Minebea
Passion to Exceed Precision

FASF MEMBERSHIP

FIRST QUARTER BRIEF REPORT OF FINANCIAL RESULTS
〔 under Japanese GAAP〕(Consolidated)
(Year ending March 31 , 2017)

August 2, 2016

Registered Company Name: MINEBEA CO., LTD. Common Stock Listings: Tokyo and Nagoya
Code No: 6479 URL: http://www.minebea.co.jp/
Representative: Yoshihisa Kainuma Representative Director, President and Chief Executive Officer
Contact: Satoshi Yoneda Executive Officer, General Manager of Accounting Department
Quarterly report filing date: August 10, 2016 Phone: (03) 6758-6711

Expected date of payment for dividends: —
Preparation of supplementary explanation material for quarterly financial results : Yes
Holding of presentation meeting for quarterly financial results : Yes (For Analyst)

(Amounts less than one million yen have been omitted.)

1. Business performance (April 1, 2016 through June 30, 2016)

(1) Consolidated Results of Operations (Year-to-date) (%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Ordinary income (millions of yen)	% Change
Three months ended June 30, 2016	120,288	(5.6)	6,971	(44.3)	7,255	(43.6)
Three months ended June 30, 2015	127,391	28.0	12,512	18.9	12,872	22.9

	Net income attributable to owners of the parent (millions of yen)	% Change	Net income per share (yen)	Diluted net income per share (yen)
Three months ended June 30, 2016	3,176	(68.4)	8.48	8.12
Three months ended June 30, 2015	10,058	47.2	26.90	25.54

(Notes) Comprehensive Income: Three months ended June 30, 2016: (19,151) million yen — %
Three months ended June 30, 2015: 11,501 million yen 139.5 %

(2) Consolidated Financial Position

	Total assets (millions of yen)	Net assets (millions of yen)	Equity ratio (%)	Net assets per share (yen)
As of June 30, 2016	451,395	215,178	46.1	555.68
As of March 31, 2016	459,427	237,973	50.2	616.43

(Reference) Shareholders' equity: As of June 30, 2016: 208,136 million yen
As of March 31, 2016: 230,785 million yen

2. Dividends

	Annual dividends				
	End of first quarter (yen)	End of second quarter (yen)	End of third quarter (yen)	Year-end (yen)	For the year (yen)
Year ended March 31, 2016	—	10.00	—	10.00	20.00
Year ended March 31, 2017	—				
Year ended March 31, 2017 (Forecast)		—	—	—	—

(Notes) Changes from the latest dividend forecast: None
Regarding the annual dividends for the fiscal year ending March 31, 2017, we will determine the dividend payout of around 20% on a consolidated basis.

3. Prospect for consolidated forecast for the fiscal year (April 1, 2016 through March 31, 2017)

(%: Changes from corresponding period of previous fiscal year)

	Net sales (millions of yen)	% Change	Operating income (millions of yen)	% Change	Ordinary income (millions of yen)	% Change
Six months ended Sep. 30, 2016	260,000	(12.0)	18,300	(33.3)	17,800	(23.7)
Year ended March 31, 2017	560,000	(8.2)	45,000	(12.5)	44,000	(5.7)

	Net income attributable to owners of the parent (millions of yen)	% Change	Net income per share (yen)
Six months ended Sep. 30, 2016	12,100	(31.9)	32.31
Year ended March 31, 2017	31,000	(14.8)	82.77

(Notes) Changes from the latest consolidated results forecast: None

* Notes

(1) Changes in significant subsidiaries during the quarter (Changes in certain subsidiaries resulting in change in the scope of consolidation): None

(2) Application of accounting peculiar to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes in accounting policy associated with revision of accounting standards, etc: None
2. Change in accounting policy other than 1: Yes
3. Changes in accounting estimates: Yes
4. Restatements: None

(Notes) Changes subject to Article 10 (5) of the Ordinance on Terminology, Forms and Preparation Methods of Quarterly Consolidated Financial Statements. For details, please refer to "(2) Changes in accounting policy, changes in accounting estimates, and restatements" under "2. Other summary information" on page 6.

