practical experience receiving safe, quality instruction from our people

Technical exchanges

We have hosted an Upstream / Downstream Networking Meeting run by the Yokohama Economic and Tourism Bureau. The meetings are held as part of efforts to match upstream business needs with downstream business needs in Yokohama. Each of the five upstream businesses has its special technical strengths. There are also many other opportunities to lend real support to exchanges of technology at the local level.



Technical exchanges between companies at seminars and exhibitions

Factory tours

Every day we have visitors to our eleven plants in Japan, from industry groups to which we belong and people in the industry, to elementary, junior high, high school, and university students. We also have visits from government and industry people from overseas. The visits are intended to provide training in technology, and also in quality control, environmental protection, safety, productivity, employment of the disabled, and so on.

We have had increasing numbers of visits to our Product Innovation Dojos lately. Our own proprietary concept, these Dojos provide a framework for basic training aligned with the work performed in the individual factories. Visitors from outside NHK Spring have been very impressed by them.



Atsugi plant has begun hosting visits by the children of employees so they can see what their fathers and mothers do.

Cooperation with the university sector

We concluded comprehensive partnership agreements with Yokohama National University and Yokohama City University in 2004. These covered a wide range of areas: research and development, technical exchanges, education and training, giving back to society, and so on. We have recently been involved in work on a number of subjects, including increasing spring strength and improving automotive seating comfort.

We also support the Student Formula competition held by the Society of Automotive Engineers of Japan and respond many requests for parts from the universities.

Cleaning up

In conjunction with government authorities, we are cleaning up the surroundings and waterways at each of our offices and plants in Japan.

■ Clean Up Walk – Yokohama

We conduct a 5 km Clean Up Walk twice a year at our Yokohama office as a way to give back to the community and promote employee health. Large numbers of employees and their families participate each time.



New April recruits-in-training volunteer

■ Throwing ourselves into the clean up after local events as well – Gunma

We regularly clean up the surroundings of our Gunma plant, and we also enthusiastically take part in cleaning up on the day after the Neputa Festival held in August and also after the Air Pageant held in November.



Many of our employees take part in local events and then help clean up afterwards.

Summer Festivals – local communities

Each of our plants invites local residents to annual Summer Festivals.

The employees meet the residents at employee-run refreshment stands and childrens' attractions. The visitors all agree that summer would not be summer without the NHK Spring Summer Festival – they have become annual fixtures for the local communities at all our plants.

We also run charity bazaars at the Summer Festivals, with the proceeds going to local social welfare organizations.



Refreshment stand run by employees a roaring success (Nagasu Plant, Shiga Prefecture)

Giving

We give extensively to sporting and cultural activities and events organized locally. We believe that every little bit helps the local community. We have contributed funding for digging a well in the Rin-en Garden in the plaza in front of the Miyada-mura Station on the JR Iida Line, near our Ina Plant in Miyada-mura in Nagano Prefecture. We are now actively encouraging social service activities in each of our facilities as businesses rooted in their local communities.



Rinjo-no-Izumi fountain located in a local recreation area. Anyone can drink from the natural spring water that constantly pours forth.

VOICE

Determined to be a business rooted in local communities

We have always been a part of our local communities, through the good times and the bad, ever since the company's inception. While we were founded in Yokohama, we have always wanted to be rooted in local communities, and all our operations throughout Japan are involved locally in various ways. Next year we celebrate our 70th anniversary. We will be actively participating in local festivals and events, and also offering plant tours and opening our facilities to visitors. We hope for even closer ties with local government, schools, NPOs, sporting clubs and so on.

Katsuhiko Tanaka
Director, Welfare, Health & Pension
/ Business Support Center



Suppliers

We have established basic policies on procurement, and we encourage green procurement according to our own guidelines.

Basic procurement policies

We follow three basic principles in procurement: building long-term partnerships based on mutual trust; fair, equitable and open procurement; and compliance with the law and maintaining confidentiality.

Basic policies for purchasing supplies

•Building long-term partnerships based on mutual trust

We aim to build long-term relationships of trust with our favored partners through fair dealings in which both parties do their best. This way we can grow together.

•Fair, equitable and open procurement

We are open to all suppliers, regardless of country of origin, size or affiliations. We select our suppliers on the basis of quality, price, delivery times, service, and technical and developmental capacity.

•Compliance with the law and maintaining confidentiality

We observe the law and relevant social norms in procurement. We do not make any unauthorized disclosures to any third party of any confidential information we may acquire about our suppliers.

Green procurement

We have established Green Procurement Guidelines based on our basic procurement policies. We strive to buy low environmental impact goods from environmentally-conscious suppliers. We work together with all our suppliers to reduce environmental impact and avoid environmental risk through stronger environmental protection at every stage, from design to production and through to disposal.



Green Procurement Guidelines

Supplier Meeting

We hold an Annual Supplier Meeting to which we invite representatives of the companies we do business with. We work towards further strengthening partnerships and understanding by explaining our medium-term management plan targets and the tasks involved. The Procurement Department describes our business environment and explains our basic approaches to purchasing policies. The Quality Control Department explains our quality policies, quality targets, and how the manufacturing divisions are involved with quality, to encourage supplier cooperation in the improvement of quality.



Our Supplier Meeting builds genuine partnerships

VOICE

Supporting NHK Spring's growth and global development

At Metal One Specialty Steel Corporation, we have built up a long-term relationship with NHK Spring as an important partner in providing steel materials. The relationship goes back to the days of Suzuki Shoten, one of the predecessors of our parent company Sojitz Corporation. Metal One supply over half of NHK Spring's steel, particularly steel for automotive suspension springs. We offer real support for NHK Spring's global development through consistent supply and efficient delivery, and by providing secondary fabrication facilities. We provide further support to the growth and global development of NHK Spring through the worldwide network and information resources of a trading company, which puts us in a position to build an even stronger win-win relationship of trust.

Masaki Ishii
General Manager,
Tokyo Sales Dept. B
Metal One Specialty Steel
Corporation



環境報告書

Environmental Report

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Environmental Voluntary Action Plan

We have established a Global Environmental Activities Plan and Global Environmental Activities Guidelines for involvement in a broad range of global environmental issues. We published them in May 1993 as our Environmental Voluntary Action Plan, and we draw up our Environmental Activities Policies each year on that basis.

Global Environmental Activities Guidelines

Our Corporate Philosophy is “To promote corporate growth and contribute to the development of an affluent society.” To do this, we declare that our business activities will strive for harmonious coexistence with the global environment.

Global Environmental Activities Guidelines

1. Actively involve environmental conservation at all stages of the life of products, from design through production to disposal.

- ① Look for ways to use resources efficiently, and make every effort to save resources and recycle.
- ② Set our energy savings target over 1% improvement in unit energy consumption to sales per year to promote energy savings.
- ③ Aim for zero emissions in production activities to encourage cutting waste and saving resources.

2. Encourage the development of technology to solve global environmental problems and contribute to saving the environment.

3. As NHK Spring, be involved in the environment and take an active part in saving the social and local environment.

Global Environmental Activities Plan

We identify important areas we should be involved in on the basis of our Global Environmental Activities Guidelines. We then set specific objectives and targets and plan what we must do to achieve them.

Global Environmental Activities Plan

1. Framework to encourage activities

- ① Organizational structures
- ② Establish and manage appropriate rules

2. Involvement in specific issues

- ① Care for the environment around plant sites
- ② Prevent pollution
- ③ Save energy and reduce CO₂ emissions
- ④ Recycle
- ⑤ Eliminate all CFCs
- ⑥ Design products and develop processes that take account of reducing the burden on the environment
- ⑦ Reduce toxic chemical substances
- ⑧ Rationalize distribution
- ⑨ Put in place and enhance environmental management systems
- ⑩ Pursue green procurement

3. Publicity and social activities

- ① Advertising
- ② Provision of information
- ③ Employee education and training
- ④ Involvement in social activities

4. Activities overseas

Environmental Activities Policies

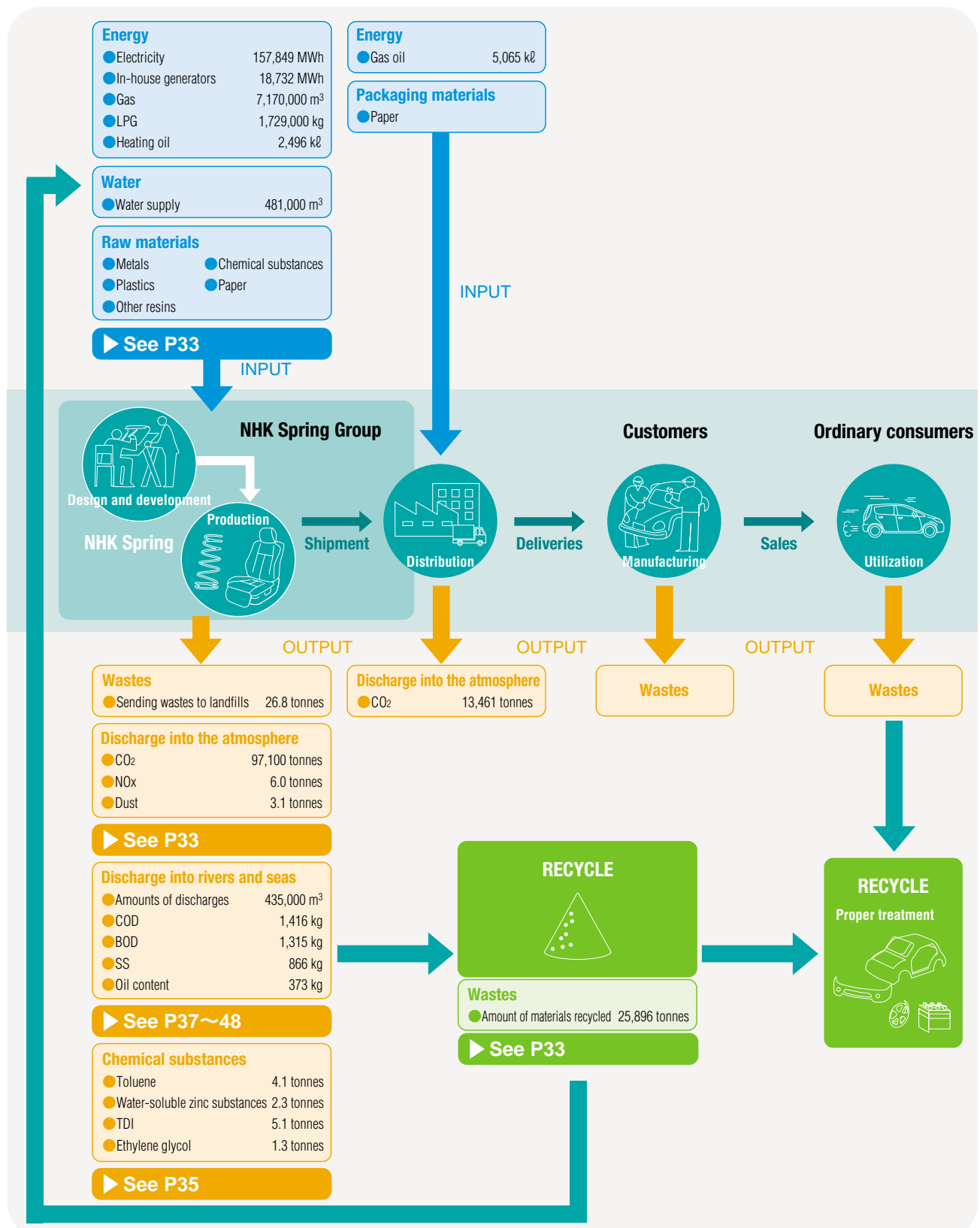
Each year we draw up Environmental Activities Policies to gradually reach the specific targets based on the Global Environmental Activities Plan. By setting out specific activities policies, we involve each of our plants more thoroughly in our targets. Our fiscal 2008 Environmental Activities Policies are on the right.

Environmental Activities Policies 2008

1. We revived the Global Environmental Measures Committee from fiscal 2008 in order to strengthen our environmental policies.
2. We have established an Saving Energy Promotion Committee in order to spotlight energy saving (including reducing CO₂ emissions).
3. We aim to intensify our environmental preservation work, carrying out environmental audits throughout the Group, including overseas.
4. We aim to prevent accidents that would affect the environment, and to ensure compliance with environmental law.

Business activities and the product lifecycle

We are working to reduce the burden on the environment by understanding the overall business in terms of product lifecycles and quantifying inputs and outputs wherever possible. We also aim to bring about a recycling society by recycling wastes.



Systems to encourage environmental conservation

Our Global Environmental Measures Committee is at the center of our efforts to promote and implement our Environmental Voluntary Action Plan.

Our ongoing environmental activities follow the PDCA cycle.

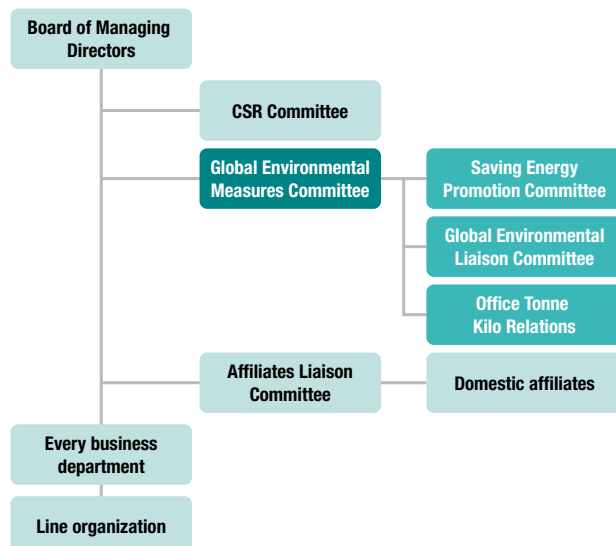
Organizational

We established a CSR Committee in July 2005 to integrate the work of our old Global Environmental Measures Committee and Social Service Committee. We then established a separate Global Environmental Measures Committee in July 2008, to pursue these activities more effectively because the scope of CSR is so wide and the activities of the sub-committees were becoming more specialized, particularly in the area of the environment. The Global Environmental Measures Committee provides unified consideration of the details of our environmental activities and implements our Global Environmental Activities Plan.

The Global Environmental Measures Committee has reconsidered the following organizations and divided them into "Saving Energy Promotion Committee", "Global Environmental Liaison Committee" and "Office Tonne Kilo Relations". The "Saving Energy Promotions Committee" will look into countermeasures for global warming prevention for the entire group. The "Global Environmental Liaison Committee" is comprised of plant managers who will be the core of the Global Environmental Measures Committee to decide and develop policies and put them into effect for preserving the environment. The Office Tonne Kilo Relations is an organization that will summarize and manage transported energy and administration duties.

In addition, we launched a Zero Emissions Project (▶ P32) in November 2000, targeting zero emissions as part of our involvement in building a recycling society. As a first step, we achieved zero emissions from our Yokohama office, and our second step was achieving zero emissions from all our plants. We are now on the third step, which is reaching zero emissions from our domestic affiliates.

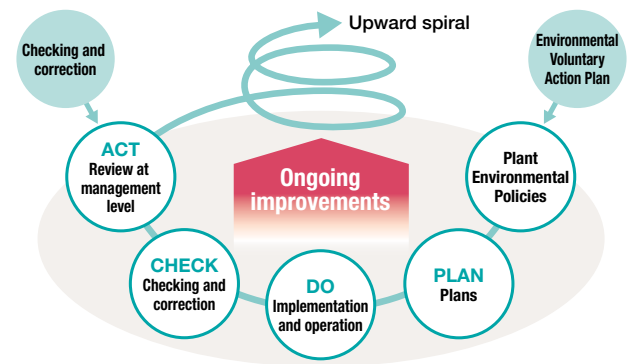
● System for encouraging environmental protection



PDCA cycle

We identify those matters to be tackled independently by individual plants, using the indicators from the Environmental Voluntary Action Plan and the Corporate Environmental Activities Policies to establish Plant Environmental Policies and Environment Management Programs. Each plant then takes up its day-to-day environmental improvement work following a PDCA (plan – do – check – act) cycle.

● PDCA cycle



Aiming to reduce our impact on the environment even further

NHK Spring has been engaged in building environmental management systems (EMS) actively since we gained ISO 14001 in 1997. Every one of our domestic plants now has certification, and our domestic and overseas affiliates are on the way to doing so. This is the basis on which we have extended the Group's involvement in environmental conservation.

Going forward, we will continue to enhance Group EMS through environmental audits. We will also be aiming to further reduce our impact on the environment through thorough-going efforts to better our performance within the Group on the problems of global warming and wastes, compliance with environmental law, and reducing pollutants.



Takashi Yonezawa
Manager, Safety & Environmental
Activities Engineering Dept.

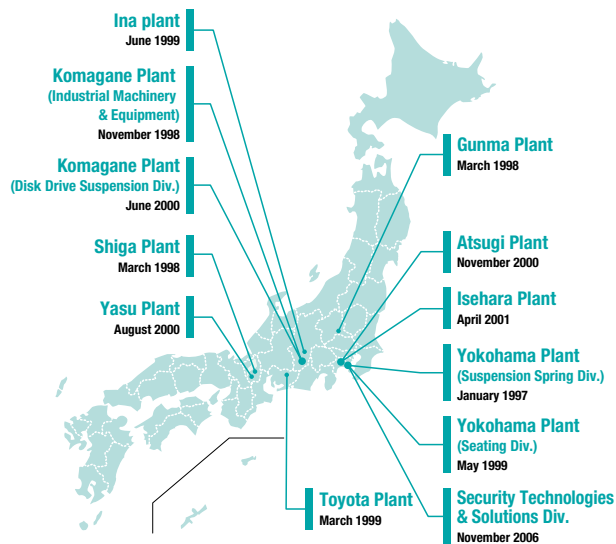
ISO 14001

As an organization, we are involved in protecting the environment, and we have gained ISO 14001 international certification for our environmental management systems.

ISO 14001 certification of domestic plants and offices

We began preparing to gain certification in 1996, and our Yokohama plant (Suspension Spring Division) was the first in the industry to reach certification in January 1997. This was the beginning: we then gained certification for three plants a year, with the last of our eleven Japanese plants being certified in April 2001. In November 2006, the Security Technologies & Solutions Division at our Yokohama office also gained certification.

● Dates Japanese plants and offices gained ISO 14001 certification

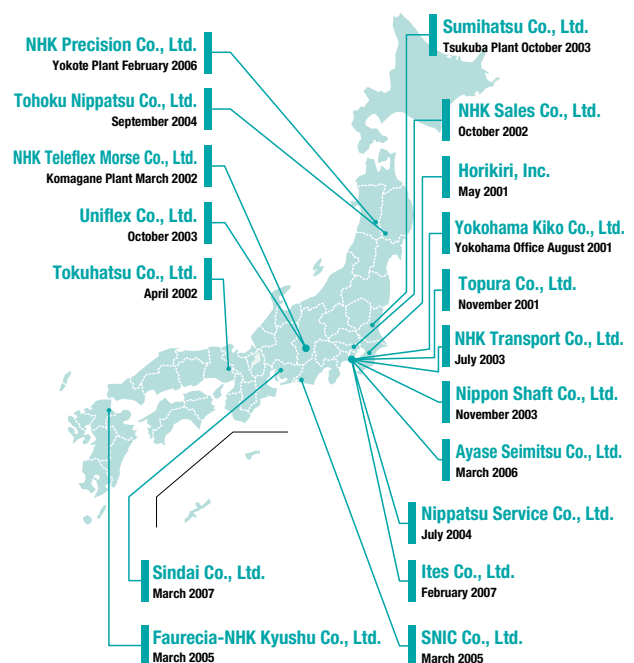


ISO 14001 certification of domestic affiliates

Our 18 domestic affiliates which take part in the Joint Safety and Environment Subcommittee of the Engineering Department of the NHK Spring Mutsumi-kai* have gained ISO 14001 certification. This means that all our domestic affiliates, who have their own sites and should have gained certification, have done so.

