Financial Section

Contents

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Eleven-Year Summary

	2013	2012	2011	2010
Statement of Income • Statement of Comprehensive Income Data:				
Net sales:	**¥282,409**	¥251,358	¥269,139	¥228,446
Machined components	**113,573**	107,038	107,841	99,291
Percentage of net sales	**40%**	43%	40%	44%
Rotary components	**101,920**	91,364	101,139	74,185
Percentage of net sales	**36%**	36%	38%	32%
Electronic devices and components	**57,190**	37,887	40,502	35,780
Percentage of net sales	**20%**	15%	15%	16%
Other	**9,726**	15,069	19,657	19,190
Percentage of net sales	**4%**	6%	7%	8%
Former segment				
Machined components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Electronic devices and components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Gross profit	**¥ 57,295**	¥ 52,852	¥ 66,994	¥ 53,160
Percentage of net sales	**20.3%**	21.0%	24.9%	23.3%
Operating income	**10,169**	8,599	22,163	12,059
Percentage of net sales	**3.6%**	3.4%	8.2%	5.3%
Net income (loss)	**1,804**	5,922	12,465	6,662
Percentage of net sales	**0.6%**	2.4%	4.6%	2.9%
Comprehensive income	**26,709**	4,046	4,009	6,255
Percentage of net sales	**9.5%**	1.6%	1.5%	2.7%
Balance Sheet Data:				
Total assets	**¥362,805**	¥306,772	¥291,092	¥277,967
Total current assets	**170,977**	157,787	144,178	130,004
Total current liabilities	**128,484**	115,713	116,863	102,961
Short-term debt and current portion of long-term debt	**85,203**	68,607	76,370	64,755
Long-term debt	**85,209**	73,937	56,843	58,645
Working capital	**42,493**	42,074	27,315	27,043
Total net assets	**137,858**	109,777	109,967	108,381
Equity ratio	**36.2%**	35.7%	37.1%	38.5%
Per Share Data:				
Net income (loss):				
Basic	**¥ 4.83**	¥ 15.63	¥ 32.61	¥ 17.20
Diluted	**4.65**	15.54	—	—
Net assets	**351.65**	288.74	282.03	279.87
Cash dividends	**7.00**	7.00	7.00	7.00
Number of shares outstanding	**399,167,695**	399,167,695	399,167,695	399,167,695
Other Data:				
Return (net income) on equity	**1.5%**	5.5%	11.6%	6.3%
Return on total assets	**0.5%**	2.0%	4.4%	2.4%
Interest expense	**¥ 2,651**	¥ 2,321	¥ 1,833	¥ 1,898
Net cash provided by operating activities	**22,990**	20,233	24,439	30,408
Net cash used in investing activities	**(37,813)**	(29,018)	(28,631)	(12,733)
Free cash flow	**(14,823)**	(8,785)	(4,192)	17,675
Purchase of tangible fixed assets	**42,963**	25,961	26,517	10,495
Depreciation and amortization	**22,569**	20,920	22,127	22,492
Number of employees	**53,327**	51,406	53,827	49,091

Notes: 1. In fiscal 2013, the Company posted other expenses of ¥4,905 million on the restructuring and associated impairment charges of the rotary components segment, ¥1,642 million in expenses associated with the partial settlement of a defined benefit pension plan at U.S. subsidiaries, and ¥955 million on the restructuring and the associated provision for doubtful receivables of the speaker business.
2. Effective from fiscal 2011, the Company applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." Figures before fiscal 2009 are based on former segments.
3. Effective from fiscal 2011, the Company applied the "Accounting Standard for Presentation of Comprehensive Income."
4. Effective from fiscal 2007, the Company applied the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet." Accordingly, "shareholders' equity" and "return on shareholders' equity" have been restated as "net assets" and "return (net income) on equity," respectively. Also, figures after fiscal 2006 include minority interests in net assets.

2009	2008	2007	2006	2005	2004	2003 *Millions of yen*	**2013** *Thousands of U.S. dollars (Note 8)*
¥256,163	¥334,431	¥331,022	¥318,446	¥294,422	¥268,574	¥272,202	**$3,002,760**
—	—	—	—	—	—	—	**1,207,585**
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	**1,083,675**
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	**608,087**
—	—	—	—	—	—	—	
—	—	—	—	—	—	—	**103,413**
—	—	—	—	—	—	—	
115,872	144,034	137,662	129,595	116,105	111,693	118,118	**—**
45%	43%	42%	41%	39%	42%	43%	
140,291	190,397	193,360	188,851	178,317	156,881	154,084	**—**
55%	57%	58%	59%	61%	58%	57%	
¥ 59,025	¥ 80,721	¥ 73,378	¥ 68,511	¥ 62,403	¥ 65,313	¥ 68,702	**$ 609,204**
23.0%	24.1%	22.2%	21.5%	21.2%	24.3%	25.2%	
13,406	30,762	26,265	19,269	14,083	18,104	19,352	**108,133**
5.2%	9.2%	8.0%	6.0%	4.8%	6.7%	7.1%	
2,441	16,303	12,862	4,257	5,581	6,019	(2,434)	**19,182**
1.0%	4.9%	3.9%	1.3%	1.9%	2.2%	(0.9)%	
—	—	—	—	—	—	—	**283,989**
—	—	—	—	—	—	—	
¥285,396	¥320,544	¥354,784	¥349,862	¥332,217	¥314,915	¥320,069	**$3,857,583**
121,699	148,117	156,059	153,564	147,295	138,953	127,447	**1,817,935**
112,312	118,321	131,155	150,886	141,449	167,626	134,459	**1,366,125**
80,990	65,352	71,761	91,772	87,112	119,643	81,262	**905,935**
56,900	67,500	78,500	79,500	85,341	51,842	85,862	**906,001**
9,387	29,796	24,905	2,678	5,846	(28,673)	(7,012)	**451,810**
106,762	131,730	142,558	118,209	102,088	93,866	98,213	**1,465,796**
37.1%	40.7%	40.1%	33.6%	30.7%	29.8%	30.7%	

						Yen	*U.S. dollars (Note 8)*
¥ 6.18	¥ 40.86	¥ 32.23	¥ 10.67	¥ 13.93	¥ 15.08	¥ (6.10)	**$0.05**
—	—	—	—	13.27	14.51	(4.85)	**0.05**
271.93	327.25	356.75	294.65	255.82	235.21	246.08	**3.74**
7.00	10.00	10.00	7.00	7.00	7.00	7.00	**0.07**
399,167,695	399,167,695	399,167,695	399,167,695	399,167,695	399,167,695	399,167,695	

						Millions of yen	*Thousands of U.S. dollars (Note 8)*
2.1%	11.9%	9.9%	3.9%	5.7%	6.3%	(2.3)%	
0.8%	4.8%	3.7%	1.2%	1.7%	1.9%	(0.8)%	
¥ 2,646	¥ 4,402	¥ 5,224	¥ 4,771	¥ 3,361	¥ 3,213	¥ 4,765	**$ 28,196**
37,064	46,893	37,902	28,237	27,586	21,714	32,279	**244,450**
(24,554)	(23,461)	(15,180)	(19,120)	(23,789)	(14,932)	(16,233)	**(402,052)**
12,510	23,432	22,722	9,117	3,797	6,782	16,046	**(157,602)**
18,429	24,888	16,969	21,897	23,060	18,825	16,382	**456,807**
25,027	27,502	25,727	25,045	23,545	22,728	24,015	**239,982**
48,443	50,549	49,563	47,526	48,473	43,839	43,002	

5. In fiscal 2006, the Company restructured its PC keyboard business. As a consequence, the Company posted a business restructuring loss of ¥3,475 million in other expenses. The Company also recorded an impairment loss of ¥967 million in other expenses resulting from the adoption of impairment accounting for fixed assets.
6. From fiscal 2005, the Company calculates free cash flow by subtracting net cash used in investing activities from net cash provided by operating activities. Figures for previous fiscal years have been restated using this calculation.
7. In fiscal 2003, significant declines in the prices of stocks listed on major markets resulted in the impairment of shares in financial institutions and losses on devaluation of investment securities amounted to ¥4,945 million. In line with projected losses resulting from its withdrawal from switching power supplies and related businesses, the Company posted losses on liquidation of switching power supplies and related businesses of ¥3,144 million. The Company also posted ¥1,206 million in environmental remediation expenses incurred by its U.S. subsidiaries.
8. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥94.05=US$1, the approximate rate of exchange on March 31, 2013.

Outline

Outline of Operations

Minebea Group comprises four business segments.

The machined components segment (40.2% of net sales in the year under review) primarily manufactures miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The rotary components segment (36.1% of net sales) focuses mainly on small precision motors, such as spindle motors for hard disk drives (HDDs) and fan motors. The electronic devices and components segment (20.3% of net sales) primarily makes light-emitting diode (LED) backlights for liquid crystal displays (LCDs) and other lighting devices, as well as inverters and measuring components. The other segment (3.4% of net sales) mainly produces speakers and special devices.

Product development takes place mainly in Japan, Germany, Thailand and the United States. Manufacturing takes place mainly in Japan, Thailand, China, the United States, Singapore, Malaysia, Cambodia, Germany, the Czech Republic and the United Kingdom. Thailand, which is our largest manufacturing base, accounted for 50.6% of our consolidated-basis output in the year under review, while China, which is our next biggest manufacturing base, accounted for 24.7%. Asian locations outside of Japan accounted for 80.3% of our production, and manufacturing at all overseas locations accounted for 91.9% of total output.

The key markets for our products are PCs and peripherals (29.1% of net sales in the year under review), office automation and telecommunications equipment (20.0%), automotive (11.1%), aerospace (9.5%) and household electrical appliances (7.2%). Many manufacturers of these products—our customers—are moving outside of Japan, Europe, and the Americas to expand their manufacturing capacity in Asia, especially in China. As a result, China (including Hong Kong), accounted for 29.0% of consolidated net sales in the year under review, followed by Japan (20.1%), Thailand (12.9%), and then Europe and the United States.

On April 1, 2013 we carried out an internal reorganization. We reorganized the Machined Component Manufacturing HQ, Rotary Component Manufacturing HQ, Electronic Device & Component Manufacturing HQ, HDD Motor Manufacturing HQ, Special Device Manufacturing HQ, and Global Motor Business HQ into two manufacturing headquarters, the "Machined Component Manufacturing HQ" and the "Electronic Device & Component Manufacturing HQ". The objective of the reorganization is to improve business efficiency and speed.

Outline of Strategy

We aim to lift profitability and boost enterprise value by leveraging our "vertically integrated manufacturing system" that takes advantage of "ultra-precision machining technologies", and by globally expanding our "large-scale overseas volume production systems" and "well-developed R&D system" in order to stay "ahead of the competition in manufacturing and technological excellence".

We are also building a new supply chain in order to diversify procurement so that we can cope with significant fluctuations in supply and demand and improve capital efficiency. The growth drivers that will allow us to accomplish this and achieve sustainable growth are "new product development", the "improvement of existing products", and the "relentless improvement of manufacturing technology", as well as our "ability to leverage our vertically and horizontally integrated strengths" and our ability to "increase enterprise value through M&A and alliances".