(4) Number of shares outstanding (Common stock)

1. Number of shares outstanding at end of period (Including treasury stock)
   As of June 30, 2016: 399,167,695 shares
   As of March 31, 2016: 399,167,695 shares
2. Number of treasury shares at end of period
   As of June 30, 2016: 24,606,168 shares
   As of March 31, 2016: 24,775,093 shares
3. Average number of shares (Quarterly cumulative period)
   Three months ended June 30, 2016: 374,493,349 shares
   Three months ended June 30, 2015: 373,912,996 shares

* Explanation for implementation of the quarterly review presentations

When disclosing this Quarter Brief Report of Financial Results, the review procedures for quarterly financial statements under the Financial Instruments and Exchange Law have not been brought to completion.

* Explanation for appropriate use of financial forecasts and other special remarks

(Caution Concerning Forward-Looking Statements)

The aforementioned 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 to unpredictable parameters that will most likely affect our future business performance. As such, this is not intended for the Company to give assurance that the said forecast number would be achieved. In other words, our actual performances are likely to differ greatly from these estimates depending on a variety of factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to ("1. Qualitative information related to the financial results for this quarter," "(3) Explanation of Consolidated Forecast and Other Forecasts") on page 5 of the documents attached hereunder.

(Investor Briefing Materials for Analysts)

Investor briefing materials will be made available via the Minebea corporate website (http://www.minebea.co.jp/) on Tuesday, August 2, 2016.

Index

1. Qualitative information related to the financial results for this quarter

(1) Explanation of Operating Results

During the first quarter of the fiscal year (April 1, 2016 through June 30, 2016), the global economy showed signs of recovery from its worst downturn as the U.S. economy saw slow but gradual growth, despite lingering structural problems in emerging economies such as China's mounting bad debts as well as excess production capacity in some industries. Foreign exchange markets, on the other hand, fluctuated significantly with stock prices dropping sharply in the wake of Britain's decision to leave the European Union as a result of the referendum held in late June on top of rising geopolitical risks across the globe that have been heightened by volatile situations in Europe, Asia, and the Middle East. The economy is currently somewhat stable but still vulnerable to the adverse effects of declining consumer confidence and corporate earnings with growing downside risks remained in place.

Under such economic circumstances, the Minebea Group has been focusing on thoroughgoing cost cutting, development of high-value-added products and new technologies, and sales expansion initiatives aiming at boosting profitability further.

As a result, net sales were decreased to 120,288 million yen with the year-on-year decline of 7,103 million yen (-5.6%). Operating income fell 5,541 million yen (-44.3%) from the same period last year to total 6,971 million yen, while ordinary income was down 5,617 million yen (-43.6%) year-on-year to amount to 7,255 million yen. Net income attributable to owners of the parent decreased 6,882 million yen (-68.4%) as compared with the same period last year to reach 3,176 million yen. Such decreases are due to the accrual of 2,043 million yen of income taxes for prior periods, as a result of the court ruling on the petition filed by our Thai subsidiary against the local tax authorities.

Performance by segment was as follows:

Products in our Machined components business segment include our anchor product line, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc. as well as fasteners for automobiles and aircraft. While growing demand fueled the sales volume of ball bearings in all markets, sales earnings dropped slightly due to the strong yen. Sales remained robust in the automobile market where demand for energy-efficient models equipped with safety devices soared. While the strong yen nibbled away at sales of both rod-end bearings and pivot assemblies, rod-end bearings sales remained generally upbeat while the sales volume of pivot assemblies hovered around the same level they were for the same period last year despite the shrinking HDD market.

In the final tally, net sales for the first quarter dropped 1,767 million yen (-4.3%) year on year to total 39,207 million yen. Operating income was up 445 million yen (4.5%) year on year, totaling out at 10,401 million yen owing to accelerated cost cutting.

The core products of our Electronic devices and components business include electronic devices (LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors, and special devices. Sales of LED backlights for LCDs dropped off markedly as the global smartphone market continued to languish while sales of sensing devices remained upbeat. HDD spindle motor sales were strong despite the ever-shrinking HDD market. While sales earnings for stepping motors and other motors dipped slightly due to the appreciation of the yen, sales by volume were healthy.

