BRIEF REPORT OF CONSOLIDATED FINANCIAL RESULTS
(Year ended March 31 , 2006)

May 9, 2006

Registered
Company Name: MINEBEA CO., LTD.
Code No: 6479
(URL http://www.minebea.co.jp)

Common Stock Listings: Tokyo, Osaka and Nagoya
Headquarters: Nagano-ken

Representative: Takayuki Yamagishi Representative Director, President and Chief Executive Officer
Contact: Sakae Yashiro Managing Executive Officer, Deputy Chief of Administration Headquarters
Tel. (03) 5434-8611

Board of Directors' Meeting for Consolidated Financial
Results held on: May 9, 2006
Adoption of U.S. Accounting Standards: None

1. Business performance (April 1, 2005 through March 31, 2006)

(1) Consolidated Results of Operations (Amounts less than one million yen have been omitted.)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Ordinary income (millions of yen)	% Change
FY2006	318,446	8.2	19,269	36.8	14,595	43.0
FY2005	294,422	9.6	14,083	(22.2)	10,206	(26.0)

	Net income (millions of yen)	% Change	Net income per share (yen)	Fully diluted net income per share (yen)	Return (net income) on equity (%)	Return (ordinary income) on assets (%)	Return (ordinary income) on sales (%)
FY2006	4,257	(23.7)	10.67	—	3.9	4.3	4.6
FY2005	5,581	(7.3)	13.93	13.27	5.7	3.2	3.5

(Notes) 1. Income or loss on investments for FY2006 on the equity method totaled income 5 million yen and 13 million yen in FY2005.
2. Weighted average number of shares outstanding during the respective years (consolidation):
399,052,181 shares at March 31, 2006
399,074,238 shares at March 31, 2005
3. Changes in accounting method: Yes
4. The percentages of net sales, operating income, ordinary income and net income show year-on-year changes.

(2) Consolidated Financial Position

	Total assets (millions of yen)	Shareholders' equity (millions of yen)	Shareholders' equity ratio (%)	Shareholders' equity per share (yen)
FY2006	349,862	117,577	33.6	294.65
FY2005	332,217	102,088	30.7	255.82

(Notes) Number of shares outstanding at end of year (consolidation):
399,046,324 shares at March 31, 2006
399,062,072 shares at March 31, 2005

(3) Consolidated Cash Flows

	Cash flows from operating activities (millions of yen)	Cash flows from investing activities (millions of yen)	Cash flows from financing activities (millions of yen)	Year end balance of cash and cash equivalents (millions of yen)
FY2006	28,237	(19,120)	(7,380)	24,385
FY2005	27,586	(23,789)	(8,772)	21,759

(4) Scope of consolidation and application of equity method
Number of consolidated companies............................43 companies
Number of non-consolidated companies......................None
Number of affiliated companies for equity method....1 company

(5) Accounting changes of scope of consolidation and application of equity method
(a) Changes in consolidated subsidiaries
Anew: None Exclusion: 4 companies
(b) Changes of the companies subject to equity method
Anew: None Exclusion: None

2. Prospect for the next fiscal year (April 1, 2006 through March 31, 2007)

	Net sales (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)
Interim	152,000	8,400	5,300
Annual	310,000	19,000	10,000

(Reference) Projected annual net income per share: 25.06 yen

(Notes) The above-mentioned forecasts are based on the information available as of the date when this information is disclosed, as well as on the assumptions as of the disclosing date of this information related with unpredictable parameters that are probable to affect our future business performances in the end.

In other words, our actual performances are likely to differ greatly from these estimates depending on various factors that will take shape from now on.

As for the assumptions used for these forecasts and other related items, please refer to page seven of the documents attached hereunder.

(Reference)

1. Condition of group of enterprises

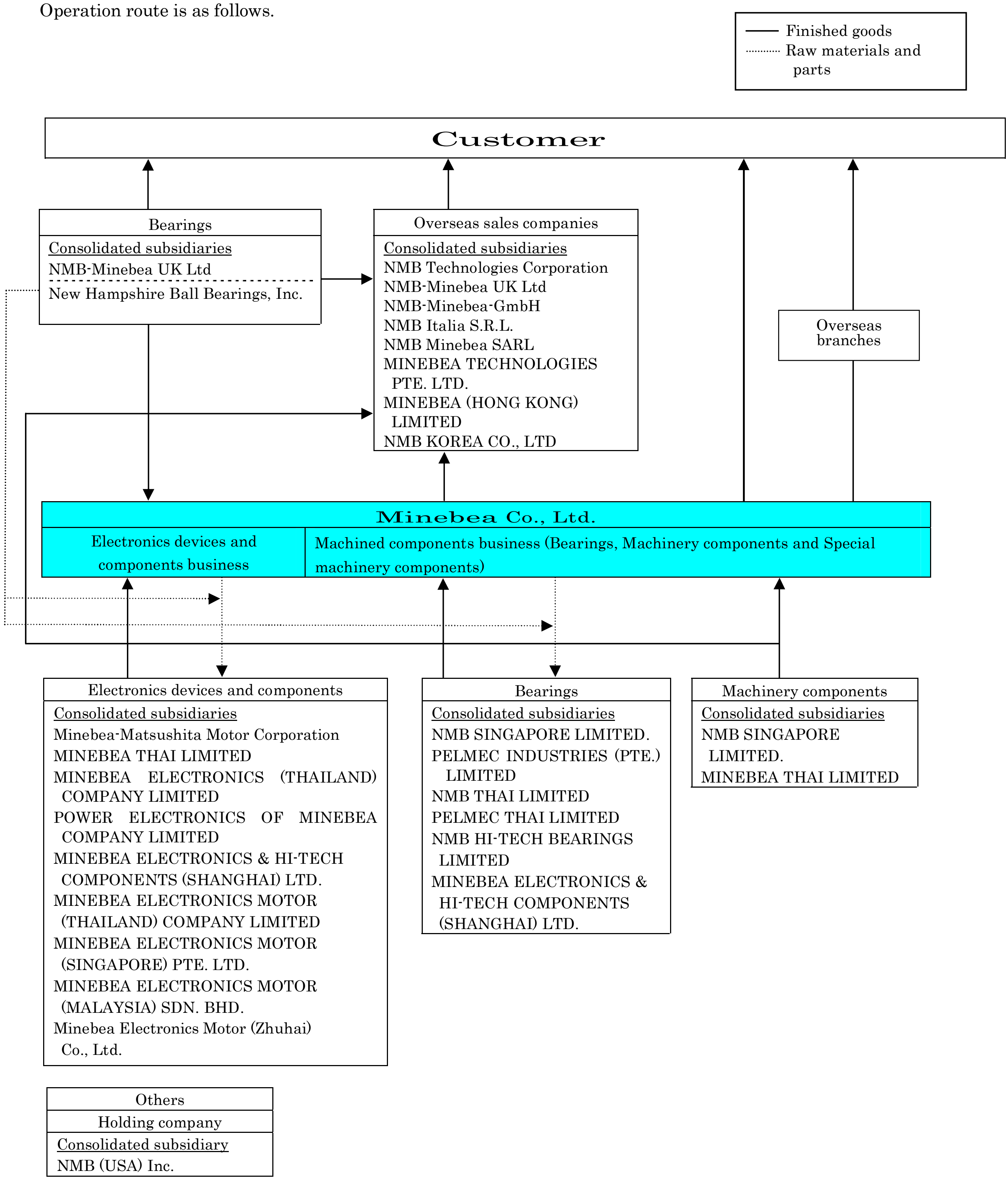
Minebea group consists of Minebea Co., Ltd. (the company) and 44 related companies (43 consolidated subsidiaries and 1 affiliated company). Minebea group produces and sells bearings, machinery components, special machinery components, electronic devices.

The company and domestic consolidated subsidiaries, consolidated subsidiaries in U.S.A., Europe and Asia are in charge of production. The Company markets its products directly to Japanese customers. In overseas markets, the Company markets its products through its subsidiaries and branches in the United States, Europe and Asia.

The relationship between each operation and business segments, and main manufacturing and sales companies are as follows.