*Forum for group activities by domestic affiliates

● Dates domestic affiliates acquired ISO 14001 certification



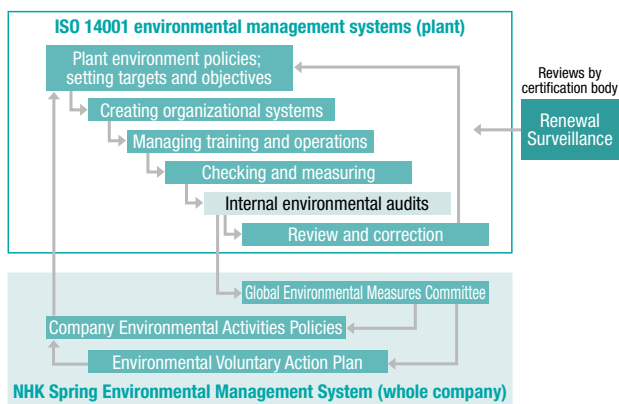
Environmental auditing

We practice proper management according to environmental manuals, and we conduct environmental audits to achieve effective environmental performance.

ISO 14001 and environmental auditing

By conducting environmental audits, we check whether our environmental management systems are functioning correctly according to ISO 14001. Environmental audits also help us comply with the laws on the environment, improve our environmental performance, isolate areas that need improvement, and lift our management capacity.

● Environmental management and environmental auditing



● Fiscal 2007 environmental audits

Internal plants	6 sites
Domestic affiliates	14 sites
Overseas affiliates	15 sites

■ External audits

External audits are conducted by external certification bodies to check that our environmental management systems meet and are being operated according to the requirements of ISO 14001. Surveillance audits are in principle conducted annually, with renewal audits once every three years.

All eleven plants and one office received external audits in fiscal 2007; ten plants and one office had surveillance audits, and one plant had a renewal audit. The audits found that the plants and environmental management systems were being run correctly, that pollution was being prevented, and that we were making continuing efforts to improve.

■ Environmental auditing

The members of our environmental audit team have completed special training. During fiscal 2007, the team audited the six internal plants to check that systems were functioning correctly.

While we have been conducting environmental audits on our own plants for some time, we began doing them for affiliates in Japan and overseas in fiscal 2007. The results of audits are reported to plant managers and presidents of affiliates for prompt remedial or corrective action. The results of audits are also reported to the Global Environmental Measures Committee. Where necessary they are incorporated into the Environmental Activities Policies and Environmental Voluntary Action Plan.



Environmental audit (NHK Spring India Ltd.)



Endeavor upgrading internal auditors

There have been great changes in our environmental management system since the fiscal 2004 version. We do not simply check the system for compliance. Our role has now shifted to auditing and providing guidance on the efficiency of the system: how basic tasks are performed and managed. We face even tougher times with respect to environmental issues such as reducing our CO₂ emissions, and we are making every effort to guide the operation of our EMS to a higher level and upgrade the capabilities of our internal auditors.



Keiichi Morimoto
Manager, Manufacturing Sect.
Komagene Plant DDS Div.

Environmental education and consciousness-raising

We conduct a variety of environmental education and consciousness-raising activities to ensure that all our employees carry out their regular jobs with knowledge of the environment and a high level of awareness of the issues.

Environmental training

Raising the environmental consciousness of individual employees is important to carrying environmental work forward. We have an excellent in-house training system to extend awareness of environmental issues, including a range of environmental education programs, training for internal environmental auditors, and encouragement to acquire external qualifications.

We offer different levels of environmental education for all employees, as well as specialist training for staff with particular environmental responsibilities. General environmental education at different levels is included in our staff training program and is repeated with promotions. Specialist training is provided to begin new positions, and regular skill upgrading is also provided.



Different levels of environmental auditor seminars

● Numbers of staff with environmental qualifications (as of June 2008) Units: Persons

Qualification	Classification	Numbers holding qualifications	Qualification	Classification	Numbers holding qualifications					
Pollution prevention management	Air	Type 1	Qualified Persons for Energy Management	—	21					
		Other								
	Water quality	Type 1				Working Environment Measurement Experts	Type 1	Dust	5	
		Other						Special chemicals	4	
	Noise	51						Type 2	Metals	2
	Vibration	39							Organic solvents	4
Dioxins	1									
Environmental Management System Auditors	Principal auditor	2	Certified Environmental Measurers	Level-related	3					
	Auditor	1								
	Assistant auditor	2								

● Contents of environmental education

Classification	Recipients	Content of training	
Education at different levels	New employee training	Global environmental issues and environmental management systems Government and industry guidelines and involvement by NHK Spring	
	Training for new senior staff		
	Training for new managers		
	Training for new executives		
Specialist education	Internal environmental auditors	New appointment training	Skills upgrading training
		Internal environmental auditor training and refresher courses	Internal environmental auditor training

Consciousness-raising activities

We hold an annual Global Environmental Forum in June, which is Environment Month. This involves raising the awareness of the employees of NHK Spring and our affiliates through environment exhibitions, seminars, and examples of outstanding environmental work. We also organize environment circles and encourage suggestions to raise awareness and give awards for the best environment-related suggestions during the fiscal year.

We also carry news of how different offices and plants are involved with the environment, through company newsletters and the Intranet, to develop activities horizontally across the NHK Spring Group.



Environment circles active in every workplace



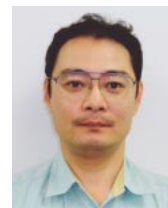
Global Environment Forum



We support activities that produce concrete results

Everyone needs to be conscious of environmental conservation, but sometimes it is hard to get a firm handle on a fuzzy concept like "the environment." We hope to change consciousness by teaching people about things that are very close to home, like how they can recycle by sorting their rubbish, and how they can contribute to reducing CO₂ by saving energy. Problems and their solutions should be apparent once people think about how their own jobs and daily lives affect the environment, both positively and negatively. We provide support to our people in first understanding what the problems are and then doing something concrete about them.

Yoshiyuki Ishii
Expert, Engineering Sect.
Yokohama Plant Seating Div.



Environmental accounting

We identify the costs and effects of our environmental conservation activities in environmental accounting, and we use this in running the company.

Fiscal 2007 environmental accounts – classifications and results

We introduced environmental accounting in fiscal 2000. Our accounts show collections of data under the following nine headings, based on the Ministry of the Environment’s Environmental Accounting Guidelines (2000 edition). In fiscal 2007, it is now eight years since we introduced environ-

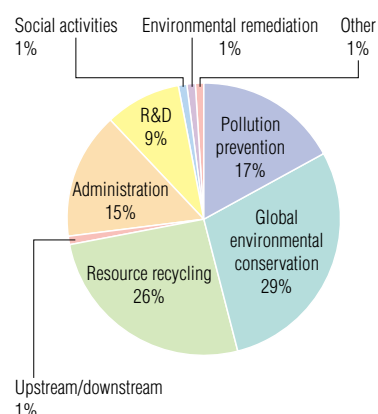
mental accounts, and the results are apparent in our investments as well.

For fiscal 2007, our environmental account was worth around 823 million calculated from a constant base. The table below shows the breakdown.

● Fiscal 2007 – Cost of environmental conservation

Units: ¥ million/year

Classification of costs	Main elements	Value* in FY 2006	Value* in FY 2007
① Pollution prevention	Maintenance of effluent treatment facilities and dust collectors, measurement and monitoring of air and water quality and noise, and other preventive measures	232.9	139.6
② Global environmental conservation	Preservation of green areas around plants, energy-saving measures, warming prevention, etc.	180.5	237.7
③ Resource recycling	Waste treatment, zero emissions measures, office recycling, etc.	221.1	213.5
④ Upstream/downstream	Limiting environmental burdens from our suppliers and customers associated with our own production activities (green purchasing, product recycling, reduced packaging, and so on)	5.0	5.7
⑤ Administration	Waste manifest management, ISO 14001 maintenance and renewal inspections and ISO 14001 office personnel costs, reporting to the government, etc.	136.7	125.6
⑥ R&D	Research to reduce environmental loads and development of products to contribute to reducing environmental loads	152.0	78.2
⑦ Social activities	Social service activities (cleaning waterways and surroundings of plants) etc.	6.2	6.7
⑧ Environmental remediation	Remediating environmental damage to surroundings	5.9	6.6
⑨ Other	Other environmental conservation work	6.3	10.1
Total		946.6	823.7



*Value: totals of Environmental Investments and Environmental Conservation

The table below shows fiscal 2007 performance. There were improvements in the amounts of energy/CO₂ used, the amount of wastes recycled and in waste treatment costs.

The large increase in unit energy prices in fiscal 2007 led to a certain increase in unit energy costs.

We will continue to strive for improvements across all areas.

● Performance of fiscal 2007 investment effects

	Material effects* ¹			Economic effects* ²			Assessment
	FY 2006 performance	FY 2007 performance	Effects	FY 2006 performance	FY 2007 performance	Effects	
Energy use per unit output (J/¥ million)* ³	6,898	6,661	-237	—	—	—	○
CO ₂ per unit output (thousand kgC/¥ million)* ³	0.158	0.142	-0.016	—	—	—	○
Wastes to landfill (tonnes/year)	20.6	26.8	6.2	—	—	—	△ ⁴
Wastes recycled (tonnes/year)	24,230	25,896	1,666	—	—	—	○
Energy costs per unit output (¥/¥ thousand)* ³	—	—	—	17.8	18.2	0.4	△ ⁵
Waste treatment costs per unit output (¥/¥ thousand)* ³	—	—	—	0.77	0.73	-0.04	○

*¹ Material effects: Reduction in environmental pollutants, etc.

*² Economic effects: Energy savings and waste reduction, etc.

*³ Unit output: Values to Sales

*⁴ Due to increased production volumes

*⁵ Due to increase in unit energy costs

In production

We have installed energy-saving equipment and actively recycle, as well as train all our workers, in order to minimize the amounts of energy and resources we use in manufacturing.

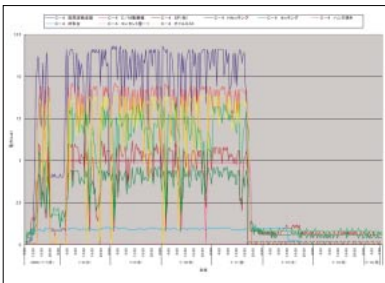
Energy-saving activities

Installation of energy-saving equipment

The “Saving Energy Promotion Committee” was established to take measures for reducing CO₂ emission and resource saving activities for the entire NHK Spring Group. Each plant will enforce energy prevention measures as well as plan a “visualization” method for the amount of electricity used by an electricity monitoring system and establish reform measures in detail. As an example of our activities, we have installed an inverter equipment whose main objective is to reduce the use of electricity in the cooling water pumps.



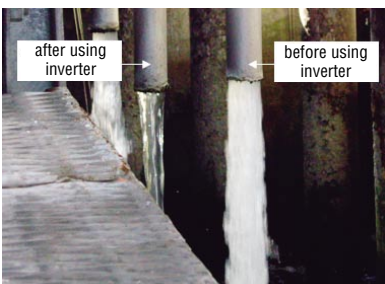
Electricity monitoring systems



Optimize electricity power consumption



Inverter



Reduction in power consumption

Zero emissions

As part of our commitment to an environmental-friendly society, we have set up a Wastes Working Group and established a Zero Waste Project. These are intended to reduce wastes, reuse, and recycle resources.

Encouraging sorting

There are Sorting Training Corners in every plant to train workers to segregate recyclables. We have sorting stations specific to each area of the floor to increase the rates of recycling.



Sorting Training Corner



Sorting station

On-site checks of waste processors

We conduct regular checks of waste processors to confirm that they are treating our wastes according to contract in order to ensure that our zero emissions policies are being implemented.



Regular inspection of waste processor

Fiscal 2007 targets and performance

We approach energy saving, reducing CO₂ emissions, recycling wastes and reducing pollutants in production in a planned way, setting specific targets to be achieved.

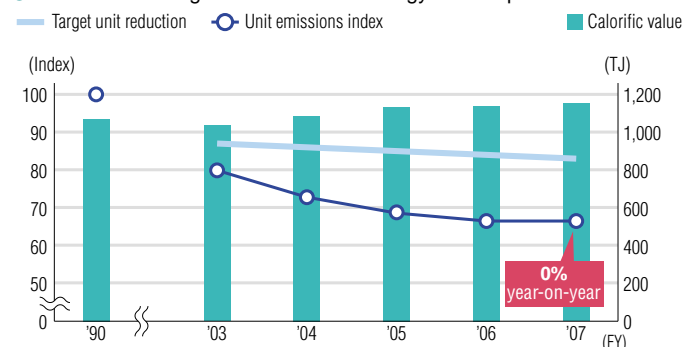
Energy saving

Being aware of the global environment, we have been involved in energy saving since before 1990. We set up an Energy Saving Working Group in 1993. We have been increasing our energy saving efforts since our move to our Yokohama facility (head office and suspension spring and seating plants) in 1991 and continue to do so today.

Targets		
Unit energy consumption to Sales: Annual reduction of 1% (based on fiscal 1990) (Under the Law Concerning the Rational Use of Energy, Evaluation criteria of factories for rationalization of energy use)		
FY 2007 target	FY 2007 actual	Assessment
Target unit consumption* 83.0	Unit consumption 66.5	◎

*Target unit consumption: Targeted reduction with fiscal 1990 unit consumption as 100

Movements in target and actual unit energy consumption to Sales



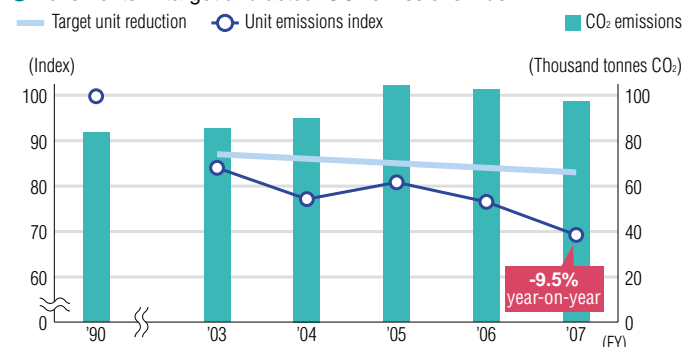
Reduction in CO₂ emissions

In conjunction with our domestic affiliates, we have specific group-wide targets for reductions in CO₂ emissions to combat global warming.

Targets		
7% reduction in the volume of CO ₂ emissions by 2010 (based on fiscal 1990) and reduction of 20% in unit CO ₂ emissions by 2010 (based on fiscal 1990) (According to Japan Auto Parts Industries Association Fourth Environmental Voluntary Action Plan)		
FY 2007 target	FY 2007 actual	Assessment
Target unit consumption* 83.0	Unit consumption 69.2	◎

*Target unit consumption: Targeted reduction with fiscal 1990 unit consumption as 100

Movements in target and actual CO₂ emissions index



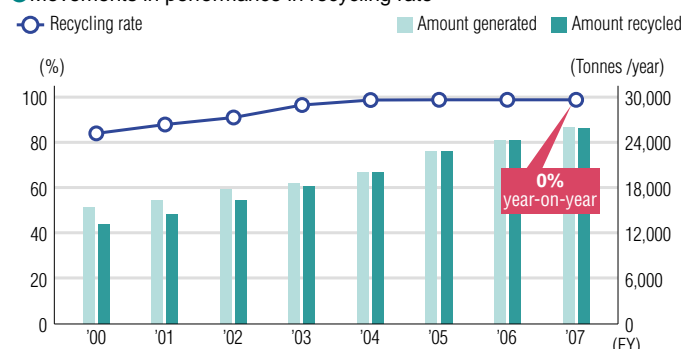
Recycling of wastes

We have a target of zero emissions.* To reach it, we are involved in reducing the amount of wastes going to landfill, lifting our recycling rate, and reducing our output of wastes. We achieved this at our Yokohama office by the end of fiscal 2002. We extended our efforts throughout the company from fiscal 2003, and to our domestic affiliates in fiscal 2005.

Targets			
Maintain zero emissions across the entire company from fiscal 2005 (Recycling rate of 99.99% achieved since fiscal 2005)			
FY 2007 target	FY 2007 actual	Assessment	FY 2008 target
Recycling rate of at least 99%	Recycling rate of 99.99%	◎	Continue recycling rate of at least 99%

*Zero emissions: Our definition of zero emissions is a recycling rate of at least 99%

Movements in performance in recycling rate



Reduction in dichloromethane

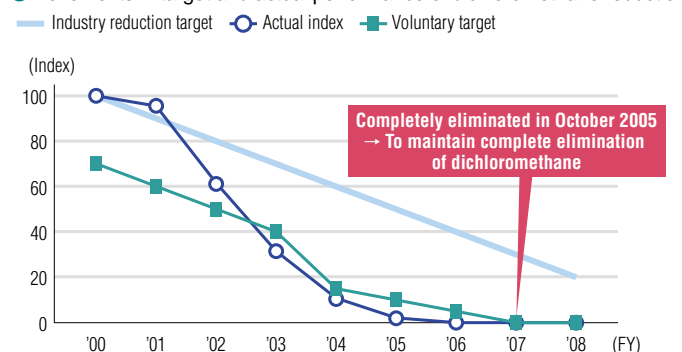
We are a member of the Japan Auto Parts Industries Association, but we've set ourselves tougher targets for reductions in dichloromethane than those in the Association's Environmental Voluntary Action Plan*¹ and we have reduced the amounts. By switching to substitute cleaners and adhesives across the company, we have succeeded in completely eliminating use of dichloromethane five years ahead of the industry target, and one year ahead of the voluntary target.

Targets			
To maintain complete elimination of dichloromethane			
FY 2007 target	FY 2007 actual	Assessment	FY 2008 target
0 (Index* ²)	0 (Index* ²)	◎	To maintain complete elimination of dichloromethane

*¹ Environmental Voluntary Action Plan: Targets under the Fourth Environmental Voluntary Action Plan revised in May 2006 are a reduction of 95% in emissions by 2010 (base year: 2000)

*² Index of amount of emissions with year 2000 as 100

Movements in target and actual performance of dichloromethane reduction



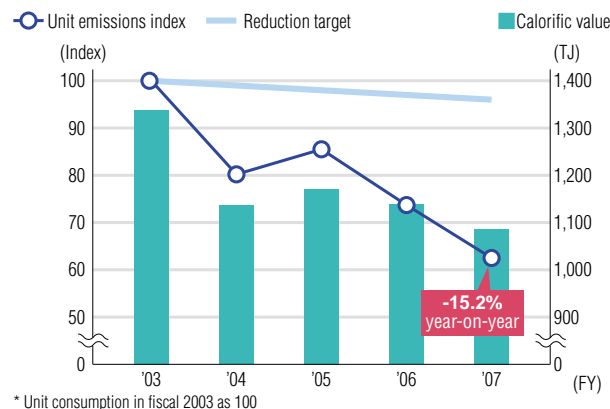
Involvement of domestic affiliates

We involve the entire Group in our environmental conservation activities. Each of our 22 domestic affiliates is engaged in reducing environmental pollution.

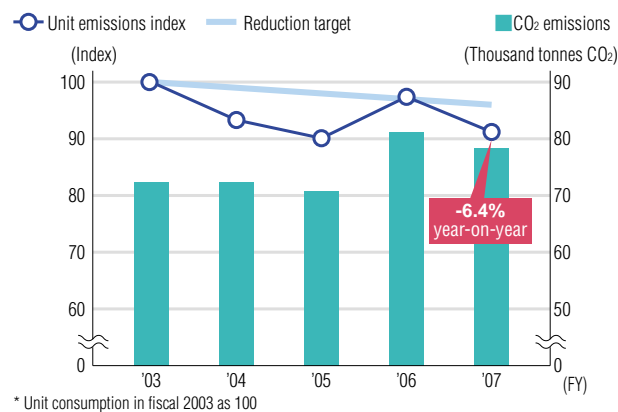
Energy saving

Our domestic affiliates are working with us to save energy, with a target of a 1% reduction annually in unit energy consumption to Sales, with fiscal 2003 as the base year.

Movements in energy/calorific value



Movements in CO₂ emissions

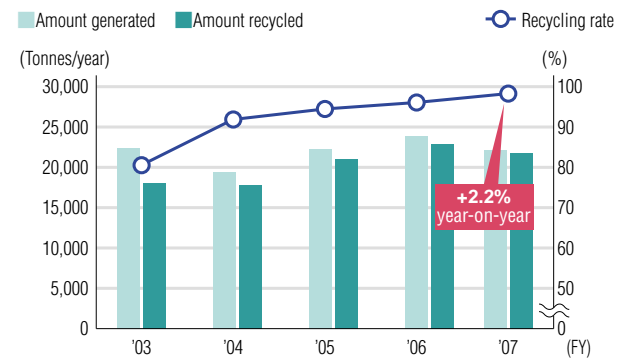


Towards an environment-friendly society

In fiscal 2007, our domestic affiliates generated 22,225 tonnes of wastes annually. As they recycled 21,792 tonnes, this gave a recycling rate of 98.1% - an increase of 2.2% on fiscal 2006.