As a result, net sales for the first quarter dropped 5,400 million yen (-6.3%) year on year to total 80,911 million yen. Operating income was also down 5,176 million yen (-92.3%) year on year, totaling out at 432 million yen.

Net sales for the first quarter in our Other business segment, which includes machine made in-house, were up 64 million yen (60.6%) year on year to total 169 million yen. Operating losses decreased 25 million yen year on year to total 16 million yen.

In addition to the figures noted above, 3,846 million yen in corporate expenses, etc. not belonging to any particular segment is indicated as adjustments. The total amount of adjustments was 3,010 million yen last year.

(2) Explanation of Financial Position

The Minebea Group sees “strengthening our financial position” as a top priority and is taking various steps, such as efficient asset management, controlling capital investments, and reducing interest-bearing debts.

Total assets at the end of the current first quarter amounted to 451,395 million yen, down 8,032 million yen compared to the end of the previous fiscal year. Total liabilities amounted to 236,216 million yen. That is an increase of 14,762 million yen over what it was at the end of the previous fiscal year due primarily to an increase in short-term loans. Net assets totaled 215,178 million yen, with a year-on-year decrease of 22,795 million yen. This led to an equity ratio of 46.1%, representing a year-on-year drop of 4.1 percentage points.

(Cash flow)

The balance of cash and cash equivalents at the end of the current first quarter was 34,013 million yen, up 4,871 million yen from what it was at the end of the previous fiscal year and rising 4,711 million yen on a year-on-year basis.

Cash flows from various business activities during the current first quarter and relevant factors are as follows:
Net cash provided by operating activities amounted to 17,899 million yen, up 7,293 million yen year on year owing to increases in income before income taxes, notes and accounts receivable, notes and accounts payable, a decrease in inventories, as well as depreciation and amortization costs. Net cash used for investment activities increased 6,532 million yen year on year to total 19,997 million yen due primarily to the acquisition of marketable securities and tangible fixed assets. Net cash from financing activities totaled 9,250 million yen due to short-term loans as well as a dividend payments, etc. adding up to a 13,401 million yen year-on-year decrease in cash outflows.

(3) Explanation of Consolidated Forecast and Other Forecasts

The global economy is likely to remain vulnerable for the rest of this fiscal year as it is too early to tell how it will be affected by Britain's exit issue from the European Union, the outcome of the U.S. presidential election, geopolitical risks, and fluctuating exchange rates.

Given this backdrop, we have reviewed our consolidated forecasts for the first six months and the rest of the fiscal year based on our best estimate of the total impact current market conditions will have on our operations, and have decided to make no revisions to the forecasts.

	Six-month period		Full year	
Net sales	260,000 million yen	(88.0%)	560,000 million yen	(91.8%)
Operating income	18,300 million yen	(66.7%)	45,000 million yen	(87.5%)
Ordinary income	17,800 million yen	(76.3%)	44,000 million yen	(94.3%)
Net income attributable to owners of the parent	12,100 million yen	(68.1%)	31,000 million yen	(85.2%)

(%): Year-on-year change

Our dividend forecast is based on our basic dividend policy that gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends are calculated to reflect performance in light of the overall business environment as we aim to maintain a stable and continuous distribution of profits.

Regarding the interim and year-end dividends for the fiscal year ending March 31, 2017, we will determine the dividend payout of around 20% on a consolidated basis.

2. Other summary information

(1) Summary of changes to major subsidiaries during the quarter

Not applicable.

(2) Changes in accounting policy, changes in accounting estimates, and restatements

Change in accounting policy which is difficult to distinguish from the change in accounting estimates

(Change in the depreciation method of tangible fixed assets other than buildings)

The Company and consolidated domestic subsidiaries have hitherto adopted the declining-balance method for the depreciation method of tangible fixed assets other than buildings; however, we have adopted the straight-line method since the first quarter of the current fiscal year.

