

# NHK SPRING REPORT 2012

Society·Environment·Finance  
April 2011 — March 2012

Building a better world  
by building innovative products



**NHK**  
NHK SPRING CO.,LTD.

# For a **resilient** society through a wide-range of innovation across a diversity of fields

## Principal products for our variety of business divisions, contributing to a **resilient** society

We contribute to the society through innovation in automobiles, data communications, industry, lifestyle, and many other fields.

### Automobiles

We supply key components for safety, environmental protection, comfort and high functionality.

- Suspension springs: leaf and coil springs and stabilizer bars
- Seats, seat mechanical seating components, interior products
- Wire and thin leaf springs, precision machined components
- Polyurethane products



### Data communications

We use cutting-edge technology to deliver high precision, high performance products.

- HDD suspensions and mechanical components
- Leaf and thin leaf springs
- Liquid crystal and semiconductor testing probe units
- Precision machined components
- Ceramic products
- Brazed products
- Metal base printed wiring boards
- Polyurethane products
- Security products



### Industry and lifestyle

We provide highly reliable products that serve society, with the emphasis on convenience and comfort.

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



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### Editorial policy

The NHK Spring Group has published the NHK Spring Report since the 2008 fiscal year, summarizing the social, environmental and financial aspects of what we have done over the last year. We have tried to make this fifth annual report on our activities more complete than ever.

### Readership

This Report is intended for our customers, shareholders and investors, suppliers, the communities around the places where we operate, and our employees and their families.

### Scope

This Report covers the fundamental business activities of the NHK Spring Group. 'NHK Spring Group' refers to the group overall; 'NHK Spring' refers specifically to NHK Spring Co., Ltd., and our group companies are identified individually by name. We make every effort to ensure that the Report is accurate.

### Reporting period

In principle, the Report covers our business activities from April 2011 to March 2012. As it is published in September, it will also include any major developments since April 2012.

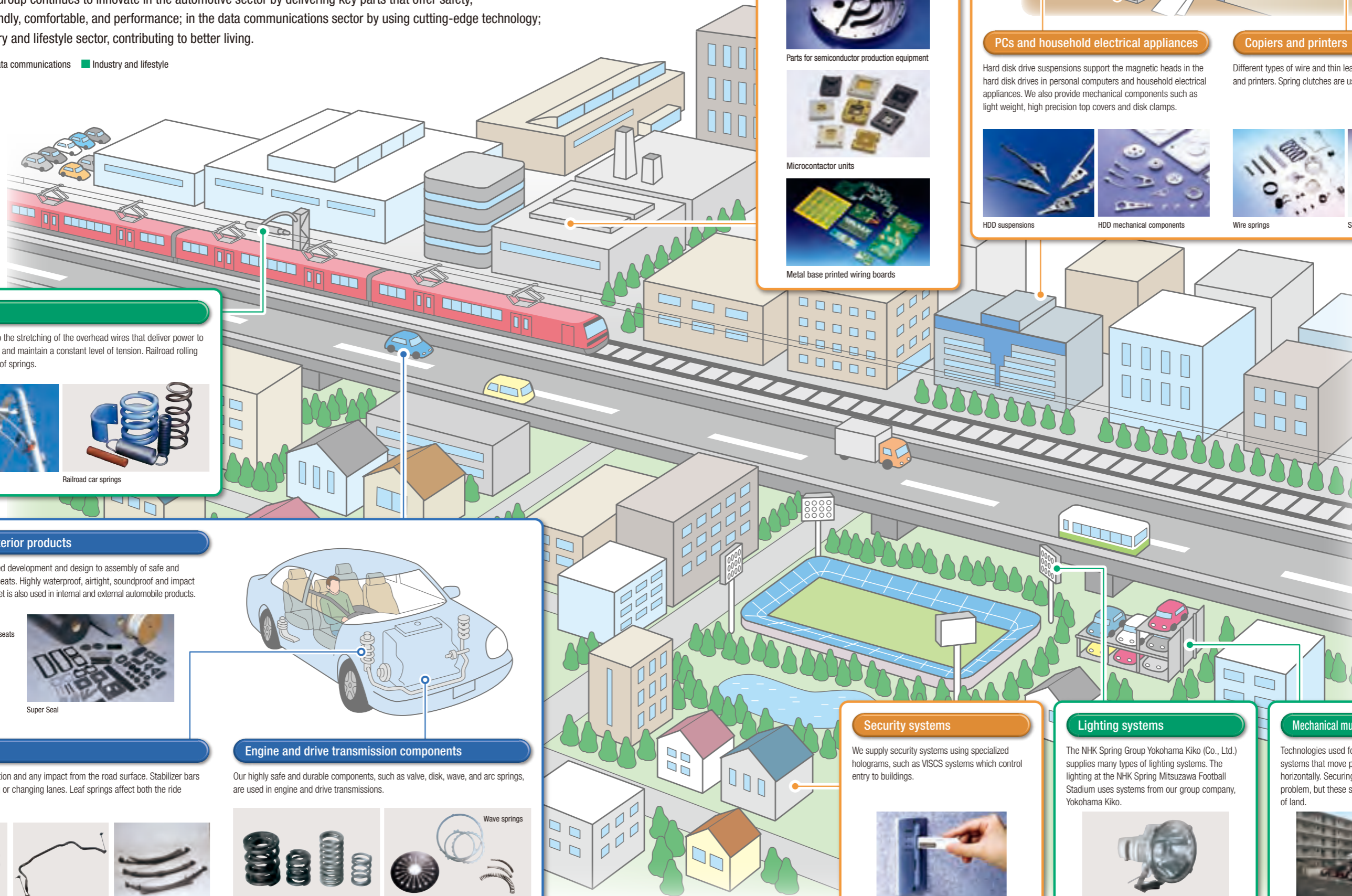
### Editorial guidelines

Ministry of the Environment's Environmental Reporting Guidelines (2007 ed.)

# Our innovations are at work in scenes from the streets

The NHK Spring Group continues to innovate in the automotive sector by delivering key parts that offer safety, environment-friendly, comfortable, and performance; in the data communications sector by using cutting-edge technology; and in the industry and lifestyle sector, contributing to better living.

■ Automobiles ■ Data communications ■ Industry and lifestyle



## Railroads

Tension balancers absorb the stretching of the overhead wires that deliver power to the railroad pantographs, and maintain a constant level of tension. Railroad rolling stock also uses a variety of springs.



Tension balancers



Railroad car springs

## Interior and exterior products

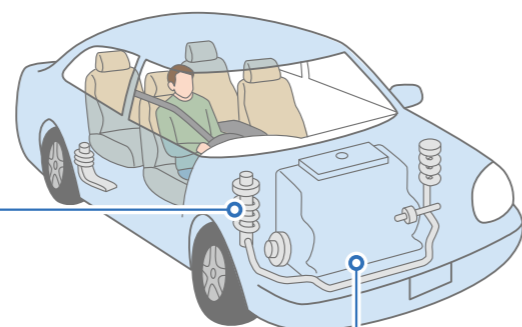
We provide fully integrated development and design to assembly of safe and comfortable automotive seats. Highly waterproof, airtight, soundproof and impact absorbent Super Seal/Sheet is also used in internal and external automobile products.



Automotive seats

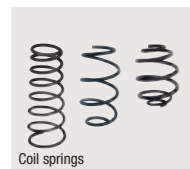


Super Seal

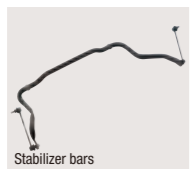


## Steering gear

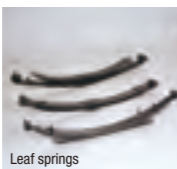
Coil springs absorb vibration and any impact from the road surface. Stabilizer bars limit lean when cornering or changing lanes. Leaf springs affect both the ride and stability.



Coil springs



Stabilizer bars



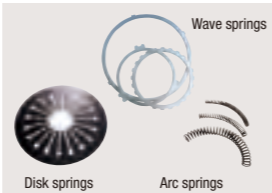
Leaf springs

## Engine and drive transmission components

Our highly safe and durable components, such as valve, disk, wave, and arc springs, are used in engine and drive transmissions.



Valve springs



Disk springs

Wave springs

Arc springs

## Semiconductors

We supply heaters and cooling plates using advanced bonding technology, and microcontactor units using precision fabrication techniques, and high heat dissipative substrates.



Parts for semiconductor production equipment



Microcontactor units



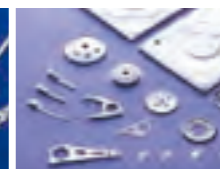
Metal base printed wiring boards

## PCs and household electrical appliances

Hard disk drive suspensions support the magnetic heads in the hard disk drives in personal computers and household electrical appliances. We also provide mechanical components such as light weight, high precision top covers and disk clamps.



HDD suspensions



HDD mechanical components



Wire springs



Spring clutches

## Copiers and printers

Different types of wire and thin leaf springs are used in copiers and printers. Spring clutches are used in paper feed mechanisms.

## Security systems

We supply security systems using specialized holograms, such as VISCS systems which control entry to buildings.



VISCS key

## Lighting systems

The NHK Spring Group Yokohama Kiko (Co., Ltd.) supplies many types of lighting systems. The lighting at the NHK Spring Mitsuzawa Football Stadium uses systems from our group company, Yokohama Kiko.



Floodlights

## Mechanical multilevel parking systems

Technologies used for springs are used in the systems that move pallets vertically and horizontally. Securing parking spaces is a social problem, but these systems make efficient use of land.



Mechanical multilevel parking systems

Our Commitment

# We bring the combined strength of the Group to the world, to continue to grow as a company that last for a century

We first like to thank our stakeholders for their ongoing support for our Group.

The business environment has been very turbulent since the Global Financial Crisis, with the subsequent recovery, followed by the Great East Japan Earthquake and the associated nuclear problems, and financial instability around the world. Last fiscal year we started our three-year Medium Term Management Plan (2013 Midterm Plan), which ends in March 2014 (fiscal 2013 year). While we are currently running according to the plan, conditions remain unpredictable. The entire Group is striving towards meeting our targets. We are being quite clear about 'What we can do now and what can be done now' and deciding 'What should be changed, and what shouldn't be changed', and making closer involvement in the rapidly developing global business and strengthening Group management. Our aim is to harness the strengths of the Group to continue to grow, to build a company that will last a century.

To sustain and grow as a company, we must increase sales and profitability while managing the business more efficiently. At the same time, we recognize the absolute need to push ahead with CSR activities in order to conduct our business in a sustainable way,

and to 'continue to press forward with CSR' in line with our management policies. With that in mind, we act with the awareness of our responsibilities to society as a global company. We aim to improve the transparency and auditing system in our management, to gain the trust of our stakeholders.

While this Report may not cover everything, we hope that we can provide a glimpse of our approach toward our social responsibilities and our initiatives. We hope you will all continue to give us your unswerving support.

*K. Sasaki* Kenji Sasaki  
Chairman of the Board

*K. Tamamura* Kazumi Tamamura  
President and CEO



2013 Midterm Plan Slogan

***Pole to Win***  
—Stepping Toward Victory—

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.

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

Message from the Chairman of the CSR Committee



We will continue to pursue CSR for sustainable growth.

Tsutomu Yamaguchi  
Executive Vice President  
Chairman of the CSR Committee

There have been drastic changes in the business environment in recent years. Of course, it has been important for us to shoulder our social responsibilities while building trust and mutual understanding with our stakeholders – our customers, shareholders and investors, suppliers, employees, and local communities.

In pursuing our CSR activities, the CSR Committee set up by the head of relevant divisions set the directions, and the different offices and the entire company plan to roll out specific activities. Our CSR activities are based around Our commitment (→P6). Our CSR activities include risk management such as compliance, quality assurance, disclosure of company and financial information, procurement, employment, workplace health and safety, social contribution, and beautifying the environment among others.

We are actively engaged in trying to improve our CSR activities to achieve sustainable growth for the entire Group and build a company that will last a century.

# Feature Corporate Advertising at Exhibitions

We showcase our products and businesses at various exhibitions. We also introduce the fascination of science, particularly of springs, to students and young people at the request of industry associations and educational institutions.



## Large exhibitions

### Tokyo Motor Show

The 41st Tokyo Motor Show 2011 was held between late November and early December 2011, using ten stand spaces for the exhibit. Our stand resembled the NHK Spring Mitsuzawa Football Stadium, with a 2 m tall Gigantor attracted particular interest from the visitors to the parts manufacturers' stands.



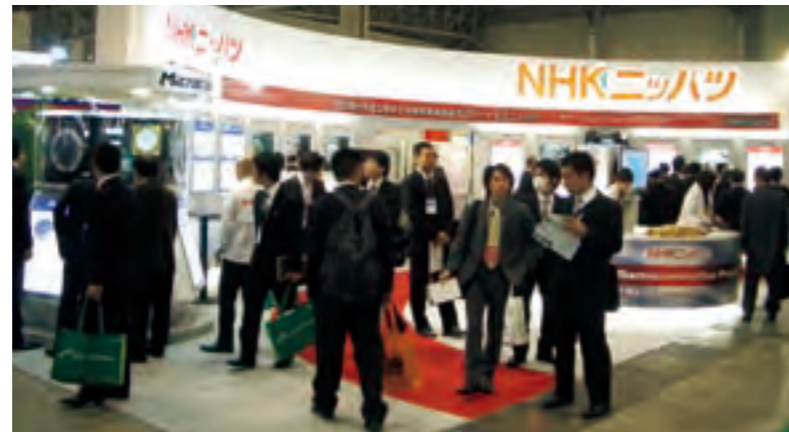
Our stand at the Tokyo Motor Show attracted many visitors



NHK President Tamamura gives his first press briefing at the Tokyo Motor Show

### SEMICON Japan

SEMICON Japan 2011 was held in early December 2011. Where we once had stands in two areas, we combined them into the one this year, becoming a 15-stand-space exhibit which enhanced the appeal.



NHK Spring stand at SEMICON Japan made more attractive by merging the stands

### Other exhibitions

We also exhibit at the Automotive Engineering Exposition held every May, where we showcase our technology, particularly newly developed products and ideas for new applications.

## Joint exhibitions

### Kids Engineer

The Society of Automotive Engineers of Japan, Inc. has been running Kids Engineer since 2008, to show children how interesting science can be. We take part in the exhibition programs, introducing types, roles, and the application of springs. This always provokes great interest among elementary school students.



Children studying springs



Our stand was a great success

### High School Festival

We exhibited at the Kanagawa Technical High School Festival held in October 2011. As a new departure, we were asked to participate as a representative of local manufacturing companies, to celebrate the school's centenary. We were able to deepen the understanding of our springs among the students and the visitors by staging an introductory corner explaining what we do and a spring culture corner.



Appearing at the School Festival at the request of the High School

### Other joint exhibitions

We also cooperate in holding various kinds of events through requests from industry organizations and educational institutions. By participating in exhibitions and various events, we enhance the standing of the company and the appeal of our products and businesses.

Contributing to local communities and society

## Expanding the scope of CSR

We have expanded the scope of our CSR activities. We have started to take part in the Kanagawa Prefecture Reforestation Partnership, support for the Kanagawa Philharmonic Orchestra, and other activities.

We donated high-speed cutting tools, cranes, and other idle equipment

for Free Idle Equipment Matching Support Project for areas affected by the Great East Japan Earthquake, a project run by the Yokohama Chamber of Commerce & Industry, which Chairman Sasaki serves as a president.



Chairman Sasaki (right) receiving a certificate of appreciation from Kanagawa Prefectural Governor Kuroiwa for the support for the Kanagawa Philharmonic Orchestra



Donating idle equipment to areas affected by the Great East Japan Earthquake

Upgrades to our Office

## Development Building completed and new Coverings Building built in Gunma Plant

While we continue to expand overseas, we are also working to expand our production in Japan as well.

We completed the Development Building at our Gunma Plant in May 2011. It is used for development and design, and also for making prototypes and conducting trials. Integrating these functions will allow us to

respond more quickly and precisely to customer needs.

We also completed the new Coverings Building in April 2012. Work on the building began last year. The facilities are being progressively brought on line along with responding to the increase in production and model changes, and should go into full production in January 2013.



Development Building at Gunma Plant



New Coverings Building at Gunma Plant

Contributing to local communities and society

## Making full use of the NHK Spring Mitsuzawa Football Stadium

In March 2012, NHK Spring will celebrate its fifth year in acquiring the naming rights for the NHK Spring Mitsuzawa Football Stadium. The name is becoming well known by the people of Yokohama and soccer fans.

We conduct a range of activities there to effectively use the Stadium. We contribute to the NHK Spring and College of Science & Engineering Soccer League in Kanto Area, and sponsor the NHK Spring and Asahi Shimbun Junior Soccer School.

We set up the statue of Gigantor from the Tokyo Motor Show, together with a Tetsu-jinja (Gigantor shrine) with a torii shrine gate and offertory

box to pray for the Yokohama FC to win the league, at the season opening home game of Yokohama FC, held exactly one year after the Great East Japan Earthquake, on March 11, 2012. Over ¥57,000 was offered, and was donated through the J League.

As a company deeply rooted in the local community, we will continue to make use of the Stadium to bring life to our community.



Students participating in the NHK Spring and College of Science & Engineering Soccer League in Kanto Area



Children excited to play at the Stadium where professional players play at the NHK Spring and Asahi Shimbun Junior Soccer School



NHK Spring's Gigantor puts in an appearance to pray for a win. The offerings were donated to the victims of the Earthquake-affected areas

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# CSR Management Report

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# CSR management system and governance

We understand our responsibilities of the Group as a member of society, and we aim for consensus within the Group to ensure CSR proceeds smoothly. We have also established a system of governance, to ensure that we conduct our business in a proper manner.

## 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 Committee which functions for NHK Spring Head Office, and which sits below the General Strategy Committee. It acts to facilitate discussion to enhance corporate values. We have a series of Committees which are at the center of the CSR activities of the NHK Spring Group. They are the Product Building Innovation Committee, which takes in suppliers; the IT Strategy Committee, which takes in information security; the Human Resources Policy Committee, which examines staff training and employment and other similar issues; the Group Financial Strategy Committee, which examines the optimization of procurement of materials; the CSR Committee, which examines our CSR policies on contributing to society and orchestrates our overall social service activities; the Global Environmental Measures Committee, which encourages conservation of the environment; the Risk Management Committee, for risk management; the Internal Controls Committee, which makes internal controls more efficient and effective and the Intellectual Property Strategy Committee, which looks after our patents and other intellectual property.

### Board of Managing Directors and Committees



## Promoting CSR

The Committees sit directly below the Board of Managing Directors. Heads of relevant departments are elected to the Committee to become involved in a broad range of activities, and actively consider how to improve them.

The responsible departments take the lead in conjunction with the different offices and Group companies in carrying out activities on the basis of the policy

discussed by the individual Committees. They carry out a great variety of activities in cooperation with local government, non-profit organizations, and suppliers.

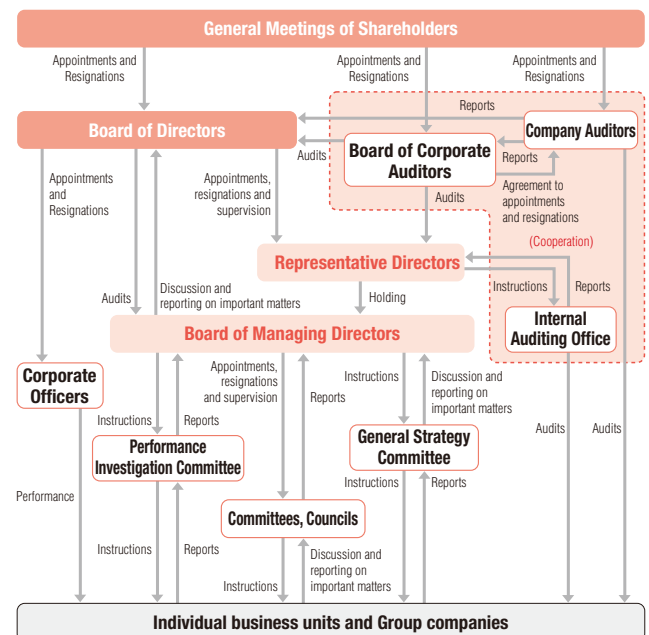
## Corporate Governance

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 seven board members as of June 28, 2012.

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, two of whom have traditionally been external auditors. The Internal Auditing Office provides internal controls and is intended to provide an internal audit function looking at the appropriateness and efficiency of Group activities. We have strengthened the Internal Auditing Office and are operating under the enhanced controls in response to the Financial Instruments and Exchange Act, which came into force in fiscal 2008.

In April 2011, the Legal Department became the Risk Management Department. This integrates the risk management function, establishing and expanding our system of risk management. The Department also obtains advice from our corporate lawyers as required, on a consultancy basis.

### Governance system





# Risk management

We have a risk management system in place to deal appropriately with the various types of risk confronting us.

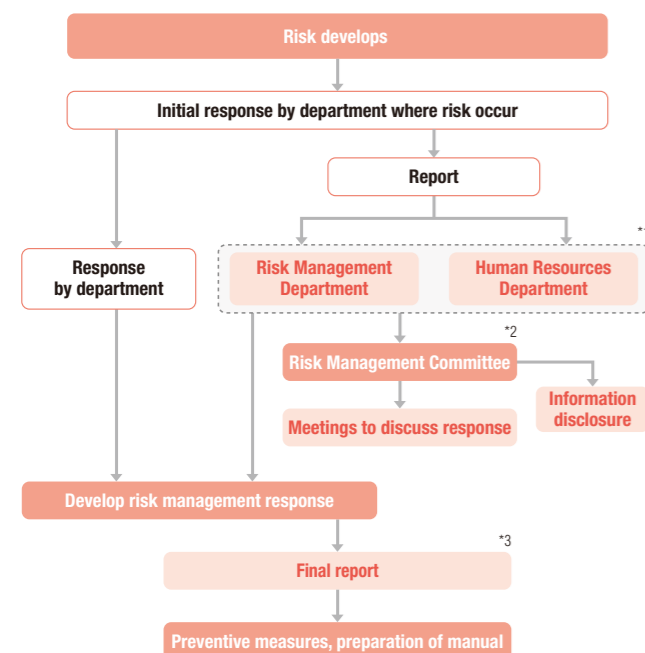
## Risk management system

There are many kinds of risks, like natural disasters (earthquakes, tsunamis, floods), and epidemics, terrorism, fire, and so on, however, it is vital for companies to cope with these risks and sustain their operation. The Great East Japan Earthquake in March 2011 and the ensuing accident at the nuclear power plant caused serious damage to the Japanese economy, and demanded a review of corporate risk management systems.

Our risk management system involves a Risk Management Committee, with subcommittees to deal with business continuity plan (BCP), disaster prevention, and confidentiality management. The Committee is actively engaged in setting in place appropriate responses during the emergency when a risk event occurs and creating appropriate systems such as organizations and rules.

Since 2011, all of the Group companies in Japan have taken part in initial response training for large earthquakes, and training in initiating recovery. After reviewing these trainings, we are revising our BCP and manuals to provide more practical responses to disasters. We are also preparing new criteria for the BCP, and aim for a risk management system which can progress according to the situation.

### Flowchart in the event of risk



\*1 The Risk Management Department is responsible for risks from natural disasters and accidents, and operational and legal risk, and the Human Resources Department is responsible for workplace risk and incidents and accidents overseas.

\*2 The Risk Management 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.

## Operational risk management

The organization doesn't only face critical risks to the business continuity like natural disasters, but there are other latent risks in its day-to-day operations. Some examples are a lowering of operational efficiency from a high attrition rate of staff, compensation for damages due to a failure to perform contractual obligations arising from incomplete contractual documentation, and fines for unintentional breaches of the law arising from differences in interpretation of laws. This kind of operational risks could affect a company's organization, and lead to a loss of profitability.