<table>
<tr><th>Business segments</th><th>Operations</th><th>Manufacturing companies</th><th>Sales companies</th></tr>
<tr><td rowspan="3">Machined components business</td><td>Bearings</td><td>Minebea Co., Ltd.
New Hampshire Ball Bearings, Inc.
NMB-Minebea UK Ltd
NMB SINGAPORE LIMITED.
PELMEC INDUSTRIES (PTE.) LIMITED
NMB THAI LIMITED
PELMEC THAI LIMITED
NMB HI-TECH BEARINGS LIMITED
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.</td><td rowspan="4">Minebea Co., Ltd.
NMB Technologies Corporation
New Hampshire Ball Bearings, Inc.
NMB-Minebea UK Ltd
NMB-Minebea-GmbH
NMB ITALIA S.R.L.
NMB Minebea SARL
MINEBEA TECHNOLOGIES PTE. LTD.
MINEBEA (HONG KONG) LIMITED
NMB KOREA CO., LTD.</td></tr>
<tr><td>Machinery components</td><td>Minebea Co., Ltd.
NMB SINGAPORE LIMITED.
MINEBEA THAI LIMITED</td></tr>
<tr><td>Special machinery components</td><td>Minebea Co., Ltd.</td></tr>
<tr><td>Electronics devices and components business</td><td>Electronics devices and components</td><td>Minebea Co., Ltd.
Minebea-Matsushita Motor Corporation
MINEBEA THAI LIMITED
MINEBEA ELECTRONICS (THAILAND) COMPANY LIMITED
POWER ELECTRONICS OF MINEBEA COMPANY LIMITED
MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD.
MINEBEA ELECTRONICS MOTOR (THAILAND) COMPANY LIMITED
MINEBEA ELECTRONICS MOTOR (SINGAPORE) PTE.LTD.
MINEBEA ELECTRONICS MOTOR (MALAYSIA) SDN.BHD.
Minebea Electronics Motor (Zhuhai) Co., Ltd.</td></tr>
</table>

Operation route is as follows.



2. Management Policy

(1) Basic Management Policy

Minebea has adopted the following five principles as its basic policy for management.

(a) Ensure that Minebea is a company for which we feel proud to work.
(b) Reinforce the confidence our customers have.
(c) Respond to our shareholders' expectations.
(d) Ensure a welcome for Minebea in local communities.
(e) Contribute to a global society.

Under this basic management policy, we have actively addressed the development of high value-added products and the sophistication of product quality. In addition we have focused company resources on areas where we can display ultraprecision machining technologies and mass production technologies that are both the source of our competitiveness. At the same time, we have strengthened our operations based on financial improvements, and have striven to practice a transparent management form that is easier to understand within and across the company.
Furthermore, as a key theme in the development of business in various parts of the world, we have has continued our commitment to environmental protection activities.

(2) Basic Policy for Profit Sharing

Our basic dividend policy is to consider the return of profits to shareholders, business development, the strengthening of corporate structure, etc. in an overall perspective. We consider it important to continue paying stable dividends. Therefore, we will use internal reserves in providing for operating funds in connection with the enhancement of corporate structure and new growth in the future.

(3) Policy for Reducing the Minimum Trading Unit

We consider it important in terms of capital management to increase our stock liquidity and the number of shareholders. Taking the current investment amount into consideration, we will carefully examine the possibility of reducing the minimum trading unit, including revision of unitary transaction stock, in order to foster an investor-friendly environment.

(4) Future Management Strategies and Tasks

In accordance with the basic management policies as mentioned earlier, we aim to improve profitability and enhance corporate value based on a "vertically integrated manufacturing system," "large-scale volume production system," and "well-developed R&D system," which have been established worldwide, in order to ensure our place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

The tasks to be accomplished to achieve this goal are to:
(a) Further reinforce our mainstay bearings and bearing-related products;
(b) Build our operations in the area of precision small motors into a second pillar of our operations after bearings and bearing-related products; and
(c) Increase the ratio of high-value-added products in all product categories and diversify offerings to serve a broader market.

(5) Parent company, etc.

The Company has no parent company.

(6) Management Index

Our consolidated forecasts for fiscal year ending March 2007 are as follows:

(Amount: millions of yen)

	Fiscal year ending March 2007
Net sales	310,000 (97%)
Operating income	25,000 (130%)
Ordinary income	19,000 (130%)
Net income	10,000 (235%)
Capital investment	21,000 (96%)

(%): Year-on-year rate of change

3. Operating Performance and Financial Position

(1) Operating Performance

1. Overview of the year

During the current consolidated fiscal year, the Japanese economy continued a private demand-driven recovery with favorable conditions in the corporate sector having an impact on the household sector. The U.S. economy, although facing soaring energy prices and hurricane damage, expanded steadily as a whole, led by growth in wealth from housing investments. The European economy grew moderately with signs of turnaround in foreign demand and capital investment. The Chinese economy, meanwhile, maintained high growth due to a continued rise in exports mainly to the United States and developing countries, despite the implementation of the revaluation of yuan and tight constraints on overheated investment. The economies in Southeast Asian countries stayed firm due to continued growth in the U.S. economy and high growth in China.

Under these circumstances, we strove to make our profitable basis stronger in order to further enhance earnings in a short period of time by addressing such near-term strategic agenda as resolutely carrying out structural reforms; reinforcing R&D efforts; and driving for management with a clear future vision. At the same time, we also concentrated on further reducing costs; developing high value-added products and new technologies; and expanding marketing activities.

As a result, net sales increased 24,023 million yen (8.2%) year on year, to 318,446 million yen, and operating income increased 5,185 million yen (36.8%) year on year, to 19,269 million yen. Although ordinary income increased 4,388 million yen (43.0%) year on year, to 14,595 million yen, net income fell 1,323 million yen (-23.7%) year on year, to 4,257 million yen due to an extraordinary loss of 3,475 million yen from the restructuring of our PC keyboard business.

During the current consolidated fiscal year, we posted an extraordinary loss of 967 million yen as a result of implementing impairment accounting for fixed assets.

(a) Performance by business segment is as follows:

Machined components business

Our products in this business segment include ball bearings, which are our mainstay product; mechanical components such as rod-end bearings primarily for use in aircraft and pivot assemblies for use in hard disk drives (HDDs); screws for automobiles and aircraft; and defense-related devices and equipment. Sales of ball bearings to makers of automobiles and information & telecommunications equipment stayed strong year on year owing to our vigorous sales expansion efforts. Sales of rod-end bearings rose to the aerospace industry, mainly in the U.S. and Europe. In pivot assemblies, sales grew largely, owing to strong demand from the HDD industry. As a result, net sales rose 13,490 million yen (11.6%) year on year, to 129,595 million yen. Operating income increased 2,984 (13.8%) year on year, to 24,556 million yen, due to cost reductions, etc. resulting from increased production and production efficiency.

Electronic devices and components business

Our core products in this business segment include HDD spindle motors; information motors such as fan motors; stepping motors, vibration motors and DC brush motors; PC keyboards; speakers; LCD back lights; and measuring instruments. Sales of LCD back lights, information motors and PC keyboard grew substantially to makers of cellular phones, office automation, PCs and peripheral equipment. On the other hand, sales of HDD spindle motors declined as a result of striving to improve earnings, instead of seeking sales volume. As a result, net sales increased 10,534 million yen (5.9%) year on year, to 188,851 million yen. Operating income improved 2,202 million yen year on year, to (5,287) million yen, due to a rapid recovery in performance led by a substantial cost reduction in HDD spindle motors, etc, increased profits from increased sales of LCD back lights, and other factors.

(b) Performance by geographical segment is as follows:

Japan

Although net sales in this region increased 1,196 million yen (1.6%) year on year, to 77,856 million yen, operating income decreased 830 million yen (-30.2%) year on year, to 1,922 million yen.

Asia excluding Japan

This region includes Greater China region which continues high growth due mainly to vigorous investment, and is an important manufacturing base for many makers of Japan, Europe, America and other countries. Sales were firm mainly in the Greater China region, led by expanded demand from the information & telecommunications equipment industry and steady demand from the household electrical appliance industry. On the profit side, profitability improvement effects have been showing up, due to a price increase and cost cuts in such mechanical assemblies as pivot assemblies, cost reduction measures for HDD spindle motors, etc. As a result, net sales and operating income increased 17,999 million yen (13.1%) and 6,972 million yen (118.8%) year on year, respectively, to 155,423 million yen and 12,842 million yen.