The domestic affiliates aim to reach a recycling rate of at least 99% by the end of fiscal 2009 through Zero Emissions activities.

Movements in amounts of waste generated and recycled by domestic affiliates



Examples of recycling activities

Our domestic affiliate Nippatsu Service collects discarded office equipment and encourages the recycling of their plastic structural materials and circuit boards.

The waste materials that have been separated according to type are then weighed and managed.



Recycling office equipment



Ongoing improvements to achieve a company free of accidents and disasters

Tokuhatsu gained ISO 14001 certification in April 2002. The whole company is at one on extending our environmental activities along the lines of preventing pollution, complying with legal and other requirements, and making ongoing improvements to the environment. As a practical example, we have set the 2008 goal of zero waste: 100% recycling, a 30% reduction in current levels of wastes, a 10% reduction in current levels of energy and natural resource usage, and 100% compliance with legal and other requirements. In addition, we engage in ongoing efforts to improve our risk assessments for safety, natural disasters and the environment as a member of the NHK Spring Group to maintain a safe, accident-free company.



Yuki Kataoka
Manager, Environment
Management Room
TOKUHATSU CO., LTD.

Managing and reducing pollutants

We strive to properly manage and reduce pollutants according to our own standards, and the law and rules of the organizations we belong to.

Pollutant Release and Transfer Register (PRTR) surveys

Since fiscal 1997, we have taken part in voluntary PRTR surveys organized by Nippon Keidanren (Japan Business Federation), in an effort to establish the amounts of pollutants that we handle, release and transfer.

We have been reporting data to the Ministry of Economy, Trade and Industry under the PRTR Law since June 2001. However, we have set up our own survey standards to quantify the use of chemical substances across all departments of the company.

Since fiscal 2005, our domestic affiliates have conducted the same vol-

untary PRTR surveys in an effort to reduce releases of pollutants.

The table below lists each of the substances of which we handle a total of at least 0.1 tonnes per year.

In addition, in fiscal 2008 we will comply with the European REACH (Registration, Evaluation, Authorization and restriction of CHemical substances) regulation and will continue developing systems to manage the chemical substances in our products.

● Results of fiscal 2007 survey of pollutant releases and transfers

(Units: Tonnes/year)

PRTR Law Cabinet Order No.	Name	Types of designated chemical compounds	Amount used	Amount emitted						Amount moved	
				Atmosphere	Water quality	Soil	Buried on-site			Sewage system	Waste (sub-contracted)
							Stable	Managed	Isolated		
1	Water-soluble zinc compounds	Class I	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.3
16	2-aminoethanol	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
21	Meta aminophenol	Class I	0.9	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
40	Ethyl benzene	Class I	18.1	8.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
43	Ethylene glycol	Class I	1.4	0.1	0.0	0.0	0.0	0.0	0.0	0.0	1.3
61	ε-caprolactam	Class I	3.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63	Xylene	Class I	48.2	23.9	0.0	0.0	0.0	0.0	0.0	0.0	0.4
172	N,N-dimethylformamide	Class I	0.5	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
176	Organic tin compounds	Class I	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
218	1,3,5-tris-(2,3-epoxypropyl)-1,3,5-triazine-2,4,6 (1H,3H,5H)-trione	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	Class I	1.7	1.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
227	Toluene	Class I	55.9	27.9	0.0	0.0	0.0	0.0	0.0	0.0	4.1
232	Nickel compounds	Special Class I	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3
272	Bis-(2-ethylhexyl) phthalate	Class I	1.4	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.1
273	n-butyl benzyl phthalate	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
309	Polyoxyethylene nonylphenyl ether	Class I	0.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.1
311	Manganese and compounds thereof	Class I	1.2	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
338	Methyl-1,3-phenylene diisocyanate (TDI)	Class I	784.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.1
PRTR total			923.4	65.7	0.0	0.0	0.0	0.0	0.0	0.0	13.9
Affiliates											
1	Water-soluble zinc compounds	Class I	9.9	0.0	0.0	0.0	0.0	0.0	0.0	0.1	9.8
16	2-aminoethanol	Class I	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
40	Ethyl benzene	Class I	30.3	30.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1
43	Ethylene glycol	Class I	18.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
61	ε-caprolactam	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
63	Xylene	Class I	93.1	92.8	0.0	0.0	0.0	0.0	0.0	0.0	0.3
132	HCFC 141B	Class I	2.2	1.7	0.0	0.0	0.0	0.0	0.0	0.0	0.5
135	1,2-dichloropropane	Class I	1.1	0.9	0.0	0.0	0.0	0.0	0.0	0.0	0.3
145	Dichloromethane	Class I	51.7	14.5	0.0	0.0	0.0	0.0	0.0	0.0	37.3
172	N,N-dimethylformamide	Class I	6.1	6.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
177	Styrene	Class I	75.6	28.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
224	1,3,5-trimethylbenzene	Class I	0.4	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0
227	Toluene	Class I	128.5	126.6	0.0	0.0	0.0	0.0	0.0	0.0	1.8
230	Lead and compounds thereof	Class I	0.7	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0
243	Barium and water-soluble compounds thereof	Class I	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5
270	Di-normal butyl phthalate	Class I	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
PRTR total			422.5	302.4	0.0	0.0	0.0	0.0	0.0	0.1	51.8

Progress in environmental activities

	Progress by NHK Spring	Progress by domestic affiliates	Trends in society
1967			Basic Law for Environmental Pollution Control enacted
1970			Pollution Session of the Diet held (anti-pollution measures established)
1971	Jul.: Environmental Management Section established (creating system for voluntary measurement and analysis)		Environment Agency established
1985			Vienna Convention (for the protection of the ozone layer) signed
1987			Montreal Protocol (on Substances that Deplete the Ozone Layer) adopted
1990	Jan.: NHK Spring Corporate Philosophy announced		
1991	Oct.: Recycling Liaison Committee announced		Law for Recycling (of End-of-Life Vehicles) enacted
1992	Sep.: Environment Protection Committee announced (3 Subcommittees: General Wastes, Detergents, Foam)		Earth Summit (United Nations Conference on Environment and Development) held in Brazil
	Nov.: 1st Global Environment Forum held		Global Warming Treaty signed
1993	May: Environmental Voluntary Action Plan announced (3 new Subcommittees: Industrial Wastes, Energy Saving and Product Technology)		The Basic Environment Law enacted
1994	Dec.: 2nd Global Environment Forum held		
	Dec.: Elimination of all CFCs achieved (1 year ahead of schedule)		
1995	Jan.: Foam Subcommittee terminated, Environment Management Subcommittee launched		Containers and Packaging Recycling Law enacted
	Oct.: Yokohama office ISO 14001 trials start		Japan Auto Parts Industries Association Environment Subcommittee launched
	Dec.: 3rd Global Environment Forum held		1st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP1) ISO 14001 established
1996	Mar.: Yokohama office ISO 14001 trials ended		JIS Q14001 issued
	Apr.: Yokohama Plant (Suspension Springs) started preparations to gain ISO 14001 certification		
	Oct.: Policy that all plants gain ISO 14001 established		
	Dec.: 4th Global Environment Forum held		
	Dec.: 1st Revised Environmental Voluntary Action Plan		
1997	Jan.: Yokohama Plant (Suspension Springs) gained ISO 14001 certification (1st plant certified)		Japan Auto Parts Industries Association Environment Committee launched
	Sep.: 2nd Revised Environmental Voluntary Action Plan		3rd Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) Kyoto Protocol signed
1998	Jan.: Global Environmental Issues Seminar held		Law Concerning the Promotion of Measures to Cope with Global Warming enacted
	Mar.: Shiga Plant gained ISO 14001 certification		
	Mar.: Gunma Plant gained ISO 14001 certification		
	Jul.: Global Environment Committee reorganized		
	Nov.: Komagane Plant (Industrial Machinery & Equipment) gained ISO 14001 certification		
1999	Jan.: 3rd Revised Environmental Voluntary Action Plan	Apr.: NHK Spring <i>Mutsumi-kai</i> started to collect data on wastes	Amended Law Concerning the Rational Use of Energy enacted
	Feb.: 5th Global Environment Forum held	Jun.: Environment Policy Workshop started (held quarterly)	
	Mar.: Toyota Plant gained ISO 14001 certification		
	May: Yokohama Plant (Seating) gained ISO 14001 certification		
	Jun.: Ina Plant gained ISO14001 Certification		
2000	Jun.: 6th Global Environment Forum held	Sep.: Follow-up Environment Policy Workshops held (half-yearly)	Law Concerning Special Measures against Dioxins enacted
	Jun.: Komagane Plant (DDS) gained ISO 14001 certification		PRTR Law enacted
	Jul.: 4th Revised Environmental Voluntary Action Plan		Basic Law for Establishing the Recycling-based Society enacted
	Aug.: Yasu Plant gained ISO 14001 certification		6th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP6)
	Nov.: Atsugi Plant gained ISO 14001 certification		
	Nov.: Y530 (Yokohama Office Zero Waste) Project launched		
2001	Feb.: 5th Revised Environmental Voluntary Action Plan	May: Horikiri gained ISO 14001 certification	Ministry of the Environment established
	Apr.: Isehara Plant gained ISO 14001 certification (all plants now certified)	Aug.: Yokohama Kiko gained ISO 14001 certification	Electric Appliance Recycling Law enacted
	Jun.: 7th Global Environment Forum held	Nov.: Topura gained ISO 14001 certification	
2002	Jan.: Recycling Center completed in Yokohama Office	Mar.: NHK Teleflex Morse gained ISO 14001 certification	Soil Contamination Countermeasures Law announced
	Feb.: 6th Revised Environmental Voluntary Action Plan	Apr.: Tokuhatsu gained ISO 14001 certification	Automobile Recycling Law announced
	May: 8th Global Environment Forum held	Oct.: NHK Sales gained ISO 14001 certification	Japan ratified the Kyoto Protocol
	Jun.: Received 10th Yokohama Environmental Conservation Work Award	Oct.: NHK Spring <i>Mutsumi-kai</i> Technical Committee Global Environmental Issues Subcommittee launched	
	Dec.: Yokohama Office received Fiscal 2002 Kanagawa Global Environment Award		
2003	Feb.: 7th Revised Environmental Voluntary Action Plan	May: NHK Spring <i>Mutsumi-kai</i> Technical Committee Global Environmental Issues Subcommittee meeting	Automobile Recycling Law enacted
	Mar.: Zero emissions achieved at Yokohama Office	Jul.: NHK Transport gained ISO 14001 certification	Soil Contamination Countermeasures Law enacted
	Jun.: 9th Global Environment Forum held	Oct.: Sumihatsu gained ISO 14001 certification	Amended Law Concerning the Rational Use of Energy enacted
		Oct.: Uniflex gained ISO 14001 certification	
		Nov.: Nippon Shaft gained ISO 14001 certification	
2004	Feb.: 8th Revised Environmental Voluntary Action Plan	Jul.: Nippatsu Service gained ISO 14001 certification	Amended Air Pollution Control Law announced
	Jun.: 10th Global Environment Forum held	Jul.: NHK Spring <i>Mutsumi-kai</i> Technical Committee Global Environmental Issues Subcommittee meeting	
	Dec.: Atsugi Plant received Fiscal 2004 Kanagawa Global Environment Award	Sep.: Tohoku Nippatsu gained ISO 14001 certification	
2005	Jan.: Yokohama Office received Commendation at PRTR Awards	Mar.: Faurecia-NHK Kyushu gained ISO 14001 certification	Amended Automobile Recycling Law enacted
	Feb.: 9th Revised Environmental Voluntary Action Plan	Mar.: SNIC gained ISO 14001 certification	Kyoto Protocol came into force
	May: 11th Global Environment Forum held		
2006	Feb.: 10th Revised Environmental Voluntary Action Plan	Feb.: NHK Precision gained ISO 14001 certification	Amended Law Concerning the Rational Use of Energy enacted
	Jun.: 12th Global Environment Forum held	Mar.: Ayase Seimitsu gained ISO 14001 certification	Amended Law Concerning the Promotion of Measures to Cope with Global Warming enacted
	Dec.: Ise Plant received Fiscal 2006 Kanagawa Global Environment Award		Amended Law Concerning the Recovery and Destruction of Fluorocarbons enacted
2007	Jun.: 13th Global Environment Forum held	Feb.: Ites gained ISO 14001 certification	G8 Hokkaido Toyako Summit
		Mar.: Sindai Aichi Plant gained ISO 14001 certification	
2008	Jun.: 11th Revised Environmental Voluntary Action Plan		
	Jun.: 14th Global Environment Forum held		

Head Office and Research & Development Department



Location: Kanazawa-ku, Yokohama
 Business areas: Planning, management, R&D
 Commenced operations: February 1991
 Employees: 349

Efforts of the plant

At our Head Office and Research & Development Department, as well as our Suspension Spring and Seating Division Yokohama plants, our activities are tailored to the adjoining scenic area and the surrounding environment. We maintain a strict air conditioning regime of 18°C in winter and 28°C in summer. We also take an active part in saving energy and reducing CO₂ emissions by participating in the government's *Cool Biz* campaign in summer, and recommending Ecodrives for company vehicles.

Fiscal 2007 and 2008 initiatives

Encouraging environmental conservation and preventing pollution

- In fiscal 2007, we were involved with preventing pollution and global warming, and we made capital investments for that purpose. We will pursue the same course in fiscal 2008.

Encouraging R&D to reduce stress on the environment

- We continue to develop environment-friendly products and technologies.

Management of chemicals

- Each year NHK Spring and our affiliates manage the amounts of pollutant materials we handle and release on the basis of the PRTR (Pollutant Release and Transfer Register) Law. From fiscal 2008, we will create a system to manage all the chemicals included in our products.

● Atmosphere (regulated values: Air Pollution Control Law, Yokohama environmental regulations)

Substance	Equipment		Regulated value	Actual
NOx	Hot water boiler	A	0.065	0.011
		B	0.075	0.028
	Cooling water generator	A	0.066	0.031
		B	0.046	0.041
Dust	Hot water boiler	A	0.05	0.023
		B	0.05	0.027
	Cooling water generator	A	0.05	0.025
		B	0.05	0.016

NOx units: m³N/h Dust units: g/m³N

● Water quality: Main Building (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5~9	7.7	6.1	7.1
Oil	5	2.3	0.2	1.3
Fe	3	0.20	< 0.01	0.05
Zn	1	0.10	0.02	0.04
Ni	1	0.10	< 0.01	0.02
T-Cr	2	0.03	< 0.01	0.01
Fluorine	8	1.10	0.02	0.21
Phenols	0.5	< 0.05	< 0.05	< 0.05

Units: mg/ℓ

● Water quality: R&D Building (Regulated value: Yokohama sewage regulations)

Item	Facilities	Regulated value	Actual		
			Maximum	Minimum	Average
pH	R&D Building 1	5~9	7.9	6.8	7.4
	R&D Building 2		7.8	6.9	7.4
Oil	R&D Building 1	5	1.7	0.3	1.1
	R&D Building 2		2.0	0.3	1.2
Fe	R&D Building 1	3	0.10	< 0.01	0.01
	R&D Building 2		0.30	< 0.01	0.03
Zn	R&D Building 1	1	0.30	< 0.01	0.05
	R&D Building 2		0.10	< 0.01	0.04
Ni	R&D Building 1	1	0.01	< 0.01	0.01
	R&D Building 2		0.01	< 0.01	< 0.01
T-Cr	R&D Building 1	2	< 0.01	< 0.01	< 0.01
Phenols	R&D Building 2	0.5	< 0.05	< 0.05	< 0.05

Units: mg/ℓ

Topics

Export Compliance Seminar held

An Export Compliance Seminar was held at NHK Spring's head office. Nations and societies demand that exporters self-manage the safety of their exported goods. For the NHK Spring Group, it is vital to expand awareness of the importance of export management, establish export management systems, and ensure that

established export management procedures are correctly implemented.

We will hold future seminars to strengthen awareness of compliance issues.



Export Compliance Seminar well attended by managers as our export businesses grow

Suspension Spring Division • Yokohama Plant



Location: Kanazawa-ku, Yokohama

Products: Leaf springs, coil springs, and radius arms

Commenced operations: November 1987

Employees: 382

Remarks by plant manager

This year we are again encouraging all our people to become involved in environmental conservation activities so that we can tell the



Jiro Oyama
Plant Manager

world from Yokohama that we are committed in our hearts and minds to making environmentally-friendly springs.

Outlook and policies

One of our most basic principles in running the plant is environmental management – protecting the environment, saving energy, and reducing wastes – so that we can make environmentally-friendly springs. We are raising our employ-

Topics

Innovative Product Building Committee meeting

Our Innovative Product Building Committee publicizes case studies of *Kaizen* model lines at different plants and provides plant managers with the opportunity to learn from each other. In fiscal 2007, the Committee met at the Yokohama Plant (Suspension Spring Div.). After release of the case studies, the members visited

ees' environmental awareness through our activities.

Fiscal 2007 and 2008 initiatives

Reducing waste and recycling

- In fiscal 2007 our in-plant facilities treated 100% of the wastewater from cleaning effluents. We also converted oil wastes (industrial waste) into useful products through post-treatment. This meant we achieved a 5.7% year-on-year reduction in our emissions index of industrial wastes. We maintained a 99.9% recycling rate.

Saving energy

- In fiscal 2008 we will make effective use of electricity monitoring to reduce standby power consumption. We will also make full use of inverters to save power in the plant.

Environmental conservation

- In fiscal 2008 we will press ahead with reducing the risk of contaminated water runoff by reviewing our scrap transport vehicle yard.

the *Kaizen* site and the new hot coil spring line. We have been engaged in our Innovative Product Building program for eleven years now, and we continue to exercise our ingenuity.



Visiting the *Kaizen* site at the Yokohama Plant (Suspension Spring Div.)

● Atmosphere (regulated values: Air Pollution Control Law, Yokohama environmental regulations)

Substance	Equipment	Regulated value	Actual	
NOx	Metal reheating furnace	A	0.125	0.067
		B	0.108	0.043
		C	0.189	0.055
		D	0.151	0.084
		E	0.106	0.028
	Metal tempering furnace	A	0.163	0.017
		B	0.105	0.013
		C	0.089	0.045
		D	0.073	0.035
		E	0.051	0.016
Dust	Metal reheating furnace	A	0.1	0.03
		B	0.1	0.02
		C	0.1	0.04
		D	0.1	0.04
		E	0.1	0.04
	Metal tempering furnace	A	0.1	0.04
		B	0.1	0.03
		C	0.1	0.03
		D	0.1	0.05
		E	0.1	0.03

NOx units: m³/h Dust units: g/m³N

● Water quality (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5~9	8.3	6.2	7.0	
Oil	Animal and vegetable	30	7.4	0.4	1.8
	Mineral	5	3.5	0.5	1.3
Fe	3	0.02	<0.01	0.01	
Zn	1	0.10	<0.01	0.06	
Ni	1	0.26	<0.01	0.11	
Mn	1	0.10	<0.01	0.02	
Fluorine	8	2.90	0.18	0.76	
Boron	10	0.90	0.10	0.38	

Units: mg/l

Suspension Spring Division • Shiga Plant



Location: Koga, Shiga Prefecture
 Products: Coil springs, stabilizer bars, and torsion bars
 Commenced operations: November 1973
 Employees: 253

Remarks by plant manager

We are working steadily on *Kaizen* tasks one by one aimed at the issues of cutting CO₂ emissions and recycling wastes to preserve the global environment. This is how we can contribute at the level of both the business and this plant to common world goals.



Hiroshi Masuya
Plant Manager

Outlook and policies

Our slogan is *Shiga Plant – Promoting STPM* (Strategy for Total Power Management). Environmental conservation is one of the seven core elements of STPM, and we take practical measures to allow all our people to engage in it.

Topics

Learning to use an Automatic External Defibrillator (AED)

These days AEDs are becoming common safety devices, and we are learning how to use them at our Shiga plant. We invited an industrial physician to come and explain how to use an AED, and we had hands-on training in heart massage and AED usage. We plan to

We are working hard towards making environmentally-friendly springs.