1. In ball bearings, we will generate and expand new demand by strengthening our production capacity in miniature ball bearings, an area with strong growth potential, and by developing new products. Along with focusing on manufacturing and sales efforts directed at emerging markets, we will also work to expand profitable businesses so that we can cope with a rapidly changing business environment.
2. We will build a flexible manufacturing platform for pivot assemblies so that we can address decreased demand in the HDD-related market.
3. We will work to improve results in the HDD spindle motor business by continuing to develop new products, while reducing costs, so that we can address market demand.
4. Demand for aircraft parts is expected to expand, so in order to further bolster this area, we will improve our basic technological capabilities in existing rod-end bearings while at the same time formulating a global business strategy. We will also keep moving into aircraft mechanical parts that take advantage of our highly advanced processing technology.
5. We will seek to increase and stabilize sales and profits in the LED backlight business, by boosting the output of products used in smartphones and tablet PCs and by expanding sales in the automobile market.
6. We will further expand our business in precision small motors, including fan motors, and develop this area into a pillar of our business alongside bearing-related products. We also aim to boost profitability by increasing output and reducing costs as we expand operations at our Cambodia plant.
7. We will increase the ratio of high-value-added products and expand the product line-up to serve a broader market.
8. We will strengthen our ability to provide flexible prices and ability to satisfy the requirements of our customers by always considering the re-organization of our business portfolios and demonstrating across-the-board management resources covering manufacturing, sales and marketing, engineering and development.
9. We will work to increase sales by developing new "electro-mechanics solutions" by merging electronic device technologies and machined component technologies in order to tap new markets such as medical equipment.
10. We will strive for improved results by aggressively undertaking thorough and full-scale cost reduction initiatives as well as furthering the strengthening of our business structure.
11. In order to minimize geographic risk we will constantly review our optimal manufacturing locations and we will also prepare ourselves to accommodate multi-region manufacturing.
12. We will actively seek to enhance enterprise value through M&A and alliance.

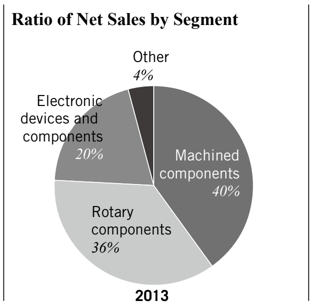
Financial Data by Segments

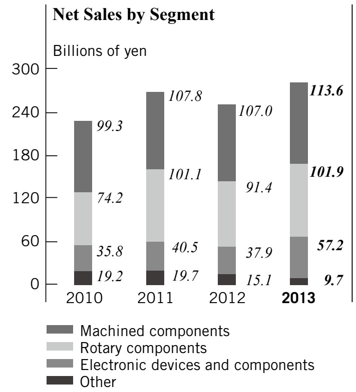
					Millions of yen
Years ended March 31	**2013**	2012	2011	2010	2009
Sales by reportable segments					
Machined components	**¥113,573**	¥107,038	¥107,841	¥ 99,291	¥ —
Rotary components	**101,920**	91,364	101,139	74,185	—
Electronic devices and components	**57,190**	37,887	40,502	35,780	—
Reportable segments total	**¥272,683**	¥236,289	249,482	209,256	—
Other	**9,726**	15,069	19,657	19,190	—
Total	**¥282,409**	¥251,358	269,139	228,446	—
Adjustment	**—**	—	—	—	—
Consolidated financial statements amount	**¥282,409**	¥251,358	¥269,139	¥228,446	¥ —
Income (loss) by reportable segments					
Machined components	**¥ 25,459**	¥ 25,611	¥ 28,088	¥ 20,634	¥ —
Rotary components	**(4,369)**	(4,119)	(225)	(1,827)	—
Electronic devices and components	**1,531**	(959)	4,160	5,385	—
Reportable segments total	**¥ 22,621**	¥ 20,533	32,023	24,192	—
Other	**231**	(339)	498	(685)	—
Total	**¥ 22,852**	¥ 20,194	32,521	23,507	—
Adjustment	**(12,683)**	(11,595)	(10,358)	(11,448)	—
Consolidated financial statements amount	**¥ 10,169**	¥ 8,599	¥ 22,163	¥ 12,059	¥ —
Assets by reportable segments					
Machined components	**¥ 97,632**	¥ 82,614	¥ 77,796	¥ 79,507	¥ —
Rotary components	**87,502**	70,753	72,374	64,488	—
Electronic devices and components	**26,953**	22,491	18,280	14,898	—
Reportable segments total	**¥212,087**	¥175,858	168,450	158,893	—
Other	**9,778**	10,065	10,857	19,911	—
Total	**¥221,865**	¥185,923	179,307	178,804	—
Adjustment	**140,940**	120,849	111,785	99,163	—
Consolidated financial statements amount	**¥362,805**	¥306,772	¥291,092	¥277,967	¥ —
Depreciation and amortization by reportable segments					
Machined components	**¥ 8,020**	¥ 7,520	¥ 8,098	¥ 8,017	¥ —
Rotary components	**6,867**	6,824	7,895	7,887	—
Electronic devices and components	**1,751**	1,163	979	953	—
Reportable segments total	**¥ 16,638**	¥ 15,507	16,972	16,857	—
Other	**879**	1,101	1,291	1,472	—
Total	**¥ 17,517**	¥ 16,608	18,263	18,329	—
Adjustment	**3,283**	2,980	2,543	2,811	—
Consolidated financial statements amount	**¥ 20,800**	¥ 19,588	¥ 20,806	¥ 21,140	¥ —
Increase in tangible and intangible fixed assets by reportable segments					
Machined components	**¥ 9,100**	¥ 8,501	¥ 10,783	¥ 4,122	¥ —
Rotary components	**11,974**	7,462	9,490	3,516	—
Electronic devices and components	**2,262**	2,647	1,515	592	—
Reportable segments total	**¥ 23,336**	¥ 18,610	21,788	8,230	—
Other	**763**	471	825	460	—
Total	**¥ 24,099**	¥ 19,081	22,613	8,690	—
Adjustment	**19,588**	8,225	4,722	2,391	—
Consolidated financial statements amount	**¥ 43,687**	¥ 27,306	¥ 27,335	¥ 11,081	¥ —

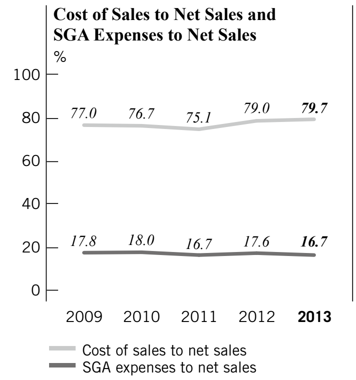
Note: Effective from fiscal 2011, the Company applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." Accordingly, figures of fiscal 2009 are not disclosed, as they cannot be compared to.

Financial Review

Results of Operations







Net Sales

In the year under review, the Japanese economy continued to face challenges. Although domestic demand remained firm owing to the demand arising from reconstruction in the wake of the Great East Japan Earthquake, exports declined and capital investment fell sharply due to the effects of a slowing global economy, a rising yen, and increasingly strained relations between Japan and China. Even so, entering the fourth quarter there were signs of improvement in the economy as a result of the emergency economic stimulus package that was pushed by the Liberal Democratic Party of Japan (LDP) government that came into power at the end of last year and the alleviation of the strong yen. In the United States, consumer spending remained firm and the housing market continued to improve, but the unemployment rate has been slow to improve. Europe remained mired in a slump. The German economy remained firm even as the sovereign debt crisis dragged on, but the unemployment rate worsened and economic recovery was delayed elsewhere in the euro-zone, causing the gap among countries to widen. In Asia, Chinese growth slowed and India also weakened due to the decrease in exports that resulted from the European economic slump as well as stagnating domestic demand; however, the ASEAN countries remained on solid footing thanks mainly to domestic demand.

In this business climate, in order to further enhance profitability, Minebea focused its efforts on rigorous cost-cutting, higher valued-added products, the development of new technologies, and marketing initiatives. As a result, net sales increased ¥31,051 million (12.4%) from the previous year to ¥282,409 million.

Cost of Sales

In the year under review, cost of sales increased ¥26,608 million (13.4%) from the previous year to ¥225,114 million. The cost of sales to net sales ratio rose 0.7 points from the previous year to 79.7% due to decline in output which was caused by sales volume decline and inventory adjustment due to the effects of the global economic slowdown and a deteriorating HDD market starting in the second quarter.

SGA Expenses

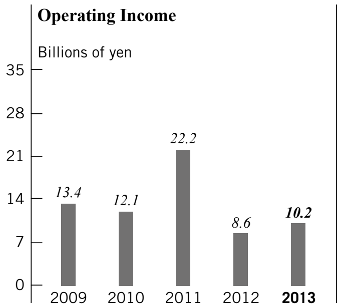
SGA expenses increased ¥2,873 million (6.5%) from the previous year to ¥47,126 million in the year under review. The SGA expense ratio decreased 0.9 points from the previous year to 16.7%. The primary factors of the increase in SGA expenses were the inclusion of the figures from newly acquired MOATECH CO., LTD. starting in the second quarter of the fiscal year, the expenses associated with the relocation of the Tokyo headquarters, and the effects of the weaker yen.

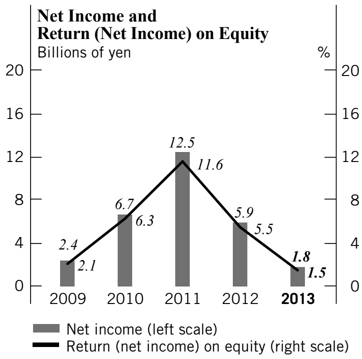
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2013**	2012	2011	2010	2009
Net sales	**¥282,409**	¥251,358	¥269,139	¥228,446	¥256,163
Cost of sales	**225,114**	198,506	202,145	175,286	197,138
Cost of sales to net sales	**79.7%**	79.0%	75.1%	76.7%	77.0%
Gross profit	**57,295**	52,852	66,994	53,160	59,025
SGA expenses	**47,126**	44,253	44,831	41,101	45,619
SGA expenses to net sales	**16.7%**	17.6%	16.7%	18.0%	17.8%

*Segment classification has changed from the fiscal year ended March 31, 2011, due to the revision of accounting standards.





Operating Income

Operating income increased ¥1,570 million (18.3%) from the previous year to ¥10,169 million. Although the weaker yen and stronger currencies in other Asian countries had an effect on operating income, it grew as sales rebounded. Operating margin rose 0.2 points to 3.6%. See “Segment Information” for details.

Other Income (Expenses)

The net balance of other income and expenses (the net of non-operating profit (loss) and extraordinary profit (loss)) was a loss of ¥5,287 million, ¥2,239 million larger than the previous year. We recorded other income of ¥4,304 million on the gain on sale of the Omori Plant and ¥2,572 million in partial insurance claim payments associated with the widespread flooding in Thailand. We also recorded other expenses of ¥4,905 million on the restructuring and associated impairment charges of the rotary components segment, interest expenses of ¥2,651 million, ¥1,642 million in expenses associated with the partial settlement of a defined benefit pension plan at U.S. subsidiaries, and ¥955 million on the restructuring and the associated provision for doubtful receivables of the speaker business.

Income before Income Taxes and Minority Interests

As a result of the above, net income before income taxes and minority interests decreased ¥669 million (12.1%) from the previous year to ¥4,882 million.

Income Taxes

Income taxes increased ¥2,392 million from the previous year to ¥3,650 million. Income taxes included current income taxes (i.e. corporate, inhabitant and business taxes) totaling ¥4,058 million and deferred income taxes (benefit) of ¥408 million. The effective tax rate increased from 22.7% in the previous year to 74.8%. This is attributable to the fact that the previous year included special factors that served to depress taxes, such as a special exemption on the insurance claim payments received due to the flooding in Thailand and recognition of deferred tax assets associated with the downsizing of the keyboard business, and the fact that in the year under review earnings at various group companies deteriorated due to measures such as the restructuring of the rotary components segment.

Minority Interests (Losses)

Minority interests (losses) totaled ¥572 million, ¥1,057 million smaller than the previous year mainly due to the improved profitability of the Minebea Motor Manufacturing Corporation joint venture.

Net income

As a result of the above, net income decreased ¥4,118 million (69.5%) from the previous year to ¥1,804 million. Basic net income per share was ¥4.83, down ¥10.80 from ¥15.63 in the previous year.