North America

Despite progress in production shift by our information & telecommunications equipment-related customers to Asia, sales of PC keyboards and other electronic devices and components were firm in this region. In addition, in ball bearings manufactured in the U.S. and rod-end bearings for sales to aviation-related and other industries, both demand and sales were brisk. As a result, net sales rose 7,078 million yen (13.5%) year on year, to 59,467 million yen, whereas operating income fell, partly due to changes in internal price setting, 1,622 million yen (-36.0%) to 2,888 million yen.

Europe

Sales of ball bearings, rod-end bearings and other products were firm as moderate economic growth was seen in this region. But due to the transfer of PC keyboard sales to U.S. customers to North America, net sales fell 2,249 million yen (-8.0%) year on year, to 25,698 million yen, while operating income rose 665 million yen (70.0%), to 1,615 million yen.

2. Outlook for the next fiscal year

We expect that the Japanese economy will continue a moderate recovery especially in private demand, with continued increases in personal consumption and capital investment. In China, although we have to pay attention to expanding trade surpluses, another revaluation of the Chinese Yuan, etc., the economy will maintain a high growth rate. In the U.S. too, solid economic growth is expected to continue, although there are concerns about the trends of long-term interest rates, crude oil prices and housing prices, as well as current account deficits. We expect that the world economy will continue to stay on a well-balanced growth path. Under these circumstances, we expect net sales to remain almost level with the current consolidated fiscal year due to steady growth in sales of bearing-related products, although sales in the electronic devices and components business will fall due to the restructuring of the PC keyboard business.

(a) Outlook by business segment for the full year is as follows:

Machined components business

We will continue to aggressively expand sales of mainstay ball bearings to the household electrical appliance, automobile and information & telecommunications equipment industries, demand from which is firm. By achieving economies of scale in manufacturing from this sales expansion and further reducing costs, we aim to improve business results further. In addition, the aircraft market for rod-end bearings are strong, particularly in Europe and the U.S. We can expect benefits from this strong aircraft market. In pivot assemblies, we expect that sales will be steady with strong demand.

Electronic devices and components business

In the spindle motor business, we will continue to promote cost reduction measures and strive to achieve a step-by-step increase in sales in line with an expansion in the market size. In the information motors business, we can expect the effects of the review of our product mix and other business reform measures that we have implemented. In the area of PC keyboards, we will strive to improve business results by advancing the establishment of a business structure that is most suitable for production and sales of models, particularly high-quality, high-priced ones. In LCD back lights and measuring instruments, we expect that sales will remain strong.

(b) Outlook by geographical segment for the full year is as follows:

Japan

We expect that sales will continue to be in a harsh operating environment, as many of our customers are shifting production from their plants in Japan to those in other Asian countries, including China.

Asia excluding Japan

This region offers the largest market for our products. Taking full advantage of having our key manufacturing bases right in this largest market area, we strongly aim to improve performance. We expect better results in the businesses of HDD spindle motors and information motors through cost reductions, plant consolidations, etc. In PC keyboards, we will set up an optimal production structure quickly through restructuring measures to improve business results.

North America

In U.S. manufactured rod-end bearings and other principal products, we continue to receive strong orders from aerospace and other industries. We also expect that import products such as ball bearings and motors will continue to post firm sales, despite a fall in sales of PC keyboards due to a shift to high-priced products through the restructuring.

Europe

The European economy continues to grow moderately. Sales and profits are expected to move as we witnessed for the current consolidated fiscal year.

(2) Financial Position in the Current Fiscal Year

The Minebea Group has pursued its principal management policy of enhancing its financial soundness and continued to take decisive steps to squeeze total assets, restrain capital investment, and reduce interest-bearing debt. The balance of cash and cash equivalents in the current fiscal year totaled 24,385 million yen, up 2,626 million yen (12.1%) year on year.

Cash flows from various business activities during the current consolidated fiscal year and relevant factors are as follows:

Operating activities: Due mainly to 9,620 million yen of income before income taxes, 23,972 million yen of depreciation charges, the rise in inventories and allowance for business restructuring, and the payment of income taxes, net cash flow from operating activities rose 651 million yen (2.4%) compared with the previous consolidated fiscal year, to 28,237 million yen.

Investing activities: Due to the year-on-year rise of expenditure for purchase of property, plant and equipment to 21,897 million yen, net cash outflow from investing activities rose 4,669 million yen (19.6%) year on year, to 19,120 million yen.

Financing activities: Due mainly to the redemption of bonds with warrants attached of 4,000 million yen and the dividend payment of 2,793 million yen, net cash outlay from financing activities fell 1,392 million yen (15.9%) year on year, to 7,380 million yen.

(3) Risk Management

As of the end of the current consolidated fiscal year, the company recognizes that the Minebea Group has the following risks and uncertainties that have the potential to affect its group operating results and/or financial position:

1. Market risk

Principal markets for Minebea products, including those for PCs and peripheral equipment, information and telecommunications equipment and household electrical appliances, are intensely competitive and subject to significant fluctuations in demand. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk

A significant portion of our consolidated net sales are in markets outside of Japan. Our business is thus vulnerable to risks associated with fluctuations in foreign currency exchange rates. We have entered into various currency exchange contracts and other derivatives transactions to hedge these risks, but fluctuations in foreign currency exchange rates may affect our operating results and/or financial position over the long term.

3. R&D risk

While we focus on R&D to introduce a constant stream of new, high-quality products, we are subject to the risk that significant R&D expenditures may not be rewarded with successes, as there are no guarantees that R&D efforts will come to fruition.

4. Legal risk

The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against Minebea Group operations in Japan and/or overseas. We are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

5. Risk related to price negotiations

We continue to face intense competition from lower-priced products made overseas. We are subject to the risk that we will be unable to maintain or increase our share should market needs shift to low-quality, low-priced products.

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers and strive to ensure optimal purchase inventory volumes for such materials and access to stable supplies of materials with stable prices. However, we are subject to the risk that rising prices for such materials may affect our operating results and/or financial position in the future.

7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted primarily in Thailand, China, and Singapore. While considerable time has passed since we established operations in these countries, our operations overseas are subject to the following risks, any of which may have a negative impact on our operating results and/or financial position:

(a) Unexpected changes to laws or regulations.
(b) Difficulty in attracting and securing appropriate human resources.
(c) Acts of terrorism or war, or other acts that may cause social disruption.

(4) Important Agreement in the Current Fiscal Year

None

4. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

	As of March 31, 2005		As of March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
ASSETS					
Current assets	147,295	44.3	153,564	43.9	6,268
Cash and cash equivalents	21,759		24,385		
Notes and accounts receivable	62,610		66,362		
Inventories	46,963		48,914		
Deferred tax assets	5,123		3,402		
Others	11,125		10,784		
Allowance for doubtful receivables	(287)		(285)		
Fixed assets	184,808	55.7	196,216	56.1	11,407
Tangible fixed assets	156,521		165,759		9,238
Building and structure	97,222		104,435		
Machinery and transportation equipment	202,364		232,021		
Tools, furniture and fixtures	50,737		51,705		
Land	15,086		14,755		
Construction in progress	1,228		1,517		
Accumulated depreciation	(210,118)		(238,675)		
Intangible fixed assets	14,113		13,177		(935)
Consolidation adjustments	10,353		9,794		
Others	3,760		3,383		
Investment and other assets	14,174		17,279		3,104
Investment in securities	6,308		10,963		
Long-term loans receivable	35		46		
Deferred tax assets	6,016		4,552		
Others	1,870		1,772		
Allowance for doubtful receivables	(56)		(55)		
Deferred charges	112	0.0	81	0.0	(30)
Total assets	332,217	100.0	349,862	100.0	17,645