Fiscal 2007 and 2008 initiatives

Saving energy

- We switched to town gas type 13A in fiscal 2007, and reviewed our operating procedures for the boiler according to the public welfare building manual, to achieve a considerable reduction in CO₂ emissions.
- In fiscal 2008 we will continue our efforts by switching our ceiling lighting and air conditioning to more ecological systems, thereby reducing our electricity usage.
- We are improving the insulation of our preheating ovens to reduce our natural gas usage.
- We have instituted Energy Patrols, to raise awareness of energy saving.

Reducing waste and recycling

- We are reducing the amount of contaminant effluents from wastewater treatment through the use of air drying facilities.
- We are reducing the amount of wastes we dispose of by using a commercial cleaning cloth laundry service.
- We are continuing to reuse imported packaging materials and waste cardboard.
- We are reviewing our standards for sorting and discarding waste plastics to encourage RPF (Refuse Paper & Plastic Fuel) strategies.

conduct further sessions so that more of our employees can use an AED.



Learning to use a defibrillator at Shiga

● Atmosphere (regulated values: Air Pollution Control Law)

Substance	Equipment		Regulated value	Actual
NOx	Metal reheating furnace	A	300	41
		B	300	50
		C	180	29
Dust	Metal reheating furnace	A	0.25	0.06
		B	0.25	0.04
		C	0.25	0.07

NOx units: ppm Dust units: g/m³N

● Water quality: (Regulated value: Agreement with Minakuchi)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6~8	7.8	6.9	7.3
BOD	20	2.0	< 1.0	1.3
COD	20	5.0	1.0	2.7
SS	10	3.0	< 1.0	1.8
Oil	3	2.4	0.3	1.5
Total nitrogen	12*	11.0	3.6	7.8
Total phosphorus	1.2*	0.50	< 0.01	0.11
Fluorine	8*	1.90	< 0.01	0.48
Boron	2*	0.30	< 0.01	0.19

* Shiga prefectural regulations

Units: mg/ℓ

Seating Division • Gunma Plant



	[Ojima area]	[Ota area]
Location:	Ota, Gunma Prefecture	Ota, Gunma Prefecture
Products:	Automotive seats	Automotive interior products
Commenced operations:	December 1986	July 1969
Employees:	354	Included in Ojima area

Remarks by plant manager

As a greenfield development site, we have a legacy of agricultural land surrounding our plant. We cooperate proactively with the local community to preserve the environment. All our people are involved in ensuring our plant



Kiyohiko Kanmei
Plant Manager

remains environmentally-friendly by reducing the impact on the environment, reducing and recycling wastes, and saving energy.

Outlook and policies

In this plant we contribute to a better automotive society by producing safe and people-friendly automotive seating and interior products. Ours is an integrated operation, from design through manufacture to shipment. We look for possibilities to save resources, recycle, and reduce the impact on the environment from the product and equipment design stages onward.

Fiscal 2007 and 2008 initiatives

Saving energy

- In fiscal 2007, we introduced LPG and water supply management systems to complement our electricity monitoring system. We encourage all our people to enhance energy saving by measuring, recording, analyzing, and identifying the amounts of energy used.
- In fiscal 2008, we will improve the efficiency of our temperature controls by switching our urethane line from hot to cold curing. We will reduce the amounts of LPG we use in our boilers and reduce the electricity consumption in the chilled water tower used for cooling. We will also work to save energy during down times. The Seating Division slogan is *Everyone working together to save energy*, and at Ota we actively work to raise the awareness of each of our people about energy saving, and we will reach our target for reducing CO₂ emissions.

Reducing waste and recycling

- In fiscal 2007, we implemented regular weekly Environment Patrols to further improve on our checking of compliance with our rules on the environment. We also instituted interim (final) processing areas for recycling wastes. This had the double effect of extending from thermal to material recycling and creating a new awareness of the issues.
- In fiscal 2008, we will reduce the amount of off-cuts from our seat surfaces as part of our work to improve the plant balance of inputs and outputs while at the same time increasing yields. We will improve urethane product quality, and we will extend work to eliminate off-quality scrap and variation. We will engage in environmental activities, such as reducing total volumes of wastes, that contribute to the running of the plant and make it more friendly to the global environment.

● Atmosphere: Ojima area (Voluntary values for unregulated equipment)

Substance	Equipment		Regulated value	Actual
NOx	Boiler	A	300	56
		B	300	65
		C	300	76
Dust	Boiler	A	0.2	0.05
		B	0.2	0.05
		C	0.2	0.07

NOx units: ppm Dust units: g/m³N

● Water quality: Ojima area (Regulated value: Agreement with Ojima)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	6~8	7.4	6.1	6.8	
BOD	10	6.0	1.0	2.2	
SS	10	6.0	ND	2.3	
Oil	Animal and vegetable	30	1.6	0.1	0.7
	Mineral	5	1.2	0.1	0.6

Units: mg/l

● Water quality: Ota area (Regulated value: Gunma prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8~8.6	7.9	6.7	7.4
BOD	40	12.0	1.0	4.2
COD	40	13.0	4.0	7.8
SS	50	15.0	1.0	6.3
Oil	5	2.2	0.3	1.4

Units: mg/l

Seating Division • Yokohama Plant



Location: Kanazawa-ku, Yokohama
Products: Automotive seats and interior products
Commenced operations: April 1990
Employees: 407

Remarks by plant manager

Our plant is in a busy area, near Yokohama the Hakkeijima Sea Paradise and Umi-no-Koen Park. The Umi-no-Koen Park is the only seaside swimming area in Yokohama, and visitors also enjoy digging for clams on the beach. All our employees contribute to maintaining and improving the surrounding environment while also continuing to improve the environment from the global perspective as well.



Kenji Banno
Plant Manager

impact on the environment and prevent pollution. We recognize that it is our duty to pass on the beauty of the natural world to the next generation. We encourage everyone working at the plant to be active in preserving the environment, and we are unremitting in our efforts to create a low-carbon emissions society.

Fiscal 2007 and 2008 initiatives

Encouraging all efforts to conserve the environment and prevent pollution

- In fiscal 2007 we completed a metal scrap shed to prevent oily runoff from outdoor scrap from flowing into storm drains.
- In fiscal 2008 we will carry out environmental improvements according to the risk assessments from environmental impact studies. We will eliminate the old equipment that uses town gas as part of the transformation of the plant.

Saving energy

- In fiscal 2007 we applied insulating coatings to the plant roof, giving a 3°C to 7°C cooling effect inside. We achieved a roughly 50% improvement over fiscal 2006 through *Kaizen* activities and regular energy saving meetings.
- In fiscal 2008 we will make more effective use of our electricity monitoring system to eliminate energy waste. We will also focus on water resources, contributing to saving water through better management of cooling water.

Outlook and policies

We consider the environmental impact of all our business activities at the plant, encouraging environmental management activities that reduce the

Topics

New testing equipment at the Seating Division

The Seating Division has installed a new hydraulic sled testing device for automotive seating at our Yokohama facility. The new equipment is used to test and evaluate safety improvements that have accompanied recent increases in vehicle body rigidity. It also enables crash testing with a high degree of reproducibility of motor

vehicle crash waveforms. Installation took about a year to complete. Fully operational since January 2008, it will be used for a variety of crash tests.



New hydraulic sled testing device

● **Atmosphere (regulated values: Air Pollution Control Law, Yokohama Guidelines)**

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Boiler	A	0.067	0.060
		B	0.067	0.063
Dust	Boiler	A	0.050	0.015
		B	0.050	0.021

NOx units: m³N/h Dust units: g/m³N

● **Water quality (Yokohama sewage regulations)**

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5~9	8.2	6.3	7.1	
Oil	Animal and vegetable	30	4.4	0.2	2.6
	Mineral	5	1.7	0.1	1.0
Fe	3	0.20	< 0.01	0.03	
Zn	1	0.20	< 0.01	0.05	
Ni	1	0.01	< 0.01	0.01	
Boron	10	0.60	< 0.01	0.34	

Units: mg/ℓ

Seating Division • Toyota Plant



Location: Toyota, Aichi Prefecture

Products: Automotive seats and interior products

Commenced operations: June 1961

Employees: 320

Remarks by plant manager

We aim to raise the environmental consciousness of each of our employees, building environmentally-friendly seats together, under our slogan, *A bright, shining Toyota Plant*. Environmental issues in the area surrounding the plant, saving energy and reducing CO₂ emissions are priorities for us. We have started rebuilding the plant so it will better reflect these priorities.



Hiroki Sakamoto
Plant Manager

Outlook and policies

The Toyota Plant contributes to the development of a better automotive society by building safe, people-friendly automotive seats and interior products. We engage in a full range of environmental conservation activities based on the policies below, across everything we do, from design through manufacturing to shipment.

Fiscal 2007 and 2008 initiatives

Saving energy

- In fiscal 2007 the Toyota plant was designated as a Type 1 Designated Energy Consuming Factory.

In response, we closed down our boilers and reduced our use of LPG through patient work to shut down our urethane equipment and stop the use of steam heating in our hot water washers. We held our energy consumption in fiscal 2007 down to less than 3000 k ℓ . We aim to have our designation as a Type 1 Designated Energy Consuming Factory rescinded in fiscal 2008.

- We will start rebuilding the Toyota plant in fiscal 2008. We are working towards completing an energy-efficient plant in fiscal 2009, with updated energy-saving compressors and centralized factory-wide management. This will bring energy savings and lower CO₂ emissions.
- The electricity monitoring system completed in fiscal 2007 provides detailed information on energy consumption, and will allow us to plan plant production power use to achieve energy savings. We are also involved in energy saving through management of the power to computers and vending machines and other ways of making people aware of the issue. This will raise the consciousness of everyone who works at the Toyota plant.

Noise

- We are erecting noise barriers to prevent noise in neighboring areas in conjunction with future roadworks around the perimeter of the plant. We aim for better communication with the residents near the plant in fiscal 2008 to ensure that everyone is happy with us.

Water quality (Regulated value: Sewage Law)

Substance	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5~9	7.5	6.7	7.1
BOD	600	34.0	< 1.0	5.3
COD	600	43.0	4.0	9.5
SS	600	23.0	1.0	5.6
Oil	5	2.9	0.8	1.4
Zn	5	1.10	0.05	0.34
Cu	3	0.1	< 0.01	0.03

Units: mg/l

Precision Spring & Components Division • Atsugi Plant



Location: Aikawa-machi, Aiko-gun, Kanagawa Prefecture
Products: Thin leaf springs and precision stamped products
Commenced operations: November 1970
Employees: 439

Remarks by plant manager

We are raising the environmental awareness of each and every one of our employees so that we can "keep the world beautiful." We will provide environmental education so that our



Yoshikazu Kitamura
Plant Manager

employees can practice environmental conservation activities on their own, to create an environmentally-friendly plant.

Environmentally responsible plant with close ties to its locality through continuous involvement in environmental conservation activities. It is a high priority to maintain the environment here between the Sagami and Nakatsu Rivers. We aim to build the awareness of all our people and create an environmentally-friendly plant.

Fiscal 2007 and 2008 initiatives

Reducing waste and recycling

- We are reducing the volume of packaging to better suit the contents and reusing packaging materials. This has produced a great reduction in our use of resources.
- Since fiscal 2005, we have achieved a recycling rate of better than 99.9% and we intend to maintain this.

Saving energy and reducing CO₂ emissions

- In fiscal 2007 we made improvements, principally to our existing facilities, by improving the insulation of our furnaces and installing automatic temperature controls in our cooling tower, thus saving energy.
- Under a 3-year program beginning in fiscal 2008, we will upgrade to high efficiency air conditioning in our clean rooms and die shop. This will greatly reduce our CO₂ emissions. We will also install an electricity monitoring system to measure, record, and analyze our energy use, and help us make more efficient use of energy.

Outlook and policies

We develop and manufacture high precision, high quality, ultra-clean products such as thin leaf springs for automotive and information equipment products. Our aim is to have an envi-

Topics

Plant visits for families

We have started holding visits to our Atsugi plant to help the families of our employees understand what we do. They go from the glass-walled administration block with its high-tech feel on to the plant where things are actually made. There they excitedly watch how automotive and data communication components are manufac-

tured. The children are delighted to see for themselves what the place where their parents work so hard looks like, and to understand it better.



Happy summer memories of their visit to the plant

Atmosphere (regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual
NOx	Hot water boiler	250	81.6
Dust	Hot water boiler	0.3*	0.06

* Kanagawa prefectural regulation NOx units: ppm Dust units: g/m³N

Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5~9	7.3	6.7	7.1	
BOD	600	62.0	5.0	25.3	
SS	600	15.0	3.0	8.4	
Oil	Animal and vegetable	30	6.9	0.9	3.4
	Mineral	5	4.4	1.0	2.2
Fe	10	0.5	0.0	0.3	
Total nitrogen	125	21.4	5.6	12.6	
Fluorine	8	1.20	< 0.01	0.40	
Boron	10	0.80	< 0.01	0.30	

Units: mg/ℓ

Precision Spring & Components Division • Ina Plant



Location: Miyada-mura, Kami Ina-gun, Nagano Prefecture

Products: Wire springs and precision machined components

Commenced operations: December 1943

Employees: 480

Remarks by plant manager

The Ina Valley is blessed with a beautiful environment. That is why we encourage all our employees to participate in our Dreams and Possibilities



Kenjiro Kawanabe
Plant Manager

environmental protection program, intended to reach out from cutting our own CO₂ emissions to encompass improving the global environment.

Outlook and policies

At these plants we develop and manufacture high quality, high performance products with a low impact on the global environment. Our products include valve springs, which are key components in automotive engines, all kinds of wire springs, high performance products, and semiconductor and LCD panel testing instruments. All our employees are involved in environmental work with the local community to ensure that the Valley always maintains its serene beauty.

Fiscal 2007 and 2008 initiatives

Reducing pollutants

- We are proceeding to eliminate the use of lead

and replace hexavalent chromium compounds with trivalent compounds.

- We are planning the manufacture of new environmentally-friendly products currently under development.

Reducing wastes and recycling

- We reached a 99.9% recycling rate in 2005, and we have maintained it ever since.
- In fiscal 2007 our industrial waste generation and emissions indexes were both 44% below fiscal 2004 levels. We are working towards a further 10% reduction in fiscal 2008.

Saving energy and reducing CO₂ emissions

- We continue to link our production and ancillary facilities and reduce our heating energy use, while at the same time raising awareness in the facilities by calling for energy saving ideas.
- Under the company-wide CO₂ emissions reduction program, we are working to reduce our CO₂ emissions, primarily through energy savings. We have organized projects and activities to meet our compulsory target of a 1.2% reduction in energy use over fiscal 2007 (4% over three years).

● Atmosphere (regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Heating boiler	A	250	42.2
		B	250	60.9
		C	250	77.5
Dust	Heating boiler	A	0.3	0.06
		B	0.3	0.07
		C	0.3	0.04

NOx units: ppm Dust units: g/m³N

● Water quality: (Regulated value: Sewage Law and Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.7~8.7	7.5	6.4	7.0
BOD	600	8.0	1.0	4.1
COD	—	25.0	1.0	8.8
SS	600	15.0	0.5	6.1
Oil	5	2.2	0.2	1.2
Fe	10	0.04	<0.01	0.01
Cu	3	0.03	<0.01	0.01
Total nitrogen	380	12.2	2.3	4.4

Units: mg/ℓ

Topics

Ina: Completion ceremony for eleventh plant

We held the completion ceremony for our eleventh plant at Ina on December 24, 2007. The new plant is two storeys high, with total floor space of 8,190 m². The first level houses precision automotive springs, and the second level has the Micro Contactor Department office as well as the cafeteria and other Health and Welfare facilities.

We began to ramp up production at the new plant in May 2007, although further work remains to be done.



Completion ceremony for eleventh plant at Ina

Disk Drive Suspension Division • Komagane Plant



Location: Komagane, Nagano Prefecture

Products: HDD suspensions

Commenced operations: November 1983

Employees: 473

Remarks by plant manager

We aim for an environmentally-friendly plant, turning out clean products in the clean environment of Komagane.



Motohiro Tsuyama
Plant Manager

We encourage all our employees to work to protect the environment together with the local community.

Outlook and policies

We aim to have a cutting-edge, environmentally-friendly plant efficiently delivering the best quality HDD suspensions in the world, so that future generations can inherit our beautiful environment in good condition. We encourage preserving the environment through our business activities, and

we strive to be a responsible local corporate citizen.

Fiscal 2007 and 2008 initiatives

Energy saving (reduction in CO₂ emissions)

- We converted our old, energy inefficient presses into much more energy efficient ones by installing servo motors. Our new office building was built with global warming in mind, and includes energy-saving devices and solar power generation.
- We will continue to implement *Kaizen* activities in fiscal 2008 along with further operating improvements to save energy. We are targeting an absolute reduction in CO₂ emissions by fiscal 2012, and we will establish a medium-term capital investment program to save energy.

Reducing wastes and recycling

- We met all our targets in fiscal 2007. We reduced our effluent volumes by cleaning and reusing the effluents from equipment maintenance work.
- We will improve further to meet our higher fiscal 2008 targets.

Water quality (Regulated value: Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8~8.6	7.6	6.6	7.3
BOD	20	19.0	2.0	9.7
COD	20	16.0	2.0	8.3
SS	30	13.0	ND	3.5
Oil	5	1.8	0.5	1.0

Units: mg/ℓ

Topics

New office block completed at Komagane Plant (Disk Drive Suspension Div.)

The new office block at our Komagane DDS plant is now complete after work started in April 2007. The new building has two levels with total floor space of 1,550 m². The first level consists of presentation and conference rooms, and the offices are on the second level.

The old office building is used as an education center.



New office block at Komagane Plant (Disk Drive Suspension Div.)



Location: Isehara, Kanagawa Prefecture

Products: Brazed products, pipe support systems, specialized springs

Commenced operations: March 1993

Employees: 178

Remarks by director

Each one of us has a duty to reduce our impact on the environment, as symbolized by preventing global warming and reducing CO₂ emissions. We are making real and definite efforts towards this in our production activities in the plant and in our own lives.



Takashi Kayamoto
Director, Bonding and Ceramic Department

wastes, and reducing our impact on the environment.

Fiscal 2007 and 2008 initiatives

Reducing CO₂ emissions

- In fiscal 2007 we reduced our level of CO₂ emissions by 33% through limiting the increase in our contract power by running our in-house generators on the peak cut system and reducing our use of Bunker A oil.
- In fiscal 2008 we will reduce our CO₂ emissions by at least 5% by installing high efficiency heat pumps to update our gas (LNG) powered absorption water heating and cooling system.

Reducing waste and recycling

- We achieved a 100% recycling rate for the full fiscal 2007. We plan to further enhance sorting and separation to continue our target of 100% recycling.
- In fiscal 2008 we will move to reduce levels of waste coating materials and oil, and we will return value to paper and plastics waste through more thorough sorting and separation.

Outlook and policies

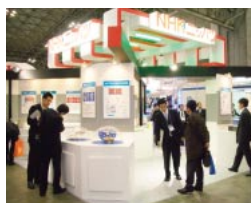
This plant covers many divisions and a diverse range of businesses. We engage in preserving the environment in each of our business activities and continue to implement improvements by saving energy and resources, reducing

Topics

Semiconductor products exhibited at SEMICON Japan 2007

SEMICON Japan 2007, the world's largest exhibition of semiconductor manufacturing equipment and materials, was held at the Makuhari Messe over three days from December 5 to 7, 2007. We exhibited semiconductor-related products from our Isehara Plant at the exhibi-

tion, and welcomed a large number of overseas visitors to our stand. We expect to build on this to further expand globally and explore new areas of business.



NHK Spring stand at SEMICON Japan 2007

● Atmosphere (regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value		Actual
		A	B	
NOx	Hot and cold water boiler	A	150	36
		B	150	45
Dust	Hot and cold water boiler	A	0.1*	0.03
		B	0.1*	0.04

* Kanagawa prefectural regulation NOx units: ppm Dust units: g/m³N

● Water quality (Voluntary controls for less than 50m³/day effluent)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8~8.6	7.4	6.4	7.0
BOD	130	24.0	4.0	11.3
COD	130	40.0	10.0	19.1
SS	160	13.0	2.0	5.9
Oil	5	3.0	1.0	1.6
Fe	3	0.10	<0.01	0.01
Zn	1	0.20	0.06	0.12

Units: mg/l

Industrial Machinery & Equipment Division • Komagane Plant Chemical Products Department, Electronic Components Department



Location: Komagane, Nagano Prefecture
Products: Specialized polyurethane foam products, metal base printed wiring boards
Commenced operations: December 1981
Employees: 131

Remarks by director

The Komagane Plant (Industrial Machinery & Equipment Division) is on the Otagiri River which runs with clear, cold snow melt down from the Senjojiki Cirque in the Central Japan



Hitoshi Sasaki
 Director, Electronic Components Department

Alps. We encourage all our people to work with the local community on environmental conservation activities to preserve these beautiful natural surroundings.