Minebea Group plans to make an investment in the aircraft components business in Japan and Thailand. In the wake of the decision on the investment project, we reviewed the depreciation method of tangible fixed assets. As a result, we decided to change the depreciation method of tangible fixed assets to the straight-line method, since the adoption of such method will more accurately and adequately reflect the actual state of economic conditions, given the stable operating situations of our facilities and equipment throughout their period of use.

Due to the change, depreciation cost for the first quarter of the current fiscal year decreased, while operating income, ordinary income, and net income before income taxes for the quarter rose 111 million, respectively.

(3) Additional Information

(Adoption of revised implementation guidance on recoverability of deferred tax assets)

Revised Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016) has been applied effective from the current first quarter consolidated accounting period.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Amount: millions of yen)

	As of March 31, 2016	As of June 30, 2016
ASSETS		
Current assets	249,820	256,642
Cash and cash equivalents	39,594	43,788
Notes and accounts receivable	92,275	90,402
Marketable securities	1,545	14,695
Finished goods	39,717	32,684
Work in process	29,873	26,707
Raw materials	18,799	14,772
Supplies	4,939	4,652
Goods in transit	9,681	8,180
Deferred tax assets	4,016	3,329
Other	9,557	17,598
Allowance for doubtful receivables	(179)	(169)
Fixed assets	209,597	194,746
Tangible fixed assets	177,993	164,065
Buildings and structures	146,446	138,871
Machinery and transportation equipment	312,225	288,097
Tools, furniture and fixtures	51,198	48,326
Land	25,573	24,575
Leased assets	366	352
Construction in progress	6,250	5,785
Accumulated depreciation	(364,068)	(341,944)
Intangible fixed assets	12,905	12,304
Goodwill	5,721	5,313
Other	7,184	6,990
Investments and other assets	18,699	18,377
Investments in securities	8,760	8,797
Long-term loans receivable	240	220
Deferred tax assets	7,643	7,425
Other	2,076	2,121
Allowance for doubtful receivables	(22)	(187)
Deferred charges	9	6
Total assets	459,427	451,395

(Amount: millions of yen)

	As of March 31, 2016	As of June 30, 2016
LIABILITIES		
Current liabilities	165,424	182,121
Notes and accounts payable	35,807	36,902
Short-term loans payable	66,165	78,083
Current portion of bonds	10,000	10,000
Current portion of convertible bond-type bonds with subscription rights to shares	7,700	7,700
Current portion of long-term loans payable	13,479	13,519
Lease obligations	64	52
Accrued income taxes	5,385	6,339
Accrued bonuses	6,157	5,324
Allowance for bonuses to directors	180	45
Allowance for after-care of products	302	—
Allowance for environmental remediation expenses	463	323
Allowance for business restructuring losses	216	127
Other	19,502	23,704
Long-term liabilities	56,029	54,095
Long-term loans payable	39,765	39,167
Lease obligations	45	39
Allowance for retirement benefits to executive officers	187	137
Allowance for environmental remediation expenses	513	433
Net defined benefit liability	13,246	12,123
Other	2,271	2,192
Total liabilities	221,454	236,216
NET ASSETS		
Shareholders' equity	279,914	279,488
Common stock	68,258	68,258
Capital surplus	95,772	95,857
Retained earnings	125,133	124,565
Treasury stock	(9,249)	(9,194)
Total accumulated other comprehensive income	(49,129)	(71,351)
Difference on revaluation of available-for-sale securities	588	389
Deferred gains or losses on hedges	283	518
Foreign currency translation adjustments	(47,390)	(69,912)
Remeasurements of defined benefit plans	(2,611)	(2,347)
Subscription rights to shares	130	113
Non-controlling interests	7,058	6,929
Total net assets	237,973	215,178
Total liabilities and net assets	459,427	451,395

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

(Quarterly Consolidated Statements of Income)

(Three months ended June 30, 2016)