	As of March 31, 2005		As of March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
LIABILITIES					
Current liabilities	141,449	42.6	150,886	43.1	9,437
Notes and accounts payable	25,901		26,683		
Short-term loans payable	81,256		80,656		
Current portion of long-term loans payable	1,855		8,115		
Current portion of bonds	—		3,000		
Current portion of bond with warrant	4,000		—		
Accrued income taxes	2,344		3,045		
Accrued bonuses	3,247		3,518		
Reserve for environmental preservation expenses	794		—		
Allowance for business restructuring losses	—		3,286		
Others	22,050		22,581		
Long-term liabilities	86,144	25.9	80,767	23.1	(5,377)
Bonds	38,000		36,500		
Long-term loans payable	47,340		43,000		
Allowance for retirement benefits	305		641		
Allowance for retirement benefits to executive officers	49		49		
Others	448		576		
Total liabilities	227,594	68.5	231,653	66.2	4,059
MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES	2,534	0.8	631	0.2	(1,902)
SHAREHOLDERS' EQUITY					
Common stock	68,258	20.5	68,258	19.5	—
Additional paid-in capital	94,756	28.5	94,756	27.1	—
Retained earnings	5,519	1.7	6,983	2.0	1,463
Difference on revaluation of other marketable securities	1,575	0.5	4,428	1.2	2,853
Foreign currency translation adjustments	(67,965)	(20.5)	(56,784)	(16.2)	11,181
Treasury stock	(56)	(0.0)	(65)	(0.0)	(9)
Total shareholders' equity	102,088	30.7	117,577	33.6	15,489
TOTAL LIABILITIES, MINORITY INTEREST IN CONSOLIDATED SUBSIDIARIES AND SHAREHOLDERS EQUITY	332,217	100.0	349,862	100.0	17,645

(2) Consolidated Statements of Income

	Year ended March 31, 2005		Year ended March 31, 2006		Increase or (decrease) (2006-2005)
	Millions of yen	% Comp.	Millions of yen	% Comp.	Millions of yen
Net sales	294,422	100.0	318,446	100.0	24,023
Cost of sales	232,019	78.8	249,934	78.5	17,915
Gross profit	62,403	21.2	68,511	21.5	6,108
Selling, general and administrative expenses	48,319	16.4	49,242	15.5	922
Operating income	14,083	4.8	19,269	6.0	5,185
Other income	1,551	0.5	1,503	0.5	(47)
Interest income	145		258		
Dividends income	37		71		
Equity income of affiliates	13		5		
Others	1,354		1,167		
Other expenses	5,427	1.8	6,177	1.9	749
Interest expenses	3,361		4,771		
Foreign currency exchange loss	755		345		
Others	1,311		1,060		
Ordinary income	10,206	3.5	14,595	4.6	4,388
Extraordinary income	404	0.1	1,054	0.3	650
Gain on sales of fixed assets	301		415		
Gain on sales of investments securities	—		191		
Gain on the reversal of preemptive rights	—		447		
Reversal of allowance for doubtful receivables	102		—		
Extraordinary loss	2,832	1.0	6,029	1.9	3,196
Loss on sales of fixed assets	565		106		
Loss on disposal of fixed assets	453		763		
Impairment loss	—		967		
Loss on sales of investments securities	0		0		
Loss on revaluation of investments securities	619		—		
Loss on liquidation of affiliates	270		86		
Loss for after-care of products	270		171		
Business restructuring loss	—		3,475		
Retirement benefit expense	609		—		
Retirement benefits to directors and corporate auditors	42		458		
Income before income taxes and minority interests	7,778	2.6	9,620	3.0	1,842
Income taxes					
Current (including enterprise tax)	5,943		5,567		
Adjustment of income taxes	(430)		1,574		
Total income taxes	5,513	1.8	7,141	2.2	1,628
Minority interest in earnings of consolidated subsidiaries	(3,316)	(1.1)	(1,778)	(0.5)	1,538
Net income	5,581	1.9	4,257	1.3	(1,323)

(3) Consolidated Statements of Retained Surplus

	Year ended March 31, 2005	Year ended March 31, 2006	Increase or (decrease) 2006-2005
	Millions of yen	Millions of yen	Millions of yen
CAPITAL RETAINED EARNINGS			
Additional paid-in capital at beginning of year	94,756	94,756	—
Additional paid-in capital at end of year	94,756	94,756	—
RETAINED EARNINGS			
Retained earnings at beginning of year	2,755	5,519	2,763
Increase of retained earnings	5,581	4,257	(1,323)
Net income	5,581	4,257	
Decrease of retained earnings	2,817	2,793	(23)
Cash dividends	2,793	2,793	
Bonus to directors	23	—	
Loss on disposal of treasury stock	0	0	
Retained earnings at end of year	5,519	6,983	1,463

(4) Consolidated Statements of Cash Flows (Amount: millions of yen)

	Year ended March 31,2005	Year ended March 31,2006	Increase or (decrease) 2006-2005
1.Cash Flows from Operating Activities:			
Income before income taxes and minority interests	7,778	9,620	
Depreciation and amortization	22,462	23,972	
Impairment loss	—	967	
Amortization of consolidation adjustments	1,083	1,073	
Equity income of affiliates	(13)	(5)	
Interest and dividends income	(182)	(330)	
Interest expenses	3,361	4,771	
(Gain) loss on sales of fixed assets	264	(308)	
Loss on disposal of fixed assets	453	763	
Decrease in reserve for losses on after-care of products	(210)	—	
(Gain) loss on sales of investments securities	0	(191)	
Loss on revaluation of investments securities	619	—	
Gain on the reversal of preemptive rights	—	(447)	
Increase in notes and accounts receivable	(1,020)	(110)	
(Increase) decrease in inventories	(1,597)	2,082	
Increase (decrease) in accounts payable	1,283	(1,215)	
Decrease of allowance for doubtful receivables	(221)	(24)	
Increase in accrued bonuses	41	111	
Decrease of reserve for environmental preservation expenses	(194)	—	
Increase (decrease) in retirement allowance	(331)	219	
Increase (decrease) of allowance for retirement benefits to executive officers	27	(0)	
Increase in allowances for business restructuring losses	—	3,286	
Payment of bonus to directors and corporate auditors	—	(23)	
Others	1,537	(6,846)	
Sub-total	35,142	37,364	2,222
Interest and dividends received	183	330	
Interest paid	(3,388)	(4,844)	
Income tax paid	(4,351)	(4,612)	
Net cash provided by operating activities	27,586	28,237	651
2.Cash Flows from Investing Activities:			
Purchase of tangible fixed assets	(23,060)	(21,897)	
Proceeds from sales of tangible fixed assets	2,173	3,047	
Purchase of intangible fixed assets	(3,059)	(311)	
Purchase of investment in securities	(37)	(0)	
Proceeds from sales of investment in securities	3	216	
Payments for purchase of investment in subsidiaries	—	(342)	
Increase in cash and cash equivalents due to inclusion in consolidation	71	—	
Long term loans receivables	(67)	(18)	
Recovery of long term loans receivables	164	16	
Others	22	168	
Net cash used in investing activities	(23,789)	(19,120)	4,669
3.Cash Flows from Financing Activities:			
Increase (decrease) in short-term loans payable	2,306	(3,671)	
Decrease in the amount in commercial paper	(4,000)	—	
Proceeds from long term loans	29,324	3,592	
Repayment of long term loans	(6,459)	(1,987)	
Proceeds from issuance of bonds	10,000	1,500	
Payment for redemption of bonds	(10,000)	—	
Payment for redemption of convertible bonds	(27,080)	—	
Payment for redemption of bonds with warrant	—	(4,000)	
Purchase of treasury stock	(9)	(5)	
Cash dividends paid	(2,793)	(2,793)	
Cash dividends paid to minority shareholders	(16)	(14)	
Others	(43)	—	
Net cash used in financing activities	(8,772)	(7,380)	1,392
4.Effect of Exchange Rate Changes on Cash and Cash Equivalents	358	889	530
5.Net Increase (decrease) in Cash and Cash Equivalents	(4,616)	2,626	7,242
6.Cash and Cash Equivalents at Beginning of Year	24,780	21,759	(3,020)
7.Increase in Cash and Cash Equivalents due to Establishment of a Joint Venture	1,596	—	(1,596)
8.Cash and Cash Equivalent at End of Year	21,759	24,385	2,626

(5) Basis of presenting consolidated financial statements

1. Scope of consolidation and application of equity method

Number of consolidated companies..............43 companies

The names of principal consolidated subsidiaries, stated in 1. Condition of group of enterprises, are omitted.

Number of affiliated companies....................1 company

of which, equity method is applied to 1 company including Shonan Seiki Co., Ltd.

2. Scope of consolidation and application of equity method

(a) Changes in consolidated subsidiaries

Anew:	None		
Exclusion:	Liquidation	(3 companies)	Minebea Electronics Co., Ltd. NMB TRADING PTE. LTD. NMB PRECISION TOOL & DIE PTE.LTD.
	Merger	(1 company)	Kanto Seiko Co., Ltd.