We started to examine actual operational risks in the overseas group companies in 2010, and evaluating risks, prioritizing issues and proposing effective measures. We are also introducing self-checking procedures and continuous monitoring. Our risk management system keeps PDCA cycle moving through the regular internal audits for our operations by the Internal Auditing Office.

Since there is always the potential of operational risks, we try to contribute to improve our Group companies' performance, through assisting the relevant functions, and we will focus on the early identification of risks and rapid development of countermeasures to deal with them.

### VOICE



**Building a truly strong and enduring NHK Spring Group**

**Kunihiro Ito**  
Senior Manager  
Risk Management Department

We established the Risk Management Department in April 2011 in order to unify the risk management system across all Group companies, as it had previously been managed by several departments. The Risk Management Department has three main functions: compliance, BCP, and risk management.

In fiscal 2011, we conducted risk management examination in ten overseas subsidiaries and analyzed operational risks in day-to-day management, and proposed possible countermeasures to deal with them. In 2012, we are providing same examinations to the 21 Group companies in Japan in the same way.

Risk management is inseparable from a company management and it is essential to establish a risk management system in order to build a truly strong and enduring NHK Spring Group. We will try to reinforce our activity by working more closely with related departments to build solid management foundations for NHK Spring Group.

## Ensuring information security

NHK Spring and all Group companies have set out NHK Spring Group Security Management Policy Guidelines as the basis for preventing the unauthorized disclosure of information relating to transactions with customers and suppliers. We aim to provide information security through these standards and procedures.

The executives and employees of NHK Spring and its group companies and the employees of contractors (including loan and part-time employees) implement the policy. The Group assesses our intellectual property for importance, and classifies and properly manages it according to what is involved and its degree of confidentiality. The Group prevents any unauthorized disclosure, destruction, falsification or improper use of our intellectual property.

### VOICE



**Strengthening and bedding down information security systems**

**Junichi Suzuki**  
Director  
Information Systems Dept.

Information security is not only for winning the trust of our clients, and all our other stakeholders, but it forms an important foundation in support of safe and secure social activity. We operate on the basis of the NHK Spring Group Security Management Policy Guidelines to safeguard the company's information assets, establish fundamental attitudes to the smooth functioning of business, set up the relevant rules, employee training, and strive to improve information security.

The Planning Group in the Information Systems Department continually reviews and brushes up approaches to IT risk in general, including regulating IT, system surveillance, and information security. The Group also builds and puts in place IT governance for the entire Group.

## Compliance

While we naturally comply with the law, we also genuinely meet the demands society makes on us. Compliance is a major element of how we do business. We have established the NHK Spring Employees Code of Conduct, describing what society expects from us and specifying what is required of employees in every facet of business.

In order to achieve compliance throughout our business, the President has ultimate authority for compliance. We have the Chief Compliance Officer with responsibility for all divisions and Compliance Instruction Supervisors in each division.

We have also established a Compliance Hotline to provide the opportunity to consult on compliance-related issues.

We also conduct a range of learning activities as well as intensive training at all levels of the organization. This is intended to instill knowledge of the Code of Conduct and to raise awareness of compliance for the entire Group.

### VOICE



**Encouraging ongoing, abiding ways**

**Masakatsu Sumi**  
Assistant Manager  
Risk Management Department

Developing an awareness of compliance can't be done overnight; it requires ongoing, repeated practice. We need to raise awareness in the employees in the NHK Spring Group.

Compliance is not just a matter of obeying the law. I believe it's important to instill a mindset of responding to the demands of the society. The Risk Management Department aims to communicate information about compliance through education and training at all levels and improve employee awareness.

With globalization, we have to meet overseas laws and the demands of other societies. We continue to encourage ongoing, abiding ways to develop a global awareness of compliance that transcends international boundaries in each employee as they perform their duties.

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# Social Report

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# Customers

We deliver high quality products and aim to continuously improve delivery times, costs, and customer satisfaction as well.

## Quality assurance

We have policies on quality aimed at achieving world's best quality and increasing customer satisfaction, as such we have a range of processes in place to deal with quality assurance. We strive to maintain and improve on the quality of our operation in the face of a changing business environment, and we continue to deliver high quality products to our customers.

We also actively pursue international quality standard accreditations and operate our quality management according to these standards.

### Quality Guidelines

Achieve greater customer satisfaction at the global level by delivering world's best quality products

#### Important policies

- Raise global quality control standards
- Improve levels of quality assurance in important processes
- Prevent serious complaints
- Develop our human resources so that they can be globally responsive

### Specific arrangements

This is what we are doing in relation to our important policies:

1. **Raise global quality control standards**
  - ① Implement global quality auditing targeted at activities to reduce defective products
  - ② Encourage independent auditing to raise quality control levels at all factories
2. **Improve levels of quality assurance in important processes**
  - ① Regular auditing and inspection of important processes (heat treatment and welding)
  - ② Expand the scope of important processes (shot peening)
3. **Prevent serious complaints**
  - ① Encourage preemptive measures at the design and development stages (implement FMEA/DRBFM through the use of preventive tools)
4. **Develop our human resources so that they can be globally responsive**
  - ① Implement group training for quality in conjunction with the Human Resources Department
  - ② Global rollout of quality training on demand
  - ③ Provide quality training tools aimed at overseas employees

## Acquired certification from the International Organization for Standardization

NHK Spring first acquired the ISO 9001 international standardization certificate for the Atsugi Plant in 1996, and since then, all our plants have acquired ISO 9000 Series certifications. Our car related production plants, have acquired

ISO/TS 16949, for which the requirements are higher.

In addition to actively encouraging our local Group companies to acquire certifications, we are also taking on initiatives to acquire other international quality management systems certifications, such as the ISO 9000 series and ISO/TS 16949, according to the requirements of our customers and different regions.

Through our quality assurance system structured on the acquisition of certification, we will continue to provide high quality products based on the idea that "The next step in the process is the customer."

## What our customers say about us

NHK Spring is always trying to improve on quality, delivery and costs, to meet customer expectations. As a result, many of our customers have shown their appreciation in the form of awards and so on.



Commended by many customers

## VOICE



**Always ready for a challenge, and make decisions and act swiftly**

**Nobuyoshi Sato**

Manager  
Chassis Parts Group Purchasing Div.  
Hino Motors, Ltd

NHK Spring stands out as one of our most important global suppliers. They are a vital support in the Japanese market and a key supplier of leaf springs and automotive seating for the ASEAN countries, where we put our efforts into as part of our sales strategy.

NHK Spring has world-leading technology as a spring manufacturer. They have been considering the use of overseas materials and manufacturing at sites overseas, and have always been prepared to take up the challenge. They also swiftly decide on inquiries from us and take action on the fly. As we become more global, we expect our suppliers to grow their capacity with us and to be able to meet us on prices.

Hino is a leading brand. We respond through our buses and trucks to the demands of the new age for cutting-edge environmental and safety features. We look forward to working with NHK Spring as we expand around the world, bringing Hino to everyone.

# 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

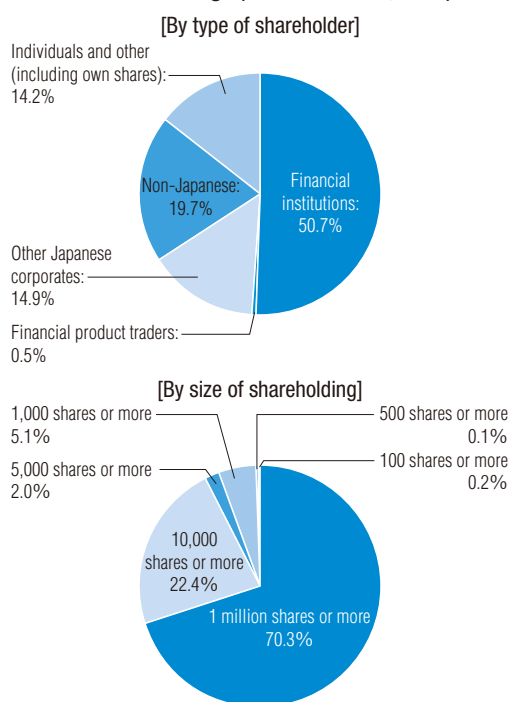
Shareholders can contact us in the following way:

**Public Relations Group:** Business activities and general

**General Affairs Dept.:** All share-related procedures (Share Registry: Mitsubishi UFJ Trust and Banking Corp.)

The graph below shows the breakdown of shareholders.

### Breakdown of shareholdings (As of March 31, 2012)



## 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/ir/>

## Provision of information to individual investors

We hold briefings on the accounts for analysts and institutional investors after our midyear results and the release of our final accounts, but we also held a briefing on the accounts for individual investors for the first time in 2011. The briefing was held in August and was attended by 91 individual investors. We will continue to proactively provide information to analysts and investors.



First briefing held for individual investors

## VOICE



### Expectations of greater orders from completely built-up vehicle manufacturers in overseas

**Hisahiro Yamaoka**

Analyst, Equities Research Department  
Nomura Securities Co., Ltd

I analyze and forecast the results of automotive parts manufacturers and industry trends, and offer suggestions for share trading through reports, etc., principally to Japanese and overseas institutional investors. I prepare forecasts of NHK Spring's results from their latest brief note on settlement of accounts and Financial Fact Books. I also have the opportunity to understand the Group's growth prospects and the strengths of its individual products from briefings on their results and interviews with their IR staff, as well as visits to their factories in Japan and overseas.

I see the strengths of NHK Spring as lying in their strong share of the automotive suspension springs and hard disk drive suspensions market, backed up by their long experience in spring materials, design, and fabrication.

I expect NHK Spring to expand its sales of springs as the Japanese completely built-up vehicle manufacturers expand production overseas and to gain new orders for seating from China and North America. The Group could do even better if it can gain traction with non-Japanese completely built-up vehicle manufacturer in emerging countries.

# 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 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 policy, which mean that we try to buy low environmental impact products from organizations that care for the environment. We work with our suppliers, encouraging them to manage substances that impact the environment at every stage, from design, through production to shipment. We also try to reduce the burden on the environment from wastes.

In fiscal 2009, we thoroughly overhauled the Guidelines to reflect the increasing importance of communication throughout the chemical substance supply chain and compliance with the law overseas.



Green Procurement Guidelines

## NHK Spring Group Partners Meeting

We invite representatives from our trading partners to the NHK Spring Group Partners Meeting (formerly known as Supplier Business Briefings) once a year. From fiscal 2012, the invitation is being extended to suppliers of Group companies as well. We use the meetings to explain the fiscal year policies and medium term management plan targets as well as the issues concerning us. We aim to further strengthen cooperation and understanding from our partners.

The Procurement Department describes our business environment and our basic approach to purchasing policy. The Engineering Department explains our policies and targets for quality and how the manufacturing divisions are dealing with quality, seeking cooperation in improving quality.



NHK Spring Group Partners Meetings building true partnerships

## VOICE



### Corporate culture of building a relationship of trust through close contact

**Masahiro Tabata**  
President  
Seiki Co., Ltd

Seiki supplies press-related production equipment for HDD suspensions to NHK Spring facilities, at the Komagane (DDS) plant in Japan, NHK Spring in Thailand, NAT in China, and so on. The relationship stretches back 30 years, to 1983. We also support their precision parts business by supplying spring retainer assemblies to the Ina plant, and high frequency disk spring quenching equipment to NHK Spring's Group company, NHK Precision Co., Ltd.

NHK Spring has a corporate culture of building relationships of trust with its suppliers. When you build custom equipment for them, you don't just build the equipment, you discuss the specifications in detail.

We currently focus on supplying DDS equipment. However, we hope to build on the technology and experience to strengthen our ties and contribute to other divisions of the Group as well.

# 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 people with disabilities, 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

### Basic approach to 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. The people we are looking for will have really inquiring minds and a desire to overcome all obstacles; they must be flexible, ready to push the boundaries, and will always be positive. 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 resources development

Human resources development involves three functionally linked concepts: 1) Individuals, who are encouraged to develop themselves, 2) The workplace, where individuals are trained, and 3) Personnel systems, that support the other two. This enables each individual to develop their abilities as a professional.

Human resources development includes foreign languages and other cultures, as well as intensive training at all levels and in all occupations and specializations. Our human resources development responds flexibly to changes in the environment, with employees also undergoing training outside NHK Spring and receiving training overseas and online.



Upgrading employee skills with internal training courses

### Employment

Our recruiting staff often attends information sessions held at schools, and also organizes our own recruiting sessions. At these sessions, we introduce our business and what the different departments do, and provide easy-to-follow descriptions of our training and education and employee benefits systems. We also provide opportunities for informal talks with some of our younger employees. We do all we can do to give our audiences an idea of what it's actually like to work for NHK Spring, the company culture, the innovative environment and how we work.

We have a recruitment information page on our website with links to sites for mobile phone users. This lets us better deliver information to students. We also put up recruiting posters in stations for three months directed at new graduates, giving them more opportunities to learn about NHK Spring.

We also recruit foreign nationals, who contribute to the globalization of NHK Spring.



Recruiting sessions are an opportunity for students to deepen their understanding for our company



Recruiting information page on our website



Recruitment magazine that introduces our employees job performance

## Employing the people with disabilities

We established Nippatsu Harmony Co., Ltd. as a Special Subsidiary Company in April 2002 to employ people with disabilities, as a corporate social responsibility and contribution to local communities. In March 2009, we submitted two affiliates, NHK Sales Co., Ltd. and NHK Transport Co., Ltd. as Special Subsidiary Company under the Group.

As of the end of March 2012, we have 40 employees with disabilities (mainly intellectually disabled) working at four offices, two each in Kanagawa and Nagano Prefectures. In fiscal 2011, we took on around 30 students for work experience from local schools for the disabled, and we have received visits from around 400 people from different companies and schools.

The Group aims for the people with disabilities and those without to work together 'reaching for potentials', 'becoming independent member of the society', and 'coexisting with the society'.



Nippatsu Harmony takes part in the annual National Skills Competition for People with Disabilities (Abilympic) to continually improve their skills

## 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:

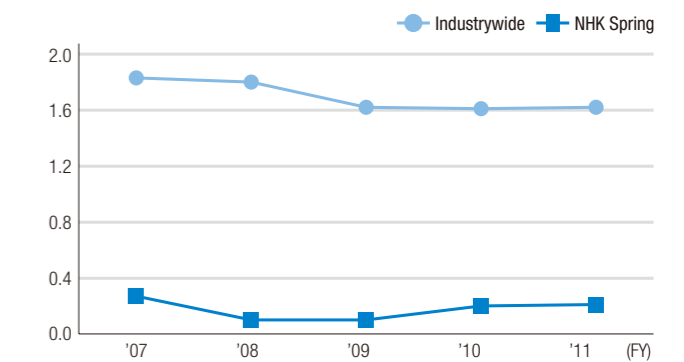
- Training intended to make safety second nature
- Safety dojos, aimed at safety at work
- Risk assessments, to identify risk factors, associated with basic safety around plants and equipment

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.

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

### Trend in days lost due to workplace accidents



## 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.



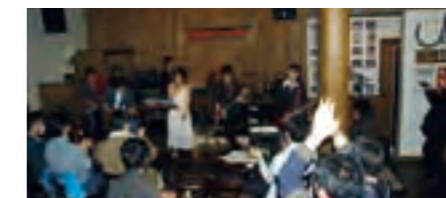
Employees really come alive at festivals held in different areas (Atsugi)



Baseball competition at the Yokohama Stadium with NHK Spring fence advertising (Yokohama)



Safety driving course on borrowed circuit (Yokohama)



All sorts of club activities, like renting restaurants for live performances by music clubs (Ina - Komagane)

# Local communities

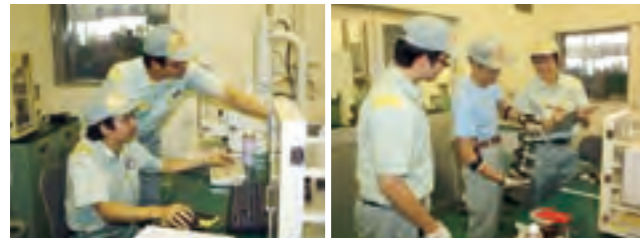
We have facilities and local group companies throughout Japan, and they are all engaged in activities within their local communities. All the efforts of our Group companies and employees are directed to extending our cooperation beyond the local communities to the wider world.

## Involvement by NHK Spring

### Internships in various departments

We also accepted interns for work experience at our Yokohama Office in fiscal 2011. We only accepted university students, because we were unsure of what would be in operation, following the earthquake. The interns from universities throughout Japan gained experience in our R&D, Spring Production, and Seating Production divisions. Also in fiscal 2011, we accepted humanities students as interns; they learned about the work of our Corporate Planning Department.

Internships provide students with valuable chance to contact the working world. We will continue to meet demand for such requests.



Students keen to receive training from NHK employees and gain experience

### Factory tours

Every day we conduct factory tours of our 11 plants in Japan. The visitors are from industry groups to which we belong and others in the industry, as well as elementary, junior high, high school and university students and so on. We also have visits from foreign government officials and people in the industry. The tours cover many areas: technical training, of course, and also quality control, protecting the environment, safety, productivity and employing the people with disabilities among others.

We have been taking new initiatives in recent years, including organizing analyst tours of our overseas Group companies, to deepen their understanding of the Group.



Junior high school students in Matsumoto visiting the Komagane DDS plant

Kanagawa Prefecture high school principals' association touring our Yokohama Office

### Local events

We cooperate with a many local sporting and cultural activities and all kinds of events.

Two typical examples are our support for the Kanagawa Philharmonic Orchestra and our participation in the Kanagawa Prefecture Reforestation Partnership. Some other sporting and cultural activities our Yokohama Office supports are listed below.

- Significant activities supported by Yokohama Office:
- International Costume Parade (The Yokohama Parade)
  - Yokohama Sparkling Twilight
  - Student Formula SAE Competition of Japan
  - Yokohama Triathlon
  - Yokohama Mother's Chorus
  - The Kanazawa Festival

Our efforts have been recognized by Yokohama City with the Yokohama model community contribution company certification.

Each of our other offices also works with local government and organizations, participating in all kinds of local events and activities rooted in their local communities.



NHK Spring Chairman Sasaki (right) receiving a certificate of appreciation from Kanagawa Prefectural Governor Kuroiwa for our support for the Kanagawa Philharmonic Orchestra

Governor Kuroiwa awarding a certificate of appreciation to NHK Spring Corporate Officer Yashiro (title at the time) for our help with reforestation



Kanazawa Festival Fireworks show which NHK Spring co-sponsor



Yokohama model community contribution company certificate

### Beautifying the environment

We conduct environmental activities including cleaning and greening the surrounding areas at each of our offices in Japan in conjunction with government, organizations, and local companies.

For example, every April, the employees and their families at the Yokohama Office pick up garbage along the roads in the industrial area around the Office. They do this on their weekends, and even new employees join actively in the activity. Employees at the Yokohama Office also regularly use their lunch breaks to pick up garbage.

Other offices also actively encourage collecting rubbish and greening.



Yokohama Office collecting garbage in the industrial area

Komagane DDS Plant collecting garbage around the plant

## Group company involvement

The NHK Spring Group takes part in all sorts of activities rooted in local communities.

### Donating wheelchairs

The NHK Spring Mutsumi-kai Association is organized by NHK Spring. As one of its contributions to society, it has donated wheelchairs to the Yokohama City University Hospital, located near the Yokohama Office.

The funds come from the income from recycling secondhand books from all Group companies. The Society makes donations to the Hospital every year. Fiscal 2011 was the 14th year we have done this, and we intend to continue this initiative.



Chairman of NHK Spring Mutsumi-kai General Affairs Department Kazuma (right) and Hospital Director Umemura with the donated wheelchairs

### Introducing employment for people with disabilities

Special Subsidiary Company, Nippatsu Harmony Co., Ltd., which employs people with disabilities, introduces its activities to a wider audience. As an advanced example of employing people with disabilities, Nippatsu Harmony has received many visits from interested parties from government, education sector, and business, wishing to observe the company's regular work.

In November 2011, Kanazawa edition of 'Koho Yokohama' published by the City of Yokohama introduced our involvement with employing people with disabilities and Nippatsu Harmony. This made us known to Kanazawa residents where our Yokohama Office is located.



November Kanazawa edition of 'Koho Yokohama' introducing NHK Spring and Nippatsu Harmony

### Participating in beautifying the environment

Volunteers from our nearby Group companies take part in efforts to beautify the environment.

Every year, the employees and their families from the Ina- Komagane offices take part in a Tenryu Riverbank aqueous environs picnic, along with volunteers from NHK Transport, Nippon Shaft, and Uniflex.

We will be encouraging participation from the Group as a whole in environmental beautification work in all other areas as well.



Group companies taking part in the Tenryu Riverbank aqueous environs picnic

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# 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 Group's Corporate Philosophy is to 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 at 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.

### Main concerns

- Reducing CO<sub>2</sub>
- Reducing wastes
- Lifting recycling
- Reducing and managing chemicals
- Contributing to local communities & environmental protection
- Promoting energy-saving products

### Global Environmental Activities Plan

- 1. Framework to encourage activities**  
Operating the Global Environmental Measures Committee
- 2. Involvement in specific issues**
  - 1) Saving energy and reducing CO<sub>2</sub>
  - 2) Involvement in the recycling-oriented society
  - 3) Encouraging green procurement at the global level
  - 4) Product design and technical development taking account of impact on the environment
  - 5) Monitoring and awareness of environmental issues in overseas plants
  - 6) Contributing to society through energy-saving products
  - 7) Priority reviews of hazardous chemicals and response
  - 8) Running and upgrading environmental management systems (EMS)
- 3. Publicity and social activities**
  - 1) Advertising
  - 2) Provision of information
  - 3) Employee education and training
  - 4) Involvement in social activities
- 4. Activities overseas**  
We are actively involved in the actual preservation of the environment and observe local environmental rules. We also protect the environment through technology transfer, etc. having regard to local social and economic conditions.

## Environmental Activities Policies

We involve ourselves in global environmental issues at the group and global level through our Environmental Activities Policies drawn up yearly.

During fiscal 2012, in addition to promoting energy saving activities designed to meet the Parts Industries Association targets, which are stricter than those outlined in the Kyoto Protocol, we are also working to expand our resource conservation activities worldwide as part of our measures to cope with global warming. We are also systematically engaging in activities to conserve biodiversity and conducting inspections of environmental facilities and waste processing routes.