Income

Millions of yen

Years ended March 31	**2013**	2012	2011	2010	2009
Operating income	**¥10,169**	¥8,599	¥22,163	¥12,059	¥13,406
Operating margin	**3.6%**	3.4%	8.2%	5.3%	5.2%
Net balance of other income (expenses)	**(5,287)**	(3,048)	(3,507)	(2,798)	(6,572)
Net income	**1,804**	5,922	12,465	6,662	2,441
Net income to net sales	**0.6%**	2.4%	4.6%	2.9%	1.0%
Net income per share (Yen):					
Basic	**4.83**	15.63	32.61	17.20	6.18
Diluted	**4.65**	15.54	—	—	—
Return (net income) on equity	**1.5%**	5.5%	11.6%	6.3%	2.1%
Return on total assets	**0.5%**	2.0%	4.4%	2.4%	0.8%

Financial Condition

Financial Policy and Liquidity

Products and technologies are being developed faster and faster in the various areas in which Minebea Group operates, and the global competition among companies is intensifying. In this environment, we must make the upfront investments needed to develop new products that meet our customers' needs and to develop the products that keep us one step ahead of the market, while also ensuring that we have the sort of flexibility in capital spending that will allow us to immediately cope with changes in demand. We are endeavoring to maintain and strengthen our financial position and agility in financing so that we can support this kind of dynamic corporate activity and forge ahead on "strengthening our technological development capabilities".

We have made "strengthening our financial position" one of our key management policies and our medium-term objective is to keep net interest-bearing debts to the ¥100 billion level (¥136,148 million at of the end of the year under review). With respect to capital spending, we intend to proactively expand investments in growth businesses while at the same time rigorously ensuring the efficient deployment of assets by use of an effective investment plan, allowing us to shrink total assets, control capital spending, and reduce liabilities.

Furthermore, in order to ensure our flexibility in financing, we have obtained a rating for up to ¥10 billion in short-term debt from a ratings institution. In order to maintain and reinforce the stability of our financing base, we have maintained good relationships with financial institutions inside and outside of Japan, while at the same time we are building a framework to manage liquidity risk that includes our entering into an agreement for commitment lines of ¥10 billion.

Debt Ratings

As of May 2013	*Long-term debt*	*Short-term debt*
Japan Credit Rating Agency Ltd. (JCR)	A	J–1
Rating and Investment Information Center Inc. (R&I)	A–	a–1

Capital Investment

With respect to capital investment, we endeavor to proactively expand our investments in growth businesses while at the same time making efficient investments that allow us to address changes in demand. In the year under review capital investments totaled ¥43,687 million, comprising ¥9,100 million for the machined components segment, ¥11,974 million for the rotary components segment, ¥2,262 million for the electronic devices and components segment, ¥763 million for the other segment, and ¥19,588 million for unallocated corporate capital investments.

Investments in the machined components segment mainly consisted of investments to boost output and streamline facilities for bearings and HDD pivot assemblies in Thailand. Investments in the rotary components segment mainly consisted of equipment for making HDD spindle motors in Thailand and equipment for making information motors in Cambodia and China. In the electronic devices and components segment, we invested mainly in equipment for manufacturing LED backlights and components in Thailand and China. The unallocated corporate capital investments were mainly related to the acquisition of our Tokyo headquarters building.

The figure of capital investments includes ¥893 million in intangible fixed assets and a ¥143 million increase in assets associated with new finance lease agreements.

Our plan for the next fiscal year calls for ¥20.9 billion in capital investments.

Dividends

Our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders, with dividends reflecting performance in light of the overall business environment, while maintaining a stable and continuous distribution of profits.

Our policy is to distribute dividends from surplus two times each year in the form of an interim dividend and a year-end dividend.

The body that determines the year-end dividend from surplus is the annual general meeting of shareholders, while the interim dividend is determined by the Board of Directors.

Pursuant to the above policy, our dividend for the year under review is 7 yen per share, which includes an interim dividend of 3 yen per share. The resulting consolidated-basis dividend payout ratio for the year under review is 144.9%.

We intend to use our retained earnings to expand globally, while at the same time becoming even more cost-competitive and reinforcing our technology and manufacturing development platform so that we can address market needs, thereby allowing us to accommodate anticipated changes in our business environment.

Free Cash Flow

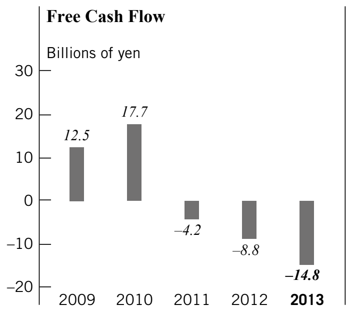
In the year under review, we recorded negative free cash flow (defined as the aggregate of cash flows from operating activities and cash flows from investing activities) of ¥14,823 million, a decrease of ¥6,038 million from the previous year.

Cash Flows from Operating Activities

We generated cash flows from operating activities of ¥22,990 million, up ¥2,757 million (13.6%) from the previous year. Inflows consisted mainly of the ¥4,882 million in income before income taxes and minority interests and ¥20,800 million in depreciation & amortization, while outflows consisted mainly of a ¥6,499 million decrease in trade payables and a ¥4,399 million gain on sales and disposals of fixed assets.

Cash Flows from Investing Activities

Cash flows from investing activities totaled outflow of ¥37,813 million, up ¥8,795 million (30.3%) from the previous year. Inflows consisted mainly of ¥5,845 million in proceeds from sales of tangible fixed assets. Outflows consisted mainly of ¥42,963 million in payments for purchase of tangible fixed assets.

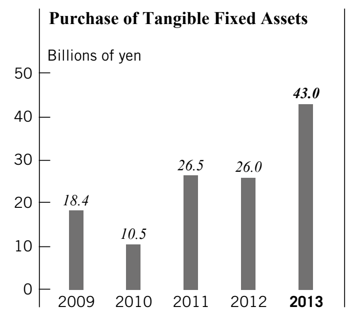


Cash Flows from Financing Activities

Cash flows from financing activities amounted to inflow of ¥17,409 million, an increase of ¥12,648 million (265.7%) from the previous year. Inflows consisted mainly of a net increase of ¥22,036 million in short- and long-term borrowing, while outflows consisted mainly of ¥2,634 million for the payments of cash dividends and ¥2,156 million for the payments for purchase of treasury stock.

Cash and Cash Equivalents

Because free cash flow outlays were less than the inflows from financing activities, cash and cash equivalents increased ¥4,857 million from the previous year to ¥28,223 million at the end of the year under review.



Free Cash Flow

Millions of yen

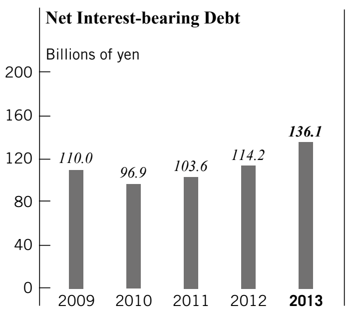
Years ended March 31	**2013**	2012	2011	2010	2009
Net cash provided by operating activities	**¥22,990**	¥20,233	¥24,439	¥30,408	¥37,064
Net cash used in investing activities	**(37,813)**	(29,018)	(28,631)	(12,733)	(24,554)
Portion of above used in purchase of tangible fixed assets	**(42,963)**	(25,961)	(26,517)	(10,495)	(18,429)
Free cash flow	**(14,823)**	(8,785)	(4,192)	17,675	12,510

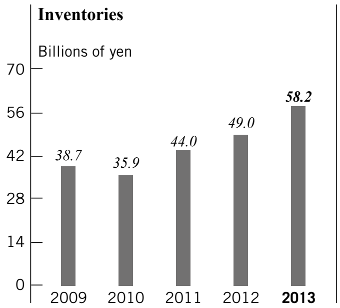
Assets, Liabilities and Net Assets

Total assets increased ¥56,033 million (18.3%) from the previous year-end to ¥362,805 million at the end of the year under review. This is mainly from the effect of foreign exchange rates, and increases in fixed assets associated with capital investment in the rotary components segment and machined components segment and the purchase of a new Tokyo headquarters building.

Net assets totaled ¥137,858 million and shareholders' equity totaled ¥131,327 million, resulting in a shareholders' equity ratio of 36.2%, up 0.5 points from the previous year.

Net interest-bearing debt (defined as total debt after subtracting cash and cash equivalents and time deposits) increased ¥21,934 million (19.2%) from the previous year to ¥136,148 million. The net debt-to-equity ratio was 1.0x, unchanged from the previous year-end.





Assets

Cash and cash equivalents increased ¥4,857 million from the previous year-end to ¥28,223 million. Notes and accounts receivable–trade increased ¥3,851 million from the previous year-end to ¥62,646 million due to the effects of foreign exchange rates. Notes and receivables–other decreased ¥4,349 million to ¥1,796 million due to the receipt of insurance claim payments associated with the widespread flooding in Thailand. Inventories increased ¥9,209 million from the previous year-end to ¥58,234 million due to the effects of foreign exchange rates.

As a result of the above, total current assets increased ¥13,190 million (8.4%) from the previous year-end to ¥170,977 million.

Tangible fixed assets increased ¥43,724 million (34.4%) from the previous year-end to ¥170,763 million due to the capital investment in the rotary components segment and machined components segment, and the purchase of a new Tokyo headquarters building. In the year under review, purchases of tangible fixed assets totaled ¥42,963 million and depreciation & amortization totaled ¥20,800 million.

Intangible fixed assets decreased ¥611 million (11.2%) from the previous year-end to ¥4,868 million.

Investments and other assets decreased ¥256 million (1.6%) from the previous year-end to ¥16,146 million.

As a result of the above, total fixed assets increased ¥42,857 million (28.8%) from the previous year-end to ¥191,777 million.

Liabilities

Notes and accounts payable–trade decreased ¥2,938 million from the previous year-end to ¥20,398 million. Short-term debt increased ¥12,517 million from the previous year-end to ¥65,966 million. The current portion of long-term debt increased ¥4,079 million to ¥19,237 million. As a result of the above, total current liabilities increased ¥12,771 million (11.0%) from the previous year-end to ¥128,484 million.

Long-term debt increased ¥11,272 million from the previous year-end to ¥85,209 million, and total long-term liabilities increased ¥15,181 million (18.7%) from the previous year-end to ¥96,463 million.

Net Assets

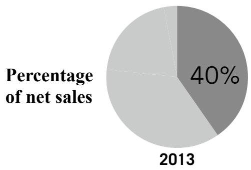
Total net assets increased ¥28,081 million (25.6%) from the previous year-end to ¥137,858 million mainly due to a ¥23,753 million increase associated with the foreign currency translation of assets in overseas subsidiaries. Minority interests in subsidiaries increased ¥6,095 million from the previous year-end to ¥6,479 million, mainly due to the inclusion of Moatech Co., Ltd. within the scope of consolidation.