(b) Changes of the companies subject to equity method

Anew: None

Exclusion: None

3. Closing date of consolidated subsidiaries

Consolidated subsidiaries whose closing dates are different from that of the company adjusted their financial statements to the company's closing date.

4. Accounting policies

(a) Valuation basis and method of significant assets

1. Inventories

The company and consolidated domestic subsidiaries state primarily at the moving average cost.

Consolidated overseas subsidiaries state at the lower of first-in, first-out cost or market, or at the lower of average cost or market.

2. Other marketable securities

Securities with market value

The company adopted the market value method based on market prices and other conditions at the end of the term. Also, the company accounted for all valuation differences based on the direct capitalization method and the sales costs are calculated by the moving average method.

Securities without market value

Non listed securities are stated at cost determined by the moving average method.

(b) Method of significant Depreciation

1. Tangible fixed assets

The company and consolidated domestic subsidiaries adopt the declining balance method. Their major useful lives are as follows:

Buildings and structures	2 to 50 years
Machinery and equipment	2 to 15 years
Tools, furniture and fixtures	2 to 20 years

They also collectively show equal charges for small depreciable assets (whose acquisition values are not less than 100,000 yen and less than 200,000 yen) over the three years each consolidated fiscal year.

Consolidated overseas subsidiaries mainly adopt the straight-line method.

2. Intangible fixed assets

The company and consolidated domestic subsidiaries mainly adopt the straight-line method. However, depreciation of software (for internal use) is computed on the straight-line method based on our expected useful period (5 years).

Consolidated overseas subsidiaries mainly adopt the straight-line method.

(c) Valuation basis of significant allowances

1. Allowance for doubtful receivables

The company and consolidated domestic subsidiaries make the record in the amount required for the estimated uncollectible receivables based on actual losses of trade receivables and on collectibility of specific receivables with loss possibilities.

Consolidated overseas subsidiaries make the record in the amount required for the estimated uncollectible receivables based on the collectibility of each receivable for possible losses on the receivables.

2. Accrued bonuses

The company and consolidated domestic subsidiaries make preparations for the payment of bonuses to employees, accrued bonuses are shown based on the anticipated amounts of payment in the current term. Consolidated overseas subsidiaries make the record on accrual basis.

3. Allowance for retirement benefit

Regarding the company and its consolidated Japanese subsidiaries, the company stated an amount estimated to accrue at the end of the current term to provide for employee retirement benefits, based on estimated retirement benefit debts and pension assets at the end of the term.

Over the five years within the average remaining length of employees' service, the company will charge differences in mathematical calculation to expenses from the next term, in accordance with the straight-line method.

Regarding the company's consolidated overseas subsidiaries, each subsidiary stated an amount estimated to accrue at the end of the current term to provide for employee retirement benefits.

Unrecognized prior service cost is amortized using the straight-line method over a period of 10 years as cost. Actuarial gains and losses are amortized using the straight-line method over a period of 10 years, from the period subsequent to the period in which they are incurred.

(Change of accounting policies)

Since the current business year, the Company has applied the Partial Amendment to Accounting for Retirement Benefits (Business Accounting Standards No. 3 issued on March 16, 2005) and the Application Guidelines regarding the Partial Amendment to Accounting for Retirement Benefits (Application Guidelines No. 7 for Business Accounting Standards issued on March 16, 2005) to its accounting treatment. This application of the Amendment and the Guidelines has had no impact on the Company's financial results.

4. Allowance for retirement benefits to executive officers

We posted retirement allowances to be required for payment at the end of the current consolidated fiscal year in accordance with company regulations.

5. Allowance for business restructuring losses

Based upon the decision of the structural reform plan for its PC keyboard business and other key businesses, the Company has reported the reasonably estimated amounts of expenses that it is expected to incur in the future.

(d) Translation of foreign currency assets and liabilities in financial statements of the company and consolidated subsidiaries

The Company and its consolidated domestic subsidiaries translate monetary receivables and payables in foreign currency into yen at the spot exchange rates on the balance sheets date. The resulting exchange differences are accounted for as an exchange gain or loss.

Financial items of assets and liabilities of consolidated overseas subsidiaries are translated into yen at the rates of exchange prevailing at the date of balance sheet, while income and expenses are translated into yen at the average rate of exchange during the fiscal period. The resulting exchange losses and gains are included in Minority Interests and foreign currency translation adjustments in Shareholders' Equity.

(e) Accounting method of significant lease transactions

In accordance with the accounting method in reference to ordinary rental transactions, the company and its consolidated domestic subsidiaries accounted for finance lease transactions, excluding those in which the ownership of leased property will be transferred to the lessees. The company's consolidated overseas subsidiaries also used primarily the same accounting method.

(f) Accounting method of significant hedge transactions

The foreign currency-denominated monetary assets and liabilities that were hedged by forward exchange contracts are allocated to the periods.

Under the guidance of the company's financial department, forward exchange contracts have been made to hedge the risks of fluctuations in foreign exchange rates relating to export and import transactions and others.

In concluding forward foreign exchange contracts, those contracts with the corresponding amounts and dates are respectively allocated (to the debts) in accordance with the risk management policy. Therefore the correlation between claims/debts and forward foreign exchange contracts arising from foreign exchange rate fluctuations is fully secured, and this judgment is substituted for the judgment of effective hedge.

(g) Accounting method of consumption tax and other

Consumption tax and other related taxes are excluded from revenue and purchases of the company.

5. Evaluation of consolidated subsidiaries' assets and liabilities

The company adopts the step fair value method as evaluation method of consolidated subsidiaries' assets and liabilities.

6. Amortization of consolidation adjustments

The consolidation adjustments are equally amortized for from five to forty years conforming to the accounting customs of the consolidated companies' countries.

7. Appropriation of retained earnings

Regarding the appropriation of retained earnings, the consolidated statements of income and retained earnings are prepared based of the method provided in the provision of article 8 of the regulation relating to terminology, form and methods of preparation of consolidated financial statements (advanced inclusion method).

8. Range of cash in cash flow statements

Cash and cash equivalents consist of cash on hand, demand deposit and short-term investments which expire within three months from acquisition date, have high liquidity and are easily turned into cash.

(6) Change of accounting treatment

(Accounting for the impairment of fixed assets)

Since the current consolidated accounting period, the Company has applied the Japanese Accounting Standards for Impairment of Fixed Assets (the Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets issued on August 9, 2002 by the Business Accounting Council) to its accounting treatment. It has also applied the Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued on October 31, 2003 by the Accounting Standards Board of Japan).

This application of the Standards and the Guidelines reduced income before income taxes by 967 million yen.

Regarding accumulated impairment losses, the Company deducted them directly from the amount of each relevant fixed asset in accordance with the revised Rules for Consolidated Financial Statements.

(7) Change of presentation

(Consolidated balance sheets)

In the current consolidated accounting period, the Company included allowance for environment-related expenses (the balance of which was 743 million yen at the end of the period) in others of current liabilities due to the smallness of its amount.

(Consolidated Statements of Cash Flows)

The decrease in allowance for environmental preservation expenses in cash flows from operating activities is included in other due to the smallness of its amount in the current consolidated accounting period.

The decrease in allowance for environmental preservation expenses included in other in the current consolidated accounting period is 51 million yen.

(8)Notes

(Consolidated Balance Sheets)

As of March 31, 2005	As of March 31, 2006
1.Notes related to affiliates (Millions of yen) The following include figures related to the Company's. Investments in securities (Stocks) 147	1.Notes related to affiliates (Millions of yen) The following include figures related to the Company's. Investments in securities (Stocks) 148
2.Commitment line contracts (Millions of yen) To ensure efficient procurement of operating funds, the Company has entered into commitment line contracts with financial institutions. Unused commitments at the end of the current consolidated fiscal year based on these contracts are as follows: Total commitments 7,000 Used commitments — Balance 7,000	2.Commitment line contracts (Millions of yen) To ensure efficient procurement of operating funds, the Company has entered into commitment line contracts with financial institutions. Unused commitments at the end of the current consolidated fiscal year based on these contracts are as follows: Total commitments 10,000 Used commitments — Balance 10,000
3.The Company's outstanding shares are 399,167,695 shares of common stock.	3.The Company's outstanding shares are 399,167,695 shares of common stock.
4.The number of treasury stock held by the Minebea Group is 105,623 shares of common stock.	4.The number of treasury stock held by the Minebea Group is 121,371 shares of common stock.