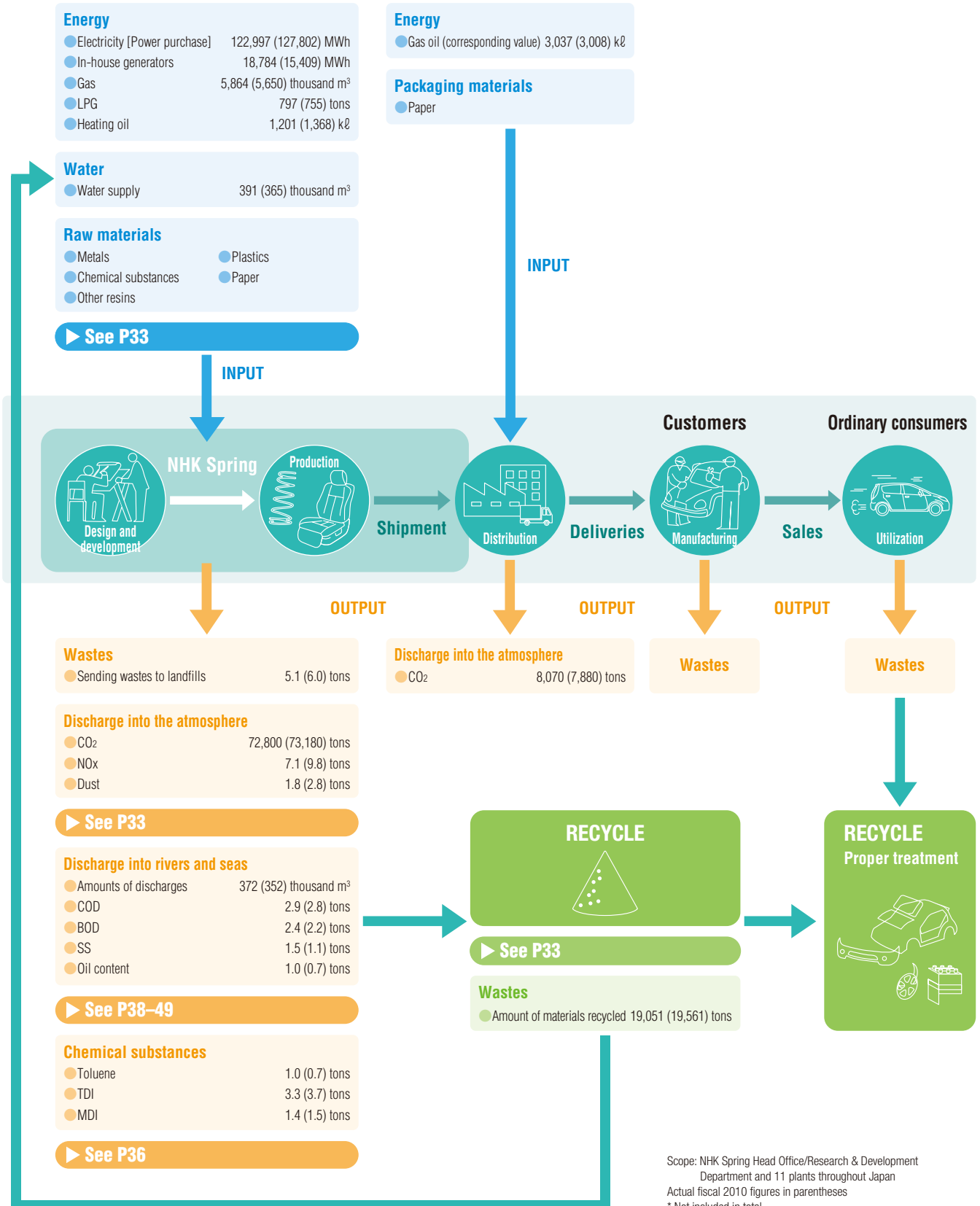
### Environmental Activities Policies 2012

- 1. Encourage Global environmental management**
  - 1) Execution of activities to reduce CO<sub>2</sub> emissions (Parts Industries Association targets)
  - 2) Maintenance of zero-emission\* conditions and reductions in waste and inspection of processing routes
  - 3) Promotion of activities to conserve biodiversity
- 2. Maintain zero environmental accidents**

\* Group-wide definition for "zero emissions": Recycling rate of 99.0% or better

# 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.

## Organization

The Global Environmental Measures Committee deliberates on all details of environmental activities conducted within the NHK Spring Group and then uses the results to draw up and implement the Global Environmental Activities Plan. There are two lower-level committees set up under the Committee, the CO<sub>2</sub> Reduction Committee and the Office Energy Saving Liaison Committee, which work to implement energy saving and CO<sub>2</sub> reduction activities.

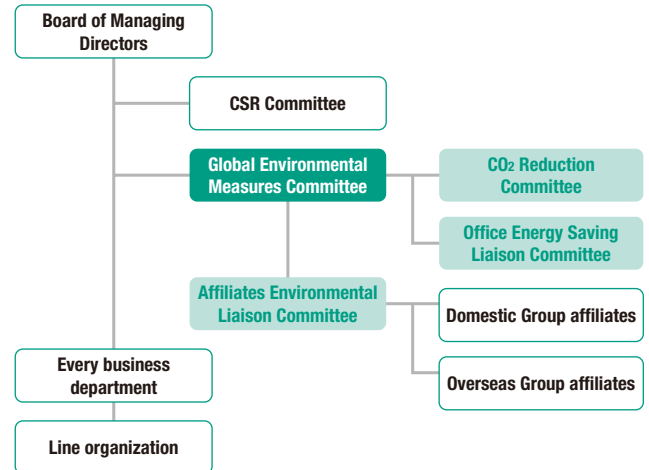
Wastes and chemical substances are managed in conjunction with the management departments at each plant.

The Affiliates Environmental Liaison Committee was also created under the Global Environmental Measures Committee as a lower-level committee that works as part of global environmental conservation activities by the NHK Spring Group. It more actively encourages action to protect the environment and includes our overseas affiliates.

In addition, we launched a Zero Waste Project (→P32) in November 2000, targeting zero emissions as part of our involvement in building a recycling society. We achieved zero emissions from our Yokohama Office in 2003, and we extended this to all plants in 2004. In 2010, we further increased efforts and succeeded in achieving a recycling rate of 100% in NHK Spring.

We engaged in efforts to achieve zero emissions in our domestic Group affiliates from 2005 and reached this goal in 2009. We will now roll this target out to our overseas Group affiliates.

## System for encouraging environmental protection



## Working closely in local communities to preserve the environment

The three plants in the Ina and Komagane areas in Nagano participate in the Tenryu Riverbank aqueous environs picnic held in May every year. This event is held to encourage creation of a recycling society by beautifying the natural environment along the Tenryugawa River water system from Lake Suwa to the Enshu-Nada Beach, with participants from area companies and organizations. Employees from NHK Spring participate along with members of their families, with everyone working up a sweat cleaning the areas along the River.

Employees working in other plants also engage in cleaning up around their respective plants through community-based activities on a continuing basis.



Picking up garbage while walking through the expansive natural scenery along the Tenryugawa River system



Over 100 people from NHK Spring attended including employees and their families

## VOICE



**Promoting the vitalization of various activities through training and horizontal development of practical examples**

**Takashi Yonezawa**

Manager,  
Safety & Environmental Activities  
Engineering Dept.

NHK Spring is involved with global environmental issues and has had arrangements in place for the environment since 1992 when it began issuing the Global Environmental Activities Guidelines. We have also been making efforts to provide environmental education and training to Group employees to provide them with the latest knowledge and skills for ensuring that optimal environmental management is conducted at each plant.

The year 2012 marks the end of the first commitment period for the Kyoto Protocol. We here at NHK Spring have worked to reliably meet targets for reductions in CO<sub>2</sub> emissions by promoting energy conservation as well as to further proceed with activities designed to lower energy usage during peak power periods to combat summer power shortages in specific areas across Japan. We are also striving to promote the vitalization of activities for dealing with recent environmental issues such as biodiversity through training and horizontal development of practical examples.

# 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.

## NHK Spring certification status

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 11 Japanese plants being certified in April 2001. In November 2006, the Security Technologies & Solutions Division at our Yokohama facility also gained certification.

### Dates NHK Spring acquired ISO 14001 certification

Divisions	Plants	Dates acquired
Suspension Spring Division	Yokohama Plant (Suspension Springs)	January 1997
	Shiga Plant	March 1998
Seating Division	Gunma Plant	March 1998
	Yokohama Plant (Seating)	May 1999
	Toyota Plant	March 1999
Precision Spring & Components Division	Ina Plant	June 1999
	Atsugi Plant	November 2000
DDS (Disk Drive Suspension) Division	Komagane Plant (DDS)	June 2000
Industrial Machinery & Equipment Division	Isehara Plant	April 2001
	Komagane Plant (Industrial Machinery & Equipment)	November 1998
	Yasu Plant	August 2000
Security Technologies & Solutions Division		November 2006

## Certification status of Group companies

### Domestic Group companies

All 17 of our affiliates that are members of the Joint Safety and Environment Subcommittee of the Engineering Department of the NHK Spring Mutsumi-kai have acquired ISO 14001 certification.

### Overseas Group companies

The NHK Spring Group also encourages its overseas Group companies to acquire ISO 14001 certification. As of 2011, 16 overseas affiliates had done so, and others are working towards it.

### Dates affiliates acquired ISO 14001 certification

Region	Affiliates	Dates acquired
Domestic	NHK Sales Co., Ltd.	October 2002
	NHK Spring Production Company	August 2001
	Sumihatsu Co., Ltd.	October 2003
	Horikiri, Inc.	May 2001
	Tohoku Nippon Co., Ltd.	September 2004
	Ites Co., Ltd.	April 2007
	Faurecia-NHK Kyushu Co., Ltd.	March 2005
	Sindai Co., Ltd.	May 2007
	SNIC Co., Ltd.	March 2005
	Uniflex Co., Ltd.	October 2003
	Ayase Seimitsu Co., Ltd.	March 2006
	Tokuhatsu Co., Ltd.	April 2002
	NHK Precision Co., Ltd.	February 2006
	NHK MEC Corporation	March 2002
	Nippon Shaft Co., Ltd.	November 2003
	Topura Co., Ltd.	November 2001
Yokohama Kiko Co., Ltd.	August 2001	
North and South America	New Mather Metals, Inc.	July 2003
	NHK of America Suspension Components Inc.	January 2003
	NHK Seating of America Inc.	September 2004
	Rassini-NHK Autopeças Ltda.	May 2002
Asia	NHK Spring (Thailand) Co., Ltd.	June 2000
	NHK Precision (Thailand) Co., Ltd.	January 2005
	General Seating (Thailand) Co., Ltd.	March 2006
	Autrans (Thailand) Co., Ltd.	May 2004
	NHK Manufacturing (Malaysia) SDN. BHD.	August 2001
	NHK-Uni Spring (Guangzhou) Co., Ltd.	March 2005
	NHK Spring Precision (Guangzhou) Co., Ltd.	December 2005
	Chongqing Qingling NHK Seat Co., Ltd.	March 2006
	NAT Peripherals (Hong Kong) Co., Ltd.	October 2003
	Uni Auto Parts Manufacture Co., Ltd.	March 2006
	NHK Spring India Ltd.	October 2003
Europe	Ibérica de Suspensiones, S.L.	December 2003

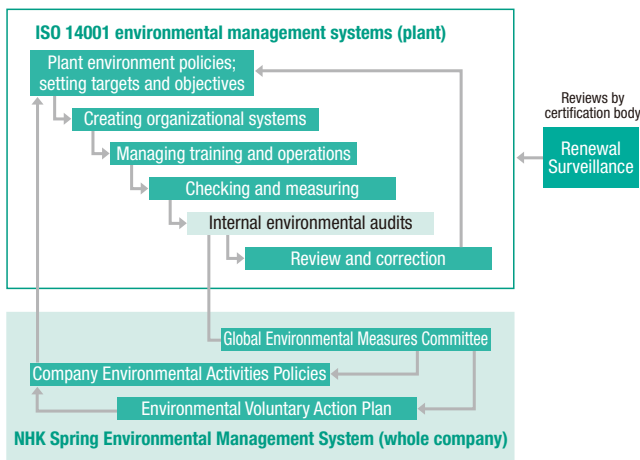
# Environmental auditing

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, the NHK Spring Group checks whether group company 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



### 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 11 plants and one office received external audits in fiscal 2011; eight plants had surveillance audits, and three plants 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 conducting audits have completed special training. In fiscal 2011, each of our plants conducted an internal environmental audit. In addition, the Head Office of NHK Spring also conducted environmental audits on five local plants, and five local and three overseas Group companies. This ensured that our systems were functioning properly and we were improving our performance.

The results of audits are reported to plant managers and presidents of Group companies 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 auditing

## VOICE



### Promoting efforts toward increased employee awareness by the plant overall

**Kazuhiro Takakura**  
Associate Manager, Engineering and Improvements Dept., Suspension Spring Div. Shiga Plant

At the Shiga Plant, we make sure to continue with steady efforts to recycle wastes into useful resources including the drying of dehydrated sludge, the thorough classification and separation of garbage by type, and the fragmentation of existing industrial wastes to promote ongoing efforts to reduce the absolute amount of industrial wastes generated. In addition, we have administrators and auditors check over the plant once every three months to identify potential areas of improvement and work to raise employee awareness of the need to prevent air and soil pollution by providing training and education through the Environmental Dojos.

We will continue to proceed with medium- and long-term environmental conservation activities and implementation of our reform activities plan in accordance with the guidelines in the Action Plan for Business Entities formulated based on Shiga prefectural policies for promoting the creation of a low-carbon society that were issued in 2012.

# 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. Our Group has 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.

At NHK Spring, we offer different levels of 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 when staffs begin new positions, and regular skill upgrading is also provided.

In fiscal 2009, we started sending out staff to train our domestic Group companies as part of our Group environmental work.



Different levels of environmental auditor seminars

## Consciousness-raising activities

We hold an annual “Global Environment Forum” in June, which is Environment Month. This involves raising the awareness of the employees of NHK Spring and our group through environment exhibitions, seminars, and examples of outstanding environmental work.

We also give awards for the best CO<sub>2</sub> reduction and environmental slogan during the fiscal year to promote proactive environmental conservation activities among employees.

We also carry news of our involvement with the environment, through company newsletters, the intranet and company notice boards, to develop activities horizontally across the NHK Spring Group.



Global Environment Forum (Lectures)



Global Environment Forum (Panel Exhibits)

## Contents of environmental education

Classification	Recipients	Content of training	
Education at different levels	Training for new employees	Global environmental issues, environmental management systems, and requirements for environmental laws and regulations and efforts made by NHK Spring	
	Training for new assistant managers		
	Training for new senior staff		
	Training for new executives		
Specialist education	Internal environmental auditors	Training and education Internal environmental auditor training and refresher courses	Skills upgrading training Environmental auditor workshops for lead auditors

## Numbers of staff with environmental qualifications (as of June 2012)

Qualification	Classification		Numbers holding qualifications	Qualification	Classification		Numbers holding qualifications			
Pollution prevention management	Air	Type 1	7	Qualified persons for energy management	Type 1	Dust	4			
		Other	21							
	Water quality	Type 1	8	Working environment measurement experts				Special chemicals	4	
		Other	20							
	Noise		36					Metals		3
	Vibration		30							
Dioxins		2	Organic solvents		4					
Environmental management system auditors	Assistant auditor						Type 2	6		
			2	Certified environmental measurers		Level-related			3	

## VOICE



**Environmental conservation activities conducted by all employees plant-wide**

**Saichiro Ogiwara**

Engineering Department, Isehara Plant, Industrial Machinery & Equipment Div.

Enveloped in nature at the foothills of the Tanzawa mountain range, the Isehara Plant is continuing to work hard to create a more environmentally friendly facility. With the establishment of the Environment Dojos for all employees plant-wide, we have offered a variety of training courses, including a course in 2009 on how to accurately classify different types of industrial wastes, an advanced hands-on learning course in 2010 at the onsite recycling center on further classification of types of waste, and a course on the types of products into which the industrial waste generated by the plant is converted in 2011, the last year of the three-year planning period. We also conduct environmental training during a morning meeting in May every year with biodiversity used as the topic for 2012's course. Each employee is instructed to work on resolving environmental issues by first putting into practice what they can close at hand. We plan to continue with our environmental conservation activities throughout the year by engaging in such efforts as implementing energy conservation measures to increase employee awareness of environmental issues plant-wide and reducing CO<sub>2</sub> emissions.

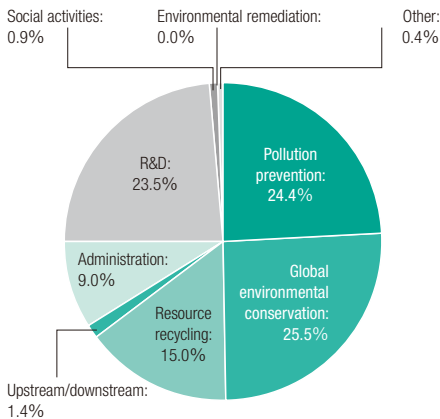
# Environmental accounting

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

## Fiscal 2011 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 (2005 edition).

For fiscal 2011, our environmental expenditures were around 918.80 million Yen calculated from a constant base, with little change from the previous year. The table below shows the breakdown.



### Fiscal 2011 - Cost of environmental conservation

Units: ¥ million/year

Classification of costs	Main elements	Value* in FY 2010	Value* in FY 2011
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	127.9	223.7
2) Global environmental conservation	Preservation of green areas around plants, energy-saving measures, warming prevention, etc.	206.8	233.9
3) Resource recycling	Waste treatment, zero emissions measures, office recycling, etc.	179.2	137.8
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)	8.5	12.5
5) Administration	Waste manifest management, ISO 14001 maintenance and renewal inspections and ISO 14001 office personnel costs, reporting to the government, etc.	82.4	83.0
6) R&D	Research to reduce environmental loads and development of products to contribute to reducing environmental loads	294.9	216.0
7) Social activities	Social service activities (cleaning waterways and surroundings of plants), etc.	9.0	8.5
8) Environmental remediation	Remediating environmental damage to surroundings	0.1	0.0
9) Other	Other environmental conservation work	10.3	3.2
<b>Total</b>		<b>919.1</b>	<b>918.8</b>

\* Value: totals of Environmental Investments and Environmental Conservation

## Classification and performance of fiscal 2011 investments

The performance figures for fiscal 2011 are as given below. Improvements could be seen, with decreases in the amounts of both wastes to landfill and wastes recycled. Energy costs per unit output increased slightly to maintain

continued energy input with other items such as CO<sub>2</sub> per unit output remaining about the same as for fiscal 2010, resulting in no dramatic drop in investment effects. We plan to continue with efforts toward economic improvement.

### Performance of fiscal 2011 investment effects

	Material effects*1			Economic effects*2			Assessment
	FY 2010 performance	FY 2011 performance	Effects	FY 2010 performance	FY 2011 performance	Effects	
Energy use per unit output (J/¥ million)*3	5,950	5,910	-40	—	—	—	○
CO <sub>2</sub> per unit output (thousand kgC/¥ million)*3	0.128	0.130	0.002	—	—	—	△
Wastes to landfill (tons/year)	6.0	5.0	-1.0	—	—	—	◎*4
Wastes recycled (tons/year)	19,561	19,051	-510	—	—	—	○
Energy costs per unit output (¥/¥ thousand)*3	—	—	—	16.1	16.9	0.81	△*5
Waste treatment costs per unit output (¥/¥ thousand)*3	—	—	—	0.55	0.59	0.04	△*5

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

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

\*3 Unit output: Values to Sales

\*4 Through achieving 100% internal recycling rate

\*5 Due to increased unit energy costs

# NHK Spring involvement at production sites

We have installed energy-saving equipment and are working on our products and processes to minimize the amounts of energy and resources we use in production. We also actively implement recycling activities.

## Energy-saving equipment

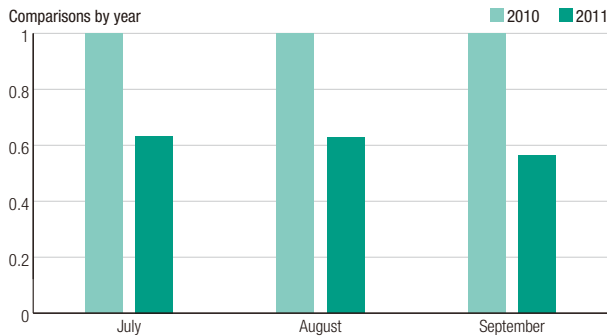
### Using private power generation

The Yokohama Office, Isehara Plant, and other plants and offices have been using private power generation to save energy and combat power shortages. The Yokohama Office managed to cut down on energy usage during peak usage times by over 30% by running its cogeneration equipment 24 hours per day during the summer months in 2011 when restrictions on electricity usage were in place, contributing greatly to easing power shortages for society overall. The air conditioning systems in the plant and office are used to exhaust the heat produced. As power shortages and related issues are believed to continue, we are considering implementing additional power generation equipment, as well.



Cogeneration equipment at the Yokohama Office operating since February 2005 (4,450 kW)

### Tokyo Electric Power Company electricity usage at the Yokohama facility (energy saving)



\*From July 1 to September 9, weekdays, 9 a.m. to 8 p.m.

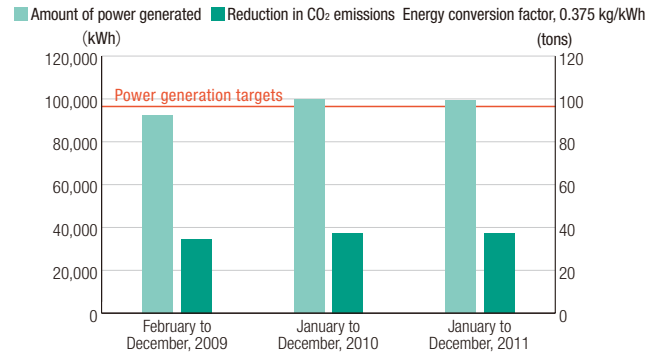
### Using solar energy

Solar power generation began to be steadily implemented at the DDS Komagane Plant since 2007 (20 kW), the Yokohama Office since 2009 (100 kW), and the Seating Division Gunma Plant since 2011 (56 kW), leading to greater reductions in CO<sub>2</sub> emissions than predicted.



Solar power-generation equipment at the Yokohama Office (100 kW) (In operation since February 2009)

### Solar power generation at the Yokohama Office, 2009 to 2011



## Zero emissions

To play our part in an environmental-friendly society, we have set up a recycling center and established a Zero Waste Project. These are intended to reduce wastes and reuse and recycle resources.

### Recycling confidential paper documents

We use a secure shredding service so that we can reuse documents that would be hard to recycle otherwise for security reasons.



Reusing confidential documents

### 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.



Checking processor on site



# NHK Spring fiscal 2011 targets and performance

We approach energy saving, reducing CO<sub>2</sub> emissions, recycling wastes and reducing pollutants in production in a planned way, setting specific targets to be achieved.

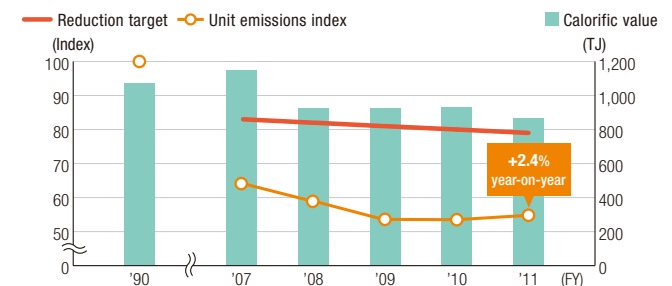
## Energy saving

NHK Spring has long been aware of environmental issues and has been involved in energy saving. We have had these matters under consideration in energy saving subcommittees and working groups since moving our head office, and Suspension Spring and Seating divisions (plants) to Yokohama in 1991. We are currently continuing with energy saving initiatives at all our plants.

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 2011 target	FY 2011 actual	Assessment
Target unit consumption* <b>79.0</b>	Unit consumption <b>54.8</b>	

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

### Movements in target and actual unit index energy consumption to sales



\* The target index differs from that reported in the 2011 Annual Report due to the method used to calculate the results for 2009 to 2010 being revised.