Outlook and policies

This plant is in a place of great beauty between two mountains of the Alps. We produce specialized polyurethane foam products and metal base

printed wiring boards. We encourage all our people to involve themselves in the recycling-oriented society firmly rooted in the local community in line with NHK Spring activities guidelines and plans.

Fiscal 2007 and 2008 initiatives

Reducing pollutants

- We are continuing tests on replacements for high environmental impact testing gases and switching overall to lower environmental impact testing gases.

Saving energy

- We are improving our steam pipe system to reduce our energy consumption.
- We have changed the external lighting along our parking areas to solar cell lights.
- We are reviewing the operation of our hot water boilers to reduce energy consumption.
- We are reducing the environmental impact of our pipes by dividing them according to production process.

Reinforcement of environmental management system

- We are updating our effluent tanks and holding dams to prevent accidents that would harm the environment.

● **Atmosphere (regulated values: Air Pollution Control Law)**

Substance	Equipment	Regulated value	Actual	
NOx	Hot water boiler	A	180	43
		B	180	51
		C	180	71
	Multi-stage pressure boiler	180	55	
Dust	Hot water boiler	A	0.3	0.04
		B	0.3	0.02
		C	1.3	0.02
	Multi-stage pressure boiler	0.3	0.04	

NOx units: ppm Dust units: g/m³N

● **Water quality: (Regulated value: Nagano prefectural regulations)**

Item	Facilities	Regulated value	Actual		
			Maximum	Minimum	Average
pH	Production Building 1	5.8~8.6	8.2	7.3	7.8
	Production Building 2		7.3	6.5	6.9
BOD	Production Building 1	20	3.0	1.0	1.8
	Production Building 2		16.0	2.0	7.8
COD	Production Building 1	20	3.0	ND	1.0
	Production Building 2		19.0	3.0	8.5
SS	Production Building 1	30	2.0	<1.0	1.1
	Production Building 2		6.0	ND	2.4
Oil	Production Building 1	5	1.9	0.3	1.1
	Production Building 2		2.4	<1.0	1.4
Fe	Production Building 1	10	1.00	<0.01	0.20
Cu	Production Building 2	3	0.1	<0.01	0.10

Units: mg/ℓ

Topics

Taking part in the Tenryu Riverbank picnic

Every year, the employees and their families from our Komagane Industrial Machinery & Equipment Plant (Chemical Products Department and Electronic Components Department) participate in a Tenryu Riverbank picnic along with our Ina and Komagane DDS Plants. They are also active in preserving the envi-

ronment through various activities such as collecting rubbish around the plant.



Collecting rubbish from the Tenryu River waterways with employees from neighboring businesses



Location: Yasu, Shiga Prefecture
Products: Mechanical multilevel parking systems
Commenced operations: October 1996
Employees: 65

Remarks by director

We hear nature sounding the alarm as the uniquely beautiful, natural world of the lake country undergoes rapid environmental change.



Toshifumi Otsuka
 Director, Parking Systems Department

We know that the environment can easily be ruined and is hard to restore, and all our people are working together to create an environmentally-friendly plant.

Outlook and policies

We develop and build mechanical multilevel parking systems with our slogan, *Reducing environmental impact*, foremost in our thoughts. We will make greater efforts to preserve the environment while continuing to do better to protect it. We can hand on our verdant mountains ringing Lake Biwa, and the clean air and running streams, to later generations.

Fiscal 2007 and 2008 initiatives

Saving energy

- We are reducing energy use by switching to energy-saving lighting in the factory and man-

aging lighting in washrooms, offices and break rooms by installing occupant sensors.

- We have set a target of an absolute reduction in CO₂ emissions for fiscal 2008, and the entire plant is engaged in suggesting and implementing energy saving policies and enforcing them more strongly.

Reducing waste and recycling

- We are reducing the volume of waste plastics, and we have conducted a review of our recycling center to improve sorting and segregation of material to improve our recycling and reduce treatment costs.
- In fiscal 2008 we will expand our use of reusable cardboard boxes between plants as we increase production, converting them into a valuable resource. In this way we will reduce our treatment costs by reducing waste and levels of contaminated effluent.

Group action for pollution prevention

- We are expanding workplace patrols at the companies we work with and appealing to the local community to prevent accidents that would damage the environment.

● Atmosphere (regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual
NOx	Boiler	150	54.0
	Drying oven	230	25.4
Dust	Boiler	0.1	0.04
	Drying oven	0.2	0.06

NOx units: ppm Dust units: g/m³N

● Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5~9	8.9	5.3	7.3
BOD	600	25.0	3.0	8.5
COD	—	53.0	4.0	13.4
SS	600	18.0	2.0	8.1
Oil	5	3.6	0.4	2.2
Ni	1	0.7	0.0	0.4
Total nitrogen	60	36.2	13.9	25.4
Total phosphorus	10	0.8	0.1	0.3

Units: mg/l

Topics

Received Japan Association for Safety of Hazardous Materials Chairman's Award

The 2008 Hazardous Materials Safety Conference was held on June 10, 2008. At the awards ceremony during the Conference, the Yasu Plant received the Japan Association for Safety of Hazardous Materials Chairman's Award. The Award recognized the Yasu

plant as an outstanding hazardous materials workplace for its long record of preventing hazardous material accidents and its ongoing efforts in the safe management of hazardous materials.



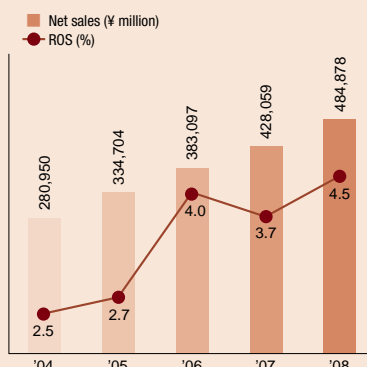
Director Otsuka receiving the Award

Five-year summary (consolidated)

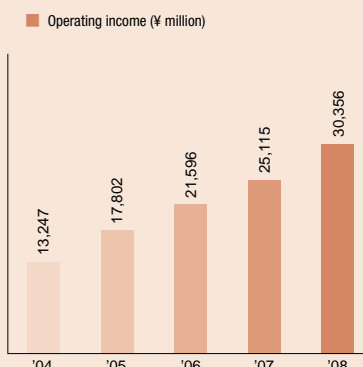
	Millions of Yen					Thousands of U.S. Dollars (Note)
	2008	2007	2006	2005	2004	2008
Net sales	¥484,878	¥428,059	¥383,097	¥334,704	¥280,950	\$4,839,592
Cost of sales	419,028	367,382	329,068	284,607	237,490	4,182,335
Gross profit	65,850	60,677	54,029	50,097	43,460	657,257
Selling, general and administrative expenses	35,494	35,562	32,433	32,295	30,213	354,272
Operating income	30,356	25,115	21,596	17,802	13,247	302,985
Other income (expenses)	4,115	2,576	2,943	(304)	(1,538)	41,067
Income before income taxes and minority interest	34,471	27,691	24,539	17,498	11,709	344,052
Net income	20,361	15,931	15,390	8,987	6,911	203,225
Net assets	149,228	137,610	123,273	100,705	83,614	1,489,445
Total assets	401,070	400,967	355,061	303,207	266,457	4,003,086
Depreciation	22,935	17,966	14,367	13,073	13,444	228,923
Capital expenditure	34,779	34,661	27,666	19,047	14,525	347,136
Per share	Yen					U.S. Cents
Net income	84.01	65.71	62.83	36.35	27.83	83.85
Shareholders' equity	615.82	567.70	507.75	414.50	343.83	614.65
Cash dividends	14.00	11.50	9.00	6.00	6.00	13.97

Note: U.S. Dollar amounts are translated from yen for convenience at the rate of ¥100.19=US\$1.00, the rate of exchange on March 31, 2008.

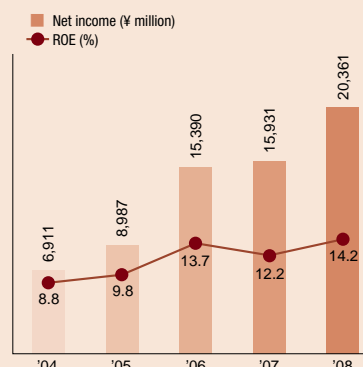
Net sales



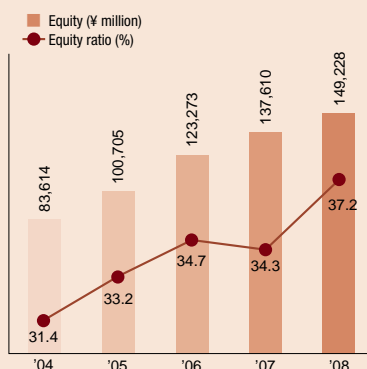
Operating income



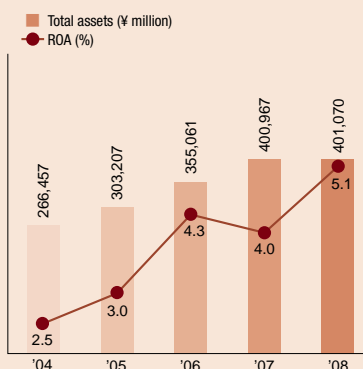
Net income



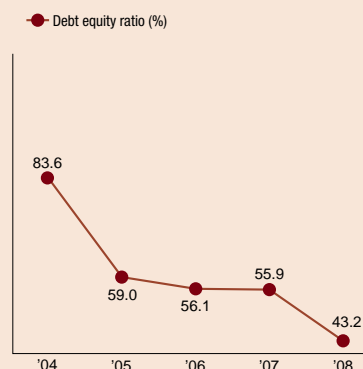
Equity



Total assets



Debt equity ratio



Analysis of results

Operating results for the year

During the period, domestic demand in the Japanese economy has slowed as private consumption spending has weakened, investment in housing has fallen under the impact of changes to the law, and capital investment has slowed.

While exports to the U.S. have slowed due to the problems with sub-prime loans, exports to new emerging and resource-exporting countries continued to grow, and ensured continued growth for exports overall.

The automotive industry is the Group's major customer; domestic vehicles sales in Japan were 5.23 million units during the year, a fall of 5.3% year-on-year. Year-on-year sales of registered and light vehicles fell for the second year in a row. Finished vehicle exports reached 6.77 million, a rise of 10.4% year-on-year. Exports to Asia and the Middle East were strong, rising for the sixth consecutive year. As a result, domestic auto production rose 2.5% to a total of 11.79 million units. Adding in production overseas, total global auto production by the Japanese automakers was around 24 million units.

The information and communication equipment industry is another important customer. There were inventory adjustments for IT components in the first half which adversely affected hard disk drives as well, but things picked up in the second half as the inventory adjustments ended.

Despite these economic conditions, a strong sales effort led to increased volumes, with the sales volume up 13.3% year-on-year to ¥484.878 billion. On the income side, increased sales volumes as well as reductions in unit costs, better productivity, and serious efforts to achieve greater efficiencies produced rises in operating income of 20.9% year-on-year to ¥30.356 billion, ordinary income of 15.3% to ¥31.336 billion, and net income for the year of 27.8% to ¥20.361 billion.

Conditions by segment

Segment information

[Suspension Springs]

Suspension springs net sales were up 11.9% year-on-year to ¥116.918 billion. Operating income rose 295.0% to ¥4.758 billion. Net sales increased with the rise in auto production, and the recovery in the North American business lifted income.

We added a coil spring production line to our Yokohama plant because we anticipate continued high production levels for motor vehicles in Japan. In North America, efforts to lift selling prices and productivity resulted in reduced losses. We added a stabilizer production line at the Franklin Plant of New Mather Metals, Inc. to reorganize our North American production. Sales in Asia grew as auto production increased in the region.

[Seating]

Seating net sales were up 18.7% year-on-year to ¥171.603 billion. Operating income rose 32.3% to ¥8.034 billion. The growth in vehicle production volumes and increased sales resulted in higher profits.

In Japan, Faurecia-NHK Kyushu Co., Ltd. became a consolidated subsidiary in the fourth quarter, after having been an equity-accounted affiliate. Sales expanded in North America as production of new vehicle models began. In Thailand, the results of Thai Automotive Seating & Interior were no longer consolidated following the sale of shares in the company, but this was offset by the effects of increased auto production. In Japan, we began production of active headrests that reduce whiplash to passengers in rear-end collisions.

[Precision Springs and Components]

Precision springs and components net sales were up 12.4% year-on-year to ¥154.723 billion. Operating income rose 0.7% to ¥14.450 billion. Profits grew with increased production of motor vehicles and stronger demand for IT hardware.

In hard disk drive suspensions, the new plant for NHK Spring (Thailand) began full production and delivery. We also built a new hard disk drive component plant in China, which gave us major production facilities in three countries, Japan, Thailand and China.

[Industrial Machinery and Equipment, and Other]

Industrial machinery and equipment, and other net sales were up 0.6% year-on-year to ¥41.634 billion. Operating income rose 10.7% to ¥3.114 billion. This business covers a number of areas including industrial spring components, pipe supports, automotive parking systems, polyurethane foam products, lighting equipment and golf club shafts. We will be addressing issues in the different areas and expect wide-ranging expansion.

Segment information by region

[Japan]

Net sales in Japan were up 6.6% year-on-year to ¥348.195 billion. Operating income fell 5.5% to ¥20.004 billion. While net sales grew with higher auto production and greater demand from the information communication equipment industry, profit fell due to a deterioration in the product mix and higher depreciation charges.

[North America]

Net sales in North America were up 18.0% year-on-year to ¥51.767 billion. There was an operating loss of ¥418 million. Losses were reduced due to improved selling prices and efforts to lift productivity.

[Asia]

Net sales in Asia were up 37.4% year-on-year to ¥99.854 billion. Operating income rose 76.3% to ¥10.770 billion. Sales grew with higher vehicle pro-

duction and greater demand from the information communication equipment industry.

Analysis of financial position

Total assets rose 0.03% year-on-year to ¥401.070 billion. Current assets rose 1.4% to ¥182.047 billion while current liabilities also rose 1.5% to ¥180.665 billion; as a result, our current ratio remained the same at 1.01. Fixed assets fell 1.1% to ¥219.023 billion. While short- and long-term interest-bearing debt rose 16.1% to ¥64.525 billion, the ratio of interest-bearing debt to equity fell from 55.9% in the previous year to 43.2%. Total liabilities were 4.6% lower, at ¥241.747 billion. While debt fell, net assets rose 0.4% year-on-year to ¥149.228 billion, and our equity ratio rose from 34.3% in the previous year to 37.2%.

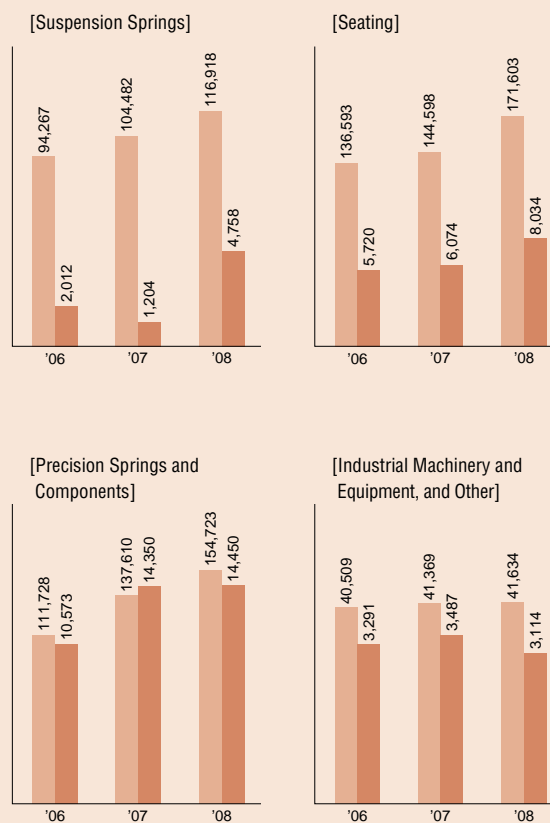
Cash flow from operating activities decreased by ¥10.105 billion to ¥34.229 billion. This was because although recurring profits and depreciation increased, accounts payable decreased due to a nonworking day at the close of the previous year and accounts receivable increased from higher sales. Depreciation charges were ¥22.936 billion, an increase of ¥4.970 billion year-on-year.

Cash flow from investment activities increased by ¥9.217 billion year-on-year to ¥34.794 billion. This was due principally to expenditures involved in the acquisition of tangible fixed assets associated with capital investments.

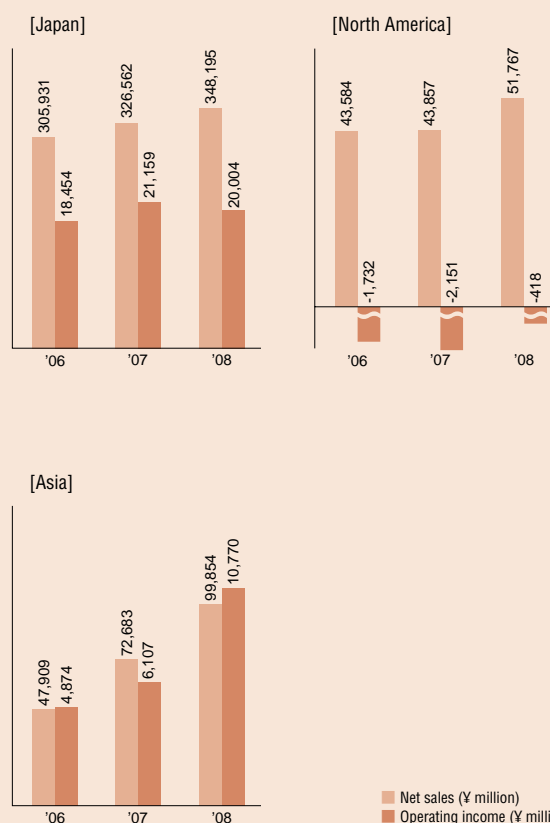
Free cash flow, consisting of cash flow from operating activities less cash flow from investment activities was negative ¥564 million.

On this basis, cash and cash equivalents declined ¥13.578 billion for the year to ¥26.394 billion.

● Net sales and operating income by segment



● Net sales and operating income by region



Consolidated balance sheets

March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
ASSETS			
Current assets:			
Cash and bank deposits (Notes 5 and 8)	¥ 27,129	¥ 40,717	\$ 270,777
Notes and accounts receivable, trade	98,324	84,945	981,377
Less: Allowance for doubtful accounts	(691)	(404)	(6,900)
Inventories (Note 2)	38,995	36,915	389,210
Deferred tax assets (Note 10)	4,483	4,415	44,741
Other current assets	13,807	12,983	137,808
Total current assets	182,047	179,571	1,817,013
Investments and long-term receivables:			
Investment securities (Notes 6 and 8)	53,048	63,602	529,475
Investments in unconsolidated subsidiaries and affiliated companies	16,322	14,761	162,908
Long-term loans	920	1,251	9,178
Deferred tax assets (Note 10)	1,461	1,375	14,586
Other investments	3,038	2,809	30,327
Less: Allowance for doubtful accounts	(327)	(694)	(3,270)
Total investments and long-term receivables	74,462	83,104	743,204
Property, plant and equipment:			
Buildings and structures	106,044	100,277	1,058,423
Machinery	159,004	144,152	1,587,020
Jigs, tools and equipment	45,678	38,800	455,916
Land	27,419	27,531	273,674
Construction in progress	3,363	10,777	33,566
	341,508	321,537	3,408,599
Less: Accumulated depreciation	(201,723)	(189,059)	(2,013,402)
Net property, plant and equipment	139,785	132,478	1,395,197
Intangible and other assets	4,776	5,814	47,672
Total assets	¥401,070	¥400,967	\$4,003,086

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Short-term borrowings (Note 8)	¥ 18,693	¥ 21,908	\$ 186,572
Current portion of long-term debt (Note 8)	16,021	16,482	159,906
Notes and accounts payable, trade	116,194	106,525	1,159,734
Accrued expenses	14,543	14,690	145,157
Accrued income taxes	5,924	7,402	59,132
Deferred tax liabilities (Note 10)	195	132	1,948
Allowance for directors' bonuses (Note 2)	230	186	2,295
Other current liabilities	8,865	10,733	88,477
Total current liabilities	180,665	178,058	1,803,221
Long-term liabilities:			
Long-term debt (Note 8)	29,812	38,514	297,555
Accrued employees' pension and severance costs (Note 7)	14,548	16,541	145,206
Accrued retirement benefits to directors and corporate auditors	1,745	1,725	17,419
Deferred tax liabilities (Note 10)	14,815	18,331	147,867
Other long-term liabilities	162	93	1,615
Total long-term liabilities	61,082	75,204	609,662
Contingent liabilities (Note 12)			
Net assets:			
Shareholders' equity:			
Common stock:			
Authorized: 600,000,000 shares			
244,066,144 shares issued at March 31, 2008			
244,066,144 shares issued at March 31, 2007	17,010	17,010	169,773
Capital surplus	17,296	17,296	172,630
Retained earnings (Notes 11 and 16)	87,604	70,638	874,386
Less: Treasury stock	(852)	(776)	(8,505)
Total shareholders' equity	121,058	104,168	1,208,284
Valuation and translation adjustments: Net unrealized gains on other securities	23,828	30,959	237,825
Deferred hedge gains and losses	(31)	42	(311)
Foreign currency translation adjustments	4,373	2,441	43,647
Total valuation and translation adjustments	28,170	33,442	281,161
Minority interests	10,095	10,095	100,758
Total net assets	159,323	147,705	1,590,203
Total liabilities and net assets	¥401,070	¥400,967	\$4,003,086

The accompanying notes are an integral part of the financial statements.