(Consolidated Statements of Income)

Year ended March 31, 2005	Year ended March 31, 2006
1.Major items of selling, general and administrative expenses are as follows: (Millions of yen) Packing and freight expenses 10,165 Salaries 10,242 Provision for bonus 1,051 Provision for retirement allowances 21 Depreciation 1,495 Sales commission 733 Amortization of consolidation adjustments 1,083	1.Major items of selling, general and administrative expenses are as follows: (Millions of yen) Packing and freight expenses 10,066 Salaries 10,701 Provision for bonus 1,108 Retirement allowance to directors 26 Amortization of consolidation adjustments 1,073
2.The R&D expenses included in general administrative expenses and manufacturing costs for the current fiscal year are 10,012 million yen.	2.The R&D expenses included in general administrative expenses and manufacturing costs for the current fiscal year are 9,048 million yen.
3.Fixed assets had the following sales gains: 280 million yen from the sale of machinery and equipment, and vehicles; and 21 million yen from the sale of tools, furniture and fixtures.	3.Fixed assets had the following sales gains: 4 million yen from the sale of land; 359 million yen from the sale of buildings and structures; 49 million yen from the sale of machinery and equipment, and vehicles; and 1 million yen from the sale of tools, furniture and fixtures.
4.Fixed assets had the following sales losses: 440 million yen from the sale of land; 79 million yen from the sale of buildings and structures; 41 million yen from the sale of machinery and equipment, and vehicles; and 4 million yen from the sale of tools, furniture and fixtures.	4.Fixed assets had the following sales losses: 0 million yen from the sale of land; 3 million yen from the sale of buildings and structures; 99 million yen from the sale of machinery and equipment, and vehicles; and 3 million yen from the sale of tools, furniture and fixtures.
5.Fixed assets had the following disposal losses: 0 million yen from the disposal of land; 135 million yen from the disposal of buildings and structures; 209 million yen from the disposal of machinery and equipment, and vehicles; and 107 million yen from the disposal of tools, furniture and fixtures.	5.Fixed assets had the following disposal losses: 266 million yen from the disposal of buildings and structures; 443 million yen from the disposal of machinery and equipment, and vehicles; and 54 million yen from the disposal of tools, furniture and fixtures.

<table>
<tr><th>Year ended March 31, 2005</th><th>Year ended March 31, 2006</th></tr>
<tr><td>6. Impairment loss
None</td><td>6.Impairment loss
Outline of the asset groups on which impairment losses were recognized
(Amount: millions of yen)</td></tr>
</table>

Use	Location	FY2006	
		Class	Amount
Idle assets	Five facilities-Former Kyoto,Ibaraki,Ichinoseki Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.)	Building and structure	132
		Land	834
		Total	967

(Note) The land impairment loss of 834 million yen excludes the amount of 675 million yen offset as consolidated unrealized profits in the past.

Asset grouping method

Based on its business classification, the Minebea Group has grouped assets in the smallest units of its operating businesses, which generate almost independent cash flows.

Reason for the recognition of impairment losses

The above fixed assets (buildings, structures and land) impaired in the current consolidated accounting period are idle assets and have no future utilization plans. Due to this, the company recognized impairment losses on those assets.

Calculation method of collectable amounts

The collectable amounts of the assets are based on net sales proceeds. Their assessed values are calculated based on the standards for real estate appraisals.

<table>
<tr><td>7.Business restructuring loss
None</td><td>7.Business restructuring loss Millions of yen
This loss consists of the following allowances and amounts incurred for the current accounting period, based upon the structural reform plan for the PC keyboard business, etc.</td></tr>
</table>

	Millions of yen
Loss on disposal of fixed assets and inventories related to business restructuring	3,247
Reorganization cost related to business restructuring	134
Loss on impairment of consolidation adjustments	92
Total	3,475

(Consolidated Cash Flow Statements)

Year ended March 31, 2005	Year ended March 31, 2006
1.Relationship between cash and cash equivalents at year end and the amount of the account stated in the consolidated balance sheets. Cash and cash equivalents at March 31, 2005 agree with the amount of the account stated in the consolidated balance sheets. 2.Major items of the assets and the liabilities Minebea-Matsushita Motor Corporation inherited owing to its establishment in the current consolidated accounting period are as follows: Millions of yen Tangible fixed assets 9,569 Intangible fixed assets 6,973 Total assets 16,542 Current liabilities 11,472 Total liabilities 11,472	1.Relationship between cash and cash equivalents at year end and the amount of the account stated in the consolidated balance sheets. Cash and cash equivalents at March 31, 2006 agree with the amount of the account stated in the consolidated balance sheets.

(a) Relating to lease transactions

	Millions of yen					
	Year ended March 31, 2005			Year ended March 31, 2006		
(1) Equivalent of acquisition value of leased items, equivalent of total amount of depreciation and equivalent of year-end closing balance :	Equivalent of acquisition value	Equivalent of total amount of depreciation	Equivalent of year-end balance	Equivalent of acquisition value	Equivalent of total amount of depreciation	Equivalent of year-end balance
Machinery and transportation equipment	1,269	585	683	1,272	605	667
Tools, furniture and fixtures	2,736	1,476	1,260	2,464	1,245	1,218
Software	42	31	11	35	19	15
Total	4,048	2,092	1,955	3,773	1,871	1,902

Because of a low ratio of the year-end closing balance of unexpired lease expenses to a total amount of the year-end closing balance of tangible fixed assets plus the year-end closing balance of unexpired lease expense, equivalent of acquisition value in the term period in the current fiscal year has been calculated based on " Interest payment inclusive method".

(2) Equivalent of year-end closing balance of unexpired lease expenses:

	2005	2006
within-1-year	892	909
over 1-year	1,062	992
Total	1,955	1,902

Because of a low ratio of the year-end closing balance of unexpired lease expenses to a total amount of the year-end closing balance of tangible fixed assets plus the year-end closing balance of unexpired lease expense, equivalent of year-end closing balance of unexpired lease expenses in the term period in the current fiscal year has been calculated based on "Interest payment inclusive method".

(3) The amount of lease expenses and equivalent of depreciation expenses:

	2005	2006
Amount of lease expenses	1,209	1,070
Equivalent of depreciation expenses	1,209	1,070

(4) Method of computing equivalent of depreciation expenses:

Computation is based on straight-line method with the lease term as a useful life and the residual value to be set at zero.

(b) Marketable securities

Marketable securities (Amount: millions of yen)

Classification	As of March 31, 2005			As of March 31, 2006		
	Acquisition Value	Book Value	Difference	Acquisition Value	Book Value	Difference
Those whose recoded amounts in the consolidated balance sheet exceed the acquisition costs. Stock	3,105	5,687	2,582	3,080	10,340	7,259
Those whose recoded amounts in the consolidated balance sheet do not exceed the acquisition costs. Stock	—	—	—	—	—	—
Total	3,105	5,687	2,582	3,080	10,340	7,259

Other marketable securities sold in the current consolidated fiscal year

(Amount: millions of yen)

Classification	As of March 31, 2005	As of March 31, 2006
Amount of sales of investments Securities	3	216
Gain on sales of investments Securities	—	191
Loss on sales of investments Securities	0	—

Other marketable securities (Amount: millions of yen)

Classification	As of March 31, 2005	As of March 31, 2006
	Book Value	Book Value
Other marketable securities	475	473
Total	475	473

(Note) Non-listed stock

(c) Derivative Transactions

1.Contract conditions

Year ended March 31, 2005	Year ended March 31, 2006
The Company and its consolidated subsidiaries have entered into forward exchange contracts on foreign currency-denominated receivables and payables related to actual and future import and export transactions to hedge certain risks related to fluctuations in foreign currency exchange rates. In principal, forward exchange contracts are carried at contract rate in the consolidated balance sheets, while changes in their fair value are deferred and recognized in earnings. However, the Company and its consolidated subsidiaries adhere to a policy of maintaining the outstanding balance of these instruments within the amounts of hedged foreign currency-denominated receivables and payables. The execution of derivative transactions is controlled by the Finance Department. It is the policy of the Company and its consolidated subsidiaries to utilize forward exchange contracts solely for the purpose of hedging foreign currency position-related risks. In line with internal risk management policies, the Company and its consolidated subsidiaries cover receivables and payables denominated in foreign currencies with forward exchange contracts denominated in the same currency, in the same amount and executed on the same day. Acoordingly , the hedging relationships between the derivative financial instrument and the hedged item are highly effective in offsetting changes in currency exchange rates.	Same as on the left.