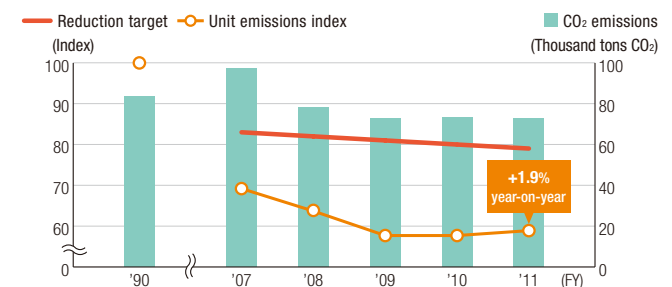
## Reduction in CO<sub>2</sub> emissions

We established a CO<sub>2</sub> Reduction Committee in 2008 for our involvement with our domestic Group companies in efforts to reduce CO<sub>2</sub> emissions. There are specific targets for reducing CO<sub>2</sub> emissions for the whole Group, and we are making efforts to prevent global warming. However, our unit CO<sub>2</sub> emissions for fiscal 2011 increased by 2.1% over the previous year due to effects from the Great East Japan Earthquake and other issues, although we did meet our yearly targets.

Targets		
7% reduction from 2008 to 2012 (based on fiscal 1990) and reduction of 20% in unit CO <sub>2</sub> emissions by 2010 (based on fiscal 1990) (According to Japan Auto Parts Industries Association Fifth Environmental Voluntary Action Plan)		
FY 2011 target	FY 2011 actual	Assessment
Target unit consumption* <b>79.0</b>	Unit consumption <b>58.9</b>	

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

### Movements in target and actual CO<sub>2</sub> emissions



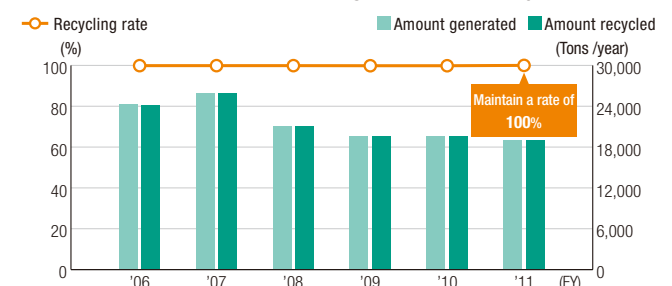
## Recycling of wastes

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 facility by the end of fiscal 2002. We extended our efforts throughout the company from fiscal 2003, and to our domestic Group companies in fiscal 2005. We have maintained a 100% recycling rate since first achieving it in fiscal 2010.

Targets			
Maintain zero emissions across the entire company from fiscal 2005 (Recycling rate of 99.9% achieved since fiscal 2005)			
FY 2011 target	FY 2011 actual	Assessment	FY 2012 target
Recycling rate of <b>99%</b>	Recycling rate of <b>100%</b>		Continue recycling rate of <b>100%</b>

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

### Movements in amounts of waste generated and recycled



# Group company involvement

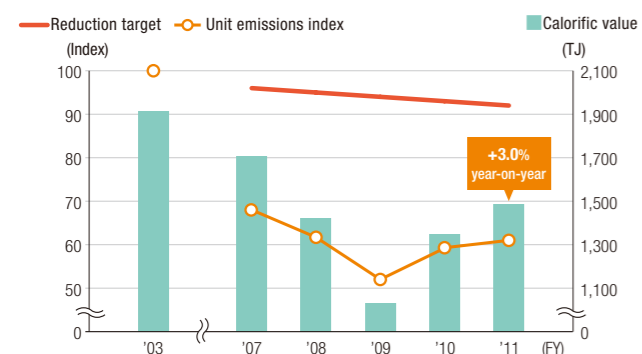
We involve the entire Group in our environmental conservation activities. They are all engaged in reducing environmental pollution.

## Domestic Group companies

### Energy saving

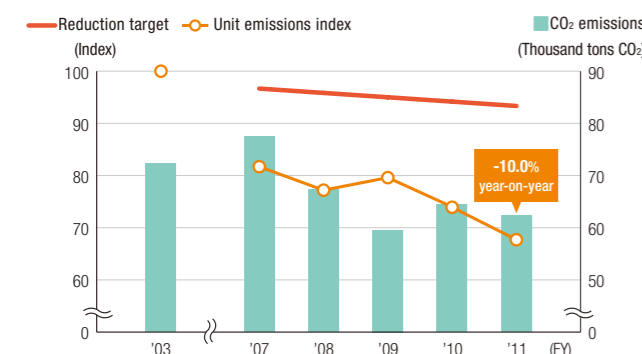
Our domestic Group companies are working with us to save energy, with a target of a 1% reduction annually in unit energy consumption to sales, with fiscal 2003 as the base year.

### Movements in target and actual unit index energy consumption to sales



\* Unit consumption in fiscal 2003 as 100  
\* Electric heat value coefficient = 8.81 GJ/1000 kWh

### Movements in target and actual CO<sub>2</sub> emissions



\* Unit consumption in fiscal 2003 as 100  
\* Electric CO<sub>2</sub> coefficient = 0.368 tons/1000 kWh

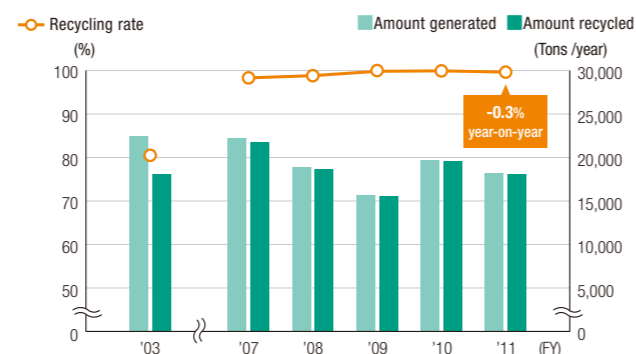
### Towards an environment-friendly society

In fiscal 2011, our domestic Group companies generated 18,239 tons of wastes annually. As they recycled 18,124 tons, this gave a recycling rate of 99.4%, a 0.3% improvement on fiscal 2010.

The domestic Group companies aimed to reach a recycling rate of at least 99% from fiscal 2007 to the end of fiscal 2009 through Zero Emissions activities, and they have reached that target.

An example of our recycling activities: Nipatsu 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.

### Movements in amounts of waste generated and recycled



Recycling office equipment

## VOICE



**Contributing to improving the environment through screw making**

Minoru Sugiyama

Safety & Environmental Activities Department  
Topura Co., Ltd.

As a specialized manufacturer of screws under the NHK Spring Group, Topura Co., Ltd. produces a wide range of screws from machine screws and tapping screws to high-strength bolts.

Having acquired ISO 14001 certification in 2001, we make every effort to ensure environmentally friendly production and manufacturing. We are proceeding with the development of products designed to contribute to improving customer environments and cutting down on energy consumption during use.

In addition, we actively promote efforts to save energy to help protect the environment and to combat power shortages. We engage in company-wide activities to improve productivity as well as to reduce CO<sub>2</sub> emissions such as by implementing heat treatment ovens with higher thermal efficiency, cutting down on the amount of compressed air used, and incorporating LED lighting and solar power generation systems.

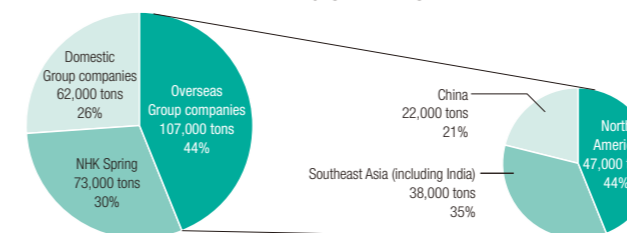
## Overseas affiliates

### CO<sub>2</sub> emissions

The amount of CO<sub>2</sub> emissions from North America and China increases as we expand our global production. The reduction rate for Southeast Asia dropped compared to the previous year due to the floods in Thailand.

As overseas CO<sub>2</sub> emissions accounted for 44% of total Group emissions in fiscal 2011, we are analyzing ways to save energy and setting energy consumption reduction targets to encourage reductions in CO<sub>2</sub> emissions.

### Fiscal 2011 CO<sub>2</sub> emissions by group segment



### Energy saving activities

Due to increased investment in our overseas plants, we have increased energy consumption overseas in recent years, as well.

The NHK Spring Group has been completing analyses of energy saving efforts at overseas Group companies in Thailand and North America as part of overseas energy conservation activities and plans to do the same at plants in other countries, as well.



Analysis of energy saving at Group affiliates in North America

### Global analysis of energy saving

Year	2008	2009	2010	2012~
Implemented in 14 Japanese plants	Implemented	Implemented	Implemented	Implemented
Implemented in 6 plants in Thailand		Implemented	Implemented	Implemented
Implemented in 3 plants in North America			Implemented	Implemented
				India, China

### Examples of energy saving efforts at the NHK Spring (Thailand) DDS plant

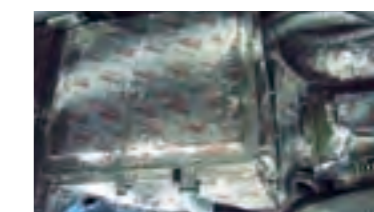
#### DDS plant

Installation of insulation for washing machines

**Purpose** : To save energy during manufacturing using warm wash water



Insertion of insulation around the drying furnaces

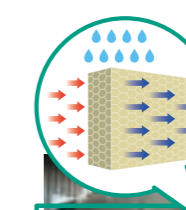


**Results** : Drop in washing machine surface temperature by 4°C to 8°C, (front surface: 40°C→36°C, rear surface: 39°C→31°C)

Insertion of insulation around the washing tanks

Installation of a pre-cooling system for external air conditioning units

**Purpose** : To improve cooling efficiency in the air conditioning systems



**Pre-cooling system**  
Cooling utilizing heat of vaporization of water



**Results** : Drop in intake air temperature by about 6°C (35°C→29°C)

After installation

### Waste emissions

The NHK Spring Group, including overseas Group companies, is experiencing a Group-wide trend toward reduced wastes produced. The amount of waste produced overseas for fiscal 2011 was 26% of the total for the Group overall, the same as for the previous year. In fiscal 2012, we will incorporate voluntary recycling rate targets to meet and continue making efforts to further increase waste product recycling activities.

### Fiscal 2011 volumes of waste generated by group segment



# 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 Group companies have conducted the

same voluntary 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 tons per year.

In fiscal 2011, we continue to manage chemical substances so that we do not use substances of very high concern under European REACH (Registration, Evaluation, Authorization and Restriction of Chemicals) regulations, and also those that we expect to be regulated in future.

### Results of fiscal 2011 survey of pollutant releases and transfers

(Units: Tons/year)

PRTR Law Cabinet Order No.	Name	Types of designated chemical compounds	Amount used yearly	Amount emitted						Amount moved	
				Atmosphere	Water quality	Soil	Buried on-site			Sewage system	Waste (subcont.)
							Stable	Managed	Isolated		
1	Zinc compounds (water-soluble)	Class I	4.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
20	2-aminoethanol	Class I	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
53	Ethyl benzene	Class I	18.3	4.6	0.0	0.0	0.0	0.0	0.0	0.0	0.1
71	Ferric chloride	Class I	6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
76	$\epsilon$ -caprolactam	Class I	1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
80	Xylene	Class I	64.4	15.3	0.0	0.0	0.0	0.0	0.0	0.0	0.2
82	Silver and its water-soluble compounds	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
188	N,N-dicyclohexylamine	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
232	N,N-dimethylformamide	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
272	Copper salts (water soluble, except complex salts)	Class I	147.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
291	Triglycidyl isocyanurate	Class I	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
296	Toluene diisocyanate (TDI)	Class I	906.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.3
297	1,3,5-trimethylbenzene	Class I	0.3	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Toluene	Class I	34.7	18.3	0.0	0.0	0.0	0.0	0.0	0.0	1.0
309	Nickel compounds	Special Class I	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
355	Bis (2-ethylhexyl) phthalate	Class I	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4
384	1-bromopropane	Class I	7.5	7.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0
410	Polyoxyethylene nonylphenyl ether	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
412	Manganese and its compounds	Class I	3.8	2.5	0.0	0.0	0.0	0.0	0.0	0.0	0.3
448	Methylene diphenyl diisocyanate (MDI)	Class I	413.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.4
Total volume of PRTR substances			1611.9	48.9	0.0	0.0	0.0	0.0	0.0	0.0	8.6
Domestic Group companies											
1	Zinc compounds (water-soluble)	Class I	24.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	23.8
20	2-aminoethanol	Class I	0.3	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.1
53	Ethyl benzene	Class I	39.3	38.4	0.0	0.0	0.0	0.0	0.0	0.5	0.3
80	Xylene	Class I	92.1	89.9	0.0	0.0	0.0	0.0	0.0	1.3	0.7
88	Hexavalent chromium compounds	Class I	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
133	Cellosolve acetate	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
185	Dichloropentafluoropropane (HCFC225)	Class I	1.1	1.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1
232	N,N-dimethylformamide	Class I	0.8	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0
240	Styrene	Class I	31.5	11.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
296	Toluene diisocyanate (TDI)	Class I	2.6	2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0
297	1,3,5-trimethylbenzene	Class I	0.4	0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0
300	Toluene	Class I	89.9	85.1	0.0	0.0	0.0	0.0	0.0	2.6	2.0
302	Naphthalene	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
305	Lead compounds	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
309	Nickel compounds	Special Class I	3.0	2.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0
354	Di-normal butyl phthalate	Class I	1.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
384	1-bromopropane	Class I	2.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	2.0
410	Polyoxyethylene nonylphenyl ether	Class I	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
411	Formaldehyde	Class I	0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
448	Methylene diphenyl diisocyanate (MDI)	Class I	0.2	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total volume of PRTR substances			289.0	233.7	0.0	0.0	0.0	0.0	0.0	4.6	29.1

\* Industrial wastes include waste materials that have value or no value and that can be recycled. Excludes materials sold.

\* Volume moved when discharged into public sewage system

# Progress in environmental activities

	Progress by NHK Spring	Progress by domestic Group 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.: Global Environmental Measures Committee announced (3 Subcommittees: General Wastes, Detergents, Foam) Nov.: 1st Global Environment Forum held		Earth Summit (United Nations Conference on Environment and Development) held in Brazil 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 Dec.: 3rd Global Environment Forum held		Containers and Packaging Recycling Law enacted Japan Auto Parts Industries Association Environment Subcommittee launched 1st Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP1)
1996	Dec.: 4th Global Environment Forum held Dec.: 1st Revised Environmental Voluntary Action Plan		ISO 14001 established JIS Q14001 issued
1997	Jan.: Yokohama Plant (Suspension Springs) gained ISO 14001 certification (1st plant certified) Sep.: 2nd Revised Environmental Voluntary Action Plan		Japan Auto Parts Industries Association Environment Committee launched 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 Jul.: Global Environmental Measures Committee reorganized		Law Concerning the Promotion of Measures to Cope with Global Warming enacted
1999	Jan.: 3rd Revised Environmental Voluntary Action Plan Feb.: 5th Global Environment Forum held	Apr.: NHK Spring Mutsumi-kai started to collect data on wastes Jun.: Environment Policy Workshop started (held quarterly)	Amended Law Concerning the Rational Use of Energy enacted
2000	Jun.: 6th Global Environment Forum held Jul.: 4th Revised Environmental Voluntary Action Plan Nov.: Y530 (Yokohama Facility Zero Waste) Project launched	Sep.: Follow-up Environment Policy Workshops held (half-yearly)	Law Concerning Special Measures against Dioxins enacted PRTR Law enacted Basic Law for Establishing the Recycling-based Society enacted 6th Session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP6)
2001	Feb.: 5th Revised Environmental Voluntary Action Plan Apr.: Isehara Plant gained ISO 14001 certification (all plants now certified) Jun.: 7th Global Environment Forum held	May: Horikiri gained ISO 14001 certification Aug.: Yokohama Kiko gained ISO 14001 certification Nov.: Topura gained ISO 14001 certification	Ministry of the Environment established Electric Appliance Recycling Law enacted
2002	Jan.: Recycling Center completed at Yokohama facility Feb.: 6th Revised Environmental Voluntary Action Plan May: 8th Global Environment Forum held Jun.: Received 10th Yokohama Environmental Conservation Work Award Dec.: Yokohama facility received Fiscal 2002 Kanagawa Global Environment Award	Mar.: NHK Teleflex Corporation gained ISO 14001 certification Apr.: Tokuhatsu gained ISO 14001 certification Oct.: NHK Sales gained ISO 14001 certification Oct.: NHK Spring Mutsumi-kai Technical Committee Global Environmental Issues Subcommittee launched	Soil Contamination Countermeasures Law announced Automobile Recycling Law announced Japan ratified the Kyoto Protocol
2003	Feb.: 7th Revised Environmental Voluntary Action Plan Mar.: Zero emissions achieved at Yokohama facility Jun.: 9th Global Environment Forum held	May: NHK Spring Mutsumi-kai Technical Committee Global Environmental Issues Subcommittee meeting Jul.: NHK Transport gained ISO 14001 certification Oct.: Sumihatsu gained ISO 14001 certification Oct.: Uniflex gained ISO 14001 certification Nov.: Nippon Shaft gained ISO 14001 certification	Automobile Recycling Law enacted Soil Contamination Countermeasures Law enacted Amended Law Concerning the Rational Use of Energy enacted
2004	Feb.: 8th Revised Environmental Voluntary Action Plan Jun.: 10th Global Environment Forum held Dec.: Atsugi Plant received Fiscal 2004 Kanagawa Global Environment Award	Jul.: NHK Spring Mutsumi-kai Technical Committee Global Environmental Issues Subcommittee meeting Sep.: Tohoku Nippon gained ISO 14001 certification	Amended Air Pollution Control Law announced
2005	Jan.: Yokohama facility received Commendation at PRTR Awards Feb.: 9th Revised Environmental Voluntary Action Plan May: 11th Global Environment Forum held	Mar.: Faurecia-NHK Kyushu gained ISO 14001 certification Mar.: SNIC gained ISO 14001 certification	Amended Automobile Recycling Law enacted Kyoto Protocol came into force
2006	Feb.: 10th Revised Environmental Voluntary Action Plan Jun.: 12th Global Environment Forum held Dec.: Ise Plant received Fiscal 2006 Kanagawa Global Environment Award	Feb.: NHK Precision gained ISO 14001 certification Mar.: Ayase Seimitsu gained ISO 14001 certification	Amended Law Concerning the Rational Use of Energy enacted Amended Law Concerning the Promotion of Measures to Cope with Global Warming enacted
2007	Jun.: 13th Global Environment Forum held	Mar.: Ites gained ISO 14001 certification May: Sindai Aichi Plant gained ISO 14001 certification	Amended Law Concerning the Recovery and Destruction of Fluorocarbons enacted
2008	Jun.: 11th Revised Environmental Voluntary Action Plan Jun.: 14th Global Environment Forum held	Jun.: Affiliates Environmental Liaison Committee announced	G8 Toyako Summit (Hokkaido)
2009	Feb.: Installed a solar electric generator panel at Yokohama facility Jun.: 15th Global Environment Forum held		G8 L'Aquila Summit (Italy)
2010	Jun.: 16th Global Environment Forum held	Feb.: NHK Transport gained Green Management certification Mar.: Domestic affiliates achieved zero emissions	Tenth Conference of the Parties to the Convention on Biological Diversity (COP10) Implementation of Amended Soil Contamination Countermeasures Act
2011	Jun.: 17th Global Environment Forum held		Implementation of Amended Water Pollution Control Act (Storage Facilities)
2012	Jun.: 18th Global Environment Forum held		Implementation of Amended Water Pollution Control Act (Hazardous Substances)

**Head Office and Research & Development Department, Security Technologies & Solutions Division**



**Location:** Kanazawa-ku, Yokohama  
**Business areas and products:** Planning, management, R&D, security products  
**Commenced operations:** February 1991  
**Employees:** 401

**Overview of our activities**

Our Head Office and Research & Development Department, is located in the same industrial complex as our Suspension Spring and Seating Division, at the Yokohama Plant. It operates with consideration for the surrounding environment, particularly sewage and air and noise pollution.

**Outlook and policies**

As a Head Office function, NHK Spring has been promoting environmental activities by developing new environmentally friendly products and by developing facilities to reduce CO<sub>2</sub> emissions, as well as by providing environmental education and environmental audits. The Yokohama Facility is the driving force behind these activities by installing solar power generation panels and LED lights and taking up initiatives to reduce energy consumption at the office.

**Fiscal 2011 and 2012 initiatives**

**Reducing CO<sub>2</sub> emissions**

- We are pressing ahead with making energy use more transparent. We publish power use data by department in the main building measured using individual power monitors in-house for employees to check. The members of the Office Energy Saving Liaison Committee perform head office energy saving patrols. By continuing these activities, we were able to meet our goals to reduce power usage during peak usage periods (by 15% compared to the previous year) at the Yokohama Office during fiscal 2011.
- There is a Presidential Commendation system in place to recognize outstanding examples of reducing CO<sub>2</sub> emissions across the company, and we also regularly hold an energy conservation slogan contest for employees and their families. During fiscal 2012, we announced selections of the top examples of ways to reduce CO<sub>2</sub> emissions at the Global Environment Forum and succeeded in developing these methods for application to the Group overall.  
 We plan to continue working to reduce CO<sub>2</sub> emissions by using more efficient boilers, improving control of furnace and compressor operation, and engaging in other activities.

**Managing Chemicals**

- The Safety & Environmental Activities Department collects data on chemicals used in Japan (including Group affiliates) and totals them annually according to our own independent standards. We also follow Green Procurement Guidelines to manage substances included in our products and that are detrimental to the environment. We intend to further strengthen our controls on chemical substances that we expect to be regulated in the future.

**Reducing industrial waste**

- During fiscal 2011, the Head Office (including the Research & Development Department and the Security Technologies & Solutions Division) conducted management activities to control waste volume and processing costs, reaching target goals for reducing waste volume by recycling wastes into useful resources but not quite reaching goals for reducing processing costs. One reason for that can be attributed to increases in unit processing costs.
- During fiscal 2012, we plan to continue working to systematically cut down on waste and costs by streamlining work operations and recycling wastes into useful resources while maintaining a high recycling rate.

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

Substance	Equipment		Regulated value	Actual
NOx	Hot water boiler	A	0.042	0.021
		B	0.106	0.017
		C	0.106	0.017
	Cooling water generator	A	0.070	0.036
		B	0.047	0.042
		C	0.025	0.022
Dust	Hot water boiler	A	0.050	0.014
		B	0.050	0.010
		C	0.050	0.013
	Cooling water generator	A	0.050	0.016
		B	0.050	0.012
		C	0.050	0.009

NOx units: m<sup>3</sup>/h Dust units: g/m<sup>3</sup>N

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.5	6.5	7.0
Oil	5	3.1	0.1	1.6
Fe	3	0.14	<0.01	0.05
Zn	1	0.06	<0.01	0.03
Ni	1	0.02	<0.01	<0.01
T-Cr	2	<0.01	<0.01	<0.01
Fluorine	8	2.00	<0.01	0.25
Phenols	0.5	<0.05	<0.05	<0.05
NH <sub>4</sub>	380	4.3	0.3	1.9

Units: mg/ℓ

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.4	6.6	7.0
Oil	5	4.0	0.1	1.4
Fe	3	0.8	<0.01	0.3
Zn	1	0.5	0.03	0.1
Ni	1	0.1	<0.01	<0.01
T-Cr	2	0.05	<0.01	<0.01
NH <sub>4</sub>	380	5.3	<0.05	2.6

Units: mg/ℓ

## Suspension Spring Division / Yokohama Plant



**Location:** Kanazawa-ku, Yokohama

**Products:** Leaf springs, coil springs, and radius arms

**Commenced operations:** November 1987

**Employees:** 414

### Remarks by plant manager

We will proceed with efforts toward environmental conservation activities as a pillar of support for improving productivity and will continue to make every effort to save energy and cut down on industrial waste in order to keep making environmentally friendly springs.