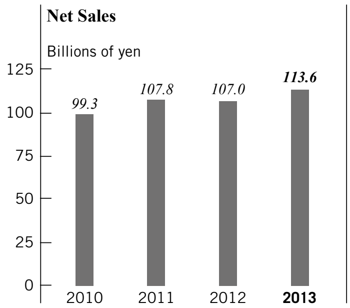
Financial Position

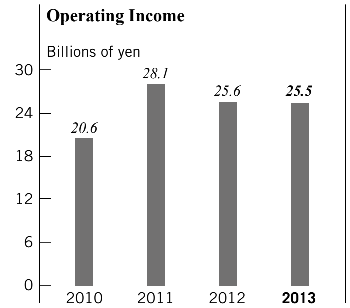
Millions of yen

As of March 31	**2013**	2012	2011	2010	2009
Total assets	**¥362,805**	¥306,772	¥291,092	¥277,967	¥285,396
Cash and cash equivalents	**28,223**	23,366	27,622	24,855	27,895
Time deposits	**6,041**	4,964	1,969	1,652	—
Total current assets	**170,977**	157,787	144,178	130,004	121,699
Inventories	**58,234**	49,025	43,998	35,912	38,737
Total current liabilities	**128,484**	115,713	116,863	102,961	112,312
Working capital	**42,493**	42,074	27,315	27,043	9,387
Interest-bearing debt	**170,412**	142,544	133,213	123,400	137,890
Net interest-bearing debt	**136,148**	114,214	103,622	96,893	109,995
Total net assets	**137,858**	109,777	109,967	108,381	106,762
Equity ratio	**36.2%**	35.7%	37.1%	38.5%	37.1%
Debt-to-equity ratio (Times)	**1.2**	1.3	1.2	1.1	1.3
Net debt-to-equity ratio (Times)	**1.0**	1.0	0.9	0.9	1.0
Net assets per share (Yen)	**351.65**	288.74	282.03	279.87	271.93

Machined Components







In the year under review, net sales in the machined components segment increased ¥6,535 million (6.1%) from the previous year to ¥113,573 million. Operating income decreased ¥152 million (0.6%) from the previous year to ¥25,459 million, while operating margin, calculated using sales to external customers, narrowed by 1.5 points from the previous year to 22.4%. Output and sales remained firm in the first quarter, but we adjusted output beginning in the second quarter due to the effects of the slowing global economy and a worsening HDD market. Net sales increased due to the weaker yen, but profits declined slightly due to the higher manufacturing costs that resulted from lower output.

Principal Products, Markets, and Minebea's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share**
Miniature and small-sized ball bearings	Small motors, household electrical appliances, information and telecommunications equipment, automobiles, industrial machinery	60%
Rod-end and spherical bearings	Aircraft	50%
Fasteners	Aircraft, automobiles	—
Pivot assemblies	Hard disk drives	70%

*Global market share is based on volume, except for the figure for rod-end and spherical bearings, which is based on sales value. Minebea estimates market share based on information that we collect ourselves and information from independent market research firms.

Business Activities and Ongoing Efforts

Beginning in the second quarter onwards, sales volume for our mainstay miniature/small-sized ball bearings declined compared to the previous year due to the effects of the slowing global economy and a worsening HDD market. Net sales increased due to the weaker yen but manufacturing costs increased as a result of production adjustments aimed at reducing inventory, and as a result profit decreased. Both our sales and profits from rod-end and spherical bearings increased from the previous year thanks to stronger demand for aircraft applications.

We are continuing our efforts to reduce costs in the ball bearings business by improving yields and streamlining production. While strengthening operations based on the idea of returning to basics in manufacturing, we are also working to strengthen our basic technology development areas. Going forward, we will use the production capacity at our newly completed (2011) plant in order to expand sales to the automobile industry and the information and telecommunications equipment industry and to capture new demand through the production of low-cost, mass-produced ball bearings for emerging countries and medium-sized ball bearings.

In the rod-end fastener business, we will pursue overall cost reductions by expanding output capacity for semifinished products by expansion of our Thai plant in 2012, making us able to better withstand exchange rate fluctuations.

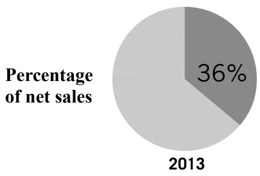
In the pivot assembly business, we have been continuously working to lower costs and increase production through measures such as increasing yields. While leveraging synergies of our significant market share in pivot assemblies and miniature ball bearings to maintain a sizeable market share in higher valued-added products such as 7mm and 5mm products, we are also seeking to expand earnings.

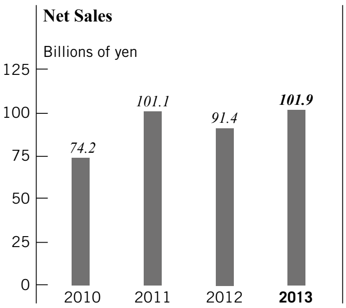
Major Products

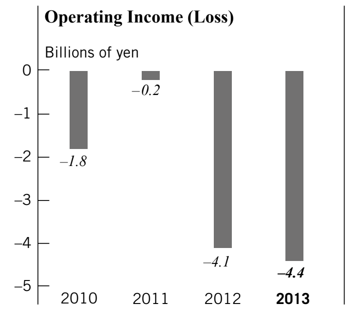
Ball bearings Rod-end bearings Spherical bearings Roller bearings Bushings Pivot assemblies Mechanical assemblies Aerospace fasteners Automotive fasteners

*Segment classification has changed from the fiscal year ended March 31, 2011, due to the revision of accounting standards.

Rotary Components







In the year under review, net sales increased ¥10,556 million (11.6%) from the previous year to ¥101,920 million. The segment reported an operating loss of ¥4,369 million, ¥250 million wider than the previous year. Operating margin improved by 0.2 points to –4.3%.

HDD spindle motors continued their steady recovery from the wide-spread flooding in Thailand. Although we adjusted output beginning in June 2012, sales volume increased thanks to our growing market share in high-end products. Earnings from information motors have been slow to recover amid a global economic slowdown, increasingly strained relations between Japan and China, and surging currencies in Thailand and China, where we have manufacturing bases.

Principal Products, Markets, and Minebea's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share**
Information motors (fan motors, stepping motors, brush DC motors, vibration motors, DC brushless motors)	PCs and servers, information and telecommunications equipment, household electrical appliances, mobile phones, automobiles, industrial machinery, office automation equipment	2–70%, depending on products
HDD spindle motors	Hard disk drives	—
Precision motors	Automobiles	—
Micro-actuators	Digital still cameras, automobiles	—

*Global market share is based on volume. Minebea estimates market share based on information that we collect ourselves and information from independent market research firms.

Business Activities and Ongoing Efforts

Demand for HDD spindle motors remained weak even after the HDD market production adjustments that took place beginning in June 2012. After the widespread flooding in Thailand, production capacity was fully restored in December, and we have put in place a framework enabling steady supply of product that meets demand, including orders from overseas. At the same time, our products for the server market and other high-end products are highly regarded by customers and sales in these areas are rising.

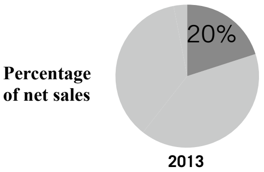
In the information motors business, the markets for smartphones and tablet PCs are rapidly expanding but this is negatively affecting demand for products like notebook PCs, hard disk drives, printers, copiers, and compact digital still cameras. As a result, we have embarked on a reorganization of our motors business. We are working to lower the breakeven point by: 1) dissolving a joint venture with Panasonic, converting the company into a wholly owned subsidiary which we then absorbed; 2) withdrawing from the vibration motors business; 3) reducing labor costs by transferring production of micro-actuators and brush DC motors to the Cambodia plant; 4) combining the micro-actuator business unit with the stepping motors business unit; and 5) reducing future fixed costs by reducing production capacity for items such as HDD spindle motors. By taking these measures we aim to stem the losses in the rotary components segment.

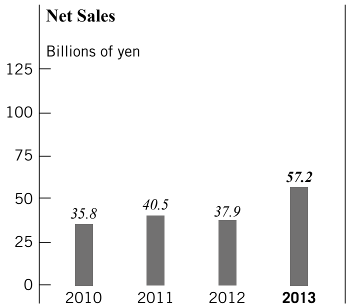
Major Products

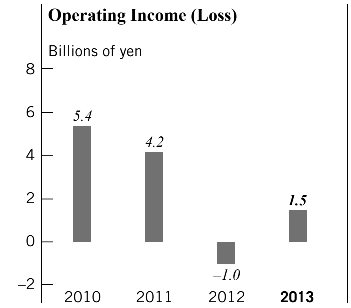
Fan motors   Permanent magnet (PM)-type stepping motors   Hybrid-type stepping motors   Brush DC motors
Vibration motors   Brushless DC motors   HDD spindle motors   Precision motors

*Segment classification has changed from the fiscal year ended March 31, 2011, due to the revision of accounting standards.

Electronic Devices and Components







In the year under review, net sales jumped ¥19,303 million (50.9%) from the previous year to ¥57,190 million. Operating income increased ¥2,490 million from the previous year to ¥1,531 million. Operating margin improved by 5.2 points to 2.7%.

Our output and sales of LED backlights fluctuated sharply during the year, but earnings for the full year showed substantial improvement. Measuring components were affected by the fourth quarter surge in the currencies of Thailand and China (where we have manufacturing bases), but business results for the full year remained firm due to a rebound in sales to the automobile market.

Principal Products, Markets, and Minebea's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share**
LED backlights	Mobile phones, automobiles, digital cameras, portable digital information terminals	20%
Measuring components	Industrial machinery, automobiles	—

*Global market share is based on volume. Minebea estimates market share based on information that we collect ourselves and information from independent market research firms.

Business Activities and Ongoing Efforts

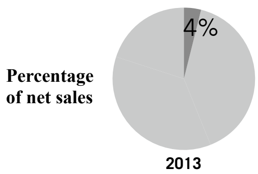
Output and sales of LED backlights rose sharply starting in the second quarter, resulting in a substantial increase in profits. However, production and sales fell back sharply in the fourth quarter due to the effects of a temporary—but sudden and significant—production adjustment on the customer side. Compared to the previous year, business results for the full year improved substantially. Sales of measuring components for the automobile industry rebounded and business results remained firm.

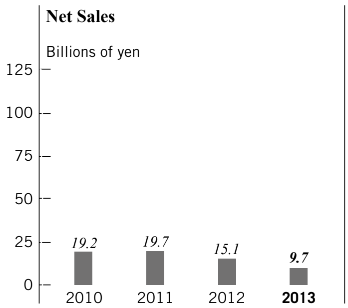
Because the demand for LED backlights fluctuates suddenly and substantially, in parallel with working to keep existing customers, we are also working to minimize the risk of fluctuations in demand and aggressively expand sales by introducing new products and fostering new customers, thereby greatly increasing both sales and profits. In measuring components, we are working to develop new products and grow our sales of products for the automobile market. In addition to industrial machinery, we are actively working to tap new markets, such as automobiles, for measuring components. Going forward, we will be seeking to develop other new markets such as the medical and nursing care market, and modularization and systemization with products such as motors that incorporate sensors as a key device.

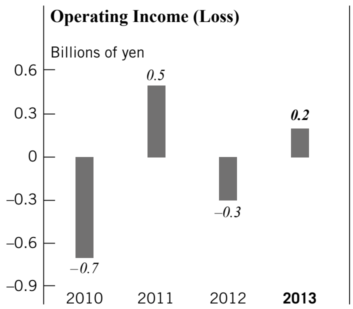
Major Products

LED backlights	Backlight inverters	LED drivers	Measuring components	Hybrid components

Other







In the year under review, net sales decreased ¥5,343 million (35.5%) from the previous year to ¥9,726 million. Operating income increased ¥570 million from the previous year to ¥231 million. Operating margin improved by 4.6 points to 2.4%.

Business Activities and Ongoing Efforts

Speaker results continued to be severely affected by poor sales, but profits from special devices rose compared to the previous year. Sales fell significantly due to our withdrawal from the keyboard business, but profits improved.

Major Products

Speakers	Special devices

*Segment classification has changed from the fiscal year ended March 31, 2011, due to the revision of accounting standards.

Research and Development

Minebea manufactures and sells a wide range of products around the world. These include ball bearings, precision machinery components that incorporate ball bearings, aircraft components such as rod-end bearings and high-end fasteners, as well as electronic components used in state-of-the-art electronics equipment such as HDD spindle motors. Minebea and Minebea Group companies work closely together on R&D in each of these areas.