2. Contract amounts etc., current prices, and unrealized profits or losses of derivatives

Year ended March 31, 2005	Year ended March 31, 2006
Not Applicable We excluded the items that are applied hedge account from this financial year's report.	Same as on the left.

(d) Retirement benefits

FY2005		
(1) Corporate retirement benefit system		
To provide for the payment of employee retirement allowances, the Company has adopted the qualified retirement pension system on a company-wide basis. In addition, certain overseas subsidiaries have also adopted a defined-benefit pension plan.		
(2) Details of retirement benefit debts and expenses		
Components of retirement benefit debts		
(a) Projected benefit obligations	(23,030)	millions of yen
(b) Plan assets at fair value	19,638	
(c) Unfunded projected benefit obligations ((a)+(b))	(3,392)	
(d) Unrecognized prior service cost	15	
(e) Unrecognized actuarial loss	3,076	
(f) Net amount recognized on consolidated balance sheets ((c)+(d)+(e))	(300)	
(g) Prepaid pension cost	5	
(h) Accrued retirement benefits	(305)	
Components of retirement benefit expenses		
Service cost	1,059	
Interest cost	885	
Expected return on plan assets	(869)	
Amortization of transitional obligations	609	
Amortization of prior service cost	2	
Amortization of actuarial loss	450	
Retirement benefit costs	2,136	
(3) Calculation basis for retirement benefit debts and expenses		
Discount rate	2.5 %	
Expected rate of return on plan assets	2.5 %	
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	Basis for periodic fixed amounts	
Period of amortizing prior service cost	10 years	
Period of amortizing actuarial loss	5 ~ 15 years (From the next term, the differences will be charged to expenses based on the straight-line method.)	
Period of amortizing transition obligation	5 years (Prorated amounts are stated in extraordinary loss.)	

FY2006

(1) Corporate retirement benefit system

To provide for the payment of employee retirement allowances, the Company has adopted the qualified retirement pension system on a company-wide basis. In addition, certain overseas subsidiaries have also adopted a defined-benefit pension plan.

(2) Details of retirement benefit debts and expenses

Components of retirement benefit debts

(a) Projected benefit obligations	(26,874)	millions of yen
(b) Plan assets at fair value	24,877	
(c) Unfunded projected benefit obligations ((a)+(b))	(1,996)	
(d) Unrecognized transitional obligations	411	
(e) Unrecognized actuarial loss	1,018	
(f) Net amount recognized on consolidated balance sheets ((c)+(d)+(e))	(566)	
(g) Prepaid pension cost	75	
(h) Accrued retirement benefits	(641)	

Components of retirement benefit expenses

Services cost	1,488
Interest cost	985
Expected return on plan assets	(1,025)
Amortization of prior service cost	2
Amortization of actuarial loss	440
Retirement benefit costs	1,891

(3) Calculation basis for retirement benefit debts and expenses

Discount rate	2.5 %
Expected rate of return on plan assets	2.5 %
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	Basis for periodic fixed amounts
Period of amortizing prior service cost	10 years
Period of amortizing actuarial loss	5 ~ 10 years (From the next term, the differences will be charged to expenses based on the straight-line method.)

(e) The tax effect accounting

As of March 31, 2005		As of March 31, 2006	
1.Major reasons for the accrual of deferred tax assets and deferred tax liabilities	Millions of yen	1.Major reasons for the accrual of deferred tax assets and deferred tax liabilities	Millions of yen
(Deferred tax assets)		(Deferred tax assets)	
Excess of allowed limit chargeable to the bonus payment reserve	639	Excess of allowed limit chargeable to the bonus payment reserve	713
Loss on revaluation of investments securities	1,697	Loss on revaluation of investments securities	1,619
Excess of allowed limit chargeable to the allowance for doubtful accounts	2,429	Excess of allowed limit chargeable to the allowance for doubtful accounts	2,561
Unrealized gains on sales of inventories	1,821	Unrealized gains on sales of inventories	1,676
Deficit brought forward	2,823	Deficit brought forward	1,807
Foreign tax credit carry forwards	1,360	Foreign tax credit carry forwards	602
Others	1,376	Impairment loss	376
Total deferred tax assets	12,147	Others	2,061
		Sub total	11,419
		Valuation allowance	(632)
		Total deferred tax assets	10,786
(Deferred tax liabilities)		(Deferred tax liabilities)	
Depreciations allowed to overseas subsidiaries	896	Depreciations allowed to overseas subsidiaries	1,201
Difference on revaluation of other marketable securities	1,007	Difference on revaluation of other marketable securities	2,831
Others	179	Others	186
Total deferred tax liabilities	2,083	Total deferred tax liabilities	4,218
Net deferred tax assets	10,063	Net deferred tax assets	6,568

*Net deferred tax assets for the current fiscal year are included in the following items on the consolidated balance sheet.

	As of March 31, 2005		As of March 31, 2006
Current assets.......	Deferred tax assets	5,123	3,402
Fixed assets...........	Deferred tax assets	6,016	4,552
Current liabilities.	Deferred tax liabilities	(822)	(1,146)
Fixed liabilities.....	Deferred tax liabilities	(253)	(240)

As of March 31, 2005		As of March 31, 2006	
2. Major reasons for significant differences between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting		2. Major reasons for significant differences between the legal effective tax rate and the ratio of income tax burden after the application of tax effect accounting	
Domestic legal effective tax rate	39.0%	Domestic legal effective tax rate	39.0%
(Adjustments)		(Adjustments)	
Current amortization of excess of cost over net assets acquired	5.2	Current amortization of excess of cost over net assets acquired	4.6
Differences in the tax rates applied to consolidated overseas subsidiaries	(45.5)	Differences in the tax rates applied to consolidated overseas subsidiaries	(36.2)
Valuation allowance for deficits in the current fiscal year of consolidated subsidiaries	21.3	Valuation allowance for deficits in the current fiscal year of consolidated subsidiaries	42.4
Effect of elimination of dividend income	50.2	Effect of elimination of dividend income	31.2
Others	0.6	Valuation allowances	(6.6)
Ratio of income tax burden after the application of tax effect accounting	70.8	Others	(0.2)
		Ratio of income tax burden after the application of tax effect accounting	74.2

(f)Segment Information

(1) Business segments

(Amount: millions of yen)

	FY2005 (Annual) (April 1, 2004 through March 31, 2005)				
	Machined components business	Electronic devices and components business	Sub-total	Elimination	Total
1. Total sales and operating income					
Total sales					
(1) Sales to customers	116,105	178,317	294,422	—	294,422
(2) Sales to other segment	2,194	389	2,584	(2,584)	—
Total	118,299	178,707	297,006	(2,584)	294,422
Operating expense	96,727	186,196	282,923	(2,584)	280,339
Operating income (loss)	21,572	(7,489)	14,083	—	14,083
2. Assets, depreciation and capital expenditure					
Assets	194,180	214,142	408,322	(76,105)	332,217
Depreciation	10,401	12,061	22,462	—	22,462
Capital expenditure	11,400	22,756	34,157	—	34,157

(Notes) 1. The segments are defined by internal administration.

2. Main products

(a) Machined components business......... Ball bearings, Pivot assemblies, Tape guides, Fasteners, Mechanical assemblies for aerospace use, Defense-related special parts, etc.

(b) Electronic devices and components business....................... Small motors, PC keyboards, Speakers, Back lights, Hybrid ICs, Inverter, Strain gauges, Load cells, etc.