Jiro Oyama Plant Manager

### Outlook and policies

At our plant, we are working to promote energy saving activities (to reduce CO<sub>2</sub> emissions) and enable the effective reuse of resources as part of our aim to cut down on wastes to protect against pollution by saving, recycling, and reusing resources. In addition, we strictly observe all legal requirements related to environmental conservation and other requirements that should be followed and work to encourage all employees plant-wide to engage in work practices that are friendly toward the surrounding environment.

### Fiscal 2011 and 2012 initiatives

#### Energy saving

- While our unit CO<sub>2</sub> emissions deteriorated in April 2011 due to effects of the earthquake, we still met our targets for unit and volume emissions over the full year in fiscal 2011.
- In fiscal 2012, we are aiming to meet goals for energy saving through both increased productivity and reform.

#### Reducing industrial wastes

- In fiscal 2011, we met goals for both industrial waste volume and costs indexes by cutting down on the amount of industrial wastes produced and classifying wastes through extensive TPM (total production maintenance) activities.
- In fiscal 2012, we are aiming to meet our index targets through efforts to further reduce industrial wastes and recycle more wastes into useful resources.

### Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment		Regulated value	Actual
NOx	Metal reheating furnace	A	0.128	0.053
		B	0.110	0.030
		C	0.212	0.041
		D	0.169	0.068
		E	0.119	0.041
	Metal tempering furnace	A	0.202	0.013
		B	0.123	0.015
		C	0.104	0.051
		D	0.085	0.043
		E	0.059	0.021
Dust	Metal reheating furnace	F	0.119	0.043
		A	0.1	0.03
		B	0.1	0.03
		C	0.1	0.04
		D	0.1	0.03
	Metal tempering furnace	E	0.1	0.03
		A	0.1	0.03
		B	0.1	0.03
		C	0.1	0.02
		D	0.1	0.03
		E	0.1	0.04
		F	0.1	0.02

NOx units: m<sup>3</sup>/h Dust units: g/m<sup>3</sup>N

### Water quality (Regulated value: Yokohama sewage regulations)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	8.0	6.2	7.1	
Oil	Animal and vegetable	30	8.6	0.5	4.0
	Mineral	5	0.7	0.1	0.2
Fe	3	0.06	<0.01	0.01	
Zn	1	0.11	0.02	0.05	
Ni	1	0.38	<0.01	0.1	
Mn	1	0.03	<0.01	<0.01	
Fluorine	8	0.8	0.13	0.3	
Boron	10	0.6	0.1	0.4	
Total nitrogen	120	49.4	14.1	30.6	
Total phosphorus	16	0.2	0.04	0.2	
NH <sub>4</sub>	380	55	18	34	

Units: mg/ℓ

## Suspension Spring Division / Shiga Plant



**Location:** Koga, Shiga

**Products:** Coil springs, stabilizer bars, and torsion bars

**Commenced operations:** November 1973

**Employees:** 247

### Remarks by plant manager

We are working steadily through our Kaizen tasks to cut CO<sub>2</sub> emissions and recycle wastes, to preserve the global environment. This is how we can contribute as a business to common world goals.



Yukihiko Seki Plant Manager

### Outlook and policies

Environmental conservation is one of the six core elements of STPM (Strategy for Total Power Management) conducted at our plants, and we take practical measures to allow all our people to engage in it. We are working hard towards making environmentally-friendly springs.

### Fiscal 2011 and 2012 initiatives

#### Energy saving

- In fiscal 2011, we worked to implement energy-saving measures by switching over to an inverter-based system and cutting down on ceiling light usage, continuing efforts to prevent air leaks and other activities, and also working to reduce air compressor pressure and review manufacturing and processing conditions.
- In fiscal 2012, in addition to continuing to implement the above measures to promote energy saving, we will push further forward with energy saving activities by cutting down on machine standby time and automating machines to shut down under set conditions when not in use.
- We are working to find optimal methods to address energy conservation needs during potential summer power shortage periods by reviewing production line shift schedules, renting power generation equipment, conducting more thorough management of energy demands, making power usage more visual to increase awareness, and other measures.

#### Recycling and reducing waste

- In fiscal 2011, we succeeded in dramatically improving our hazardous waste index by reducing the amounts of sludge produced with the use of natural drying methods and by actively working to recycle wastes into useful resources.
- In fiscal 2012, we will make effort to reduce the amounts of sludge produced with the use of natural drying methods and hope to use these results in reducing the volume of waste produced.

### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment		Regulated value	Actual
NOx	Metal reheating furnace	A	180	40
		B	180	37
		C	180	52
	Boiler		150	52
Dust	Metal reheating furnace	A	0.25	0.02
		B	0.20	0.02
		C	0.20	0.03
	Boiler		0.10	0.02

NOx units: ppm Dust units: g/m<sup>3</sup>N

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	6-8	8.3	6.5	7.2
BOD	20	5	1	1
COD	20	7	1	4
SS	10	9	1	4
Oil	3	2.6	0.3	1.9
Total nitrogen	12*	10	0.7	6.1
Total phosphorus	1.2*	0.2	0.01	0.1
Fluorine	8*	1.7	0.02	0.1
Boron	10*	0.6	0.02	0.2

\* Shiga prefectural regulations

Units: mg/l

## Seating Division / Gunma Plant



(Ojima area)

**Location:** Ota, Gunma

**Products:** Automotive seats

**Commenced operations:** December 1986

**Employees:** 504

(Ota area)

Ota, Gunma

Automotive interior products

July 1969

Included in Ojima area

### Remarks by plant manager

The Gunma Plant is blessed with the waters of the Tone and Watarase Rivers and the green of the Kanayama and Hachioji hills. Everyone in the plant is involved in preserving the environment, so that the plant remains worthy of its location. Our slogan is 'Creating a dream plant for the future'. We continue to strive towards an environmentally-friendly seating plant.

Tatsuro Ono Plant Manager



### Outlook and policies

In this plant we contribute to a better automotive society by producing safe and people- and environment-friendly automotive seating and interior components. Ours is an integrated operation, from design and development through manufacture to shipment. We see our mission as passing on a 'rich and beautiful world' to the next generation.

### Fiscal 2011 and 2012 initiatives

#### Reducing CO<sub>2</sub> emissions

- In fiscal 2011, we integrated the hydraulic unit for the urethane equipment and implemented energy saving methods for production line equipment that cannot be shut down during offtimes. In addition, we also began energy saving activities conducted by the plant as a whole following Article 27 of the Electricity Business Act and succeeded in reducing electricity usage during peak usage times and cutting down on CO<sub>2</sub> emissions.
- In fiscal 2012, we will continue promoting energy saving by replacing air conditioning systems and lighting equipment inside plant buildings with more ecological systems and devices, and adopting more ecological items such as installing sprinklers for outside equipment to reduce the load on air conditioners. We also plan to continue our steady efforts to prevent air and steam leaks and also work to implement various energy saving projects to reduce amounts of CO<sub>2</sub> emissions.



New development building completed in April 2010, with solar generation system

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

Substance	Equipment		Regulated value	Actual
NOx	Boiler	A	300	76
		B	300	73
		C	300	76
		D	300	75
Dust	Boiler	A	0.2	0.03
		B	0.2	0.06
		C	0.2	0.05
		D	0.2	0.03

NOx units: ppm Dust units: g/m<sup>3</sup>N

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

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	6-8	7.6	6.6	7.0	
BOD	10	7	1	3	
SS	10	6	1	2	
Oil	Animal and vegetable	30	2.1	0.2	1.2
	Mineral	5	0.5	0.1	0.2

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	7.1	7.5
BOD	40	6	2	3
COD	40	8	2	5
SS	50	5	1	3
Oil	5	3.1	0.3	1.5

Units: mg/ℓ



## Seating Division / Yokohama Plant



**Location:** Kanazawa-ku, Yokohama  
**Products:** Automotive seats and interior products  
**Commenced operations:** April 1990  
**Employees:** 523

### Remarks by plant manager

Here in Kanazawa-ku in Yokohama, which serves as the model for the Yokohama Green Valley concept, we work to promote ecological activities together with other members of the local community while resolutely recognizing what we can and should do as participating members.



Mitsuru Ikeda Plant Manager

### Outlook and policies

Our task and our conviction are to pass on to the next generation a prosperous and a beautiful world. Each of our employees thinks in terms of protecting the environment and each one plays a part in developing and making safe, people-friendly automotive seating and interior products. These efforts continue to contribute to the growth of the automotive society.

### Fiscal 2011 and 2012 initiatives

#### Reducing summer power consumption

- In fiscal 2011, the main issue we faced was cutting down on energy usage during the summer months, and we managed to succeed in cutting usage during peak times through meticulous management of our resources. We also engaged in efforts to dramatically reduce waste and worked to achieve optimum usage of energy resources by monitoring energy usage.
- In fiscal 2012, it has been predicted that energy demands will continue to be high compared to the supply available, as with the previous year. In order to manage through peak usage periods, we realize as a manufacturer that it is important to engage in potentially minor but also steady daily efforts to make improvements while remembering that improvements in product quality and productivity will lead to reductions in energy usage and wastes. Every member of the Yokohama Plant is working hard to encourage not only fellow employees but also family members and local residents to be mindful of the role each of us must play in striving to conserve energy as a community.

### Atmosphere (Regulated values: Air Pollution Control Law, Yokohama Guidelines)

Substance	Equipment		Regulated value	Actual
NOx	Boiler	A	0.067	0.058
		B	0.067	0.058
Dust	Boiler	A	0.05	0.015
		B	0.05	0.023

NOx units: m<sup>3</sup>/h Dust units: g/m<sup>3</sup>N

### Water quality (Regulated values: Yokohama sewage regulations)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	7.7	6.2	7.0	
Oil	Animal and vegetable	30	5.2	0.4	1.4
	Mineral	5	1.0	0.1	0.4
Fe	3	0.4	<0.30	<0.3	
Zn	1	0.3	<0.1	0.1	
Ni	1	<0.1	<0.1	<0.1	
Boron	10	0.3	0.02	0.1	
NH <sub>4</sub>	380	1.1	<0.3	0.6	

Units: mg/ℓ

## Seating Division / Toyota Plant



**Location:** Toyota, Aichi

**Products:** Automotive seats and interior products

**Commenced operations:** June 1961

**Employees:** 398

### Remarks by plant manager

We are providing further encouragement to reducing CO<sub>2</sub> emissions and building environmentally-friendly products. Our focus is on making the plant energy-saving, with close ties to the local community, with all our employees involved.



Shingo Kawakami Plant Manager

### Outlook and policies

Our main business is building the frames for automotive seating. We run an integrated operation from design, through production to shipping. The equipment we use is selected with an eye to the environment and we produce goods that are kind to people. We plan to continue with our contributions to the community and consideration of the local environment.

### Fiscal 2011 and 2012 initiatives

#### Energy saving

- During the harsh conditions of fiscal 2011, we pooled our combined knowledge and experience to devise measures to save energy such as by running operations more efficiently by limiting the number of compressors used, consolidating tempering furnaces, and cutting down on the number of vending machines turned on.
- In addition, in order to increase environmental awareness, we worked to improve employee awareness of energy saving by offering practical training through the Environment Dojos and completing checks of wasteful energy use during the lunch hour conducted by energy saving patrols.
- In fiscal 2012, we will continue to proceed with upgrading plant equipment implemented to further reduce CO<sub>2</sub> emissions and changing over from mercury lamps to LED lighting in the plant as scheduled.
- We also plan to continue to work to reduce CO<sub>2</sub> emissions by periodically checking and adjusting set air pressures and repairing air leaks on production lines.
- In order to establish and increase employee awareness of energy saving and waste reduction activities, we will provide training to all employees to decrease our load on the environment.
- We at the Toyota Plant are members of a council that concluded an agreement with Toyota City to work together with the city to protect the environment. We continue to make combined efforts with the city to improve environmental conditions such as by sharing information on environmental activities and putting improvement examples into practice.
- We plan to continue such activities as hosting summer festivals, planting flowers around the plant, and offering plant tours as ways to increase interaction with the local community and also to implement soundproofing and other measures to improve conditions.

### Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	7.8	6.1	7.0
BOD	600	9	2	4
COD	600	11	3	5
SS	600	19	1	8
Oil	5	2.8	0.7	1.6
Zn	2	0.80	0.01	0.08
Cu	3	0.11	0.01	0.02

Units: mg/l

## Precision Spring & Components Division / Atsugi Plant



**Location:** Aikawa-machi, Aiko-gun, Kanagawa  
**Products:** Thin leaf springs and precision stamped products  
**Commenced operations:** November 1970  
**Employees:** 363

### Remarks by plant manager

"Building up people by building things" is the main theme of the Atsugi Plant for this year. We are endeavoring to "build up people" who will actively engage in efforts to conserve the environment by taking a responsible interest in energy saving and resource management.



Hitoshi Kotagiri Plant Manager

### 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 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 2011 and 2012 initiatives

#### Recycling and reducing waste

- By updating the dehydrators used in the wastewater treatment facility, we were able to further reduce the moisture content of dehydrated sludge and further eliminate waste.
- Since fiscal 2005, we have reached a recycling rate of at least 99.9%, which we intend to maintain in future.

#### Saving energy and reducing CO<sub>2</sub> emissions

- In fiscal 2011, to help ease power shortages caused by the Great East Japan Earthquake, we worked to reduce power usage during the peak summer months by 15%. We maximized our efforts as a business to thoroughly eliminate as much waste of resources as possible focusing mainly on the ventilation system, and also by manufacturing products ahead of schedule, implementing private power generation equipment, and engaging in other methods.
- In fiscal 2012, we are working to equalize power usage by stepping up monitoring of power usage at all times whether there are restrictions in effect or not and by reducing usage during peak times. This year, we plan to continue to "have each and every single employee make efforts to conserve energy" at the plant.

### Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual			
		Maximum	Minimum	Average	
pH	5-9	7.3	6.6	7.0	
BOD	600	49	6	23	
COD	—	54	6	30	
SS	600	15	3	6	
Oil	Animal and vegetable	30	11.0	2.3	6.1
	Mineral	5	1.2	0.1	0.3
Fe	10	0.8	<0.01	0.3	
Maximum	125	28	5	13	
Minimum	8	0.13	<0.01	0.03	
Average	10	0.56	0.06	0.31	

Units: mg/ℓ

## Precision Spring & Components Division / Ina Plant



**Location:** Miyada-mura, Kami Ina-gun, Nagano  
**Products:** Wire springs and precision machined components  
**Commenced operations:** December 1943  
**Employees:** 555

### Remarks by plant manager

The Ina Valley is blessed with a beautiful environment. That is why we encourage all our employees to reach out from cutting our own CO<sub>2</sub> emissions to encompass improving global environment protection, creating earth-friendly products.



Toshiyuki Saitou Plant Manager

### Outlook and policies

At this plant, 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, mechanical parts, and semiconductor and LCD panel testing instruments. We work with all our employees to create earth-friendly products to protect the environment. As members of society responsible for the environment, we recognize energy saving as a vital concern.

### Fiscal 2011 and 2012 initiatives

#### Reducing CO<sub>2</sub> emissions

- In fiscal 2011, we engaged in efforts to save energy by promoting efficient use of air conditioning and lighting equipment, managing more extensive control of temperature, using more efficient work shift scheduling, and encouraging energy saving in employee homes. Through these activities, we managed to reduce CO<sub>2</sub> emissions by 27.2% and reduced specific energy consumption by 16.2% compared to 2007.
- In fiscal 2012, continuing on from the previous year, in addition to installing skylights in plant buildings, we are also proceeding with efforts to make facility energy usage more efficient by improving heater unit efficiency and improving air supply and discharge for dust collectors.
- We will continue our efforts to pass on a beautiful natural environment to later generations by encouraging greater transparency in performance, making the results of our efforts clear, increasing the sense of satisfaction from what people do, encouraging each individual to put these things into practice and involving everyone in energy saving.

#### Recycling and reducing waste

- Since 2005, we have managed to raise our recycling rate to 99.9% and are working to help create a recycling society with the goal of increasing that rate further to a full 100%.

#### Greening

- We encourage the greening of the plant and beautification of the local community. This motivates us to keep the plant looking attractive and to improve it, which will appeal to our customers and local residents, and motivates our employees to preserve the beauty of our surroundings and pass it on to future generations.

#### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment		Regulated value	Actual
NOx	Heating boiler	A	250	53.2
		B	250	75.6
		C	250	76.2
Dust	Heating boiler	A	0.3	0.05
		B	0.3	0.04
		C	0.3	0.04

NOx units: ppm Dust units: g/m<sup>3</sup>N

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

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.7-8.7	7.5	6.5	7.2
BOD	600	15	2	8
COD	—	19	4	11
SS	600	13	4	8
Oil	5	2.5	0.6	1.4
Fe	10	0.2	<0.01	0.03
Cu	3	0.01	<0.01	0.01
Total nitrogen	380	11.9	2.1	4.6

Units: mg/ℓ

## Disk Drive Suspension Division / Komagane Plant



**Location:** Komagane, Nagano  
**Products:** HDD suspensions  
**Commenced operations:** November 1983  
**Employees:** 716

### Remarks by plant manager

Suspensions require the highest levels of cleanliness. We plan to continue our contributions to society not only with our products but also as “an environmentally friendly plant” by continuing to promote energy saving and waste reduction activities.



Tetsuya Fujiwara Plant Manager

### Outlook and policies

We aim to continue to protect the environment and have an environmentally-friendly plant efficiently producing the best quality HDD suspensions in the world, so that future generations can inherit our beautiful environment in good shape.

### Fiscal 2011 and 2012 initiatives

#### Energy saving (reducing CO<sub>2</sub> emissions)

- In fiscal 2011, we succeeded in reducing CO<sub>2</sub> emissions by 27.9% and a reduction of 3,582 tons measured in absolute terms, by making adjustments to the ventilation fan for the clean room ventilation system and shutting down the steam boilers ahead of schedule for the summer months, compared to fiscal 2007.
- In fiscal 2012, we are working to make further improvements by reviewing and changing the lighting system inside the clean room and cutting down on vacuum pump operation.

#### Recycling and reducing waste

- In fiscal 2011, we reached company-wide targets by reducing waste volumes by reviewing methods for processing waste oily water and by recycling plastic wastes into useful resources using a more rigorous classification.
- In fiscal 2012, we are continuing to make efforts to be more thorough in classifying wastes, maintain a recycling rate of 100%, and recycle more wastes into useful resources, enabling us to further reduce the amount of wastes produced and cut down on processing costs.

### Water quality (Regulated value: Nagano prefectural regulations)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	7.7	7.1	7.3
BOD	20	19	2	8
COD	20	13	1	6
SS	30	7	1	3
Oil	5	2.2	0.2	1.0

Units: mg/ℓ



**Location:** Isehara, Kanagawa  
**Products:** Brazed products, pipe support systems, specialized springs  
**Commenced operations:** March 1993  
**Employees:** 225

**Remarks by director**

We are working to reduce our levels of CO<sub>2</sub> emissions and to save energy here in the beautiful Isehara region. Our efforts are directed both to production and protecting the environment with earth-friendly plants globally.



**Toshihiko Tachikawa**  
 Director, Bonding and Ceramic Department

**Outlook and policies**

At this plant, we develop and manufacture advanced bonding technology products and pipe support systems for large plants. Through what we make, we all continue to contribute to protecting the global environment and preventing global warming in order to “Promote corporate growth and contribute to the development of an affluent society.”

**Fiscal 2011 and 2012 initiatives**

**Reducing CO<sub>2</sub> emissions**

- In fiscal 2011, we carried on from fiscal 2010 the improved productivity from the electric furnaces we use to manufacture semiconductor production equipment parts. These account for 40% of our CO<sub>2</sub> emissions.
- In fiscal 2011, we succeeded in increasing the number of units produced by 46% and reducing CO<sub>2</sub> emissions by 10% over 2010 while cutting down on emissions by 45 tons in absolute terms over 2010, which equates to a reduction by 512 tons compared to 2007.  
 We managed to reduce power usage during the summer months by 19%, which is better than the restriction imposed due to power shortages caused by the earthquake requiring a reduction of 15%.
- In fiscal 2012, we will continue to implement the reduction of power usage for the summer months and continue to make plant-wide efforts to eliminate as much waste of resources as possible through power monitoring activities and visual management controls.  
 We plan to further increase productivity of electric furnaces and reduce yearly CO<sub>2</sub> emissions by 41 tons.

**Recycling and reducing waste**

- In fiscal 2011, we maintained the 100% recycling rate we achieved in October 2004.  
 We are continuing to promote the recycling of waste into useful resources and reducing processing costs.
- In fiscal 2012, we will continue our 100% recycling rate program.  
 We will also review the industrial waste disposal contractor to reduce processing costs and recycle more wastes into useful resources.  
 We conduct local inspections of industrial waste disposal contractor operations to ensure appropriate recycling of waste.

**Environment Dojos**

- In fiscal 2011, we held an Environment Dojo where people could learn about how waste products generated by the plant are recycled. We reaffirmed the importance of being more accurate in separating wastes for recycling purposes. In addition, we also worked on environmental conservation efforts as a plant-wide team.

**Water quality (Voluntary controls for less than 50m<sup>3</sup>/hour effluent)**

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5.8-8.6	8.1	6.8	7.4
BOD	130	38	1	12
COD	130	50	4	20
SS	160	24	3	10
Oil	5	1.9	0.4	1.3
Fe	3	0.13	<0.01	0.03
Zn	1	0.20	0.06	0.13

Units: mg/ℓ

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



**Location:** Komagane, Nagano  
**Products:** Specialized polyurethane foam products, metal base printed wiring boards  
**Commenced operations:** December 1981  
**Employees:** 145

**Remarks by director**

While the snow lingers on the flanks of Shimadamusume in the Central Alps, everyone begins planting out the rice. We are proud of our beautiful landscape and of our awareness of the need to preserve the environment. We encourage all our employees to join with the local community to work to protect the environment.



**Tokio Miyashita**

Director, Chemical Products and Electronic Components Departments

**Outlook and policies**

This plant is in a place of great beauty between two mountains in the Japan 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 guidelines and plans.

**Fiscal 2011 and 2012 initiatives**

**Recycling and reducing waste**

- In fiscal 2011, processing costs increased by 27% compared to the previous year due to increases in processing costs for waste plastics (waste urethane products) and alkali waste caused by increased production (leading to an increase in product sales by 8% over the previous year). As a result of this increase, we were not able to meet our waste index targets.
- In fiscal 2012, as with the previous year, we will continue to aim to meet our company-wide index targets and work to cut down on waste plastics and alkali waste. We will also work toward achieving a recycling rate of 100%.

**Reducing CO<sub>2</sub> emissions**

- In fiscal 2011, we exceeded our target goal of 23% by achieving a 30% reduction in CO<sub>2</sub> emissions compared to 2007 by reducing overall energy usage and placing restrictions on operating facilities enabled through improvements in the Super Sheet production system.
- In fiscal 2012, we will implement high-efficiency multisystem air conditioner for use in the office building. In addition, we will further expand energy saving activities through reforms designed to improve control of automatic operation of production line equipment and auxiliary equipment and to prevent air leaks.

**Enhanced environmental management**

- In fiscal 2012, we will install neutralizers for boiler drain water to assist with wastewater treatment at the Plant No.2. We will also work to improve water quality of the drainage by adding an oily water separator for the compressor drain.