The Minebea Group is also dedicated to the development of hybrid component products that integrate the basic technologies that go into making its machined components, rotary components, electronic devices and other components.

Minebea has development bases in Japan (Karuizawa Plant and Hamamatsu Plant), Thailand, China, the United States, and Europe. These bases leverage their individual expertise and supplement each other to speed up the development of new products in new business opportunities. Our facilities in Karuizawa, Thailand and China have all been ISO17025 certified and are moving the entire Minebea Group forward in analyzing and reducing emissions of hazardous substances targeted by environmental regulations, including those banned by the European Union's Restriction of Hazardous Substances (RoHS) directive.

In the year under review, our group-wide research and development expenses totaled ¥7,743 million. This amount includes ¥1,782 million in basic research expenses that cannot be allocated to any particular segment, such as business support and analysis conducted at materials science labs in Thailand and China.

What follows is an overview of the R&D activities conducted in each segment during the year under review.

Machined Components

R&D in this segment remained geared toward our mainstay bearing products (i.e. ball and rod-end bearings) with a focus on developing basic tribological technologies for materials and lubricants, etc., as well as on oil fill, electrochemical machining (ECM), diamond-like carbon (DLC) and other processes. We are working with a keen eye to responding to the needs of manufacturers in emerging areas of the IT, home electrical appliance, automobile and aerospace industries. Reliability engineering aimed at minimizing particle generation, resisting high temperature, extending product life, enhancing/reducing electro conductivity, etc. as well as applied engineering are at the heart of our work in this area.

In the miniature ball bearing that is the essence of precision processing technology, we have made efforts to produce smaller products. Pivot assembly is one of the applications of miniature ball bearings. We have developed new pivot assembly products for growing segments of the HDD market such as slimmer 2.5 inch HDDs (7mm/5mm height) and ones for servers.

Recent progress in the area of aerospace industry bearings includes the development and approval of tie-rod mechanical assemblies, trunnion bearings for main landing gear and a wide range of bearings that will go into flight control systems for new models released by U.S. and European aircraft manufacturers. These R&D successes are built on the same technology used in our rod-end bearings.

For the automobile industry we have developed high-heat-resistant ball bearing units for turbochargers jointly with myonic, our consolidated subsidiaries. Turbochargers allow engines to be downsized and fuel efficiency to be improved while maintaining engine power by using exhaust gas to supercharge the engine, and the market for these devices is expected to triple to 60 million units by 2020. By combining our own excellent precision machining technology with myonic's powerful technology development capabilities, we have developed a high value-added high-heat-resistant ball bearing unit for turbochargers.

R&D expenses in this segment totaled ¥1,154 million.

Rotary Components

Our mainstay motor products in this segment include information motors (fan motors, stepping motors, brushless DC motors, vibration motors, and brush DC motors) and HDD spindle motors. We are working to enhance our various core analysis technologies, control technologies and materials technologies. Our aim is to be the first to launch a range of state-of-the-art products that respond to growing customer requirements for compact, highly efficient (low energy consumption), quiet, and reliable components designed for various types of motors and applications.

R&D work on magnetic application products harnesses our expertise in materials technology, core technologies and product-related technologies. Ongoing work in this area continues to yield such outstanding products as rare earth bond magnets and heat-resistant magnets for use in high-performance motors. In the year under review we developed a hybrid stepping motor that replaces expensive rare earth magnets with inexpensive ferrite magnets but maintains the characteristics of rare earth magnets.

In HDD spindle motors, we have developed motors with a new structure that is optimal for high-end applications where a high level of reliability is required such as the enterprise and nearline devices mainly used in data centers, and we have expanded the market share in this area. Finally, we have developed ultra-slim motors in anticipation of the market shift in 2.5-inch hard disk drives from a 9.5mm height to 7mm or even 5mm.

R&D expenses in this segment totaled ¥3,200 million.

Electronic Devices and Components

In the area of display-related products, we are developing ultra-thin LED backlight units for smartphones that are becoming larger and thinner. In addition to the ultra-precision machining technologies and mold-design technologies that define the Minebea group, we are also improving our injection molding technology for transparent resin allowing fine optical patterns to be swiftly and precisely transferred to LED backlight guide plates. Using this, we have developed ultra-thin guide plates for the world's thinnest (less than 0.3mm) 5-inch wide class smartphones. We are also using the optical technologies that we developed in backlight products to develop lighting modules that combine an LED lighting circuit with a thin lens for LED lighting. These lighting modules are thinner and use less electricity than conventional products because they operate more efficiently.

In electronics-related products, we are developing LED backlight driver circuits, which is a growing market. Shifting from conventional analog to digital control circuits will help shorten design lead times by significantly reducing the number of parts and allowing a higher level of control.

R&D expenses in this segment totaled ¥1,196 million.

Other

Our other segment mainly includes speakers and special devices.

R&D expenses in this segment totaled ¥411 million.

Outlook for the Fiscal Year Ending March 2014 and Risk Factors

Outlook for the Fiscal Year Ending March 2014

(as of May 2013)

Although the European economy is in a slump and there is still uncertainty about the global economy, the Japanese economy is expected to continue to improve due to a rebound in exports fueled by the weaker yen and the boost provided by emergency economic stimulus measures. The U.S. economy is also expected to continue to improve as automobile and home purchases turn upwards now that households have made progress on adjusting their levels of debt and as employment grows due to improved corporate earnings. On the other hand, the European economy is expected to recover at a sluggish pace as the austerity measures put in place to deal with debt woes remain in place. In Asia, the Chinese economy is expected to improve due to the effects of economic stimulus measures, but there is still pressure to make adjustments to the excess capacity, so the recovery is expected to be modest. Meanwhile, other Asian countries are expected to show generally strong growth.

Although surging currencies in Thailand and China—where our main bases of production are located—will have an effect, we nonetheless expect the business climate to take a turn for the better due to rebounding economies in Japan, the U.S. and Asia (but not Europe). Owing to the business restructuring undertaken during the year under review, we are projecting net sales of ¥320,000 million, operating income of ¥16,000 million, and net income of ¥8,500 million.

What follows are our full year projections for each segment.

Machined Components

In our mainstay ball bearings, sales of bearings for use in pivot assemblies are expected to decline due to decreasing demand in the HDD market. Nonetheless, overall demand is expected to grow due to the global economic recovery, and this should lead to improved business results due to our aggressive efforts to expand sales to the automobile industry and the information and telecommunications equipment industry, as well as our entry into new markets. Additionally, our German subsidiary, myonic, has expanded production capacity with the opening of a new plant and, as a result, we expect increased sales in the area of high-precision bearings. We are also aiming to expand sales of rod-end bearings to the growing aircraft market by developing new products and by expanding our production global platform, with facilities in Japan, the United States, the United Kingdom and Thailand.

Rotary Components

We expect to see improved business results in information motors. In addition to our withdrawal from the coreless vibration motor business during the year under review and other business restructuring efforts, we are focusing our efforts on tapping new markets and developing new products, along with reducing the cost of materials and pursuing manufacturing efficiencies. We also expect to see improved results in micro-actuators since we completed the transfer of production from subcontractors in China to our Cambodia plant and we are reducing costs. We are working to improve the performance of our HDD spindle motors by expanding sales of higher valued-added products and due to benefits from our business restructuring measures. We are aiming for significant improvement in the rotary components segment as a whole due to the above measures.

Electronic Devices and Components

We expect to see a substantial increase in both sales and profits from our mainstay LED backlights. Because demand for LED backlights fluctuates suddenly and substantially we are working to minimize the risk of fluctuations in demand and aggressively expand sales by introducing new products and cultivating new customers. In measuring components, we are working to develop new products and grow our sales of products for the automobile market.

Other

We are improving productivity in special devices by transferring some equipment to our Fujisawa Plant before the scheduled December completion of our new plant that is under construction adjacent to our existing Matsuida Plant.

Risk Factors

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. Future risks mentioned in this document are those recognized by Minebea Group as of the end of the fiscal year under review.

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 and production are 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 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. Research & development 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.

7. Latent risk related to operations overseas
The Minebea Group's manufacturing activities are conducted primarily in Thailand, China, and Singapore and other foreign countries. While considerable time has passed since we established our operations in most of these countries, overseas operations are always subject to the following risks (any of which could 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 qualified human resources. (c) acts of terrorism or war, or other acts that may disrupt social order.

8. Natural disaster risk
If business sites of the Minebea Group and our trading partners suffer from a natural disaster such as earthquake and flood, nuclear power plant accident, or a new type of infectious disease, production and sales activities of the Group could be seriously impaired.

9. Risk related to compliance/internal control
As Minebea Group has deployed various businesses around the world, we are subject to various laws, regulations, and rules of each country. Although the Group has established and managed necessary and proper internal control systems for the purpose of complying with laws and regulations, as well as maintaining the adequacy of financial reporting, such efforts cannot guarantee the perfect achievement of the purpose. Therefore, there is possibility that breach of laws and regulations may occur. If laws, regulations, or interpretation of laws and regulations by the competent authority change, we may be unable to comply with such laws and regulations, or have to incur additional costs.

10. Risk related to accrued retirement benefits and pension costs
Because Minebea Group has several defined benefit pension plans, the fair value of the pension assets may decrease due to deteriorated returns on pension assets, or the pension cost may increase due to an increase of retirement benefit obligation resulting from a change of preconditions such as the discount rate.

11. Risk related to environmental issues
Minebea Group is subject to various environmental laws and regulations around the world. Although the Group has paid keen attention to such laws and regulations when conducting business, the Group may suffer losses if environmental pollution occurs or the possibility of pollution is found.

12. Risk related to M&A activities or alliances
Minebea Group has actively conducted M&A and alliance activities. When conducting M&A or alliance activities, it is possible that M&A may not generate a positive effect as we originally expected, or an alliance partner and the Group might not reach an agreement on the strategy or other points and fail to maintain the alliance relationship. If we provide financial support to an alliance partner due to their deterioration of financial condition or other reasons, such support may impair our performance and/or financial position.

13. Risk related to quality issues
Products provided by Minebea Group are used in various industries, especially in the areas that require high accuracy (such as automobiles, medical devices, and finished goods that are potentially fatal to human lives). The Group has recognized its social responsibility and established a high quality assurance system. However, if our product has a serious defect that causes a material accident, suspension of production in our customer's site, or recall, we may have to pay a large amount of expenditures and our reputation may be seriously damaged, which may lead to a large negative impact on our performance and/or financial position.

14. Risk related to information management
Minebea Group may obtain a lot of important information and personal information through business activities. The Group has established an information security policy to prevent the leakage of information outside of the company as well as unauthorized use of such information. However, it is possible that unexpected events may result in information leakage. If such events occur, we may incur a large amount of costs to respond to it and also suffer from the deterioration of social credibility.