(Amount: millions of yen)

	FY2006 (Annual) (April 1, 2005 through March 31, 2006)				
	Machined components business	Electronic devices and components business	Sub-total	Elimination	Total
1. Total sales and operating income					
Total sales					
(1) Sales to customers	129,595	188,851	318,446	—	318,446
(2) Sales to other segment	3,803	2,371	6,174	(6,174)	—
Total	133,398	191,222	324,621	(6,174)	318,446
Operating expense	108,842	196,509	305,351	(6,174)	299,177
Operating income (loss)	24,556	(5,287)	19,269	—	19,269
2. Assets, depreciation and capital expenditure					
Assets	205,437	218,790	424,228	(74,365)	349,862
Depreciation	11,437	12,535	23,972	—	23,972
Impairment loss	388	578	967	—	967
Capital expenditure	12,279	9,929	22,208	—	22,208

(Notes) 1. The segments are defined by internal administration.

2. Main products

(a) Machined components business .... Ball bearings, Pivot assemblies, Tape guides, Fasteners, Mechanical assemblies for aerospace use, Defense-related special parts, etc.

(b) Electronic devices and components business....................... Small motors, PC keyboards, Speakers, Back lights, Hybrid ICs, Inverter, Strain Inverter, Strain gauges, Load cells, etc.

(2) Geographical segments

(Amount: millions of yen)

	FY2005 (Annual) (April 1, 2004 through March 31, 2005)						
	Japan	Asia (excluding Japan)	North America	Europe	Sub-total	Elimination	Total
1. Total sales and operating income							
Total sales							
(1) Sales to customers	76,660	137,424	52,389	27,947	294,422	—	294,422
(2) Sales to other segment	162,763	155,447	1,422	1,025	320,659	(320,659)	—
Total	239,424	292,871	53,812	28,973	615,081	(320,659)	294,422
Operating expense	236,671	287,001	49,302	28,022	600,998	(320,659)	280,339
Operating income	2,752	5,870	4,510	950	14,083	—	14,083
2. Assets	169,239	223,995	32,442	20,300	445,977	(113,760)	332,217

(Notes) Dividing method and main countries in each territory
(a) Dividing method..........By geographical distance
(b) Main countries in each territory
Asia (excluding Japan).............Thailand, Singapore, China, Taiwan, Korea, etc.
North America..........................United States
Europe......................................United Kingdom, Germany, France, Italy, etc.

(Amount: millions of yen)

	FY2006 (Annual) (April 1, 2005 through March 31, 2006)						
	Japan	Asia (excluding Japan)	North America	Europe	Sub-total	Elimination	Total
1. Total sales and operating income							
Total sales							
(1) Sales to customers	77,856	155,423	59,467	25,698	318,446	—	318,446
(2) Sales to other segment	166,627	162,506	1,599	1,968	332,702	(332,702)	—
Total	244,483	317,929	61,067	27,667	651,148	(332,702)	318,446
Operating expense	242,561	305,087	58,179	26,051	631,879	(332,702)	299,177
Operating income	1,922	12,842	2,888	1,615	19,269	—	19,269
2. Assets	161,968	247,186	36,864	19,617	465,636	(115,773)	349,862

(Notes) Dividing method and main countries in each territory
(a) Dividing method..........By geographical distance
(b) Main countries in each territory
Asia (excluding Japan).............Thailand, Singapore, China, Taiwan, Korea, etc.
North America..........................United States
Europe......................................United Kingdom, Germany, France, Italy, etc.

(3) Overseas Sales

(Amount: millions of yen)

	FY2005 (Annual) (April 1, 2004 through March 31, 2005)			
	Asia (excluding Japan)	North and South America	Europe	Total
1. Overseas sales	140,229	46,012	29,505	215,747
2. Total sales				294,422
3. Overseas sales on total sales	47.6%	15.6%	10.0%	73.3%

(Notes) 1. The overseas sales are made outside of Japan by parent company and consolidated subsidiaries.
2. Dividing method and main countries in each territory
(a) Dividing method..........By geographical distance
(b) Main countries in each territory
Asia (excluding Japan)..............Thailand, Singapore, China, Taiwan, Korea, etc.
North and South America..........United States, Canada, Mexico, etc.
Europe..United Kingdom, Germany, France, Italy, Netherlands, etc.

(Amount: millions of yen)

	FY2006 (Annual) (April 1, 2005 through March 31, 2006)			
	Asia (excluding Japan)	North and South America	Europe	Total
1. Overseas sales	159,781	47,255	31,833	238,870
2. Total sales				318,446
3. Overseas sales on total sales	50.2%	14.8%	10.0%	75.0%

(Notes) 1. The overseas sales are made outside of Japan by parent company and consolidated subsidiaries.
2. Dividing method and main countries in each territory
(a) Dividing method..........By geographical distance
(b) Main countries in each territory
Asia (excluding Japan)..............Thailand, Singapore, China, Taiwan, Korea, etc.
North and South America..........United States, Canada, Mexico, etc.
Europe..United Kingdom, Germany, France, Italy, Netherlands, etc.

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(g)Transaction with related parties

Directors and main individual shareholder

FY2005(Annual)												
Attribution	Name	Address	Capital	Line of business or profession	Voting right(own or owned)	Contents of relation		Contents of transaction		Transaction amount	Account title	Year-end balance
						Concurrently serving etc.	Relation of business					
Companies which the company's directors and nearly related person have over 50% of voting right.	Keiaisha Co., Ltd.	Kitaku Tokyo	¥1,905 million	Sales of Steel and its raw materials	(Owned) Direct 4.5%	Concurrently serving 2 on loan 1	The company purchases steel bar etc.	Operating transaction	Purchase of steel bar etc.	¥2,366 million	Notes payable and Account payable etc. *2	¥610 million
									Building rent, etc.	¥31 million	Current assets and others *2	¥1 million
									Tools & Equipment rent, etc	¥489 million	—	—
								Non Operating transaction	Non Operating income	¥9 million	—	—

(Note) Terms and decision policy of the transaction

1. The sales prices of steel bar, building rent and machinery rent etc. are decided after negotiation every fiscal year considering the market prices.

* 2. The transaction amounts do not include the consumption taxes and the year end balance amounts include them.

3. On June 30, 2004, Director Atsushi Matsuoka of the Company became Chairman and Director from President and Representative Director of Keiaisha Co., Ltd.

FY2006(Annual)

Not Applicable

(h) Going Concerns

Not Applicable

(9) Per Share Data.

	Year ended March 31, 2005	Year ended March 31, 2006
Net assets per share (yen)	255.82	294.65
Net income per share (yen)	13.93	10.67
Fully diluted net income per share (yen)	13.27	Not stated due to no residual securities in existence that have dilutive effects.

(Note) The following are the basis for calculating net income per share and diluted net income per share.

	Year ended March 31, 2005	Year ended March 31, 2006
Net income per share (yen)		
Net income in the consolidated statements of income (million yen)	5,581	4,257
Net income related to common stock (million yen)	5,557	4,257
Amount not available for common stock (million yen)		
Officer's bonuses based on profit Appropriation	23	—
Average shares of common stock outstanding (shares)	399,074,238	399,052,181
Fully diluted net income per share (yen)		
Net income adjustments (million yen)	107	—
Interest expense (after tax equivalents)	107	—
Increased shares of common stock		
4th domestic unsecured convertible bonds (shares)	27,860,082	—
Outline of the residual shares not included in the calculation of diluted net income per share due to no dilution effects (million yen)		
4th unsecured bonds with warrants attached (Face value)	4,000	—

(10) Subsequent event

There were no significant events subsequent to the year ended March 31, 2006.

5. Amounts of production, orders received, sales

(1) Production (Amount: millions of yen)

Business segments	Year ended March 31, 2006	Year ended March 31, 2006
Machined components business	118,382	130,796
Electronic devices and components business	173,910	178,043
Total	292,292	308,839

(Note) Amounts are provided on the basis of their sales prices, after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.

(2) Orders received (Amount: millions of yen)

Business segments	Year ended March 31, 2005		Year ended March 31, 2006	
	Orders received	Order backlog	Orders received	Order backlog
Machined components business	119,988	38,557	139,082	48,044
Electronic devices and components business	178,413	22,546	189,586	23,281
Total	298,401	61,103	328,668	71,325

(Note) Amounts are provided on the basis of their sales prices, after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.

(3) Sales (Amount: millions of yen)

Business segments	Year ended March 31, 2005	Year ended March 31, 2006
Machined components business	116,105	129,595
Electronic devices and components business	178,317	188,851
Total	294,422	318,446

(Note) Amounts are provided after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.