(Amount: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net sales	127,391	120,288
Cost of sales	97,918	95,922
Gross profit	29,472	24,366
Selling, general and administrative expenses	16,960	17,394
Operating income	12,512	6,971
Other income	1,109	968
Interest income	157	106
Dividends income	69	68
Foreign currency exchange gains	473	439
Dividends income of insurance	194	199
Other	215	154
Other expenses	749	684
Interest expenses	323	212
Other	425	471
Ordinary income	12,872	7,255
Extraordinary income	600	18
Gain on sales of fixed assets	12	18
Insurance income	504	—
Gain on liquidation of affiliates	83	—
Extraordinary loss	415	129
Loss on sales of fixed assets	10	86
Loss on disposal of fixed assets	48	9
Loss on disaster	137	—
Business restructuring losses	60	9
Loss on abolishment of retirement benefit plan	4	—
Loss for after-care of products	—	12
Allowance for environmental remediation expenses	154	12
Income before income taxes	13,058	7,144
Income taxes		
Income taxes (including enterprise tax)	2,246	1,629
Income taxes for prior periods	—	2,043
Adjustment of income taxes	664	117
Total income taxes	2,911	3,789
Net income	10,146	3,355
Net income attributable to non-controlling interests	88	178
Net income attributable to owners of the parent	10,058	3,176

(Quarterly Consolidated Statements of Comprehensive Income)
(Three months ended June 30, 2016)

(Amount: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
Net income	10,146	3,355
Other comprehensive income:		
Difference on revaluation of available-for-sale securities	446	(201)
Deferred gains or losses on hedges	14	234
Foreign currency translation adjustments	226	(22,758)
Remeasurements of defined benefit plans	638	264
Share of other comprehensive income of associates accounted for using equity method	29	(45)
Total other comprehensive income	1,354	(22,506)
Total comprehensive income	11,501	(19,151)
Comprehensive income attributable to:		
Owners of the parent	11,453	(19,045)
Non-controlling interests	48	(105)

(3) Quarterly Consolidated Statements of Cash Flows

(Amount: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
1. Cash flows from operating activities:		
Income before income taxes	13,058	7,144
Depreciation and amortization	7,494	7,374
Amortization of goodwill	214	248
Loss on disaster	137	—
Loss on abolishment of retirement benefit plan	4	—
Insurance income	(504)	—
Interest and dividends income	(226)	(174)
Interest expenses	323	212
Loss (gain) on sales of fixed assets	(1)	68
Loss on disposal of fixed assets	48	9
Loss (gain) on liquidation of affiliates	(83)	—
Decrease (increase) in notes and accounts receivable	4,391	(4,679)
Decrease (increase) in inventories	(1,709)	8,415
Increase (decrease) in notes and accounts payable	(6,523)	3,780
Increase (decrease) in allowance for doubtful receivables	(5)	174
Increase (decrease) in accrued bonuses	(626)	(539)
Increase (decrease) in allowance for bonuses to directors	(141)	(135)
Increase (decrease) in net defined benefit liability	(234)	(355)
Increase (decrease) in allowance for retirement benefits to executive officers	(31)	(49)
Increase (decrease) in allowance for after-care of products	(13)	(302)
Increase (decrease) in allowance for environmental remediation expenses	18	(145)
Increase (decrease) in allowance for business restructuring losses	(351)	(75)
Other	648	(892)
Sub-total	15,885	20,080
Interest and dividends received	221	169
Interest paid	(242)	(197)
Income taxes paid	(3,371)	(2,152)
Proceeds from income taxes refund	177	—
Payments related to Anti-Monopoly Act	(2,164)	—
Proceeds from insurance income	101	—
Net cash provided by operating activities	10,606	17,899

(Amount: millions of yen)

	Three months ended June 30, 2015	Three months ended June 30, 2016
2. Cash flows from investing activities:		
Payments into time deposits	(3,079)	(3,457)
Proceeds from withdrawal of time deposits	2,640	2,978
Purchase of marketable securities	—	(13,896)
Proceeds from sales of marketable securities	34	—
Purchase of tangible fixed assets	(12,714)	(5,504)
Proceeds from sales of tangible fixed assets	72	344
Purchase of intangible fixed assets	(309)	(412)
Purchase of investments in securities	(411)	(761)
Proceeds from sales of investments in securities	1	—
Proceeds from redemption of investment securities	393	763
Payments for loans provided	(100)	(28)
Proceeds from collection of loans receivables	36	20
Other	(27)	(44)
Net cash used in investing activities	(13,465)	(19,997)
3. Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	(1,288)	13,460
Proceeds from long-term loans	—	98
Repayment of long-term loans	(650)	(650)
Purchase of treasury stock	(0)	(0)
Proceeds from disposal of treasury stock	79	128
Cash dividends paid	(2,243)	(3,743)
Dividends paid to non-controlling interests	—	(23)
Repayment of lease obligations	(49)	(17)
Other	—	0
Net cash used in financing activities	(4,151)	9,250
4. Effect of exchange rate changes on cash and cash equivalents	174	(2,280)
5. Net increase (decrease) in cash and cash equivalents	(6,835)	4,871
6. Cash and cash equivalents at beginning of period	36,137	29,141
7. Cash and cash equivalents at end of period	29,302	34,013