**Atmosphere (Regulated values: Air Pollution Control Law)**

Substance	Equipment	Regulated value		Actual
NOx	Hot water boiler	A	180	72
		B	180	74
		C	180	86
	Heating boiler	A	180	70
B		180	85	
Dust	Hot water boiler	A	0.3	0.02
		B	0.3	0.03
		C	0.3	0.02
	Heating boiler	A	0.3	0.02
B		0.03	0.03	

NOx units: ppm Dust units: g/m<sup>3</sup>N

**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	7.4	7.8
	Production Building 2		7.7	6.5	7.0
BOD	Production Building 1	20	4	2	2
	Production Building 2		19	4	12
COD	Production Building 1	20	2	1	1
	Production Building 2		17	6	9
SS	Production Building 1	30	4	1	2
	Production Building 2		4	1	2
Oil	Production Building 1	5	1.7	0.4	1.0
	Production Building 2		4.1	0.4	1.4
Fe	Production Building 1	10	0.9	<0.1	0.2
Cu	Production Building 2	3	0.7	0.01	0.1

Units: mg/ℓ

## Industrial Machinery & Equipment Division / Yasu Plant Parking Systems Department



**Location:** Yasu, Shiga

**Products:** Mechanical multilevel parking systems

**Commenced operations:** October 1996

**Employees:** 57

### Remarks by director

Our Yasu plant is situated on the shores of Lake Biwa, rich and beautiful with natural features throughout the year. We are conscious of the need to not only preserve but enhance the environment. All our employees participate in protecting the environment.

**Hidenori Ishiwata**  
Director, Parking Systems Department



### Outlook and policies

We develop and manufacture mechanical multilevel parking systems bearing in mind our wish to reduce the load on the environment. We aim to further protect the global environment and continue improving our care for the environment to ensure that we pass on the green mountains and clear air and rivers of these superb natural surroundings to later generations.

### Fiscal 2011 and 2012 initiatives

#### Recycling and reducing waste

■ In fiscal 2011, we succeeded in eliminating wasteful use of energy by managing the temperature of the drying ovens and deodorizing ovens according to operation with the coating equipment.

We also cut down on energy usage by installing energy-saving equipment (LED lighting equipment).

■ In fiscal 2012, we plan to further improve energy usage by implementing integrated control and cutting down on air leaks by installing inverters in the compressors. In response to the power shortages continuing from 2011, we will work to save electricity (reducing power usage by 15% compared to the maximum demand level for 2010) focusing mainly on reducing energy usage through alternating production line shift operation such as by shutting down high-load equipment and shifting production line operating times during the summer months.

#### Recycling and reducing waste

■ In fiscal 2012, continuing from the previous year, we will redouble efforts to renew and classify our industrial wastes and use the classification of plastic waste toward recycling the wastes into useful resources.

#### Managing environmentally hazardous materials

■ In addition to accurately managing and implementing environmental laws, we will conduct a thorough review of drainage equipment and introduce necessary modifications in accordance with requirements in the Amended Water Pollution Control Act.

#### Atmosphere (Regulated values: Air Pollution Control Law)

Substance	Equipment	Regulated value	Actual
NOx	Boiler	150	52
	Drying oven	230	22
Dust	Boiler	0.1	0.02
	Drying oven	0.2	0.04

NOx units: ppm Dust units: g/m<sup>3</sup>N

#### Water quality (Regulated value: Sewage Law)

Item	Regulated value	Actual		
		Maximum	Minimum	Average
pH	5-9	8.0	6.5	7.4
BOD	600	7	1	4
COD	—	13	2	5
SS	600	16	4	11
Oil	5	2.8	0.4	1.4
Ni	1	0.9	0.04	0.4
Total nitrogen	60	59	19	36
Total phosphorus	10	0.9	0.07	0.3

Units: mg/ℓ



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# Financial Report

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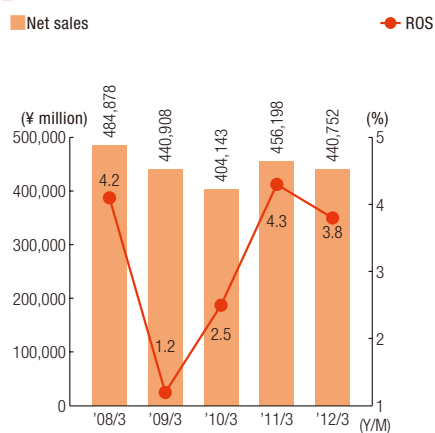


# Five-year summary (consolidated)

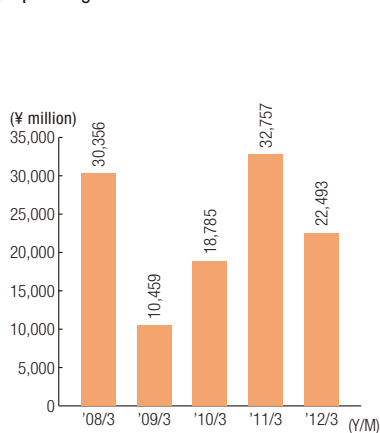
(Millions of Yen)

	Year ended in March 2008	Year ended in March 2009	Year ended in March 2010	Year ended in March 2011	Year ended in March 2012
Net sales	484,878	440,908	404,143	456,198	440,752
Cost of sales	419,028	396,219	353,303	389,142	384,643
Gross profit	65,850	44,689	50,839	67,056	56,109
Selling, general and administrative expenses	35,494	34,229	32,053	34,298	33,616
Operating income	30,356	10,459	18,785	32,757	22,493
Other income (expenses)	4,114	(851)	(3,462)	(1,809)	1,306
Income before income taxes and minority interests	34,470	9,608	15,323	30,948	23,799
Net income	20,361	5,262	10,290	19,420	16,741
Net assets	149,228	115,961	134,242	142,804	154,911
Total assets	401,069	324,888	357,141	356,048	393,695
Depreciation	22,935	26,600	24,074	22,584	21,371
Capital expenditure	34,779	34,800	15,695	20,538	20,370
Per share					
Net income	84.01	21.98	43.45	82.44	71.47
Shareholders' equity	615.82	489.57	567.01	610.07	655.86
Cash dividends	14	10.5	10.5	15	15

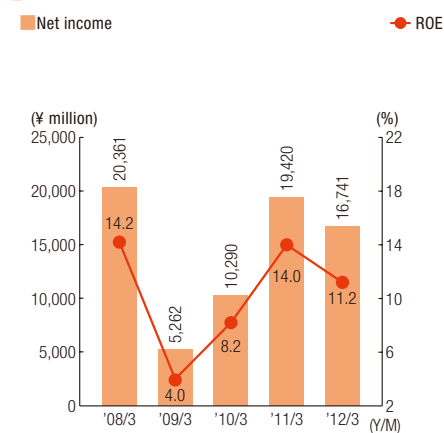
### Net sales



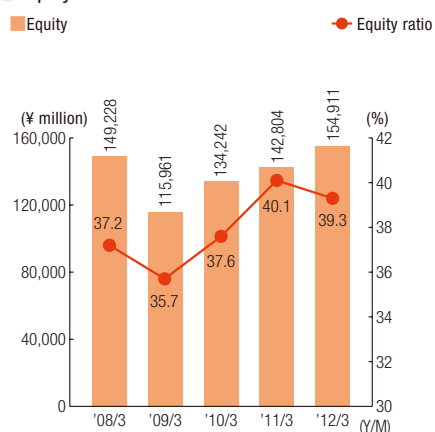
### Operating income



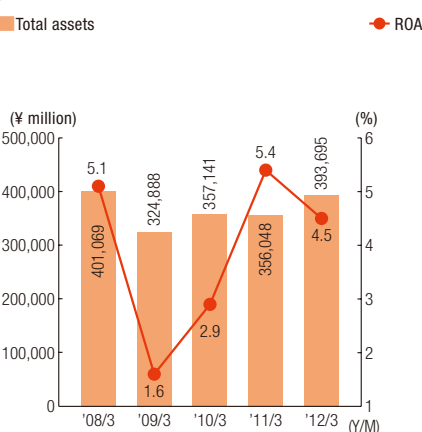
### Net income



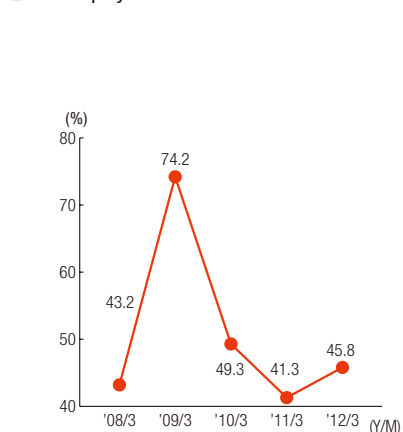
### Equity



### Total assets



### Debt equity ratio



# Analysis of results

## Operating results for fiscal 2011

The Japanese economy in fiscal 2011 came under severe pressure as corporate activities were affected by the Great East Japan Earthquake and the flooding in Thailand. Along with rebounding production, however, a moderately sloped recovery ensued. As to the global economic picture, in Asia the Thai economy was hit by flooding, but solid conditions prevailed elsewhere in the region, specifically in China and India. In Europe, economies were stymied by financial instability in the wake of the European debt crisis, while the U.S. economy managed to stage a rebound beginning in the 4th quarter.

In the automotive industry, one of the business area of the Group, domestic vehicle sales recovered from the impact of the Great East Japan Earthquake, posting a 3.3% rise from the year earlier to 4,753 thousand vehicles. Although exports of completed vehicles fell 3.8% from the year earlier, domestic automobile production gained 3.0% to 9,267 thousand units.

In IT equipment industry, another business mainstay of the Group, customers engaged in HDD (hard disk drives) manufacturing experienced a fall in production after the Great East Japan Earthquake and the flooding in Thailand, as well as order declines due to industry restructuring.

Reflecting this severe operating environment, sales revenue fell 3.4% from the year earlier to ¥440,752 million. Earnings, despite continuous cost cutting efforts, marked operating income fell 31.3% to ¥22,493 million, ordinary income decreased by 28.5% to ¥23,884 million and net income of fell 13.8% to ¥16,741 million.

## Cash flow

Net Cash from operating activities was ¥26,063 million, which was ¥26,993 million lower than in the year earlier. Main factors were lower income before income taxes due to the effects of the Great East Japan Earthquake and higher working capital.

Net Cash used in investing activities was ¥27,130 million, which was ¥7,105 million more than in the year earlier. This was mainly due to higher expenditure for the acquisition of investment securities.

Cash from financing activities was ¥9,347 million, which was ¥22,678 million more than in the year earlier. This was mainly due to proceeds from long-term bank borrowings and corporate bond issuance, as well as sales of treasury stock to third parties.

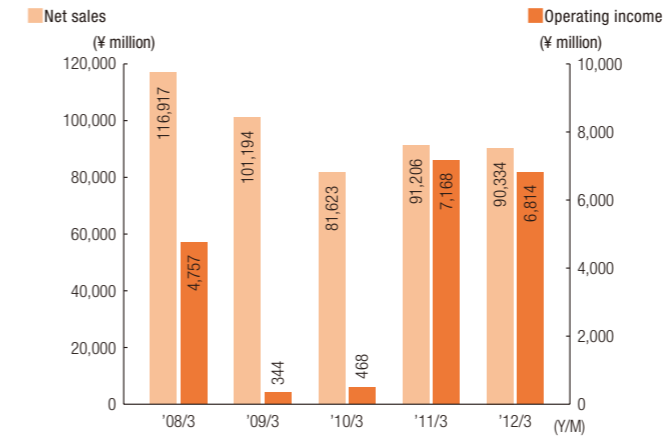
Free cash flow, defined as net cash provided by operating activities less net cash used in investing activities, was a negative of ¥1,067 million.

As a result of the foregoing, cash and cash equivalents, etc., at the end of the period totaled ¥58,773 million, which was ¥5,839 million more than at the end of the previous first half of the fiscal year. The outstanding balance of corporate bonds, commercial paper, and long-term and short-term bank borrowings totaled ¥71,003 million, an increase of ¥12,039 million compared to the end of the first half of the previous year.

## Segment information

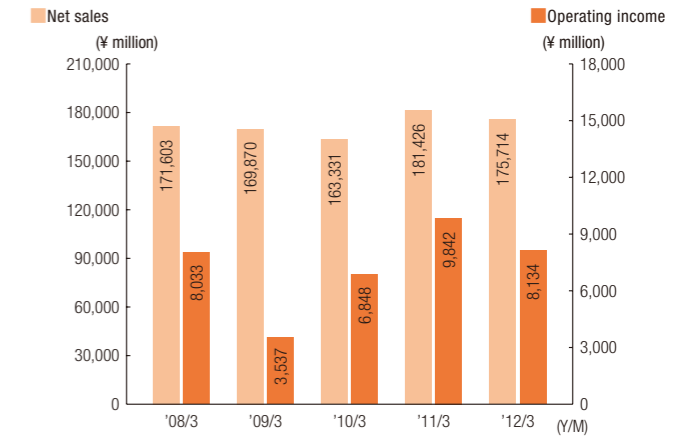
### [Suspension springs]

The suspension spring segment posted sales of ¥90,334 million, down 1.0% on the year, with operating income of ¥6,814 million, down 4.9% on the year for fiscal 2011, due to lower production at automotive customers overseas.



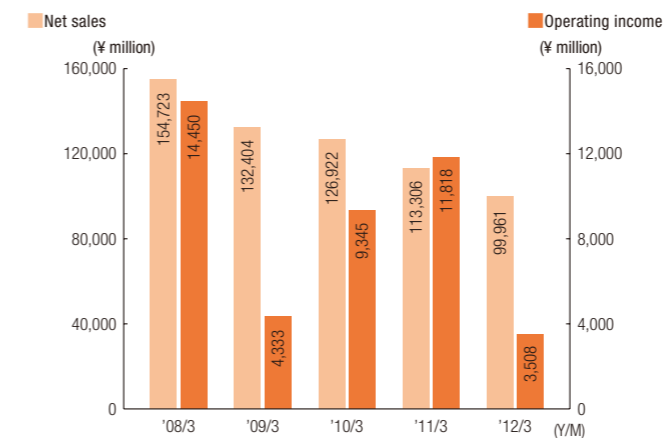
### [Seating]

The seating segment posted sales of ¥175,714 million, down 3.1% on the year, with operating income of ¥8,134 million, down 17.4% on the year for fiscal 2011, due to lower production at automotive customers overseas.



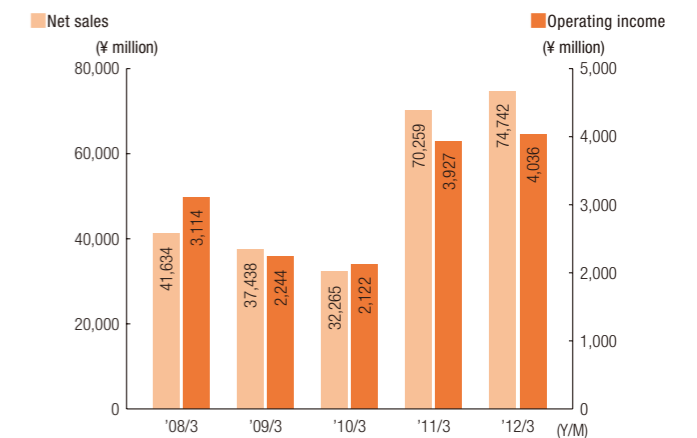
### [Precision springs and components]

Precision springs and components segment posted sales of ¥99,961 million, down 11.8% on the year, with operating income of ¥3,508 million, down 70.3% of the year for fiscal 2011, due to lower production at automotive customers overseas, lower HDD production, lower new order receipts due to restructuring, and the strength of the yen.



### [Industrial machinery and equipment, and other operations]

Industrial machinery and equipment, and other operations segment posted sales of ¥74,742 million, up 6.4% on the year, with operating income of ¥4,036 million, up 2.8% on the year for fiscal 2011 due to subsidiaries newly added to the consolidation, among other factors.



# Consolidated balance sheets

	(Millions of Yen)	
	FY2010 April 1, 2010 – March 31, 2011	FY2011 April 1, 2011 – March 31, 2012
Assets		
Current assets		
Cash and bank deposits	53,300	59,217
Notes and accounts receivable, trade	77,950	101,631*2
Merchandise and finished products	12,903	12,785
Work in process	6,762	6,944
Raw materials and supplies	8,394	10,111
Parts	3,937	3,230
Deferred tax assets	4,674	3,992
Other current assets	13,424	15,171
Allowance for doubtful notes and accounts	(351)	(177)
Total current assets	180,996	212,907
Fixed assets		
Property, plant and equipment		
Buildings and structures	106,956	108,477
Accumulated depreciation	(65,916)	(68,036)
Net property, plant and equipment	41,039	40,440
Machinery and transport equipment	161,509	164,449
Accumulated depreciation	(125,435)	(130,880)
Machinery and transport equipment, net	36,074	33,569
Land	29,866	28,871
Leased assets	5,416	5,191
Accumulated depreciation	(2,027)	(2,349)
Leased assets, net	3,389	2,842
Construction in progress	5,543	6,183
Others	47,885	47,771
Accumulated depreciation	(42,254)	(42,499)
Other, net	5,631	5,271
Net property, plant and equipment	121,544	117,178*4
Intangible assets	2,383	2,797
Investments, long-term receivables and other assets		
Investment securities	44,041	48,261*1
Long-term loans	439	1,047
Deferred tax assets	2,319	3,206
Others	4,908	8,464
Allowance for doubtful notes and accounts	(584)	(168)
Total investments, long-term receivables and other assets	51,123	60,812
Total fixed assets	175,051	180,788
Total assets	356,048	393,695

	(Millions of Yen)	
	FY2010 April 1, 2010 – March 31, 2011	FY2011 April 1, 2011 – March 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable, trade	91,255	77,904
Electronically recorded obligations	—	29,953
Short-term borrowings	21,509	22,581
Accrued income taxes	5,310	3,422
Deferred tax liabilities	1,076	768
Allowance for directors bonus	190	229
Equipment notes payable	536	2,089
Other current liabilities	24,663	26,806
Total current liabilities	144,542	163,754
Long-term liabilities		
Corporate bonds	10,000	20,000
Long-term debt	24,454	22,421*4
Lease obligations	2,889	2,404
Deferred tax liabilities	8,118	6,845
Accrued retirement benefits for employees	10,081	9,425
Accrued retirement benefits for directors and corporate auditors	682	607
Accrued retirement benefits for corporate officers	667	688
Others	868	807
Total long-term liabilities	57,761	63,201
Total liabilities	202,303	226,956
Net assets		
Shareholders' equity		
Common stocks	17,009	17,009
Capital surplus	17,523	17,900
Retained earnings	114,642	127,904
Treasury stocks	(6,755)	(5,345)
Total shareholders' equity	142,420	157,469
Accumulated other comprehensive income (loss)		
Unrealized gain or loss on available-for-sale securities	12,208	13,413
Deferred hedge gains and losses	(1)	—
Foreign currency translation adjustment	(11,823)	(15,971)
Total accumulated other comprehensive income (loss)	383	(2,557)
Minority interests	10,940	11,827
Total net assets	153,744	166,739
Total assets	356,048	393,695

# Consolidated statements of income

(Millions of Yen)

	FY2010 April 1, 2010 – March 31, 2011	FY2011 April 1, 2011 – March 31, 2012
Net sales	456,198	440,752
Cost of sales	389,142	384,643 <sup>*1,*3</sup>
Gross profit	67,056	56,109
Selling, general and administrative expenses		
Selling expenses	10,729	10,884
General and administrative expenses	23,569	22,732
Total selling, general and administrative expenses	34,298	33,616 <sup>*2,*3</sup>
Operating income	32,757	22,493
Non-operating income		
Interest income	277	640
Dividend income	636	959
Equity in earnings of affiliates	1,481	865
Real estate rental income	880	833
Others	1,381	996
Total non-operating income	4,658	4,294
Non-operating expenses		
Interest expenses	960	887
Loss on disposals of fixed assets	475	317
Exchange loss	1,272	447
Others	1,299	1,251
Total non-operating expenses	4,007	2,903
Ordinary income	33,407	23,884
Extraordinary gain		
Gain on sales of tangible fixed assets	—	99 <sup>*4</sup>
Gain on sales of investment securities	33	523
Gain on negative goodwill	144	—
Gain on reversal of allowance for doubtful accounts	14	205
Others	—	32
Total extraordinary gain	192	861
Extraordinary losses		
Impairment loss of fixed assets	19	350 <sup>*6</sup>
Loss on write-down of investment securities	289	22
Appraisal loss on equity in affiliates	—	208
Provision for allowance for doubtful accounts	549	9
Loss from disaster	807	—
Loss on adjustment for changes of accounting standard for asset retirement obligation	302	—
Loss related to litigation	104	291
Others	578	62 <sup>*5</sup>
Total extraordinary losses	2,651	945
Income before income taxes and minority interests	30,948	23,799
Current	9,274	6,328
Deferred	123	(731)
Total income taxes	9,398	5,597
Income before minority interests	21,550	18,201
Minority interests in income of consolidated subsidiaries	2,129	1,460
Net income	19,420	16,741

## Consolidated statements of changes in net assets

	(Millions of Yen)	
	FY2010 April 1, 2010 – March 31, 2011	FY2011 April 1, 2011 – March 31, 2012
Shareholders' equity		
Common stock		
Balance at the start of the period	17,009	17,009
Changes during the period		
Total changes during the period	—	—
Balance at the end of current period	17,009	17,009
Capital surplus		
Balance at the start of the period	17,295	17,523
Changes during the period		
Disposal of treasury stock	227	377
Total changes during the period	227	377
Balance at the end of current period	17,523	17,900
Retained earnings		
Balance at the start of the period	97,962	114,642
Increase resulting from change of fiscal term of consolidated subsidiaries	110	33
Changes during the period		
Dividends paid	(3,298)	(3,512)
Other comprehensive gain	446	—
Net income	19,420	16,741
Total changes during the period	16,569	13,228
Balance at the end of current period	114,642	127,904
Treasury stock		
Balance at the start of the period	(4,742)	(6,755)
Changes during the period		
Purchase of treasury stock	(2,656)	(6)
Disposal of treasury stock	643	1,416
Total changes during the period	(2,012)	1,409
Balance at the end of current period	(6,755)	(5,345)
Total shareholders' equity		
Balance at the start of the period	127,526	142,420
Increase resulting from change of fiscal term of consolidated subsidiaries	110	33
Changes during the period		
Dividends paid	(3,298)	(3,512)
Other comprehensive income	446	—
Net income	19,420	16,741
Purchase of treasury stock	(2,656)	(6)
Disposal of treasury stock	870	1,793
Total changes during the period	14,783	15,015
Balance at the end of current period	142,420	157,469
Accumulated other comprehensive income (loss)		
Unrealized gain or loss on available-for-sale securities		
Balance at the start of the period	14,673	12,208
Changes during the period		
Net changes of items other than shareholders' equity	(2,465)	1,205
Total changes during the period	(2,465)	1,205
Balance at the end of current period	12,208	13,413
Deferred hedge gains and losses		
Balance at the start of the period	(4)	(1)
Changes during the period		
Net changes of items other than shareholders' equity	2	1
Total changes during the period	2	1
Balance at the end of current period	(1)	—