Consolidated Balance Sheets

As of March 31, 2013 and 2012

Assets	2013 (Millions of yen)	2012 (Millions of yen)	2013 (Thousands of U.S. dollars (Note 3))
Current Assets:			
Cash and cash equivalents	**¥ 28,223**	¥ 23,366	**$ 300,089**
Time deposits	**6,041**	4,964	**64,229**
Notes and accounts receivable:			
Trade	**62,646**	58,795	**666,087**
Other	**1,796**	6,145	**19,095**
	64,442	64,940	**685,182**
Allowance for doubtful receivables	**(141)**	(129)	**(1,504)**
Total notes and accounts receivable	**64,301**	64,811	**683,678**
Inventories (Note 2-e)	**58,234**	49,025	**619,181**
Deferred tax assets (Note 10)	**5,649**	4,374	**60,063**
Prepaid expenses and other current assets (Note 2-g)	**8,529**	11,247	**90,695**
Total current assets	**170,977**	157,787	**1,817,935**
Tangible Fixed Assets (Note 5)**:**			
Land	**23,785**	13,236	**252,893**
Buildings and structures	**126,614**	101,408	**1,346,250**
Machinery and transportation equipment	**273,704**	231,887	**2,910,198**
Tools, furniture and fixtures	**49,563**	43,206	**526,982**
Leased assets	**1,211**	1,619	**12,874**
Construction in progress	**8,358**	6,514	**88,868**
	483,235	397,870	**5,138,065**
Accumulated depreciation	**(312,472)**	(270,831)	**(3,322,404)**
Total tangible fixed assets	**170,763**	127,039	**1,815,661**
Intangible Fixed Assets:			
Goodwill (Note 2-k)	**3,502**	4,223	**37,240**
Other	**1,366**	1,256	**14,524**
Total intangible fixed assets	**4,868**	5,479	**51,764**
Investments and Other Assets:			
Investments in non-consolidated subsidiaries and affiliates	**104**	1,413	**1,107**
Investment securities (Note 2-g)	**7,739**	6,637	**82,284**
Long-term loans receivable	**122**	20	**1,292**
Deferred tax assets (Note 10)	**5,423**	5,846	**57,663**
Other (Note 2-h)	**3,341**	2,499	**35,525**
	16,729	16,415	**177,871**
Allowance for doubtful receivables (Note 9)	**(583)**	(13)	**(6,195)**
Total investments and other assets	**16,146**	16,402	**171,676**
Deferred Charges	**51**	65	**547**
Total Assets	**¥362,805**	¥306,772	**$3,857,583**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Liabilities and Net Assets	Millions of yen 2013	2012	Thousands of U.S. dollars (Note 3) 2013
Current Liabilities:			
Short-term debt (Note 4)	**¥65,966**	¥53,449	**$701,395**
Current portion of long-term debt (Note 4)	**19,237**	15,158	**204,540**
Notes and accounts payable:			
Trade	**20,398**	23,336	**216,884**
Other	**6,160**	6,381	**65,502**
Total notes and accounts payable	**26,558**	29,717	**282,386**
Income taxes payable (Note 10)	**822**	791	**8,740**
Lease obligations (Note 4)	**245**	280	**2,602**
Accrued expenses and other current liabilities (Note 10)	**15,656**	16,318	**166,462**
Total current liabilities	**128,484**	115,713	**1,366,125**
Long-term Liabilities:			
Long-term debt (Note 4)	**85,209**	73,937	**906,001**
Lease obligations (Note 4)	**346**	442	**3,674**
Other (Notes 2-h and 10)	**10,908**	6,903	**115,987**
Total long-term liabilities	**96,463**	81,282	**1,025,662**
Total liabilities	**224,947**	196,995	**2,391,787**
Contingent Liabilities (Note 21)			
Net Assets (Note 15)**:**			
Shareholders' equity:			
Common stock			
Authorized: 1,000,000,000 shares			
Issued: March 31, 2013—399,167,695 shares			
March 31, 2012—399,167,695 shares	**68,259**	68,259	**725,772**
Capital surplus	**94,757**	94,757	**1,007,514**
Retained earnings	**40,925**	41,790	**435,144**
Treasury stock	**(9,522)**	(7,783)	**(101,235)**
Total shareholders' equity	**194,419**	197,023	**2,067,195**
Accumulated other comprehensive income:			
Differences on revaluation of available-for-sale securities	**1,089**	90	**11,579**
Deferred gains or losses on hedges	**(6)**	(6)	**(64)**
Foreign currency translation adjustments	**(61,643)**	(85,396)	**(655,437)**
Unfunded retirement benefit obligations of foreign subsidiaries	**(2,532)**	(2,318)	**(26,918)**
Total accumulated other comprehensive income	**(63,092)**	(87,630)	**(670,840)**
Stock acquisition rights (Note 16)	**52**	—	**550**
Minority interests in consolidated subsidiaries	**6,479**	384	**68,891**
Total net assets	**137,858**	109,777	**1,465,796**
Total Liabilities and Net Assets	**¥362,805**	¥306,772	**$3,857,583**

Consolidated Statements of Income

Years ended March 31, 2013, 2012 and 2011

	Millions of yen 2013	2012	2011	Thousands of U.S. dollars (Note 3) 2013
Net Sales	**¥282,409**	¥251,358	¥269,139	**$3,002,760**
Cost of Sales (Note 14)	**225,114**	198,506	202,145	**2,393,556**
Gross profit	**57,295**	52,852	66,994	**609,204**
Selling, General and Administrative Expenses (Notes 2-k and 14)	**47,126**	44,253	44,831	**501,071**
Operating income	**10,169**	8,599	22,163	**108,133**
Other Income (Expenses):				
Interest income	**426**	447	230	**4,527**
Equity in net income (loss) of affiliate	**(2)**	—	4	**(22)**
Interest expenses	**(2,651)**	(2,321)	(1,833)	**(28,196)**
Foreign currency exchange losses	**(83)**	(20)	(286)	**(886)**
Gains (losses) on sales and disposals of fixed assets	**4,399**	112	(337)	**46,767**
Gains on sales of investment securities (Note 2-g)	—	28	—	—
Losses on revaluation of investment securities (Note 2-g)	—	(831)	—	—
Losses on sales of investments in subsidiaries and affiliates	—	—	(38)	—
Reversal of provision for business restructuring losses	—	—	20	—
Reversal of warranty reserve	—	—	48	—
Insurance income	**2,572**	9,614	—	**27,349**
Impairment losses (Note 5)	**(1,948)**	(291)	(554)	**(20,716)**
Amortization of goodwill (Note 2-k)	**(621)**	—	—	**(6,600)**
Losses on disaster (Note 6)	**(1,981)**	(7,844)	—	**(21,060)**
Product warranty losses	—	(91)	(246)	—
Provision for environmental remediation expenses	**(236)**	(42)	(204)	**(2,508)**
Business restructuring losses (Note 7)	**(2,627)**	(1,603)	(106)	**(27,928)**
Spoilage expenses	—	—	(291)	—
Losses on settlement of retirement benefit plan (Note 8)	**(1,642)**	—	—	**(17,454)**
Provision of allowance for doubtful receivables (Note 9)	**(573)**	—	—	**(6,096)**
Bad debts written off (Note 9)	**(135)**	—	—	**(1,436)**
Other—net	**(185)**	(206)	86	**(1,964)**
	(5,287)	(3,048)	(3,507)	**(56,223)**
Income before Income Taxes and Minority Interests	**4,882**	5,551	18,656	**51,910**
Income Taxes (Note 10):				
Current (including enterprise tax)	**4,058**	2,621	4,580	**43,144**
Deferred	**(408)**	(1,363)	964	**(4,343)**
	3,650	1,258	5,544	**38,801**
Income before Minority Interests	**1,232**	4,293	13,112	**13,109**
Minority Interests	**(572)**	(1,629)	647	**(6,073)**
Net Income	**¥ 1,804**	¥ 5,922	¥ 12,465	**$ 19,182**

	Yen 2013	2012	2011	U.S. dollars (Note 3) 2013
Per Share Data (Note 18):				
Net income:				
Basic	**¥4.83**	¥15.63	¥32.61	**$0.05**
Diluted	**4.65**	15.54	—	**0.05**
Cash dividends applicable to the year	**7.00**	7.00	7.00	**0.07**

Consolidated Statements of Comprehensive Income

Years ended March 31, 2013, 2012 and 2011

	Millions of yen 2013	2012	2011	Thousands of U.S. dollars (Note 3) 2013
Income before Minority Interests	**¥ 1,232**	¥4,293	¥13,112	**$ 13,109**
Other Comprehensive Income (Note 17):				
Differences on revaluation of available-for-sale securities	**999**	587	(589)	**10,627**
Deferred gains or losses on hedges	**(0)**	(6)	(7)	**(10)**
Foreign currency translation adjustments	**24,692**	(793)	(8,913)	**262,529**
Unfunded retirement benefit obligations of foreign subsidiaries	**(214)**	(35)	406	**(2,266)**
Total other comprehensive income	**25,477**	(247)	(9,103)	**270,880**
Total Comprehensive Income	**¥26,709**	¥4,046	¥4,009	**$283,989**
Comprehensive income attributable to:				
Comprehensive income attributable to owners of the parent	**26,341**	5,711	3,445	**280,078**
Comprehensive income attributable to minority interests	**368**	(1,665)	564	**3,911**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2013	2012	2011	**2013**
Shareholders' Equity				
Common stock				
Balance at beginning of current fiscal year	**¥ 68,259**	¥ 68,259	¥ 68,259	**$725,772**
Changes during current fiscal year				
Total changes during current fiscal year	**—**	—	—	**—**
Balance at end of current fiscal year	**68,259**	68,259	68,259	**725,772**
Capital surplus				
Balance at beginning of current fiscal year	**94,757**	94,823	94,768	**1,007,514**
Changes during current fiscal year				
Disposal of treasury stock	**(35)**	(69)	55	**(376)**
Transfer of loss on disposal of treasury stock	**35**	3	—	**376**
Total changes during current fiscal year	**—**	(66)	55	**—**
Balance at end of current fiscal year	**94,757**	94,757	94,823	**1,007,514**
Retained earnings				
Balance at beginning of current fiscal year	**41,790**	38,536	26,149	**444,341**
Reclassification of unfunded retirement benefit obligations of foreign subsidiaries	**—**	—	2,689	**—**
Changes during current fiscal year				
Cash dividend from retained earnings	**(2,634)**	(2,665)	(2,674)	**(28,003)**
Changes in companies accounted for under the equity method	**—**	—	(93)	**—**
Net income	**1,804**	5,922	12,465	**19,182**
Transfer of loss on disposal of treasury stock	**(35)**	(3)	—	**(376)**
Total changes during current fiscal year	**(865)**	3,254	9,698	**(9,197)**
Balance at end of current fiscal year	**40,925**	41,790	38,536	**435,144**
Treasury stocks				
Balance at beginning of current fiscal year	**(7,783)**	(6,281)	(6,571)	**(82,750)**
Changes during current fiscal year				
Changes in companies accounted for under the equity method	**—**	—	3	**—**
Purchase of treasury stock	**(2,156)**	(2,011)	(23)	**(22,920)**
Disposal of treasury stock	**417**	509	310	**4,435**
Total changes during current fiscal year	**(1,739)**	(1,502)	290	**(18,485)**
Balance at end of current fiscal year	**(9,522)**	(7,783)	(6,281)	**(101,235)**
Total shareholders' equity				
Balance at beginning of current fiscal year	**197,023**	195,337	182,605	**2,094,877**
Reclassification of unfunded retirement benefit obligations of foreign subsidiaries	**—**	—	2,689	**—**
Changes during current fiscal year				
Cash dividend from retained earnings	**(2,634)**	(2,665)	(2,674)	**(28,003)**
Changes in companies accounted for under the equity method	**—**	—	(90)	**—**
Net income	**1,804**	5,922	12,465	**19,182**
Purchase of treasury stock	**(2,156)**	(2,011)	(23)	**(22,920)**
Disposal of treasury stock	**382**	440	365	**4,059**
Transfer of loss on disposal of treasury stock	**—**	—	—	**—**
Total changes during current fiscal year	**(2,604)**	1,686	10,043	**(27,682)**
Balance at end of current fiscal year	**194,419**	197,023	195,337	**2,067,195**
Accumulated Other Comprehensive Income				
Differences on revaluation of available-for-sale securities				
Balance at beginning of current fiscal year	**90**	(497)	92	**952**
Changes during current fiscal year				
Changes (net) in non-shareholders' equity items	**999**	587	(589)	**10,627**
Total changes during current fiscal year	**999**	587	(589)	**10,627**
Balance at end of current fiscal year	**1,089**	90	(497)	**11,579**
Deferred gains or losses on hedges				
Balance at beginning of current fiscal year	**(6)**	0	7	**(54)**
Changes during current fiscal year				
Changes (net) in non-shareholders' equity items	**(0)**	(6)	(7)	**(10)**
Total changes during current fiscal year	**(0)**	(6)	(7)	**(10)**
Balance at end of current fiscal year	**(6)**	(6)	0	**(64)**
Foreign currency translation adjustments				
Balance at beginning of current fiscal year	**(85,396)**	(84,639)	(75,808)	**(907,982)**
Changes during current fiscal year				
Changes (net) in non-shareholders' equity items	**23,753**	(757)	(8,831)	**252,545**
Total changes during current fiscal year	**23,753**	(757)	(8,831)	**252,545**
Balance at end of current fiscal year	**(61,643)**	(85,396)	(84,639)	**(655,437)**
Unfunded retirement benefit obligations of foreign subsidiaries				
Balance at beginning of current fiscal year	**(2,318)**	(2,283)	—	**(24,652)**
Reclassification of unfunded retirement benefit obligations of foreign subsidiaries	**—**	—	(2,689)	**—**
Changes during current fiscal year				
Changes (net) in non-shareholders' equity items	**(214)**	(35)	406	**(2,266)**
Total changes during current fiscal year	**(214)**	(35)	406	**(2,266)**
Balance at end of current fiscal year	**(2,532)**	(2,318)	(2,283)	**(26,918)**
Total accumulated other comprehensive income				
Balance at beginning of current fiscal year	**(87,630)**	(87,419)	(75,709)	**(931,736)**
Reclassification of unfunded retirement benefit obligations of foreign subsidiaries	**—**	—	(2,689)	**—**
Changes during current fiscal year				
Changes (net) in non-shareholders' equity items	**24,538**	(211)	(9,021)	**260,896**
Total changes during current fiscal year	**24,538**	(211)	(9,021)	**260,896**
Balance at end of current fiscal year	**(63,092)**	(87,630)	(87,419)	**(670,840)**
Stock Acquisition Rights				
Balance at beginning of current fiscal year	**—**	—	—	**—**
Changes during current fiscal year				
Changes (net) in non-shareholders' equity items	**52**	—	—	**550**
Total changes during current fiscal year	**52**	—	—	**550**
Balance at end of current fiscal year	**52**	—	—	**550**
Minority Interests in Consolidated Subsidiaries				
Balance at beginning of current fiscal year	**384**	2,049	1,485	**4,084**
Changes during current fiscal year				
Changes (net) in non-shareholders' equity items	**6,095**	(1,665)	564	**64,807**
Total changes during current fiscal year	**6,095**	(1,665)	564	**64,807**
Balance at end of current fiscal year	**6,479**	384	2,049	**68,891**
Total Net Assets				
Balance at beginning of current fiscal year	**109,777**	109,967	108,381	**1,167,225**
Reclassification of unfunded retirement benefit obligations of foreign subsidiaries	**—**	—	—	**—**
Changes during current fiscal year				
Cash dividend from retained earnings	**(2,634)**	(2,665)	(2,674)	**(28,003)**
Changes in companies accounted for under the equity method	**—**	—	(90)	**—**
Net income	**1,804**	5,922	12,465	**19,182**
Purchase of treasury stock	**(2,156)**	(2,011)	(23)	**(22,920)**
Disposal of treasury stock	**382**	440	365	**4,059**
Transfer of loss on disposal of treasury stock	**—**	—	—	**—**
Changes (net) in non-shareholders' equity items	**30,685**	(1,876)	(8,457)	**326,253**
Total changes during current fiscal year	**28,081**	(190)	1,586	**298,571**
Balance at end of current fiscal year	**¥137,858**	¥109,777	¥109,967	**$1,465,796**