Consolidated statements of income

For the years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Net sales	¥484,878	¥428,059	\$4,839,592
Cost of sales (Note 9)	419,028	367,382	4,182,335
Gross profit	65,850	60,677	657,257
Selling, general and administrative expenses (Note 9)	35,494	35,562	354,272
Operating income	30,356	25,115	302,985
Other income (expenses):			
Interest income	304	191	3,033
Dividend income	1,110	820	11,076
Gain on sales of property, plant and equipment	117	174	1,166
Gain on sales of investment securities (Note 6)	3,169	1,260	31,629
Interest expense	(1,693)	(1,564)	(16,903)
Gain on sales of waste and scrap	1,985	1,272	19,810
Equity in earnings of unconsolidated subsidiaries and affiliated companies	1,010	1,366	10,083
Exchange (loss) gain, net	(1,183)	102	(11,805)
Loss on write-downs of investment securities	(7)	(3)	(69)
Loss on disposal of fixed assets	(858)	(843)	(8,560)
Loss on impairment of fixed assets (Note 4)	(6)	(1,003)	(55)
Gain on sale of business enterprise sector	-	583	-
Other, net	167	221	1,662
	4,115	2,576	41,067
Income before income taxes and minority interests	34,471	27,691	344,052
Income taxes (Note 10):			
Current	10,590	11,144	105,699
Deferred	1,363	(491)	13,603
	11,953	10,653	119,302
Minority interests in earnings of consolidated subsidiaries	2,157	1,107	21,525
Net income	¥ 20,361	¥ 15,931	\$ 203,225
		Yen	U.S. Cents
Net income per share (Note 2):			
- Basic	84.01	65.71	83.85
- Diluted	-	-	-
Cash dividends per share	14.00	11.50	13.97

The accompanying notes are an integral part of the financial statements.

Consolidated statements of changes in net assets

For the years ended March 31, 2008 and 2007

For the year ended March 31, 2007

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2006	¥17,010	¥17,296	¥57,827	¥ (667)	¥ 91,466
Changes during the fiscal year:					
Dividends paid			(2,183)		(2,183)
Bonuses to directors and corporate auditors			(164)		(164)
Net income			15,931		15,931
Purchases of treasury stock				(109)	(109)
Effect of increase in subsidiaries included in scope of consolidation			(773)		(773)
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	12,811	(109)	12,702
Balance as of March 31, 2007	¥17,010	¥17,296	¥70,638	¥ (776)	¥104,168

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2006	¥32,812	-	¥ (1,005)	¥31,807	¥ 8,236	¥131,509
Changes during the fiscal year:						
Dividends paid						(2,183)
Bonuses to directors and corporate auditors						(164)
Net income						15,931
Purchases of treasury stock						(109)
Effect of increase in subsidiaries included in scope of consolidation						(773)
Net changes of items other than shareholders' equity	(1,853)	42	3,446	1,635	1,859	3,494
Total changes during the fiscal year	(1,853)	42	3,446	1,635	1,859	16,196
Balance as of March 31, 2007	¥30,959	¥42	¥ 2,441	¥33,442	¥10,095	¥147,705

For the year ended March 31, 2008

Millions of Yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	¥17,010	¥17,296	¥70,638	¥ (776)	¥104,168
Changes during the fiscal year:					
Dividends paid			(3,395)		(3,395)
Net income			20,361		20,361
Purchases of treasury stock				(76)	(76)
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	16,966	(76)	16,890
Balance as of March 31, 2008	¥17,010	¥17,296	¥87,604	¥ (852)	¥121,058

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	¥30,959	¥ 42	¥2,441	¥33,442	¥10,095	¥147,705
Changes during the fiscal year:						
Dividends paid						(3,395)
Net income						20,361
Purchases of treasury stock						(76)
Net changes of items other than shareholders' equity	(7,131)	(73)	1,932	(5,272)	0	(5,272)
Total changes during the fiscal year	(7,131)	(73)	1,932	(5,272)	0	11,618
Balance as of March 31, 2008	¥23,828	¥ (31)	¥4,373	¥28,170	¥10,095	¥159,323

For the year ended March 31, 2008

Thousands of U.S. Dollars (Note 3)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of March 31, 2007	\$169,773	\$172,630	\$705,045	\$ (7,745)	\$1,039,703
Changes during the fiscal year:					
Dividends paid			(33,884)		(33,884)
Net income			203,225		203,225
Purchases of treasury stock				(760)	(760)
Net changes of items other than shareholders' equity					
Total changes during the fiscal year	-	-	169,341	(760)	168,581
Balance as of March 31, 2008	\$169,773	\$172,630	\$874,386	\$ (8,505)	\$1,208,284

	Valuation and translation adjustments				Minority interests	Total net assets
	Net unrealized gains on other securities	Deferred hedge gains and losses	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balance as of March 31, 2007	\$309,008	\$ 421	\$24,359	\$333,788	\$100,756	\$1,474,247
Changes during the fiscal year:						
Dividends paid						(33,884)
Net income						203,225
Purchases of treasury stock						(760)
Net changes of items other than shareholders' equity	(71,183)	(732)	19,288	(52,627)	2	(52,625)
Total changes during the fiscal year	(71,183)	(732)	19,288	(52,627)	2	115,956
Balance as of March 31, 2008	\$237,825	\$ (311)	\$43,647	\$281,161	\$100,758	\$1,590,203

The accompanying notes are an integral part of the financial statements.

Consolidated statements of cash flows

For the years ended March 31, 2008 and 2007

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥34,471	¥27,691	\$344,052
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:			
Depreciation and amortization	22,936	17,966	228,923
Accrued employees' pension and severance costs	(2,103)	(2,189)	(20,993)
Exchange loss (gain)	93	(89)	932
Equity in earnings of unconsolidated subsidiaries and affiliated companies	(1,010)	(1,366)	(10,083)
Loss on disposal of fixed assets	733	466	7,322
Loss on impairment of fixed assets	6	1,003	56
Gain on sales of investment securities	(3,169)	(1,260)	(31,629)
Loss on write-downs of investment securities	7	3	69
Changes in assets and liabilities:			
(Increase) decrease in notes and accounts receivable, trade	(8,451)	1,599	(84,353)
Increase in inventories	(1,789)	(5,473)	(17,853)
Increase in notes and accounts payable, trade	2,170	14,867	21,658
Other, net	(9,665)	(8,884)	(96,459)
Net cash provided by operating activities	34,229	44,334	341,642
Cash flows from investing activities:			
Proceeds from sales of property, plant and equipment	3,296	2,241	32,898
Purchases of property, plant and equipment	(34,641)	(28,109)	(345,755)
Purchases of intangible fixed assets	(653)	(368)	(6,521)
Purchases of investment securities	(2,510)	(592)	(25,058)
Proceeds from sales of investment securities	669	1,702	6,681
Proceeds from sales of shares of a consolidated subsidiary resulting in change in scope of consolidation	2,587	-	25,816
Increase in time deposits	(23)	(90)	(227)
Disbursements for loans	(3,544)	(1,662)	(35,369)
Decrease in loans	1,023	867	10,215
Proceeds from sale of business enterprise sector	-	1,000	-
Other, net	(998)	(566)	(9,961)
Net cash used in investing activities	(34,794)	(25,577)	(347,281)
Cash flows from financing activities:			
Proceeds from issuance of long-term debt	7,264	20,271	72,504
Repayment of long-term debt	(17,503)	(14,760)	(174,695)
Increase (decrease) in short-term borrowings	976	(1,807)	9,740
Dividends paid	(3,625)	(2,564)	(36,176)
Payments for purchases of treasury stock	(75)	(108)	(752)
Net cash (used in) provided by financing activities	(12,963)	1,032	(129,379)
Effect of exchange rate changes on cash and cash equivalents	(920)	632	(9,188)
Net (decrease) increase in cash and cash equivalents	(14,448)	20,421	(144,206)
Cash and cash equivalents at beginning of year	39,973	18,766	398,973
Increase in cash and cash equivalents resulting from subsidiaries newly included in consolidation	869	786	8,677
Cash and cash equivalents at end of year (Note 5)	¥26,394	¥39,973	\$263,444
Supplemental disclosures of cash flow information:			
Cash paid during the year for:			
Interest	¥ (1,743)	¥ (1,537)	\$ (17,392)
Income taxes	(11,892)	(9,938)	(118,694)

The accompanying notes are an integral part of the financial statements.

Notes to the consolidated financial statements

1. Basis of presentation of consolidated financial statements

The accompanying consolidated financial statements of NHK Spring Co., Ltd. (the "Company") and consolidated subsidiaries have been prepared by the Company in conformity with accounting principles and practices generally accepted in Japan. The accounts of the Company and its consolidated subsidiaries in Japan are maintained in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and in conformity with generally accepted accounting principles and practices prevailing in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in their respective countries of domicile. In general, the financial statements of the overseas consolidated subsidiaries have been consolidated in the accompanying consolidated financial statements without any adjustments to conform them to accounting principles generally accepted in Japan.

Certain items presented in the consolidated financial statements filed with the Director of Kanto Finance Bureau in Japan have been reclassified for the convenience of readers outside Japan.

2. Summary of significant accounting policies

(1) Scope of consolidation

The Company had 47 subsidiaries at March 31, 2008 (47 at March 31, 2007). The consolidated financial statements for the year ended March 31, 2008 include the accounts of the Company and its 25 subsidiaries (25 for 2007). The Company and these consolidated subsidiaries are together referred to as the "Companies".

The accounts of the remaining 22 unconsolidated subsidiaries for the year ended March 31, 2008 (22 for 2007) were excluded from consolidation since the aggregate amounts of these subsidiaries' combined assets, net sales, net income and retained earnings were immaterial in relation to those of the consolidated financial statements of the Companies.

(2) Consolidation and elimination

For the purposes of preparing the consolidated financial statements, all significant inter-company transactions, account balances and unrealized profits among the Companies have been eliminated.

The difference between the cost of an investment in a consolidated subsidiary and the amount of the underlying equity in the net assets of the subsidiary is allocated to identifiable assets acquired and liabilities assumed based on their fair value at the date of acquisition. Any unassigned difference is amortized over a period of five years on a straight-line basis.

(3) Investments in unconsolidated subsidiaries and affiliated companies

The Company had 22 (22 for 2007) unconsolidated subsidiaries and 15 (15 for 2007) affiliated companies at March 31, 2008. For the year ended March 31, 2008, the equity method has been applied to the investments in 2 of the major unconsolidated subsidiaries (2 for 2007) and 8 of the major affiliated companies (9 major affiliated companies for 2007) since the investments in the remaining unconsolidated subsidiaries and affiliated companies did not have a material effect on consolidated net income and retained earnings in the consolidated financial statements.

The investments in the remaining unconsolidated subsidiaries and affiliated companies were stated at cost or less, because they did not have a material effect on the consolidated financial statements.

(4) Inventories

Inventories are mainly stated at average cost.

(5) Marketable securities and investment securities

Available-for-sale securities categorized as "other securities" under the "Accounting Standard for Financial Instruments," for which market values are readily obtainable are stated at fair market value at the balance sheet date, with net unrealized gains or losses being reported as a separate component of net assets at a net-of-tax amount. Available-for-sale securities for which market values are not readily obtainable are stated at weighted average cost.

(6) Derivative financial instruments and hedge accounting

In accordance with "Accounting Standard for Financial Instruments," gains or losses arising from changes in the fair value of derivative financial instruments designated as "hedging instruments" are deferred as an asset or a liability until the gains or losses on the hedged items or transactions are recognized.

In accordance with the exceptional measure permitted under the Japanese accounting standard for foreign currency translation, the Company does not record certain forward foreign exchange contracts, foreign currency option contracts and certain foreign currency swap arrangements at market value but translates the underlying foreign currency denominated bonds hedged by currency swap arrangements into yen using the contractual rates under these arrangements, provided that such arrangements meet the hedging criteria specified under the "Accounting Standard for Financial Instruments."

In addition, in accordance with the special measure permitted under the "Accounting Standard for Financial Instruments," the Company does not record certain interest-rate swap arrangements at market value but charges or credits net cash flows arising from the interest-rate swap arrangements which exactly meet the specific hedging criteria specified under the standard, to interest arising from the hedged interest-bearing bonds.

(7) Property, plant and equipment

Depreciation is principally computed by the declining-balance method at rates based on the estimated useful lives of the respective assets as prescribed by income tax law.

Buildings and structures at the Company's headquarters are depreciated by the straight-line method.

The Company and its domestic consolidated subsidiaries compute depreciation for buildings (excluding leasehold improvements and auxiliary facilities attached to buildings) acquired on or after April 1, 1998 by the straight-line method.

The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation in respect thereof are eliminated from the related accounts, and the resulting gains or losses are reflected in income as incurred.

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

[Change in accounting policy]

Effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of tangible fixed assets acquired on or after April 1, 2007 in accordance with the applicable provisions of the revised Japanese Income Tax Code, Law No. 6 and Ordinance No. 83 to Partly Revise Japanese (Corporate) Income Tax Code, both of which were promulgated on March 30, 2007. The effect of this change on the accompanying consolidated statement of income for the year ended March 31, 2008 was to decrease operating income by ¥869 million (\$8,680 thousand) and to decrease income before income taxes and minority interests by ¥870 million (\$8,684 thousand) from the corresponding amounts which would have been recorded under the previous method.

The effect of the change in method of accounting on segment information is discussed in the applicable section of the notes to the consolidated financial statements.

[Additional information]

In relation to the changes in the Japanese Income Tax Code, effective the year ended March 31, 2008, for tangible fixed assets acquired on or before March 31, 2007 whose accumulated depreciation has reached 95% of acquisition cost, the Company and its domestic consolidated subsidiaries depreciate the difference between 5% of acquisition cost and nominal value on a straight-line basis over a period of 5 years, from the year following the year in which accumulated depreciation reaches 95% of acquisition cost (or the year ended March 31, 2008, whichever comes later).

The effect of this change in method of accounting for residual value of fixed assets on the accompanying consolidated statement of income for the year ended March 31, 2008 was to decrease operating income by ¥640 million (\$6,385 thousand) and to decrease income before income taxes and minority interests by ¥642 million (\$6,408 thousand) from the corre-

sponding amounts which would have been recorded under the previous method.

The effect of this change in method of accounting for residual value of fixed assets on segment information is discussed in the applicable section of the notes to the consolidated financial statements.

(8) Intangible assets

Intangible assets are amortized on a straight-line basis over periods regulated by income tax law.

Expenditure related to computer software development for internal use is capitalized as an intangible asset and amortized on a straight-line basis over the estimated useful life (five years) of the software.

(9) Finance leases

Finance leases, other than those which are deemed to transfer ownership of the leased assets to lessees, are accounted for using a method similar to that applicable to ordinary operating leases.

(10) Allowance for doubtful accounts

The Companies provide an allowance for doubtful accounts at an amount calculated using a bad debt loss ratio primarily based on historical experience, plus the estimated uncollectible amount of individual receivables.

(11) Allowance for directors' bonuses

Bonuses to directors are recorded on an accrual basis with a related charge to income.

(12) Accrued employees' pension and severance costs

Accrued employees' pension and severance costs under the defined benefit plans of the Company are determined based on the actuarial present value of projected benefit obligations at the year end, attributed by the plans' benefit formula to employee services rendered up to that date, and the fair value of plan assets at the year end.

(13) Accrued retirement benefits to directors and corporate auditors

As is customary practice in Japan, the Company and its domestic consolidated subsidiaries pay lump-sum retirement benefits to retiring directors or corporate auditors, the amounts of which are determined by internal rules. Although the payment of such retirement benefits is subject to approval by shareholders at the time of retirement/resignation, the Company and its domestic consolidated subsidiaries recognize 100% of the liabilities they would be required to pay upon retirement of all directors and corporate auditors at the year-end date.

(14) Income taxes

The provision for income taxes is computed based on income before income taxes recorded in the non-consolidated statements of income. The asset and liability method is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.

(15) Consumption taxes

In Japan, consumption taxes are imposed at a flat rate of 5% on all domestic consumption of goods and services (with certain exceptions). Consumption taxes imposed on the Companies' domestic sales to customers are withheld by the Companies at the time of sale and are paid to the national government subsequently. Consumption taxes withheld upon sale and consumption taxes paid by the Companies on purchases of goods and services are not included in the related amounts in the accompanying consolidated statements of income.

(16) Foreign currency translation

All asset and liability accounts of overseas subsidiaries and affiliates are translated into Japanese yen at the exchange rates prevailing at the year end. The components of net assets excluding minority interests of overseas subsidiaries and affiliates are translated at historical rates. All income and expense accounts are translated at rates prevailing at the time of the transactions. The resulting translation differences are debited or credited to the foreign currency translation adjustments account, or to the minority interests account in the consolidated balance sheets. Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the year end and the resulting gains and losses are included in net income or loss for the year.

(17) Net income/loss per share

Net income/loss per share is computed based on the weighted average number of shares of common stock outstanding during each year.

(18) Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements in order to conform them to the current year's presentation.

(19) Loss on impairment of fixed assets

Calculation of the loss on impairment of fixed assets is based on reasonable and supportable assumptions and the grouping of assets and recoverable value, with due consideration for the specific conditions of each company. The recoverable value of assets is calculated based on their respective net selling prices.

3. United States Dollar amounts

The accompanying consolidated financial statements are prepared in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and the notes thereto represent the arithmetical results of translating Japanese yen to U.S. dollars on the basis of ¥100.19 = U.S.\$1, the approximate rate of exchange prevailing at March 31, 2008. The inclusion of such U.S. dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be converted, realized or settled in U.S. dollars at that or any other rate.

4. Loss on impairment of fixed assets

The Companies assessed each group of assets, which were grouped on the bases of managerial accounting and investment decision-making purposes. The dormant assets, however, were classified individually for the assessment.

The impairment loss on the following groups of assets was due to a fall in the price of land by more than that which was anticipated, the deterioration of profitability, and the depression of sales prices:

2008		
Location	Use	Category
Takamatsu, Kagawa	Underutilized real estate	Land, Buildings and structures

2007		
Location	Use	Category
Higashiroshima, Hiroshima	Rented real estate	Buildings
Ashigarashimo-gun, Kanagawa and Ito, Shizuoka	Resort facility	Land, Buildings and structures and others
Isehara, Kanagawa and Yokote, Akita	Automobile parts production facilities	Machinery and others
Kadoma, Osaka and Takamatsu, Kagawa and Kobe, Hyogo	Underutilized real estate	Land, Buildings and structures and others

Due to a decline in real estate value and poor performance of assets, operating profitability has worsened substantially. Therefore, the Companies have determined to mark the above assets down to their respective recoverable value. As a result, for the years ended March 31, 2008 and 2007, impairment loss of ¥6 million (\$55 thousand) and ¥1,003 million, respectively, was recorded and comprised of land of ¥5 million (\$49 thousand) and ¥487 million, respectively, buildings and structures of ¥1 million (\$7 thousand) and ¥492 million, respectively, and others of ¥23 million for the year ended March 31, 2007.