	(Millions of Yen)	
	FY2010 April 1, 2010 – March 31, 2011	FY2011 April 1, 2011 – March 31, 2012
Foreign currency translation adjustment		
Balance at the start of the period	(7,952)	(11,823)
Changes during the period		
Net changes of items other than shareholders' equity	(3,871)	(4,148)
Total changes during the period	(3,871)	(4,148)
Balance at the end of previous period	(11,823)	(15,971)
Total valuation and translation adjustment		
Balance at the start of the period	6,716	383
Changes during the period		
Net changes of items other than shareholders' equity	(6,333)	(2,941)
Total changes during the period	(6,333)	(2,941)
Balance at the end of current period	383	(2,557)
Minority interests		
Balance at the start of the period	10,290	10,940
Changes during the period		
Net changes of items other than shareholders' equity	649	887
Total changes during the period	649	887
Balance at the end of current period	10,940	11,827
Total net assets		
Balance at the start of the period	144,533	153,744
Increase resulting from change of fiscal term of consolidated subsidiaries	110	33
Changes during the period		
Dividends paid	(3,298)	(3,512)
Other comprehensive gain	446	—
Net income	19,420	16,741
Purchase of treasury stock	(2,656)	(6)
Disposal of treasury stock	870	1,793
Net changes of items other than shareholders' equity	(5,683)	(2,054)
Total changes during the period	9,100	12,961
Balance at the end of current period	153,744	166,739

## Consolidated statements of comprehensive income

	(Millions of Yen)	
	FY2010 April 1, 2010 – March 31, 2011	FY2011 April 1, 2011 – March 31, 2012
Income before minority interests	21,550	18,201
Other comprehensive income		
Unrealized gain or loss on available-for-sale securities	(2,476)	1,206
Deferred hedge gains and losses	3	1
Foreign currency translation adjustment	(3,794)	(3,939)
Equity equivalent to affiliated companies	(424)	(533)
Total other comprehensive income	(6,693)	(3,264)*
Comprehensive income	14,856	14,937
Comprehensive income attributable to:		
owners of the parent company	13,087	13,800
minority interests	1,769	1,137

# Consolidated statements of cash flows

(Millions of Yen)

	FY2010 April 1, 2010 – March 31, 2011	FY2011 April 1, 2011 – March 31, 2012
Cash flows from operating activities		
Income before income taxes and minority interests	30,948	23,799
Depreciation and amortization	22,584	21,371
Loss on impairment of fixed assets	19	350
Decrease in provision for retirement benefits	(1,675)	(503)
Interest and dividends income	(914)	(1,599)
Interest expenses	960	887
Foreign exchange gains	513	304
Equity in earnings of affiliates	(1,481)	(865)
Gain on property, plant and equipment	476	250
Gain on sales of investment securities	(33)	(503)
Loss on write-down of investment securities	289	22
Decrease (increase) in notes and accounts receivable, trade	10,614	(25,111)
Decrease (increase) in inventories	(2,038)	(1,380)
Increase in notes and accounts payable, trade	(3,124)	17,607
Other, net	2,194	(2,464)
Sub-total	59,333	32,167
Interest and dividends income received	1,710	3,105
Interest expenses paid	(955)	(871)
Income taxes paid	(7,032)	(8,338)
Net cash provided by operating activities	53,056	26,063
Cash flows from investing activities		
Payments into time deposits	327	(99)
Purchase of securities	(2,998)	(3,000)
Proceeds from sales of securities	1,998	4,000
Purchase of property, plant and equipment	(18,616)	(19,164)
Proceeds from sales of property, plant and equipment	152	774
Purchase of intangible assets	(719)	(944)
Purchase of investment securities	(127)	(9,312)
Proceeds from sales and redemption of investment securities	81	1,137
Disbursements for loans	(1,647)	(1,496)
Collection of loans	1,914	1,301
Other	(390)	(326)
Net cash used in investing activities	(20,025)	(27,130)
Cash flows from financing activities		
Proceeds from issuance of short-term debt	8,841	9,178
Repayment of short-term debt	(14,842)	(8,257)
Proceeds from issuance of long-term debt	6,012	12,000
Repayment of long-term debt	(16,254)	(14,064)
Proceeds from issuance of bonds	22,000	25,000
Redemption of bonds	(12,000)	(12,000)
Payments for purchase of treasury stock	(2,661)	(9)
Income from sales of treasury stock	221	1,708
Repayments of lease obligations	(820)	(642)
Dividends paid	(3,297)	(3,527)
Cash dividends paid to minority shareholders	(186)	(298)
Other, net	(343)	259
Net cash used in financing activities	(13,330)	9,347
Effect of exchange rate changes on cash and cash equivalents	(2,256)	(1,861)
Net increase in cash and cash equivalents	17,442	6,418
Cash and cash equivalents at beginning of year	35,379	52,934
Increase in cash and cash equivalents resulting from change of fiscal term of consolidated subsidiaries	112	(579)
Cash and cash equivalents at end of year	52,934	58,773*

# Notes to fundamental important matters for the creation of the consolidated financial statements

## 1. Scope of consolidation

### (1) Number of consolidated subsidiaries.....29

Names of consolidated subsidiaries:

Yokohama Kiko Co., Ltd., Sumihatsu Co., Ltd., Ites Co., Ltd., NHK Precision Co., Ltd., NHK Sales Co., Ltd., NHK Transport Co., Ltd., Nippatsu Service Co., Ltd., Nippon Shaft Co., Ltd., NHK Parking Systems Co., Ltd., Horikiri, Inc., Uniflex Co., Ltd., Tokuhatsu Co., Ltd., Tohoku Nippatsu Co., Ltd., Faurecia-NHK Kyushu Co., Ltd., NHK Mec Corporation, NHK Spring Production Company, NHK Spring (Thailand) Co., Ltd., NHK International Corporation, New Mather Metals, Inc., NHK of America Suspension Components Inc., NHK Seating of America Inc., NHK Manufacturing (Malaysia) SDN. BHD., NAT Peripherals (Hong Kong) Co., Ltd., NHK Spring Precision of America Inc., NHK-Uni Spring (Guangzhou) Co., Ltd., NHK Spring Precision (Guangzhou) Co., Ltd., NHK Precision (Thailand) Co., Ltd., and NHK Spring India Ltd., NAT (Dongguan) Co., Ltd.

Among these, Yokohama Kiko Co., Ltd. was spun off and newly incorporated, with the newly established NHK Kiko Co., Ltd. included into the consolidation. Newly established NAT (Dongguan) Co., Ltd. is included in the consolidation.

### (2) Non-consolidated subsidiaries

Names of unconsolidated subsidiaries:

Ayase Seimitsu Co., Ltd. and G.L.G. Corporation

Reason for excluding from scope of consolidation

The accounts 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 Company.

## 2. Scope of application of equity method

### (1) Number of non-consolidated subsidiaries accounted for by the equity method: 2

Names of non-consolidated subsidiaries accounted for by the equity method:

Ayase Seimitsu Co., Ltd., G.L.G. Corporation

#### Number of affiliates accounted for by the equity method: 6

Names of affiliates accounted for by the equity method:

SNIC Co., Ltd., Sindai Co., Ltd., Topura Co., Ltd., Faurecia-NHK Co., Ltd., Ibérica de Suspensiones, S. L., Rassini-NHK Autopeças Ltda.

In the period under review, all shares held until the prior fiscal year in equity-method affiliate General Seating (Thailand) Co., Ltd. were sold. Beginning with the period under review, General Seating (Thailand) Co., Ltd. was therefore removed from the scope of equity-method affiliates.

### (2) Non-consolidated companies and affiliates not accounted for by the equity method

Names of companies:

Nippatsu Harmony Co., Ltd.

Reason not accounted for:

The accounts of these affiliates were excluded from the equity-method accounting since the aggregate amounts of these affiliates, net income and retained earnings were immaterial in total.

## 3. Accounting standards

### (1) Asset valuation method

#### 1) Inventories

Inventories are mainly stated according to the weighted average cost method. (Values stated in the balance sheet are written down consistent with declines in sales value.)

#### 2) Securities

The amortized cost (straight-line) method has been used for bonds intended to be held to maturity.

Other securities

##### Marketable securities

Marketable securities are carried at fair market value, based on market price as of the balance sheet date. (Any changes in unrealized holding gain or loss, net applicable income taxes, are included directly in net assets. The cost of securities sold is determined by the moving-average method.)

##### Non-marketable securities

Moving-average method

#### 3) Derivative

Derivatives are carried at fair value.

### (2) Depreciation and amortization of assets

#### 1) Tangible fixed assets (excluding lease assets)

Amortization of intangible fixed assets 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.

#### 2) Low-value depreciable assets (excluding lease assets)

Low-value depreciable assets with acquisition prices ranging between ¥100,000 and less than ¥200,000 are depreciated in even amounts over three years in accordance with the provisions of the Corporation Tax Law.

#### 3) Intangible assets (excluding lease 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.

#### 4) Lease assets

Finance lease transactions other than those deemed to transfer ownership. The term of the lease is treated as the period of depreciation, and the straight-line method is applied with a zero residual value. Those finance lease transactions, other than those deemed to transfer ownership, whose lease commencement date was on or before March 31, 2008 have been treated in the accounts applicable to ordinary operating leases.

### (3) Significant accruals

#### 1) Allowance for doubtful receivables

To provide for losses from doubtful accounts, provisions for general claims are recognized based on actual default rates, and based on irrecoverable amounts for specified claims such as delinquent claims, taking into



consideration individual collectability.

2) Accrued bonuses for directors

To provide for bonuses to directors, the Company recognizes the amounts accrued at the end of the fiscal year under review based on the estimated payment at the end of the fiscal year under review.

3) Accrued retirement benefits for employees

To provide for employee retirement benefits, the Company recognizes the amounts accrued at the end of the fiscal year under review based on the consolidated retirement liabilities and pension assets at the end of the fiscal year under review.

Past service liability is proportionately expensed according to the straight-line method over a certain number of years (15 to 16 years) within employees' average remaining number of years of service at the time of accrual.

Actuarial differences are proportionately expensed, beginning with the next fiscal year after the year of accrual, according to the straight-line method over a certain number of years (10 to 16 years) within employees' average remaining number of years of service at the time of accrual.

4) Accrued retirement benefits for directors and corporate auditors

In order to provide for the retirement benefits of corporate officers, domestic consolidated subsidiaries recognize the required benefit amounts accrued at the end of the fiscal year in accordance with the regulations for retirement benefits of corporate officers or in accordance with internal rules.

5) Accrued retirement benefits for executive corporate officers

In order to provide for the retirement benefits of executive corporate officers, the Company and domestic consolidated subsidiaries recognize the required benefit amounts accrued at the end of the fiscal year in accordance with the regulations for retirement benefits of corporate executive officers or in accordance with internal rules.

**(4) Treatment of deferred assets**

Corporate bond issuance costs

Charged to income in the full amount when expensed.

**(5) Significant hedge accounting methods**

1) Hedge accounting methods

The Company uses deferred hedge accounting. Notably, currency forward contracts (including a number of currency options) are accounted for by periodic allocation where the requirements for this accounting method are satisfied. Interest rate swaps are accounted for according to special exception rules where requirements for this accounting method are satisfied.

2) Hedging instruments and hedged items

Hedging instruments	Hedged items
Foreign exchange contracts	Forecasted foreign exchange transaction
Interest rate swap	Borrowings

3) Hedging policies

As Group internal regulations, "Cash Management Regulations" provide as basic principles that hedging is to be used for currency risks and interest risks management.

With regard to foreign denominated trade receivables, which pose the main risk, in order to avoid the associated currency risk, the Company enters into comprehensive currency forward contracts. Currency forward contracts are used within the scope of actual export transactions in connection with regular foreign-denominated business transactions.

4) Method of determination of hedge effectiveness

The hedge effectiveness of currency forward transactions is determined through checks performed when currency forwards are contracted. Checks are performed in accordance with the "Cash Management Regulations" integral to the internal regulations of the Company. Hedge effectiveness of interest rate swaps, to the extent that such swaps meet the requirements for special exception rules, is determined in accordance with the Accounting Standards for Financial Instruments.

**(6) Goodwill amortization and amortization period**

Goodwill and negative goodwill originated on or prior to March 31, 2010, are amortized in equal amounts over a 5-year period consistent with the cause of origination. Negative goodwill originated on or after April 1, 2010, is taken to the consolidated income for the fiscal year of origination of such negative goodwill.

**(7) Scope of cash and cash equivalents in the consolidated statements of cash flows**

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.

**(8) Other important matters to create the consolidated financial statements**

Consumption taxes

Transactions subject to national and/or local consumption are recorded at an amount exclusive of the consumption tax.

# Notes

Consolidated fiscal year (March 31, 2012)

## Consolidated balance sheets

### \*1 Note regarding unconsolidated subsidiaries and affiliated companies

Each item in unconsolidated subsidiaries and affiliated companies are

Investment securities	¥12,820 million
Investment, other assets and others	¥5,699 million

### \*2 Trade notes receivable, etc.

Notes receivable sold	¥3,724 million
Retention associated with the securitization of notes receivable	¥1,299 million
Sales receivables sold	¥544 million

### \*3 Liabilities for assurance

Guarantees are given for non-consolidated companies' debts from financial institutions

Liabilities for assurance to non-consolidated companies' debts from financial institutions	¥112 million
Employee	¥158 million
Total	¥270 million

### \*4 Pledged asset

Buildings and structures	¥7,758 million (Carrying amount)
Machinery and transport equipment	¥52 million (Carrying amount)
Land	¥5,937 million (Carrying amount)
Total	¥13,748 million (Carrying amount)

The above is serving as floating mortgage for collateral of ¥668 million long-term debt (including ¥117 million long-term borrowing due within one year).

## Consolidated statements of income

### \*1 Loss on devaluation of inventories after the amount after the book value was reduced due to the decreased profitability. Sales cost includes loss on devaluation of inventories.

¥60 million.

### \*2 Breakdown of selling, general and administrative expenses are as follows:

#### (1) Selling expenses

Packing and delivery expenses	¥2,582 million
Salaries, allowances, and bonuses	¥4,239 million
Employee's retirement benefits	¥296 million
Depreciation	¥43 million
Commission expenses	¥687 million

#### (2) General and administrative expenses

Salaries, allowances, and bonuses	¥10,275 million
Employee's retirement benefits	¥747 million
Provision of accrued retirement benefits for directors and corporate auditors	¥329 million
Provision of accrued retirement benefits for corporate officers	¥44 million
Depreciation	¥1,912 million
Research and development expenses	¥1,672 million
Commission expenses	¥1,382 million

### \*3 Research and development expenses in general and administrative expenses and sales cost

¥10,055 million

### \*4 The breakdown of gains from sales of non-current assets recognized as extraordinary income is as follows:

Land	¥99 million
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### \*5 Loss on disposals of fixed assets in extraordinary losses is as follows:

Buildings and structures	¥34 million
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### \*6 Loss on impairment of fixed assets

The NHK Spring Group has recorded impairment losses for the following assets:

Location	Purpose	Type
Aikawamachi, Aiko-gun, Kanagawa Pref.	Buildings for production equipment for HDD structural parts	Buildings and structures Other
Yokohama City, Kanazawa-ku	Bat production facilities	Buildings and structures Machinery, equipment, and transportation equipment Land
Amagasaki City, Hyogo Pref.	Former head office building	Buildings and structures
Yasu City, Shiga Pref.	Property for rent	Buildings and structures

#### (Background of the recognition of impairment losses)

Since the building for production equipment for HDD structural parts at the Atsugi Plant of the Company is expected to be dismantled due to the planned construction of a new plant, the book value of the building, etc., has been written down to the recoverable value and the write-down amount charged as an impairment loss to extraordinary losses.

Since the bat operations of Japan-based consolidated subsidiary Nippon Shaft Co., Ltd. have been experiencing weak business results with continuing operating losses, the book value of the production facilities, etc., at the Yokohama Plant of these operations has been written down to recoverable value and the write-down amount charged as an impairment loss to extraordinary losses.

Associated with the sale of the land and building of the former head office building of Japan-based consolidated subsidiary Tokuhatsu Co., Ltd. the book value of the building was written down to recoverable value and the write-down

amount charged as an impairment loss to extraordinary losses.  
 Since with respect to the rental property of Japan-based consolidated subsidiary Nippatsu Service Co., Ltd., no future rent income can be expected, the book value of buildings has been written down to recoverable value and the write-down amount charged as an impairment loss to extraordinary losses.

**(Amount of impairment losses)**

Type	Amount
Buildings and structures	¥150 million
Machinery, equipment, and transportation equipment	¥46 million
Land	¥152 million
Other	¥1 million
Total	¥350 million

**(Method for grouping assets)**

Individual asset items have been grouped by management accounting category showing ongoing income and underutilized assets.

**(Method for calculating recoverable values)**

The calculation is based on recoverable value as measured by utility value with a 2.65% discount rate applied to future cash flows.

Notably, with respect to the former head office building of Tokuhatsu Co., Ltd., recoverable value was measured based on the net selling price assessed on the basis of the contract price.

**Consolidated statements of comprehensive income**

**\* Other comprehensive income-related reclassification adjustment amounts and tax effects**

Valuation difference on available-for-sale securities	
Amount at the start of the period	¥277 million
Reclassification adjustment amount	¥6 million
Before tax effect adjustments	¥283 million
Tax effect amount	¥922 million
Valuation difference on available-for-sale securities	¥1,206 million
Deferred hedge gains/losses	
Amount at the start of the period	—
Reclassification adjustment amount	¥3 million
Before tax effect adjustments	¥3 million
Tax effect amount	(¥1 million)
Deferred hedge gains/losses	¥1 million
Currency translation adjustment account	
Amount at the start of the period	(¥3,939 million)
Interest in equity-method affiliates	
Amount at the start of the period	(¥648 million)
Reclassification adjustment amount	¥115 million
Interest in equity-method affiliates	(¥533 million)
Other comprehensive income total	(¥3,264 million)

**Consolidated statements of changes in net assets**

**1 Type and number of outstanding shares**

Type	Beginning of the period under review	Increase in the number of shares during the year under review	Decrease in the number of shares during the year under review	Number of shares as of March 31, 2012
Common stock	244,066,144	—	—	244,066,144

**2 Type and number of treasury stocks**

Type	Beginning of the period under review	Increase in the number of shares during the year under review	Decrease in the number of shares during the year under review	Number of shares as of March 31, 2012
Common stock	9,987,791	8,227	2,124,896	7,871,122

**(Reasons for the increase or decrease)**

Details of the increase are as follows:

Increase due to purchases of less-than-one-unit shares	8,227 shares
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The breakdown of the decrease is as follows:

Decrease due to sale of treasury stock to a third party	2,000,000 shares
Decrease by sales of less-than-one-unit shares	755 shares
Decrease due to excluding subsidiaries and affiliates accounted for by the equity method	124,141 shares

**3 Dividends**

**(1) Amount of dividends paid**

Resolution	Type of share	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders held on June 29, 2011	Common share	1,873	8.0	March 31, 2011	June 30, 2011
Board of Directors meeting held on Nov. 10, 2011	Common share	1,639	7.0	September 30, 2011	December 5, 2011

**(2) Shares whose dividend record date is in the year and effective date is during next fiscal year**

Resolution	Type of share	Dividend resource	Total amount of dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Annual general meeting of shareholders held on June 28, 2012	Common share	Retained earnings	1,889	8.0	March 31, 2012	June 29, 2012

**Consolidated statements of cash flows**

\*A reconciliation of cash and bank deposits in the consolidated balance sheets to cash and cash equivalents in the consolidated statements of cash flows.

(As of March 31, 2012)	
Cash and bank deposits	¥59,217 million
Time deposits with maturity in excess of three months	(¥443 million)
Cash and cash equivalents	¥58,773 million

**Leases**

**1. Finance leases, other than those which are deemed to transfer ownership of the leased assets to lessees, whose commencement dates preceded the commencement of the application of the accounting standards**

**(1) Acquisition cost equivalents, accumulated depreciation equivalents and net book value equivalents of leased property**

(Millions of Yen)

	Machinery, equipment and vehicles	Property, plant and equipment	Intangible assets	Total
Acquisition cost equivalents	682	209	39	931
Accumulated depreciation equivalents	556	173	37	767
Net book value equivalents	126	35	1	163

(Note) Acquisition cost equivalents are calculated on the simple method that includes interest in lease payment.

**(2) Future lease payments at March 31, 2012**

Due within one year	¥107 million
Due over one year	¥56 million
Total	¥163 million

(Note) Future lease payments are calculated on the simple method that includes interest in lease payment.

**(3) Current lease payments and depreciation equivalents**

Lease payments	¥173 million
Depreciation equivalents	¥173 million

**(4) Calculation methods of depreciation equivalents and interest equivalents**

Calculation methods of depreciation equivalents

Amounts equivalent to depreciation are calculated by the straight-line method, assuming that useful life is same as the lease term and the residual value equals zero.

**2. Finance lease transactions**

**(1) Type of lease assets**

Mainly production equipments (machinery and transport equipment) in Suspension Springs and in Precision Springs Segments.

**(2) Depreciation method of leased assets**

Amount of depreciation is calculated by the straight-line method, assuming that useful life is same as the lease term and the residual value equals zero.

**3. Operating lease transaction**

Future minimum lease payments for non-cancellable operating lease transactions

Due within one year	¥176 million
Due over one year	¥276 million
Total	¥452 million

**(Impairment losses)**

Finance lease transactions have no impairment loss.

**Financial instruments****1. Outline of financial instruments**

**(1) Policy for financial instruments**

The Group invests only to the short-term bank deposits and alike financed through borrowing from bank or issuance of commercial papers. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described later.

**(2) Type of financial instruments and related risk**

Receivables such as notes and accounts receivable, trade are exposed to customer credit risk. Receivables denominated in foreign currencies arising from global business transactions are exposed to foreign currency exchange fluctuation risk; however, the risk associated with principal export transactions are constantly within the limit established based on actual export record in the past and are hedged by using forward exchange rate contracts. Equity investments are exposed to the risk of market price fluctuations; nevertheless, they mainly consist of equity of companies with which the Company has business relationship, and their fair value are evaluated quarterly and reported to the Board of Managing Directors.

Payment terms of payables, such as notes and accounts payable, trade, are mostly less than one year. Although payables in foreign currencies are exposed to foreign currency exchange fluctuation risk, those risks are constantly netted against the balance of receivables denominated in the same foreign currency. The purpose of borrowings and commercial papers is to raise necessary fund for working capital and capital expenditures. Although some of them bearing floating interest rates are exposed to interest rate fluctuation risk, such exposure is hedged by using derivatives (Interest rate swaps).

### (3) Risk management for financial instruments

1) Monitoring of credit risk (the risk that customer is or counterparties may default)

The Group monitors payment term and balances of receivables by customer is in accordance with internal rules on management of accounts receivable and has a system to periodically grasp credit risk of the customers.

2) Monitoring of market risk (the risk arising from fluctuations in foreign exchange rates, and interest)

The Group mitigates foreign currency exchange fluctuation risks in connection with receivables and short/long-term debt denominated in foreign currencies by individualizing risks by using exchange rate contracts for certain proportion of such receivables and debt.

In addition, the Company uses interest rate swap contracts for long-term debt to individualize interest payments on borrowings with floating interest rate; therefore, there is no interest rate fluctuation risk exposed to interest payments on long-term debt.

3) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

The Group manages liquidity risk by timely projection and revision of cash flow plan by the department in charge of finance based on reports of each relevant department.

### (4) Supplementary explanation of estimated fair value of financial instruments

Not applicable

## 2. Outline of marketable financial instruments

Carrying amount, fair value and unrealized gain/loss of the financial instruments as of March 31, 2012 (closing date of this fiscal year) are as follows.