The accompanying notes to consolidated financial statements are an integral part of these statements.

Consolidated Statements of Cash Flows

Years ended March 31, 2013, 2012 and 2011

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2013	2012	2011	**2013**
Cash Flows from Operating Activities:				
Income before income taxes and minority interests	**¥ 4,882**	¥ 5,551	¥18,656	**$ 51,910**
Depreciation and amortization	**20,800**	19,588	20,806	**221,168**
Impairment losses (Note 5)	**2,901**	775	554	**30,842**
Amortization of goodwill (Note 2-k)	**1,769**	1,332	1,321	**18,814**
Losses on disaster (Note 6)	**—**	2,239	—	**—**
Losses on settlement of retirement benefit plan (Note 8)	**1,642**	—	—	**17,454**
Insurance income	**(2,572)**	(9,614)	—	**(27,349)**
Interest and dividend income	**(588)**	(605)	(388)	**(6,260)**
Interest expense	**2,651**	2,321	1,833	**28,196**
Gains (losses) on sales and disposals of fixed assets	**(4,399)**	(112)	337	**(46,767)**
Gains on sales of investment securities (Note 2-g)	**—**	(28)	—	**—**
Losses on revaluation of investment securities (Note 2-g)	**—**	831	—	**—**
Losses on sales of investments in subsidiaries and affiliates	**—**	—	38	**—**
Decrease (increase) in notes and accounts receivables–trade	**4,692**	(3,651)	(7,141)	**49,891**
Decrease (increase) in inventories	**78**	(5,539)	(10,207)	**832**
(Decrease) increase in notes and accounts payable–trade	**(6,499)**	4,929	2,907	**(69,102)**
Decrease in warranty reserve	**(16)**	(20)	(256)	**(176)**
Increase (decrease) in provision for business restructuring losses	**342**	(14)	(5)	**3,639**
Other	**(4,278)**	1,489	1,040	**(45,499)**
Subtotal	**21,405**	19,472	29,495	**227,593**
Interest and dividends received	**572**	605	388	**6,092**
Interest paid	**(2,594)**	(2,321)	(1,859)	**(27,591)**
Income taxes paid	**(3,871)**	(3,960)	(4,197)	**(41,160)**
Income tax refund	**88**	1,101	612	**938**
Proceeds from insurance income	**7,390**	5,336	—	**78,578**
Net cash provided by operating activities	**22,990**	20,233	24,439	**244,450**
Cash Flows from Investing Activities:				
Transfers to time deposits	**(7,701)**	(7,677)	(3,753)	**(81,878)**
Proceeds from withdrawals from time deposits	**7,889**	4,870	3,315	**83,876**
Payments for purchases of securities	**(544)**	—	—	**(5,780)**
Proceeds from sales of securities	**610**	—	—	**6,485**
Payments for purchases of tangible fixed assets	**(42,963)**	(25,961)	(26,517)	**(456,807)**
Proceeds from sales of tangible fixed assets	**5,845**	510	953	**62,151**
Payments for purchases of intangible fixed assets	**(893)**	(383)	(343)	**(9,497)**
Payments for purchases of investment securities	**(206)**	(244)	(165)	**(2,186)**
Proceeds from sales of investment securities	**155**	31	—	**1,646**
Payments for acquisition of shares in subsidiaries	**(150)**	(85)	(1,328)	**(1,595)**
Proceeds from acquisition of shares in subsidiaries associated with change in scope of consolidation (Note 19)	**356**	—	—	**3,784**
Proceeds from sales of investments in affiliate	**—**	—	18	**—**
Payments for loans provided	**(29)**	(732)	(199)	**(310)**
Proceeds from collection of loans receivables	**49**	684	92	**521**
Other	**(231)**	(31)	(704)	**(2,462)**
Net cash used in investing activities	**(37,813)**	(29,018)	(28,631)	**(402,052)**
Cash Flows from Financing Activities:				
Net increase in short-term debt	**6,888**	1,328	1,583	**73,234**
Proceeds from long-term debt	**30,670**	32,630	23,600	**326,103**
Repayment of long-term debt	**(15,522)**	(24,581)	(14,370)	**(165,038)**
Cash dividends paid	**(2,634)**	(2,665)	(2,674)	**(28,003)**
Payments for purchases of treasury stock	**(2,156)**	(2,011)	(23)	**(22,920)**
Proceeds from disposals of treasury stock	**382**	440	365	**4,059**
Proceeds from stock issuances to minority shareholders	**77**	—	—	**819**
Repayment of lease obligations	**(296)**	(380)	(497)	**(3,144)**
Net cash provided by financing activities	**17,409**	4,761	7,984	**185,110**
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**2,158**	(232)	(1,025)	**22,943**
Net Increase (Decrease) in Cash and Cash Equivalents	**4,744**	(4,256)	2,767	**50,451**
Cash and Cash Equivalents at Beginning of Year	**23,366**	27,622	24,855	**248,441**
Increase in Cash and Cash Equivalents from Consolidation of Previously Non-consolidated Subsidiaries	**113**	—	—	**1,197**
Cash and Cash Equivalents at End of Year	**¥28,223**	¥23,366	¥27,622	**$300,089**

The accompanying notes to consolidated financial statements are an integral part of these statements.

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Minebea Co., Ltd. (the "Company"), and its consolidated domestic and overseas subsidiaries are stated in Japanese yen. The accounts of the Company and its consolidated domestic and overseas subsidiaries are maintained in accordance with the accounting principles generally accepted in the respective countries and audited by independent auditors in those countries. The Company has made necessary adjustments to its consolidated accounting process regarding overseas subsidiaries in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18, issued on May 17, 2006), effective from the year ended March 31, 2009.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance in Japan as required by the Financial Instruments and Exchange Act of Japan, in accordance with accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards. For the purpose of this annual report, certain reclassifications have been made and additional information provided to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

2. Summary of Significant Accounting Policies

a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 53 affiliated companies (51 consolidated subsidiaries, 1 equity method non-consolidated subsidiary, 1 equity method affiliate). All significant intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation. The Company also has 2 non-consolidated subsidiaries.

During the year ended March 31, 2013, one consolidated subsidiary was established, shares of eight consolidated companies were acquired, shares of two non-consolidated companies were acquired, and three non-consolidated companies were included in the scope of consolidation. Non-consolidated subsidiaries are excluded from the scope of consolidation, as their operations are small, and their total assets, net sales, net income (amount equivalent to shares) and retained earnings (amount equivalent to shares), etc. have no significant impact to the consolidated financial statements.

For some consolidated subsidiaries whose fiscal year ends on December 31, provisional financial statements as of the Company's balance sheet date are prepared and used. However, for certain consolidated subsidiaries, financial statements as of the subsidiaries' balance sheet date are used. In this case, necessary adjustments are made for significant transactions between the subsidiary's balance sheet date and the Company's balance sheet date.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date, except for those which are hedged by forward exchange contracts. Translation differences arising from the translation of the financial statements denominated in foreign currencies are recorded as minority interests in consolidated subsidiaries and foreign currency translation adjustments in net assets.

Financial statement items of consolidated overseas subsidiaries are translated into Japanese yen as follows:

Balance sheet items	At the rates of exchange prevailing at the balance sheet date
Statement of income items	At the average rate of exchange during the fiscal year

c) Cash equivalents

All highly liquid investments with an original maturity of 3 months or less are considered to be "cash equivalents."

d) Allowance for doubtful receivables

Allowance for doubtful receivables of the Company and its consolidated domestic subsidiaries is provided for normal receivables based on the historical write-off rate and for uncollectible receivables on a specific identification basis. Allowance for doubtful receivables of consolidated overseas subsidiaries is provided for estimated uncollectible receivables.

Allowance for doubtful receivables provided for consolidated subsidiaries' intercompany receivables is eliminated for consolidation purposes.

e) Inventories
Inventories of the Company and its consolidated domestic subsidiaries are stated at cost, as determined primarily by the moving average method, with balance sheet inventory amounts calculated using lowered book values and reflecting a potential decline in profitability. Inventories of the Company's consolidated overseas subsidiaries are stated at the lower of cost or market. Cost is determined primarily by the moving average method.