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes for Significant Change in the Amount of Net Assets)

Not applicable.

(Segment Information etc.)

I Three months ended June 30, 2015

1. Information related to sales and income (loss) by reportable segments

(Amount: millions of yen)

	Reportable segments			Other *1	Total	Adjustment *2	Quarterly Consolidated Statements of Income amount *3
	Machined components business	Electronic devices and components business	Total				
Total sales							
(1) Sales to customers	40,974	86,311	127,285	105	127,391	—	127,391
(2) Sales to other segment	1,011	1,358	2,370	404	2,775	(2,775)	—
Total	41,986	87,669	129,655	510	130,166	(2,775)	127,391
Segment income (loss)	9,956	5,608	15,564	(41)	15,523	(3,010)	12,512

(Notes) *1. The classification of "Other" is the business segment, which is not included in the reportable segments, and its products are mainly machine made in-house.

*2. Adjustments to segment income are amortization of goodwill -214 million yen, and corporate expenses such as general and administrative expenses in addition to research and development expenses that do not belong to the reportable segments -2,796 million yen.

*3. Segment income (loss) is reconciled to operating income in the quarterly consolidated statements of income.

2. Information related to impairment loss of fixed assets or goodwill, etc. by reportable segments

Not applicable.

Ⅱ Three months ended June 30, 2016

1. Information related to sales and income (loss) by reportable segments

(Amount: millions of yen)

	Reportable segments			Other *1	Total	Adjustment *2	Quarterly Consolidated Statements of Income amount *3
	Machined components business	Electronic devices and components business	Total				
Total sales							
(1) Sales to customers	39,207	80,911	120,119	169	120,288	—	120,288
(2) Sales to other segment	874	964	1,838	191	2,029	(2,029)	—
Total	40,082	81,875	121,957	360	122,318	(2,029)	120,288
Segment income (loss)	10,401	432	10,834	(16)	10,817	(3,846)	6,971

(Notes) *1. The classification of "Other" is the business segment, which is not included in the reportable segments, and its products are mainly machine made in-house.

*2. Adjustments to segment income or loss are amortization of goodwill -248 million yen, and corporate expenses such as general and administrative expenses in addition to research and development expenses that do not belong to the reportable segments -3,597 million yen.

*3. Segment income (loss) is reconciled to operating income in the quarterly consolidated statements of income.

2. Information related to impairment loss of fixed assets or goodwill, etc. by reportable segments

Not applicable.

3. Information related to changes reportable segments, etc.

(Change in the depreciation method of tangible fixed assets other than buildings)

The Company and consolidated domestic subsidiaries have hitherto adopted the declining-balance method for the depreciation method of tangible fixed assets other than buildings; however, we have adopted the straight-line method since the first quarter of the current fiscal year.

Minebea Group plans to make an investment in the aircraft components business in Japan and Thailand. In the wake of the decision on the investment project, we reviewed the depreciation method of tangible fixed assets. As a result, we decided to change the depreciation method of tangible fixed assets to the straight-line method, since the adoption of such method will more accurately and adequately reflect the actual state of economic conditions, given the stable operating situations of our facilities and equipment throughout their period of use.

Due to this change, depreciation cost for the first quarter of the current fiscal year decreased, while the segment income for Machined components, that for Electronic devices and components, that for Other and that for Adjustment (all companies) segment rose 30, 43, 26, and 11 million yen, respectively.