(Million of Yen)

	Carrying amount	Fair value	Unrealized gain (loss)
(1) Cash and bank deposits	59,217	59,217	—
(2) Notes and accounts receivable, trade	101,631	101,631	—
(3) Investment securities			
1) Bonds to be held to maturity	500	494	(5)
2) Equity of subsidiaries and affiliates	1,654	1,403	(251)
3) Other securities	33,940	33,940	—
(4) Long-term loans	1,047	1,171	123
<b>Total assets</b>	<b>197,991</b>	<b>197,858</b>	<b>(133)</b>
(1) Notes and accounts payable, trade	77,904	77,904	—
(2) Electronically recorded obligations	29,953	29,953	—
(3) Short-term borrowings	22,581	22,581	—
(4) Accrued income taxes	3,422	3,422	—
(5) Equipment notes payable	2,089	2,089	—
(6) Corporate bonds	20,000	20,114	114
(7) Long-term debt	22,421	22,378	(43)
(8) Lease obligations	2,404	2,509	105
<b>Total liabilities</b>	<b>180,777</b>	<b>180,953</b>	<b>175</b>
Derivative financial instruments *	[452]	[452]	—

\* Receivables and payables incurred by derivative transactions are presented in net. Net payables are presented in brackets "[ ]".

(Note 1) Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

#### Assets:

(1) Cash and bank deposits, and (2) Notes and accounts receivable, trade  
These assets are recorded using book values because fair values approximate book values due to their short-term maturities.

(3) Investment securities

The fair values of equity investment are determined using the quoted price at the stock exchange, and those of bonds are determined using the quoted price obtained from the financial institutions.

(4) Long-term loans

The fair values of long-term loans are present value, calculated as estimated amount of principal and interest receivable, reflecting collectability and discounting using interest rate of appropriate index government bonds.

#### Liabilities

(1) Notes and accounts payable, trade, (2) Electronically recorded obligations, (3) Short-term borrowings, (4) Accrued income taxes, and (5) Equipment notes payable

These payables are recorded using book values because fair values approximate book values due to their short-term maturities

(6) Corporate bonds

Calculated based on the reference trading statistics published by the Japan Securities Dealers Association.

(7) Long-term debt, and (8) Lease obligations

The fair values of long-term debt and lease obligations are determined by discounting the aggregated values of the principal and interest using an assumed interest rate applied in case the same type of loans or leases should be newly made. Long-term debt bearing floating interest rate are hedged by interest rate swap contracts meeting certain conditions and the fair values of these debts are determined by discounting the aggregated values of the principal and interest accounted for together with the related interest rate swap contracts using the reasonably estimated interest rate to be applied when the same type of loans were conducted.

(Note 2) Financial instruments for which it is extremely difficult to determine the fair value

(Millions of Yen)

Category	Carrying amount
Equity investments of unlisted subsidiaries and affiliates	11,167
Other unlisted stocks	1,000

The items above are not included in "(3) Investment securities" because there is no market price and it is very difficult to identify fair values.

(Note 3) Redemption schedule of monetary assets and investment securities with contractual maturities

(Millions of Yen)

	Within one year	One to five years	Five to ten years	Over ten years
Cash and bank deposits	59,217	—	—	—
Notes and accounts receivable, trade	101,631	—	—	—
Investment securities				
Bonds to be held to maturity (corporate bonds)	—	—	500	—
Long-term loans	—	512	531	3
<b>Total</b>	<b>160,849</b>	<b>512</b>	<b>1,031</b>	<b>3</b>

(Note 4) Redemption schedule of long-term debt and lease obligations

(Millions of Yen)

	Within one year	One to two years	Two to three years	Three to four years	Four to five years	Over five years
Bonds	—	—	—	10,000	10,000	—
Long-term debt	—	10,433	7,067	2,765	2,155	—
Lease obligations	—	524	495	352	676	356
<b>Total</b>	<b>—</b>	<b>10,957</b>	<b>7,563</b>	<b>13,118</b>	<b>12,831</b>	<b>356</b>

## Marketable securities

### 1 Equity securities for the purpose of selling and buying (As of March 31, 2012)

Not applicable

### 2 Equity securities to be held to maturity (As of March 31, 2012)

(Millions of Yen)

Type		Carrying value	Fair value	Unrealized gain
Securities which carrying value exceeds their acquisition cost	1) National bonds and local government bonds	—	—	—
	2) Corporate bonds	—	—	—
	3) Other	—	—	—
Subtotal		—	—	—
Securities which acquisition cost exceeds their carrying value	1) National bonds and local government bonds	—	—	—
	2) Corporate bonds	500	494	(5)
	3) Other	—	—	—
Subtotal		500	494	(5)
<b>Total</b>		<b>500</b>	<b>494</b>	<b>(5)</b>

### 3 Other securities with fair value (As of March 31, 2012)

(Millions of Yen)

Type		Carrying value	Fair value	Unrealized gain
Securities which carrying value exceeds their acquisition cost	1) National bonds and local government bonds	32,747	10,459	22,287
	2) Corporate bonds	—	—	—
	3) Other	—	—	—
Subtotal		32,747	10,459	22,287
Securities which acquisition cost exceeds their carrying value	1) National bonds and local government bonds	1,193	1,730	(537)
	2) Corporate bonds	—	—	—
	3) Other	—	—	—
Subtotal		1,193	1,730	(537)
<b>Total</b>		<b>33,940</b>	<b>12,189</b>	<b>21,750</b>

(Note) Impairment occurs if the fair market value decreased more than 50% compared to the acquisition cost except if the value is expected to recover. If the decreased rate is 30% to less than 50%, the possibility to recover is to be judged. If the Company determined that there is no possibility, it will be dealt with as impairment loss.

### 4 Other marketable securities sold during the fiscal year (April 1, 2011 to March 31, 2012)

Not applicable

## Derivative transactions

### 1 Derivative financial instruments that do not apply for hedge accounting

(Millions of Yen)

Hedge accounting method	Type of derivative transaction	Contractual value (thousand USD)	Contractual value over one year (thousand USD)	Market value	Valuation gain (loss)
Transactions other than market transactions	Currency option transactions				
	Sell: USD	95,000	—	(425)	(425)
Total		95,000	—	(425)	(425)

## 2 Derivative financial instruments that apply for hedge accounting

### (1) Currency

(Millions of Yen)

Hedge accounting method	Type of derivative transaction	Main hedged items	Contractual value	Contractual value over one year	Market value
Exchange contracts of deferral hedge accounting	Forward exchange contract	Foreign currency denominated receivables and payables			
	Sell:				
	USD		1,615	—	(26)
	EUR		—	—	—
	Buy:				
	USD		—	—	—
Total			1,615	—	(26)

(Note) Market value is calculated based on price and other factors provided by the dealing financial institution, etc.

### (2) Interest rate

(Millions of Yen)

Hedge accounting method	Types of derivative transaction	Main hedged items	Contractual value	Contractual value over one year	Market value
Exceptional disposition of interest rate swap contracts	Interest rate swap contract	Borrowings			
	Fixed rate payment		22,705	14,273	(Note)
	Floating receiving				
Total			22,705	14,273	(Note)

(Note) The fair value of the interest rate swap qualifying for exceptional accrual method is included in the above fair value of related long-term borrowings.

## Retirement benefit

### 1 Retirement benefits of the Company

The Company and its subsidiaries in Japan have a contributory funded and a defined contribution 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.

Number of the companies and subsidiaries applying each plan during the fiscal year:

Contributory funded pension plan...The Company

Defined contribution pension plan...14 domestic consolidated subsidiaries

Termination allowance plan.....The Company and all domestic consolidated subsidiaries

As for foreign consolidated subsidiaries, two have contributory funded plan, and five have defined contribution plan. The Company and two domestic consolidated subsidiaries have retirement benefit trust.

### 2 The outline of the employees' pension and severance plans

1) Projected benefit obligation	(¥46,441 million)
2) Plan assets	
(including retirement benefit trusts)	¥26,251 million
3) Funded status of the plans (1+2)	(¥20,189 million)
4) Unrecognized net actuarial loss	¥11,073 million
5) Unrecognized prior service cost	(¥308 million)
6) Net retirement benefit obligation (3+4+5)	(¥9,425 million)
7) Accrued pension and severance costs	(¥9,425 million)

(Note) Simplified method is applied as for 13 consolidated companies in Japan.

### 3 Employees' pension and severance cost

1) Service cost	¥2,547 million
2) Interest cost	¥872 million
3) Expected return on plan assets	(¥748 million)
4) Amortization of net actuarial gain or loss	¥1,205 million
5) Amortization of prior service cost	(¥37 million)
6) Employee pension cost for the year	—
7) Employee pension cost for the year (1+2+3+4+5+6)	¥3,839 million
8) Other	¥126 million
Total	¥3,966 million

(Note 1) Retirement benefits expenses of the Company's consolidated subsidiaries which were accounted for by the simplified method were registered under "1) Service cost" above.  
(Note 2) "8) Other" is installment premium payment to defined contribution pension plan.

### 4 Assumption and policies adopted in the calculation of retirement benefit obligation

1) Method of allocation of retirement benefits in the period

Straight-line method

2) Discount rates

Domestic 1.5% to 2.1%

Foreign 3.9% to 8.5%

3) Expected rates of return on plan assets

Domestic 1.1% to 4.9%

Foreign —

4) Amortization years of actuarial gain or loss

From 10 to 16 years

(Amortized in the year following the year in which the gain or loss is recognized, primarily by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.)

## 5) Amortization years of prior service cost

From 15 to 16 years

(Amortized as incurred, by the straight-line method, over a period which is shorter than the average remaining years of service of the employees.)

## Deferred tax accounting

## 1 Principal deferred tax assets and liabilities

## (Deferred tax assets)

1) Current assets	
Accrued employees' bonuses	¥2,861 million
Accrued enterprise taxes	¥300 million
Unrealized inter-company profit	¥199 million
Tax losses carried forward	¥130 million
Inventory write-downs	¥316 million
Accounts payable	¥121 million
Other	¥268 million
Deferred tax assets (current) subtotal	¥4,199 million
Valuation allowance	(¥206 million)
Total deferred tax assets (current)	¥3,993 million
Offset of deferred tax liabilities (current)	(¥1 million)
Net deferred tax assets (current)	¥3,992 million

2) Fixed asset	
Accrued retirement benefits for employees	¥4,323 million
Depreciation	¥2,540 million
Loss from securities revaluation	¥442 million
Allowance for doubtful receivables	¥218 million
Accrued retirement benefits for directors and corporate auditors	¥568 million
Total loss on impairment of fixed assets	¥3 million
Tax losses carried forward	¥4,406 million
Unrealized inter-company profit	¥254 million
Unrealized losses on other securities	¥55 million
Other	¥620 million
Deferred tax assets (fixed) subtotal	¥13,432 million
Valuation allowance	(¥4,665 million)
Deferred tax assets (fixed) total	¥8,768 million
Offset of deferred tax liabilities (fixed)	(¥5,561 million)
Net deferred tax assets (fixed)	¥3,206 million

## (Deferred tax liabilities)

1) Current liabilities	
Retained subsidiaries profits	(¥764 million)
Allowance for doubtful receivables	(¥4 million)
Other	(¥1 million)
Deferred tax liabilities (current) total	(¥769 million)
Offset of deferred tax assets (current)	¥1 million
Net deferred tax liabilities (current)	(¥768 million)

## 2) Fixed liabilities

Special tax purpose reserve	(¥3,440 million)
Depreciation	(¥448 million)
Unrealized losses on other securities	(¥8,230 million)
Allowance for doubtful receivables	(¥147 million)
Other	(¥138 million)
Deferred tax liabilities (fixed) total	(¥12,406 million)
Offset of deferred tax assets (fixed)	¥5,561 million
Net deferred tax liabilities (fixed)	(¥6,845 million)

## 2 Principal reasons for the difference between the statutory tax rate and the rate of income after application of deferred tax accounting

Statutory tax rate of the Company which submitted the consolidated balance sheets	
Effect of:	40.3%
Tax rate difference of subsidiaries	(3.5%)
Expense account and others not deductible permanently	0.8%
Dividend income and others not taxable permanently	(9.0%)
Foreign tax credit	(0.3%)
Investment tax credit	(3.1%)
Reduction adjustment on deferred tax assets as of the end of the period due to change in the tax rate	2.5%
Unrealized losses on valuation allowance	(10.3%)
Dividend income from the consolidated subsidiaries	8.2%
Equity-method investment gains	(1.5%)
Research expense, etc., special deduction	(1.1%)
Other	0.5%
Effective tax rate	23.5%

## Asset retirement obligations

Asset retirement obligations recognized on the consolidated balance sheets

## (1) Summary of relevant asset retirement obligations

With regard to instances of asbestos used in property, plant and equipment, the affected assets are at the time of their retirement subject the special methods required under the Ordinance on Prevention of Health Impairment due to Asbestos.

## (2) Calculation of the amount of relevant asset retirement obligations

The calculation of relevant asset retirement obligations uses the end of the remaining useful life as the estimated period until expenditure and applies a discount rate of 2.1%.



(3) Change in total consolidated asset retirement obligations in the period under review

Balance at start of period	¥306 million
Reduction due to sale of property, plant, and equipment	(¥32 million)
Adjustment for passage of time	¥0 million
Balance at end of period	¥274 million

## Segment information

### 1. Outline of segment

Reporting segments are comprised of those constituent segments of the Group for which stand-alone financial information is available. They are the subject of periodic review for the board of directors to determine the allocation of management resources and for the evaluation of operating results.

The Company operates principally on four industrial segments: automotive suspension springs; automotive seating; precision springs and components; and industrial machinery and equipment, and other based on manufacturing division of the Company.

Main products of each segment are as follows:

Segment	Main products
Automotive suspension springs	Leaf springs, coil springs, stabilizer bars, torsion bars, stabilizer links, gas springs, stabilinker and others
Automotive seating	Seats, mechanical seating components, trim parts and others
Precision springs and components	HDD suspensions and mechanical components, wire springs, flat springs, LCD/semiconductor testing probe units, precision machine components and others
Industrial machinery and equipment, and others	Brazed products, ceramic products, spring mechanisms, pipe support systems, automatic parking systems, polyurethane products, metal-based printed wiring boards, security products, lighting equipment, golf club shafts and others

### 2. Method of calculation of sales, income, assets, liabilities, and other account items by reporting segment

The method of accounting applied for reporting segments corresponds to the

descriptions in the "Important Matters Concerning the Basis of Preparation of Consolidated Financial Statements." Earnings of reported segments reflect values based on operating income.

### 3. Net sales, income or loss, assets and liabilities, and other items by reporting segment

(Millions of Yen)

	Segment				Total	Adjustments	Total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other			
Sales							
Sales to external customers	90,334	175,714	99,961	74,742	440,752	—	440,752
Inter-segment sales	1,704	86	907	6,249	8,947	(8,947)	—
Net sales	92,038	175,801	100,868	80,992	449,700	(8,947)	440,752
Operating income	6,814	8,134	3,508	4,036	22,493	—	22,493
Assets	73,151	97,311	87,291	64,981	322,736	70,959	393,695
Other							
Depreciation	3,757	4,149	10,034	1,881	19,823	1,548	21,371
Amount invested in equity-method affiliates	3,163	2,681	646	1,905	8,397	—	8,397
Property, plant and equipment and intangible assets increase	3,786	4,813	8,946	1,314	18,861	1,509	20,370

(Note) Adjustment amounts are as follows:

- (1) The segment asset adjustment amount of ¥70,959 million includes corporate-level assets not allocated to the individual reportable segments. Corporate-level assets consist mainly of cash and deposits that do not belong to reportable segments.
- (2) Depreciation charges relate mainly to the head office building.
- (3) Adjustment amounts for increased property, plant, and equipment and intangible fixed assets relate to increased corporate-level assets that do not belong to reportable segments.

#### 4. Segment by location

(1) Sales

(Millions of Yen)

Japan	North America	Asia	Other	Total
284,219	43,353	110,102	3,077	440,752

(2) Property, plant and equipment

(Millions of Yen)

Japan	North America	Asia	Total
81,725	12,535	22,917	117,178

#### 5. Information on impairment loss of property, plant and equipment of reporting segments

(Millions of Yen)

	Segment					Elimination of corporate assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Impairment	—	—	123	226	350	—	350

#### 6. Segment information of goodwill amortization

(Millions of Yen)

	Segment					Elimination of corporate assets	Consolidated total
	Suspension springs	Seating	Precision springs and components	Industrial machinery and equipment, and other	Total		
Amortization during the year	1	(1)	—	(67)	(67)	—	(67)
Balance at end of year	1	—	—	(29)	(28)	—	(28)

#### 7. Information by reporting segment on gains accrued from negative goodwill

Not applicable

### Related party information

#### 1 Related party transactions

(1) Transactions with companies included in the consolidated financial statements and related parties.

Type	Name	Address	Capital (million yen)	Business area	Proportion of voting rights owned (%)	Related party transactions	Details of transactions	Amount of transactions (million yen)	Accounts recorded	Balance at end of year (million yen)
Subsidiary	G.L.G. Corporation	Saiwai-ku, Kawasaki	99	Golf range	100.0	Three concurrent director	Rented properties from our company	439	—	—
Affiliate	Faurecia-NHK Co., Ltd.	Naka-ku, Yokohama	400	Seating	50.0	Customer of our company Five concurrent director	Purchased most products from our company	9,534	Trade accounts receivable	4,389

(Note 1) Amount of transactions does not include consumption tax. Balance at end of year includes the consumption tax.

(Note 2) Conditions of transactions and its policy, sales of our company's products to subsidiaries and affiliates are determined by the reference to market values.

(2) Transactions with subsidiaries of companies included in the consolidated financial statements and related parties.

Type	Name	Address	Capital (million yen)	Business area	Proportion of voting rights owned (%)	Related party transactions	Details of transactions	Amount of transactions (million yen)	Accounts recorded	Balance at end of year (million yen)
Affiliate	Faurecia-NHK Co., Ltd.	Naka-ku, Yokohama	400	Seating	50.0	Customer of our company Five concurrent director	Consolidated subsidiaries are vendors of parts	31,833	Trade accounts receivable	4,720
Subsidiary	Nippan Business Support Co., Ltd.	Koto-ku, Tokyo	10	Supply of services to all business areas (factoring)	52.5 (indirect)	Transfer of the account payable	Transfer of accounts payable by consolidated subsidiaries	22,530	Trade accounts payable	9,116

(Note 1) Amount of transactions and balance at end of year include the consumption tax.

(Note 2) Conditions of transaction and its policies including transfer of the account payable are determined as same as those of general transactions.

## 2 Note on the Company or related companies

Not applicable

### Per share information

1. Net assets per share                   ¥655.86
2. Net income per share               ¥71.47

(Note) Basic calculation

#### 1. Net assets per share

Item	
Total net assets (million yen)	166,739
Amount deducted from total net assets (million yen)	11,827
(Minority interests)	(11,827)
Net income available for dividends on common stock at end of year (million yen)	154,911
Number of outstanding shares of common stock (thousand shares)	244,066
Number of common stock for treasury (thousand shares)	7,871
Descriptions of potential shares included in the computation of diluted net income per share (thousand shares)	236,195

#### 2. Net income per share

Item	
Income in the consolidated balance sheets (million yen)	16,741
Amount not available for common shareholders (million yen)	—
Net income available for dividends on common shares (million yen)	16,741
Weighted-average number of common shares outstanding during the year (thousand shares)	234,236

# Consolidated supplemental schedules

## 1. Schedule of bonds payable

Company name	Description	Date of Issuance	Balance at the start of the period (million yen)	Balance at end of current year (million yen)	Interest rate (%)	Collateral	Maturity
NHK Spring Co., Ltd.	7th non-collateral corporate bonds (inter-bond pari passu clause)	December 15, 2010	10,000	10,000 [—]	0.789	—	December 15, 2015
NHK Spring Co., Ltd.	8th non-collateral corporate bonds (inter-bond pari passu clause)	September 13, 2011	—	10,000 [—]	0.544	—	September 13, 2016
Total	—	—	10,000	20,000 [—]	—	—	—

(Note 1) The amounts in brackets presented under "Balance at end of current year" represent the amounts scheduled to be redeemed within one year.

(Note 2) The redemption schedule of bonds for 5 years is summarized as follows.

(Millions of Yen)

Within one year	One to two years	Two to three years	Three to four years	Four to five years
—	—	—	10,000	10,000

## 2. Schedule of borrowings

Category	Balance at the start of the period (million yen)	During the current fiscal year (million yen)	Average interest rate (%)	Maturity
Short-term debt	8,667	9,733	0.738	—
Current portion of long-term borrowings	12,841	12,847	1.321	—
Current portion of lease obligations	689	604	—	—
Long-term borrowings (excluding current portion)	24,454	22,421	1,249	2013 to 2016
Lease obligation (excluding current portion)	2,889	2,404	—	2013 to 2018
Other interest-bearing liabilities Commercial paper (due within one year)	3,000	6,000	0.110	—
Total	52,542	54,013	—	—

(Note 1) Average interest rate represents the weighted-average rate applicable to the year-end balance.

(Note 2) The following table shows the aggregate annual maturities of long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for 5 years.

(Millions of Yen)

Category	One to two years	Two to three years	Three to four years	Four to five years
Long-term borrowings	10,433	7,067	2,765	2,155
Lease obligations	524	495	352	676

(Note 3) Average interest rate is not described for lease obligation (excluding lease obligation due within one year) and lease obligation due within one year is indicated by using interest calculated methods in some subsidiaries.



## Corporate overview

### ■ Corporate overview (as of March 31, 2012)

Trade name:	NHK SPRING CO., LTD.
Established:	September 1939
Capital:	¥17,009.57 million
Employees:	4,726 (Non-consolidated), 19,711 (Consolidated) * temporary employee is included
Sales:	¥440.7 billion (Fiscal 2011 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:	Yokohama Minatomirai, Kita-Kanto, Hamamatsu, Nagoya, Osaka, Hiroshima, Fukuoka
Stock market listing:	First Section, Tokyo Stock Exchange (Code 5991)
Affiliates:	23 Domestic, 24 Overseas

### ■ Shares

Total authorized shares	600,000,000
Total issued shares	244,066,144
Total number of shareholders	12,023

Movements in share price	High	Low
Apr.-Jun. 2011	836	696
Jul.-Sep. 2011	861	639
Oct.-Dec. 2011	747	608
Jan.-Mar. 2012	919	657

(Yen)

### ■ Members of the board of directors and auditors (As of June 28, 2012)

Board of Directors	Corporate Officers
<b>Chairman of the Board</b> Kenji Sasaki	<b>President &amp; Chief Executive Officer</b> Kazumi Tamamura
<b>President &amp; Chief Executive Officer</b> Kazumi Tamamura	<b>Executive Vice President</b> Tsutomu Yamaguchi Takao Itoi
<b>Executive Vice President</b> Tsutomu Yamaguchi Takao Itoi	<b>Executive Corporate Officers</b> Mitsushige Kawakubo Kaoru Hatayama
<b>Board of Directors</b> Mitsushige Kawakubo Hiroyuki Kado Akira Umebayashi	<b>Senior Corporate Officers</b> Hiroyuki Kado Akira Umebayashi Tsunehiko Hirano Toshio Hamano Akihiro Honda Taro Umemura Yosei Morioka Ryuji Yashiro Masahiko Maeda
<b>Auditor</b> Hidetoshi Takahashi Kenji Shimizu Hitoshi Horie Susumu Komori	<b>Corporate Officers</b> Fumiaki Kimura Takashi Kayamoto Toshio Kazama Toru Sugiyama Hidekazu Hoshino Ryuichi Shibata Susumu Senkawa Morio Horimoto Kiyohiko Kanmei Hideto Enomoto Kou Masuda Naoto Sakai Kazuhiko Otake Tatsuro Nakajima Hironobu Sugiura

## A note from the editors

Thank you so much for reading this report. It started out in 2000 as the Environment Report; it then became our Environmental and Social Report, and our Social and Environmental Report, before being renamed the CSR Report in 2007. Since 2008, 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 2012



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