Underutilized real estate is valued at its respective recoverable value based on real estate appraisals.

5. Cash and cash equivalents

Cash and cash equivalents in the consolidated statements of cash flows are composed of cash on hand, bank deposits that are able to be withdrawn on demand and short-term investments with an original maturity of three months or less that are exposed to minor risk of fluctuation in value.

A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows at March 31, 2008 and 2007 was as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Cash and bank deposits	¥27,129	¥40,717	\$270,777
Bank deposits with a maturity of over 3 months included in cash and bank deposits	(735)	(744)	(7,333)
Cash and cash equivalents	¥26,394	¥39,973	\$263,444

6. Short-term investments and investment securities

The aggregate cost, fair value and net unrealized gains of marketable securities and investment securities pertaining to "Other securities" at March 31, 2008 and 2007, including debt and equity securities, for which market value was readily obtainable, are summarized as follows:

	Millions of Yen		
	2007		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	¥8,647	¥61,213	¥52,566
Other	-	-	-
	¥8,647	¥61,213	¥52,566

	Millions of Yen		
	2008		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	¥10,302	¥50,721	¥40,419
Other	-	-	-
	¥10,302	¥50,721	¥40,419

	Thousands of U.S. Dollars (Note 3)		
	2008		
	Cost	Fair value (carrying amount)	Net unrealized gains
Equity securities	\$100,828	\$506,250	\$403,422
Other	-	-	-
	\$100,828	\$506,250	\$403,422

Proceeds from sales of marketable securities totaled ¥617 million (\$6,155 thousand) and ¥1,869 million for the years ended March 31, 2008 and 2007, respectively. Gross gains on sales of marketable securities totaled ¥221 million (\$2,207 thousand) and ¥1,299 million for the years ended March 31, 2008 and 2007, respectively. Gross losses on sales of marketable securities totaled ¥0 million (\$0 thousand) and ¥39 million for the

years ended March 31, 2008 and 2007, respectively.

The aggregate carrying amount of the securities for which market value was not readily obtainable at March 31, 2008 and 2007 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Equity securities of non-listed companies	¥2,327	¥2,389	\$23,225
	¥2,327	¥2,389	\$23,225

7. Employees' pension and severance costs

Under the terms of the employee severance indemnity plans of the Company and its subsidiaries in Japan, substantially all employees are entitled to indemnities at the time of their severance. The amounts of benefits are, in general, based on the length of service, basic salary at the time of severance and the circumstances under which severance occurs. These amounts are accounted for as retirement expenses when incurred.

The Company and its domestic consolidated subsidiaries have a contributory funded pension plan, a defined contribution pension plan, a funded tax-qualified pension plan and a termination allowance plan as part of their defined benefits scheme. In certain cases, extra retirement benefits are paid when an employee retires.

One overseas subsidiary has a defined benefit plan. Four overseas subsidiaries have defined contribution plans. The remaining overseas subsidiary has both types of plans.

During the year ended March 31, 2008, the Company and two domestic consolidated subsidiaries had retirement benefit trusts.

Information regarding the employees' pension and severance plans of the Companies for the years ended March 31, 2008 and 2007 is summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Projected benefit obligation	¥47,885	¥48,184	\$477,942
Plan assets	(26,220)	(31,318)	(261,702)
Funded status of the plans	21,665	16,866	216,240
Unrecognized net actuarial loss	(7,790)	(981)	(77,754)
Unrecognized prior service cost	610	656	6,085
	14,485	16,541	144,571
Prepaid contributions to a pension fund	63	-	634
Accrued pension and severance costs	¥14,548	¥16,541	\$145,205

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2008	2007	2008
Service cost	¥2,719	¥2,075	\$27,135
Interest cost	879	873	8,778
Expected return on plan assets	(654)	(465)	(6,530)
Amortization of net actuarial (gain) or loss	241	242	2,410
Amortization of prior service cost	(37)	(37)	(371)
Other	-	2	-
Employee pension cost for the year	¥3,148	¥2,690	\$31,142

The discount rates used to determine the actuarial present value of projected benefit obligations under the Japanese plans that cover employees of the Company and the domestic subsidiaries ranged from 2.0% to 2.2% for the year ended March 31, 2008. The discount rate used for the foreign plans was 6.1%. The expected rates of return on plan assets under the Japanese plans and the foreign plans for the year ended March 31, 2008 were 1.2% to 4.0% and 6.1%, respectively.

The discount rates used to determine the actuarial present value of projected benefit obligations under the Japanese plans that cover employees of the Company and the domestic subsidiaries ranged from 2.0% to 2.2% for the year ended March 31, 2007. The discount rate used for the foreign plans was 5.5%. The expected rates of return on plan assets under the Japanese plans and the foreign plans for the year ended March 31, 2007 were 1.0% to 4.0% and 5.5%, respectively.

Unrecognized prior service cost is amortized on a straight-line basis over a period that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (10 to 16 years). Unrecognized actuarial gain or loss is amortized on a straight-line basis over a period that does not exceed the average remaining service period of employees who are expected to receive benefits under the plans (10 to 16 years).

8. Short-term borrowings and long-term debt

Short-term borrowings and the current portion of long-term debt at March 31, 2008 and 2007 were comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2008	2007	2008
Loans from banks and other financial institutions with weighted average interest rates of 3.71% and 3.79% at March 31, 2008 and 2007, respectively	¥18,693	¥21,908	\$186,572
Current portion of long-term loans from banks and other financial institutions	16,021	16,482	159,906
	¥34,714	¥38,390	\$346,478

Long-term debt at March 31, 2008 and 2007 were comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars(Note 3)
	2008	2007	2008
Loans from banks and other financial institutions with weighted average interest rates of 1.79% and 1.33% at March 31, 2008 and 2007, respectively	¥45,833	¥54,996	\$457,461
Less: Portion due within one year	(16,021)	(16,482)	(159,906)
	¥29,812	¥38,514	\$297,555

The aggregate annual maturities of the non-current portion of long-term debt at March 31, 2008 are summarized as follows:

Year ending March 31,	Millions of Yen	Thousands of U.S. Dollars (Note 3)
2010	¥14,228	\$142,014
2011	8,155	81,393
2012	3,971	39,640
2013 and thereafter	3,458	34,508
	¥29,812	\$297,555

Assets pledged as collateral primarily for short-term borrowings and long-term debt at March 31, 2008 and 2007 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Cash and bank deposits	¥ 71	¥ 71	\$ 709
Buildings and structures	12,031	11,564	120,082
Machinery and equipment	1,856	2,483	18,521
Land	7,845	7,832	78,311
Other	1,539	37	15,357
Investment securities	-	153	-
	¥23,342	¥22,140	\$232,980

Other current liabilities secured by cash and bank deposits totaled ¥95 million (\$948 thousand) at March 31, 2008. Short-term borrowings and long-term borrowings secured by buildings and structures, machinery and equipment, land and other totaled ¥1,469 million (\$14,664 thousand) and ¥2,506 (\$25,009 thousand), respectively, at March 31, 2008.

9. Research and development expenses

Research and development expenses included in "Cost of sales" and "Selling, general and administrative expenses" amounted to ¥8,869 million (\$88,521 thousand) and ¥8,631 million for the years ended March 31, 2008 and 2007, respectively.

10. Income taxes

The statutory tax rate for the years ended March 31, 2008 and 2007 was 40.3%.

At March 31, 2008 and 2007, significant components of deferred tax assets and liabilities are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Deferred tax assets:			
Accrued employees' bonuses	¥ 2,729	¥ 2,654	\$ 27,237
Accrued enterprise taxes	383	551	3,819
Accrued employees' pension and severance costs	6,390	7,168	63,783
Depreciation	1,685	2,115	16,819
Allowance for doubtful accounts	497	575	4,964
Accrued retirement benefits to directors and corporate auditors	704	692	7,024
Unrealized inter-company profit	782	798	7,809
Loss on revaluation of securities	415	348	4,144
Tax losses carried forward	2,774	2,365	27,691
Unrealized losses on other securities	50	47	496
Other	2,045	1,675	20,415
Gross deferred tax assets	18,454	18,988	184,201
Valuation allowance	(4,127)	(3,722)	(41,197)
Total deferred tax assets	14,327	15,266	143,004
Deferred tax liabilities:			
Allowance for doubtful accounts	(20)	(7)	(196)
Special tax purpose reserve	(4,392)	(4,485)	(43,840)
Depreciation	(883)	(522)	(8,817)
Unrealized gains on other securities	(17,431)	(22,323)	(173,982)
Other	(667)	(602)	(6,657)
Total deferred tax liabilities	(23,393)	(27,939)	(233,492)
Net deferred tax liabilities	¥ (9,066)	¥ (12,673)	\$ (90,488)

The differences between the statutory tax rate and the effective tax rate for the year ended March 31, 2007 are not shown because the difference was less than 5% of the statutory tax rate. At March 31, 2008, a reconciliation of the statutory tax rate and the effective tax rate was as follows:

	2008
Statutory tax rate	40.3%
Increase (decrease) in taxes resulting from:	
Tax credit	(1.9)%
Permanent differences	(0.3)%
Net increase in valuation allowance	0.8%
Different tax rates applied to overseas subsidiaries	(4.1)%
Dividend income from consolidated subsidiaries	3.3%
Equity in earnings of unconsolidated subsidiaries and affiliates	(1.2)%
Deferred tax accounting not adopted by overseas subsidiaries	(2.3)%
Other	0.1%
Effective tax rate	34.7%

11. Distributions of retained earnings

Under the Corporation Law of Japan, the distribution of retained earnings with respect to a given financial period is made by resolution of the shareholders at a general meeting held subsequent to the close of the financial period. The accounts for that period do not, therefore, reflect such distributions.

12. Contingent liabilities

As of March 31, 2008 and 2007, the Companies had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Discounted notes	¥709	¥493	\$7,077
Securitized notes and accounts receivable	2,212	2,935	22,073
(The reservation parts of securitized notes)	(73)	(147)	(733)
Borrowings and factorings incurred by unconsolidated subsidiaries, affiliates and others	1,086	567	4,864

13. Leases

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, and leases that do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan. The following *pro forma* amounts represent the acquisition costs, accumulated depreciation and net book value of the leased property as of March 31, 2008 and 2007, which would have been recorded as property, plant and equipment and intangible assets in the accompanying consolidated balance sheets if the leased property under finance lease contracts, that are currently accounted for as operating leases, had been capitalized:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Acquisition cost equivalents	¥3,834	¥3,721	\$38,272
Accumulated depreciation equivalents	1,846	1,794	18,431
Net book value equivalents	¥1,988	¥1,927	\$19,841

Pro forma depreciation (depreciation computed on a straight-line basis over the respective lease terms of the leased assets with a nil residual value) equivalents and interest equivalents of the lease payments relating to finance lease transactions accounted for as operating leases for the years ended March 31, 2008 and 2007 are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
Lease rental payments	¥851	¥743	\$8,495
Depreciation equivalents	830	714	8,281
Interest equivalents	60	36	597

Future lease payments (including the interest portion) subsequent to

March 31, 2008 and 2007 for finance lease transactions accounted for as operating leases are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
	Due within one year	¥ 784	¥ 697
Due over one year	1,262	1,298	12,597
Total	¥2,046	¥1,995	\$20,421

Non-cancelable operating lease commitments are summarized as follows:

	Millions of Yen		Thousands of U.S. Dollars (Note 3)
	2008	2007	2008
	Due within one year	¥ 754	¥ 600
Due over one year	4,173	3,628	41,653
Total	¥4,927	¥4,228	\$49,179

14. Derivative financial instruments

In the normal course of business, the Companies utilize derivative financial instruments, including forward foreign exchange contracts, foreign currency options and foreign currency swap arrangements, to manage their exposure to adverse fluctuations in foreign exchange rates relating to receivables, payables and short/long-term debt denominated in foreign currencies. In addition, the Company uses interest-rate swap agreements to limit its exposure to losses in relation to short-term investments and debt with floating interest rates, resulting from adverse fluctuations in interest rates. The Company does not use derivatives for speculative or trading purposes.

The contract amount (notional principal amount), estimated fair value of, and unrealized loss on, the outstanding contracts at March 31, 2008 and 2007 are summarized as follows:

	Millions of Yen			
	2007			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Estimated fair value	Unrealized loss
Currency swap contracts:				
Receive Japanese yen/pay Thai baht	¥363	¥-	¥ (8)	¥ (8)
Forward foreign exchange con- tracts:				
Buy Japanese yen	-	-	-	-
Interest-rate swap contracts:				
Receive floating / pay fixed	4,919	2,864	(34)	(34)

	Millions of Yen			
	2008			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Estimated fair value	Unrealized loss
Currency swap contracts:				
Receive Japanese yen/pay Thai baht	¥-	¥-	¥-	¥-
Forward foreign exchange con- tracts:				
Buy Japanese yen	915	-	(25)	(25)
Interest-rate swap contracts:				
Receive floating / pay fixed	3,217	-	(44)	(44)

	Thousands of U.S. Dollars (Note 3)			
	2008			
	Contract amount (notional principal amount)			
	Total	Settled over one year	Estimated fair value	Unrealized loss
Currency swap contracts:				
Receive Japanese yen/pay Thai baht	\$-	\$-	\$-	\$-
Forward foreign exchange con- tracts:				
Buy Japanese yen	9,129	-	(245)	(245)
Interest-rate swap contracts:				
Receive floating / pay fixed	32,111	-	(440)	(440)

Derivatives, which meet the criteria for hedge accounting, were excluded from the above tables.

15. Segment information

(1) Segment information of the Companies classified by industrial segment for the years ended March 31, 2008 and 2007 is presented below.

The Companies operate principally in four industrial segments: automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and other.

Suspension springs: Leaf springs, coil springs, stabilizer bars, gas springs and other
 Seating: Seats, mechanical seating components, trim parts and other
 Precision springs and components: HDD suspensions and mechanical components, wire springs, flat springs, LCD/semiconductor testing probe units, precision machine components, brazed products, ceramic products, metal-based printed wiring boards, anti-counterfeit systems and other
 Industrial machinery and equipment, and other: Spring mechanisms, pipe support systems, automatic parking systems, polyurethane products and other

	Millions of Yen						
	2007				Total	Eliminations or common assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other			
Sales:							
Sales to external customers	¥104,482	¥144,598	¥137,610	¥41,369	¥428,059	-	¥428,059
Inter-segment sales	-	-	-	-	-	-	-
Net sales	104,482	144,598	137,610	41,369	428,059	-	428,059
Operating costs and expenses	103,278	138,524	123,260	37,882	402,944	-	402,944
Operating income	¥ 1,204	¥ 6,074	¥ 14,350	¥ 3,487	¥ 25,115	-	¥ 25,115
Total assets	¥100,131	¥ 81,133	¥159,050	¥60,653	¥400,967	-	¥400,967
Depreciation	4,598	3,683	8,684	1,000	17,965	-	17,965
Loss on impairment of fixed assets	144	194	460	205	1,003	-	1,003
Capital expenditures	8,203	6,925	17,750	1,783	34,661	-	34,661

	Millions of Yen						
	2008				Total	Eliminations or common assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other			
Sales:							
Sales to external customers	¥116,918	¥171,603	¥154,723	¥41,634	¥484,878	-	¥484,878
Inter-segment sales	-	-	-	-	-	-	-
Net sales	116,918	171,603	154,723	41,634	484,878	-	484,878
Operating costs and expenses	112,160	163,569	140,273	38,520	454,522	-	454,522
Operating income	¥ 4,758	¥ 8,034	¥ 14,450	¥ 3,114	¥ 30,356	-	¥ 30,356
Total assets	¥ 87,284	¥ 99,131	¥152,927	¥61,728	¥401,070	-	¥401,070
Depreciation	5,264	4,960	11,528	1,183	22,935	-	22,935
Loss on impairment of fixed assets	-	-	-	6	6	-	6
Capital expenditures	5,475	6,298	21,983	1,024	34,780	-	34,780

	Thousands of U.S. Dollars (Note 3)						
	2008				Total	Eliminations or common assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other			
Sales:							
Sales to external customers	\$1,166,958	\$1,712,781	\$1,544,302	\$415,551	\$4,839,592	-	\$4,839,592
Inter-segment sales	-	-	-	-	-	-	-
Net sales	1,166,958	1,712,781	1,544,302	415,551	4,839,592	-	4,839,592
Operating costs and expenses	1,119,472	1,632,594	1,400,073	384,468	4,536,607	-	4,536,607
Operating income	\$ 47,486	\$ 80,187	\$ 144,229	\$ 31,083	\$ 302,985	-	\$ 302,985
Total assets	\$ 871,182	\$ 989,429	\$1,526,363	\$616,112	\$4,003,086	-	\$4,003,086
Depreciation	52,538	49,508	115,066	11,810	228,922	-	228,922
Loss on impairment of fixed assets	-	-	-	55	55	-	55
Capital expenditures	54,647	62,862	219,410	10,217	347,136	-	347,136

Notes:

1. As discussed earlier in the depreciation of tangible fixed assets section, effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of tangible fixed assets acquired on or after April 1, 2007 in accordance with the change in the Japanese Income Tax Code. The effect of this change for the year ended March 31, 2008 was to increase operating expenses in the automotive suspension springs segment by ¥203 million (\$2,030 thousand), the automotive seating segment by ¥298 million (\$2,976 thousand), the precision springs and components segment by

¥325 million (\$3,240 thousand) and the industrial machinery and equipment, and other segment by ¥43 million (\$434 thousand), and to decrease operating income by the same amounts as compared to the corresponding amounts which would have been recorded under the previous method.

- As discussed earlier in the accounting for residual value of tangible fixed assets section, effective the year ended March 31, 2008, in relation to the changes in the Japanese Income Tax Code, for tangible fixed assets acquired on or before March 31, 2007 whose accumulated depreciation has reached 95% of acquisition cost, the Company and its domestic consolidated subsidiaries depreciate the difference between 5% of acquisition cost and nominal value on a straight-line basis over a period of 5 years, from the year following the year in which accumulated depreciation reaches 95% of acquisition cost (or the year ended March 31, 2008, whichever comes later).
- The effect of adopting this method of accounting for residual value of fixed assets for the year ended March 31, 2008 was to increase operating expenses in the automotive suspension springs segment by ¥179 million (\$1,781 thousand), the automotive seating segment by ¥128 million (\$1,278 thousand), the precision springs and components segment by ¥277 million (\$2,768 thousand) and the industrial machinery and equipment, and other segment by ¥56 million (\$558 thousand), and to decrease operating income by the same amounts as compared to the corresponding amounts which would have been recorded under the previous method.

(2) Segment information of the Companies classified by geographic area for the years ended March 31, 2008 and 2007 is presented below:

	Millions of Yen					
	2007					Eliminations or common assets
	Japan	North America	Asia	Total		
Sales:						
Sales to external customers	¥313,643	¥42,353	¥72,063	¥428,059	¥-	¥428,059
Inter-segment sales	12,919	1,504	620	15,043	(15,043)	-
Net sales	326,562	43,857	72,683	443,102	(15,043)	428,059
Operating costs and expenses	305,403	46,008	66,576	417,987	(15,043)	402,944
Operating income (loss)	21,159	(2,151)	6,107	25,115	-	25,115
Total assets	344,926	33,818	52,341	431,085	(30,118)	400,967

	Millions of Yen					
	2008					Eliminations or common assets
	Japan	North America	Asia	Total		
Sales:						
Sales to external customers	¥334,704	¥51,314	¥98,860	¥484,878	¥-	¥484,878
Inter-segment sales	13,491	453	994	14,938	(14,938)	-
Net sales	348,195	51,767	99,854	499,816	(14,938)	484,878
Operating costs and expenses	328,191	52,185	89,084	469,460	(14,938)	454,522
Operating income (loss)	20,004	(418)	10,770	30,356	-	30,356
Total assets	338,529	27,233	68,270	434,032	(32,962)	401,070

	Thousands of U.S. Dollars (Note 3)					
	2008					Eliminations or common assets
	Japan	North America	Asia	Total		
Sales:						
Sales to external customers	\$3,340,699	\$512,167	\$986,726	\$4,839,592	\$-	\$4,839,592
Inter-segment sales	134,659	4,525	9,918	149,102	(149,102)	-
Net sales	3,475,358	516,692	996,644	4,988,694	(149,102)	4,839,592
Operating costs and expenses	3,275,688	520,870	889,151	4,685,709	(149,102)	4,536,607
Operating income (loss)	199,670	(4,178)	107,493	302,985	-	302,985
Total assets	3,378,871	271,809	681,406	4,332,086	(329,000)	4,003,086

Notes:

- As discussed earlier in the depreciation of tangible fixed assets section, effective the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries have changed their method of accounting for depreciation of tangible fixed assets acquired on or after April 1, 2007 in accordance with the change in the Japanese Income Tax Code. The effect of this change on the Japan segment for the year ended March 31, 2008 was to increase operating expenses by ¥869 million (\$8,680 thousand) and to decrease operating income by the same amount as compared to the corresponding amounts which would have been recorded under the previous method.
- As discussed earlier in the accounting for residual value of tangible fixed assets section, effective the year ended March 31, 2008, in relation to the changes in the Japanese Income Tax Code, for tangible fixed assets acquired on or before March 31, 2007 whose accumulated depreciation has reached 95% of acquisition cost, the Company and its domestic consolidated subsidiaries depreciate the difference between 5% of acquisition cost and nominal value on a straight-line basis over a period of 5 years, from the year following the year in which accumulated depreciation reaches 95% of acquisition cost (or the year ended March 31, 2008, whichever comes later).
The effect of adopting this method of accounting for residual value of fixed assets on the Japan segment for the year ended March 31, 2008 was to increase operating expenses by ¥640 million (\$6,385 thousand) and to decrease operating income by the same amount as compared to the corresponding amounts which would have been recorded under the previous method.

(3) Export sales and sales by overseas subsidiaries for the years ended March 31, 2008 and 2007 are presented below:

Overseas sales:	Millions of Yen				Thousands of U.S. Dollars (Note 3)
	2008		2007		2008
	As a percentage of consolidated net sales		As a percentage of consolidated net sales		
North America	¥ 55,901	11.5%	¥ 50,285	11.7%	\$ 557,955
Asia	130,000	26.9%	103,021	24.2%	1,297,538
Other	4,116	0.8%	2,319	0.5%	41,078
Total	¥190,017	39.2%	¥155,625	36.4%	\$1,896,571
Consolidated total	¥484,878	100.0%	¥428,059	100.0%	\$4,839,592

16. Subsequent event

The following distribution of retained earnings, which has not been reflected in the accompanying consolidated financial statements for the year ended March 31, 2008, was approved by the shareholders of the Company at the annual general meeting of shareholders held on June 27, 2008:

	Millions of Yen	Thousands of U.S. Dollars (Note 3)
Cash dividends of ¥7.0 per share	¥1,697	\$16,938

Report of Independent Auditors

The Board of Directors
NHK Spring Co., Ltd.

We have audited the accompanying consolidated balance sheet of NHK Spring Co., Ltd. and consolidated subsidiaries as of March 31, 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. The consolidated financial statements of NHK Spring Co., Ltd. and consolidated subsidiaries for the year ended March 31, 2007 were audited by other auditors whose report dated June 28, 2007, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of NHK Spring Co., Ltd. and consolidated subsidiaries at March 31, 2008, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon

Ernst & Young ShinNihon

June 27, 2008

Members of the board of directors and auditors (As of June 27, 2008)

Board of Directors

■ Chairman of the Board

Kenji Sasaki

■ President and Chief Executive Officer

Takehiko Amaki

■ Executive Vice Presidents

Katsuichi Ikeda

Kunio Nagasawa

Takeshi Fuse

■ Executive Corporate Officers

Tsutomu Yamaguchi

Yuichi Nagase

■ Senior Corporate Officer

Kazumi Tamamura

Auditors

Masahiko Kimura

Hidetoshi Takahashi

Tadashi Shimao

Susumu Komori

Corporate Officers

■ President and Chief Executive Officer

Takehiko Amaki

■ Executive Vice Presidents

Katsuichi Ikeda

Kunio Nagasawa

Takeshi Fuse

■ Executive Corporate Officers

Tsutomu Yamaguchi

Yuichi Nagase

■ Senior Corporate Officers

Kazumi Tamamura

Akira Yamazaki

Tetsuo Saito

Shoichi Hara

Shigeru Yasuda

Takao Itoi

Kazuo Shiota

■ Corporate Officers

Takanori Sato

Kazumi Suzuki

Mitsushige Kawakubo

Kaoru Hatayama

Hiroyuki Kado

Akira Umebayashi

Toshio Hamano

Tsunehiko Hiram

Taro Umemura

Hideo Yamamoto

Yosei Morioka

Seijiro Uryu

Hideaki Kidokoro

Yukihiko Konishi

Kimihiko Katayama

Masahiko Maeda

Affiliates — overview

Domestic affiliates (22)

NHK Sales Co., Ltd.

Head Office: 2-13-1 Edagawa, Koto-ku, Tokyo, 135-0051, Japan
TEL. +81-3-5690-3001 FAX. +81-3-5690-3025

Main Activities: Sales and import/export of automotive components, automotive springs, industrial machinery and components, precision springs and hybrid function components, fasteners, materials, data devices, machined components, and industrial equipment and components

NHK Transport Co., Ltd.

Head Office: 3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
TEL. +81-45-788-0811 FAX. +81-45-701-5521

Main Activities: Motor truck transport, cargo transport and handling, warehousing, packaging, machinery installation, overseas import/export handling

Nippatsu Service Co., Ltd.

Head Office: NHK Nishi-guchi Bldg., 3-32-1 Tsuruyacho, Kanagawa-ku, Yokohama, 221-0835, Japan
TEL. +81-45-316-7700 FAX. +81-45-322-2271

Main Activities: Sales of petroleum, petroleum products, automotive components and automotive products; sales of chemical products and pressurized gas; construction of ancillary facilities; accident and life insurance; real estate

G.L.G. Corporation

Head Office: 2-1-12 Kitakase, Saiwai-ku, Kawasaki-shi, Kawasaki, 212-0057, Japan
TEL. +81-44-599-2471 FAX. +81-44-588-4814

Main Activities: Operation of golf driving ranges

Yokohama Kiko Co., Ltd.

Head Office: 56 Suzukawa, Isehara-shi, Kanagawa, 259-1146, Japan
TEL. +81-463-94-8425 FAX. +81-463-94-8435

Main Activities: Manufacture and sales of stabilizer bars and lighting systems

Sumihatsu Co., Ltd.

Head Office: MY Iwamotocho Bldg, 4th Floor, 3-5-5 Iwamotocho, Chiyoda-ku, Tokyo, 101-0032, Japan
TEL. +81-3-3864-6331 FAX. +81-3-3864-6130

Main Activities: Manufacture and sales of leaf springs, coil springs, turnouts and crossings, rail clips, and synthetic rail ties

Horikiri, Inc.

Head Office: 1827-4 Kami-Kouya, Yachiyo-shi, Chiba, 276-0022, Japan
TEL. +81-474-84-1111 FAX. +81-474-84-2442

Main Activities: Manufacture and sales of springs of all types

Tohoku Nippatsu Co., Ltd.

Head Office: 18-25-2 Fujine, Waga-cho, Kitakami-shi, Iwate, 024-0334, Japan
TEL. +81-197-73-5221 FAX. +81-197-73-7143

Main Activities: Manufacture and sales of coil springs, precision springs, wire springs, specialty springs, and automotive seat components

Ites Co., Ltd.

Head Office: 2258 Kamiyabecho, Totsuka-ku, Yokohama, 245-0053, Japan
TEL. +81-45-813-4777 FAX. +81-45-812-0840

Main Activities: Manufacture and sales of automotive seats and interior components

Faurecia-NHK Co., Ltd.

Head Office: JN Bldg., 3rd Floor, 3-56-1 Aioicho, Naka-ku, Yokohama, 231-0012, Japan
TEL. +81-45-345-3001 FAX. +81-45-345-3002

Main Activities: Development and sales of automotive seats

Faurecia-NHK Kyushu Co., Ltd.

Head Office: 9-9 Shinhamacho, Kanda-machi, Miyako-gun, Fukuoka, 800-0321, Japan
TEL. +81-93-435-3300 FAX. +81-93-435-2900

Main Activities: Manufacture and sales of automotive seats

Sindai Co., Ltd.

Head Office: 3-3-6 Shinden-cho, Takahama-shi, Aichi, 444-1301, Japan
TEL. +81-566-52-1221 FAX. +81-566-52-1225

Main Activities: Manufacture and sales of automotive and furniture seat springs, trunk lid torsion bars, and sun visor wires

SNIC Co., Ltd.

Head Office: 1403 Higashihiratsuka, Iwata-shi, Shizuoka, 438-0211, Japan
TEL. +81-538-66-5511 FAX. +81-538-66-5510

Main Activities: Manufacture and sales of automotive and motorcycle seats

Uniflex Co., Ltd.

Head Office: 2445-5 Kitahara, Nishiminowa-aza, Ina-shi, Nagano, 399-4501, Japan
TEL. +81-265-76-3280 FAX. +81-265-76-3288

Main Activities: Manufacture and sales of automotive components; design, manufacture, and sales of general industrial machinery

Ayase Seimitsu Co., Ltd.

Head Office: 1-13-6 Yoshioka-higashi, Ayase-shi, Kanagawa, 252-1125, Japan
TEL. +81-467-76-7631 FAX. +81-467-76-7472

Main Activities: Manufacture and sales of precision springs

Tokuhatsu Co., Ltd.

Head Office: 1-10-14 Nagasu-nishidori, Amagasaki-shi, Hyogo, 660-0807, Japan
TEL. +81-6-6401-6041 FAX. +81-6-6488-9489

Main Activities: Manufacture and sales of spring washers, wave spring washers, thin leaf springs, and wire springs

NHK Teleflex Morse Co., Ltd.

Head Office: 3-21-10 Shin-Yokohama, Kohoku-ku, Yokohama, 222-0033, Japan
TEL. +81-45-475-8901 FAX. +81-45-475-8907

Main Activities: Manufacture and sales of marine and industrial mechanical remote control boxes, control cables, electronic remote control systems, steering systems (mechanical and hydraulic), and foot pedals (mechanical and electronic)

NHK Parking Systems Co., Ltd.

Head Office: 2-1-49 Numame, Isehara-shi, Kanagawa, 259-1126, Japan
TEL. +81-463-91-8620 FAX. +81-463-91-8646

Main Activities: Planning, sales, installation, maintenance, and renovation of automatic multi-level parking garage systems; sales of parking garage ancillary equipment

Nippon Shaft Co., Ltd.

Head Office: 2-1-15 Sachiura, Kanazawa-ku, Yokohama, 236-0003, Japan
TEL. +81-45-782-2561 FAX. +81-45-783-3559

Main Activities: Manufacture and sales of golf shafts, metal baseball bats, pipe products, and carbon composite products

Topura Co., Ltd.

Head Office: 201 Soya, Hadano-shi, Kanagawa, 257-0031, Japan
TEL. +81-463-82-2711 FAX. +81-463-83-4877

Main Activities: Manufacture and sales of automotive screws, bolts, and industrial fasteners

NHK Precision Co., Ltd.

Head Office: 2-1-49 Numame, Isehara-shi, Kanagawa, 259-1126, Japan
TEL. +81-463-94-5235 FAX. +81-463-93-5104

Main Activities: Manufacture and sales of screw tools, automotive components, data processing equipment components, and precision industrial components

Nippatsu Harmony Co., Ltd.

Head Office: 3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
TEL. +81-45-786-7571 FAX. +81-45-786-7501

Main Activities: Cleaning and greening of building interiors and exteriors, sorting and collection of general waste, auxiliary manufacturing

Overseas affiliates (22)

North and South America

NHK International Corporation

Head Office: 50706 Varsity Court, Wixom, Michigan, 48393, U.S.A.
TEL. 1-248-926-0111 FAX. 1-248-926-2022

Main Activities: R&D and engineering services, sales of data communications components

New Mather Metals, Inc.

Head Office: 5270 North Detroit Ave., Toledo, Ohio, 43612, U.S.A.
TEL. 1-419-476-9311 FAX. 1-419-476-3466

Main Activities: Manufacture and sales of stabilizer bars

NHK of America Suspension Components Inc.

Head Office: 3251 Nashville Road, Bowling Green, Kentucky, 42101, U.S.A.
TEL. 1-270-842-4006 FAX. 1-270-842-4618

Main Activities: Manufacture and sales of coil springs, trunk lid torsion bars, and stabilizer links

NHK Seating of America Inc.

Head Office: 2298 West State Road 28, Frankfort, Indiana, 46041-8772, U.S.A.
TEL. 1-765-659-4781 FAX. 1-765-659-5591

Main Activities: Manufacture and sales of automotive seats

NHK Spring Precision of America Inc.

Head Office: 10600 Freeport Drive, Louisville, Kentucky, 40258, U.S.A.
TEL. 1-502-935-5556 FAX. 1-502-935-5506

Main Activities: Manufacture and sales of automotive engine valve springs and AT springs

Rassini-NHK Autopeças Ltda.

Head Office: Av, Marginal da Via Anchieta, km 14,5, 09883-000, São Bernardo do Campo, São Paulo, Brasil
TEL. 55-11-4366-9300 FAX. 55-11-4368-0275

Main Activities: Manufacture and sales of leaf springs and coil springs

Asia

NHK Spring (Thailand) Co., Ltd.

Head Office: Bangna Towers A, 6-7th Fl., 2/3 Moo 14, Bangna-Trad Rd., K.m.6.5 Bangkaew, Bangplee, Samutprakarn 10540 Thailand
TEL. 66-2-730-2200 FAX. 66-2-730-2226

Main Activities: Manufacture and sales of automotive suspension springs, seats, interior components, precision springs, and components related to data communications

NHK Precision (Thailand) Co., Ltd.

Head Office: No.549 Moo 4, Bangpoo Industrial Estate Soi 11B, T.Phragsa. A.Muang Samutprakarn, 10280, Thailand
TEL. 66-2-709-3678 FAX. 66-2-709-3939

Main Activities: Manufacture and sales of brake discs

General Seating (Thailand) Co., Ltd.

Head Office: Eastern Seaboard Industrial Estate (Rayong) 64/3 Moo 4, Pluakdaeng, Rayong, 21140, Thailand
TEL. 66-38-954-905 FAX. 66-38-954-912

Main Activities: Manufacture and sales of automotive seats

Autrans (Thailand) Co., Ltd.

Head Office: 19th Floor, Ocean Tower 2, 75/31 Soi Sukhumvit19, Sukhumvit Rd North Klong-toey, Wattana, Bangkok, 10110, Thailand
TEL. 66-2-661-7204 FAX. 66-2-661-7217

Main Activities: Automotive and motorcycle component logistics and import/export operations

NHK Manufacturing (Malaysia) SDN. BHD.

Head Office: Lot 44, Persiaran Bunga Tanjung 1, Senawang Industrial Park, 70400, Seremban, Negeri Sembilan, Malaysia
TEL. 60-6-678-7495 FAX. 60-6-678-7492

Main Activities: Manufacture and sales of printed wiring boards

NHK Spring (Guangzhou) Co., Ltd.

Head Office: A1001 Center Plaza, 161 Linhexi Road, Tianhe District, Guangzhou, China
TEL. 86-20-3825-1940 FAX. 86-20-3825-1325

Main Activities: Oversight of China operations, sales of NHK Group products, import/export of materials

NHK-Uni Spring (Guangzhou) Co., Ltd.

Head Office: 28 Kaiyuan Road, Eastern Section, Guangzhou Economic & Technological Development Dist., Guangdong Province, China

TEL. 86-20-8226-6136 FAX. 86-20-8226-6187

Main Activities: Manufacture and sales of coil springs and stabilizer bars

NHK Spring Precision (Guangzhou) Co., Ltd.

Head Office: 189 LianGuang Road, Eastern Sub-District, Guangzhou Economic & Technological Development Dist., Guangdong Province, China

TEL. 86-20-8226-6456 FAX. 86-20-8226-6270

Main Activities: Manufacture and sales of automotive valve springs, helical springs, and data communications components

Chongqing Qingling NHK Seat Co., Ltd.

Head Office: Keyuan 2-58, Shiqiao-pu, Jiulongpo Chongqing, China
TEL. 86-23-6860-8854 FAX. 86-23-6863-7814

Main Activities: Manufacture and sales of automotive seats and interior components

NHK Spring (Shenzhen) Co., Ltd.

Head Office: 3-4, A1, Hesheng Industry Zone, Sanlian Heshakeng Village, Buji Town, Longgang District, Shenzhen, China

TEL. 86-755-8967-4119 FAX. 86-755-8967-4117

Main Activities: Manufacture and sales of carbon products, carbon shafts, and automotive seat components

NHK Spring (Hong Kong) Co., Ltd.

Head Office: Suite No. 15B-17, 9th Floor, Tower 3, China Hong Kong City, 33 Canton Road, T.S.T., Kowloon, Hong Kong

TEL. 852-2314-4703 FAX. 852-2314-4707

Main Activities: Import/export of data communications components

NAT Peripherals (Hong Kong) Co., Ltd.

Head Office: Suite No. 15B-17, 9th Floor, Tower 3, China Hong Kong City, 33 Canton Road, T.S.T., Kowloon, Hong Kong

TEL. 852-2377-1068 FAX. 852-2314-4707

Main Activities: Manufacture and sales of HDD suspensions

NHK Spring (Taiwan) Co., Ltd.

Head Office: 6F-2, No. 76 Sec. 2 Dongda Road, Hsinchu City, 300 Taiwan, R.O.C.
TEL. 886-3-5323800 FAX. 886-3-5323202

Main Activities: Sales of microcontactor products

Uni Auto Parts Manufacture Co., Ltd.

Head Office: 40-10, Po Kung Kun, Hsi Fu Tsuen, San-Yi Hsiang, Miaoli Hsien, Taiwan, R.O.C.

TEL. 886-37-873801 FAX. 886-37-874239

Main Activities: Manufacture and sales of leaf springs, coil springs, automotive seats, and interior components

NHK Spring India Ltd.

Head Office: Plot No.31, Sector 3, Industrial Model Township, Manesar (Haryana)122050, India
TEL. 91-124-4369721 FAX. 91-124-4369720

Main Activities: Manufacture and sales of coil springs and stabilizer bars

Europe

Ibérica de Suspensiones, S.L

Head Office: Poligono Industrial La Mina, 12520 Nules (Castellón) Spain
TEL. 34-964-67-4212 FAX. 34-964-67-3540

Main Activities: Manufacture and sales of coil springs and stabilizer bars

Corporate overview

■ Corporate overview (as of the end of March 2008)

Trade Name:	NHK SPRING CO., LTD.
Established:	September 1939
Capital:	¥17,095.7 million
Employees:	17,324 (consolidated) *Includes temporary staff
Sales:	¥484.8 billion (fiscal 2007 – consolidated)
Head office:	3-10 Fukuura, Kanazawa-ku, Yokohama, 236-0004, Japan
Divisions:	Suspension Spring Division, Seating Division, Precision Spring & Components Division, DDS (Disk Drive Suspension) Division, Industrial Machinery & Equipment Division, Security Technologies & Solutions Division
Plants:	Yokohama Plant (suspension spring/seating), Shiga Plant, Gunma Plant, Toyota Plant, Atsugi Plant, Ina Plant, Komagane Plant (DDS/Industrial Machinery & Equipment), Isehara Plant, Yasu Plant
Branches & Sales Offices:	Tokyo, Yokohama, Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
Stock market listing:	First Section, Tokyo Stock Exchange (Code 5991)
Affiliates:	22 Domestic, 22 Overseas

■ Shares

Total authorized shares	600,000,000
Total issued shares	244,066,144
Total number of shareholders	15,491

Movements in share price	High	Low
Apr.-Jun. 2007	1,243	997
Jul.-Sep. 2007	1,217	851
Oct.-Dec. 2007	1,154	852
Jan.-Mar. 2008	1,042	653

(Yen)

A note from the editors

Thank you so much for reading this Report. It started out in 2000 as our Environment Report; it then became our Environmental and Social Report, and our Social and Environmental Report, before being renamed the CSR Report last year. For this fiscal year, we have added a financial report, and we now call it the NHK Spring Report. We value your opinions and invite you our readers to tell us what information you would like us to include in future issues of this Report. We would be also grateful for your candid opinion and feedback.

September 2008



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NHK SPRING CO., LTD.

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