Inventories as of March 31, 2013 and 2012, comprised the following:

Inventories

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2013	2012	**2013**
Merchandise and finished goods	**¥27,142**	¥21,221	**$288,586**
Work in process	**15,715**	14,624	**167,090**
Raw materials	**11,354**	9,648	**120,727**
Supplies	**4,023**	3,532	**42,778**
	¥58,234	¥49,025	**$619,181**

f) Tangible fixed assets
Tangible fixed assets are stated at acquisition cost. Depreciation of the Company and its consolidated domestic subsidiaries is computed by the declining balance method based upon the estimated useful lives of the assets. The estimated useful lives of fixed assets are predominantly 2 to 50 years for buildings and structures, 2 to 15 years for machinery and transportation equipment and 2 to 20 years for tools, furniture and fixtures. In contrast, depreciation of consolidated overseas subsidiaries is computed primarily by the straight-line method based upon the estimated useful lives of the assets. Maintenance and normal repair expenses are charged against income when incurred, while significant renewals and improvements are capitalized.

(Change of accounting policy)
As a result of the revision of the Corporation Tax Law effective from the year ended March 31, 2013, the Company and its consolidated domestic subsidiaries adopted the depreciation method based on the revised Corporation Tax Law for tangible fixed assets acquired on or after April 1, 2012.

This resulted in a decrease of ¥106 million ($1,132 thousand) in depreciation and increase of ¥106 million ($1,132 thousand) in operating income and income before income taxes and minority interest.

g) Investment securities
Investment securities consist of equity securities of listed and unlisted companies and government and corporate bonds, etc. Available-for-sale securities held by the Company and its domestic and overseas consolidated subsidiaries with fair value are stated at the closing quoted market price on March 31, 2013 and 2012. Resulting valuation gains and losses are included, net of deferred taxes in net assets in the consolidated balance sheets. The cost of securities sold is calculated using the moving average method. Those securities for which fair value is not readily determinable are stated at cost, as determined by the moving average method.

Available-for-sale securities

	2013			2012		
	Reported amount in balance sheet	*Acquisition cost*	*Difference*	*Reported amount in balance sheet*	*Acquisition cost*	*Difference*
						Millions of yen
Securities for which reported amounts in the balance sheet exceed acquisition cost						
Equity securities	**¥3,654**	**¥2,453**	**¥1,201**	¥1,642	¥1,507	¥135
Bonds	**3,112**	**3,104**	**8**	2,579	2,567	12
Securities for which reported amounts in the balance sheet do not exceed acquisition cost						
Equity securities	**—**	**—**	**—**	902	943	(41)
Bonds	**5**	**8**	**(3)**	—	—	—
Total	**¥6,771**	**¥5,565**	**¥1,206**	¥5,123	¥5,017	¥106

	2013		
	Reported amount in balance sheet	*Acquisition cost*	*Difference*
			Thousands of U.S. dollars (Note 3)
Securities for which reported amounts in the balance sheet exceed acquisition cost			
Equity securities	**$38,849**	**$26,078**	**$12,771**
Bonds	**33,093**	**33,005**	**88**
Securities for which reported amounts in the balance sheet do not exceed acquisition cost			
Equity securities	**—**	**—**	**—**
Bonds	**52**	**86**	**(34)**
Total	**$71,994**	**$59,169**	**$12,825**

Unlisted equity securities are not included in the above, as they do not have quoted market prices, therefore it is extremely difficult to measure their fair value. The amount of unlisted equity securities as of March 31, 2013 and 2012 are ¥2,302 million ($24,473 thousand) and ¥2,302 million, respectively.

Available-for-sale securities sold during each fiscal year

	2013			2012			2011		
	Amount of sale	*Gain on sale*	*Loss on sale*	*Amount of sale*	*Gain on sale*	*Loss on sale*	*Amount of sale*	*Gain on sale*	*Loss on sale*
									Millions of yen
Equity securities	**¥ —**	**¥—**	**¥—**	¥31	¥28	¥—	¥—	¥—	¥—
Bonds	**237**	**—**	**—**	—	—	—	—	—	—
Other	**528**	**—**	**—**	—	—	—	—	—	—
Total	**¥765**	**¥—**	**¥—**	¥31	¥28	¥—	¥—	¥—	¥—

	2013		
	Amount of sale	*Gain on sale*	*Loss on sale*
			Thousands of U.S. dollars (Note 3)
Equity securities	**$ —**	**$—**	**$—**
Bonds	**2,516**	**—**	**—**
Other	**5,615**	**—**	**—**
Total	**$8,131**	**$—**	**$—**

Impaired securities

In the year ended March 31, 2012, the Company recorded ¥831 million of impairment losses on securities (¥831 million of available-for-sale securities).

Regarding impairment, the Company records impairment for all securities with fair values as of the year-end that have declined by 50% or more compared to their acquisition costs. For securities with fair values as of the year-end that have declined between 31% and 50%, the Company considers the recoverability of each security and records an impairment for amounts deemed necessary.

h) Accounting for retirement benefits

Effective April 1, 2000, the Company and its consolidated domestic subsidiaries have adopted the accounting standards for retirement benefits. To provide for the payment of retirement benefits to employees, provisions have been recorded based on the projected benefit obligations and the estimated plan assets as of March 31, 2013 and 2012, calculated on the basis of accrued retirement benefit obligations and prepaid pension costs as of March 31, 2013 and 2012.

Prepaid pension costs and accrued retirement benefits as of March 31, 2012 and 2011, are included under "Other" in "Investments and Other Assets" and "Other" in "Long-term Liabilities," respectively.

Prior service costs are amortized using the straight-line method over a period of 10 years.

Actuarial gains and losses are amortized using the straight-line method over a period of 5 years, from the period subsequent to the period in which they are incurred.

Actuarial gains and losses of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 5 years, from the period subsequent to the period in which they are incurred.

Retirement benefit plans

Projected benefit obligations and the components thereof as of March 31, 2013 and 2012, are as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Projected Benefit Obligations	**2013**	2012	**2013**
Projected benefit obligations	**¥(40,853)**	¥(36,148)	**$(434,377)**
Plan assets at fair value	**28,752**	26,887	**305,709**
Unfunded projected benefit obligations	**(12,101)**	(9,261)	**(128,668)**
Unrecognized prior service costs	**1,654**	1,985	**17,591**
Unrecognized actuarial losses	**3,331**	3,766	**35,421**
Net amount recognized in the consolidated balance sheets	**(7,116)**	(3,510)	**(75,656)**
Prepaid pension costs	**1,031**	1,157	**10,969**
Accrued retirement benefits	**¥ (8,147)**	¥ (4,667)	**$ (86,625)**

The components of retirement benefit costs for the years ended March 31, 2013, 2012 and 2011, are as follows:

	Millions of yen			*Thousands of U.S. dollars (Note 3)*
Retirement Benefit Costs	**2013**	2012	2011	**2013**
Service cost	**¥1,256**	¥1,371	¥1,329	**$13,356**
Interest cost	**1,354**	1,195	1,187	**14,403**
Expected return on plan assets	**(1,207)**	(989)	(884)	**(12,844)**
Amortization of prior service costs	**330**	332	325	**3,515**
Amortization of actuarial losses	**2,096**	1,479	1,225	**22,287**
Retirement benefit costs	**3,829**	3,388	3,182	**40,717**
Losses on settlement of retirement benefit plan	**1,642**	—	—	**17,454**
Contributions to defined contribution pension plans	**192**	187	168	**2,042**
Total	**¥5,663**	¥3,575	¥3,350	**$60,213**

Assumptions used for calculation for the years ended March 31, 2013, 2012 and 2011, are as follows:

Assumptions Used for Calculation	**2013**	2012	2011
Discount rate	**mainly 1.1%**	mainly 2.0%	mainly 2.0%
Expected rate of return on plan assets	**mainly 2.0%**	mainly 2.0%	mainly 2.0%
Allocation of estimated amounts of retirement benefits to be paid at future retirement dates	**Mainly allocating equally to each service year using the estimated number of total service years**	Mainly allocating equally to each service year using the estimated number of total service years	Mainly allocating equally to each service year using the estimated number of total service years

i) Leases
Non-cancellable finance lease transactions, except for those that stipulate the transfer of ownership of leased property to the lessee, are depreciated using the straight-line method, whereby the lease term is the useful life of the asset and the residual value is zero.

j) Hedge accounting
Method of hedge accounting
The Company has adopted the allocation method to account for forward exchange contracts for foreign currency-denominated receivables and payables, and the deferred hedge method to account for forward exchange contracts for foreign currency-denominated anticipated transactions. The Company has also adopted the special method to account for interest rate swaps, which meet the criteria for special accounting.

Hedging vehicles and hedged items
(Hedging vehicles)
    Forward exchange contracts
    Interest rate swaps
(Hedged items)
    Monetary receivables and payables in foreign currency
    Anticipated transaction in foreign currencies
    Interest rates on borrowings

Hedge policy
Under the guidance of its Corporate Finance Department, the Company enters into forward exchange contracts to hedge risks related to foreign exchange fluctuations arising from export and import transactions, and from lending in foreign currencies. The Company also enters into interest rate swaps to hedge fluctuation risks related to interest rates on borrowings.

Method of assessing hedge effectiveness
Regarding forward exchange contracts, in principle, the Company allocates them to monetary receivables and payables with the same maturities and same amounts in foreign currency at the time of closing in accordance with the risk management policy. This completely ensures correlations reflecting subsequent exchange rate fluctuations. The Company assesses hedge effectiveness based upon such correlations.

Also, regarding interest rate swaps, the Company assesses hedge effectiveness based upon the fulfillment of the criteria for special accounting.

k) Goodwill and negative goodwill
Excess of the purchase price over net assets acquired in business acquisitions for the Company and its consolidated subsidiaries is amortized on a straight-line basis over a period of 10 years. Amortization for the years ended March 31, 2013, 2012 and 2011, were ¥1,148 million ($12,214 thousand), ¥1,332 million and ¥1,321 million, respectively.

In the year ended March 31, 2013, other expenses included amortization of goodwill of ¥621 million ($6,600 thousand), resulting from the revaluation of investments in Minebea Motor Manufacturing Corporation and NMB Mechatronics Co., Ltd., consolidated subsidiaries of the Company.

l) Accounting standard for asset retirement obligations
From the year ended March 31, 2011, the Company applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008).

There was no effect from this change on profits and losses for the year ended March 31, 2011.

m) Accounting standard for business combinations and others
From the year ended March 31, 2011, the Company applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, revised on December 26, 2008).

Due to the application, assets and liabilities of consolidated subsidiaries upon acquisition, which previously were partially measured at fair value, are fully measured at fair value from the year ended March 31, 2011.

There was no effect from this change on the consolidated financial statements for the year ended March 31, 2011.

n) Accounting standard for presentation of comprehensive income

From the year ended March 31, 2011, the Company applied the "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No. 25, issued on June 30, 2010).

Due to the application, unfunded retirement benefit obligations of foreign subsidiaries incurred in previous years, amounting to –¥2,689 million, were reclassified from "Retained earnings" to "Unfunded retirement benefit obligations of foreign subsidiaries" in the year ended March 31, 2011.

o) Accounting standard for accounting changes and error corrections

For accounting changes and error corrections after April 1, 2011, the Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009).

p) Reclassifications

Certain reclassifications of previous years' figures have been made to conform with the current year's classification.

q) Accounting standards, etc. not yet applied

"Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012)

Outline

Under these new accounting standards, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss will be recognized within net assets, after adjusting for tax effects, and the funded status will be recognized as a liability or an asset without any adjustments. Also, the accounting standards allow the use of either the straight-line or benefit formula method for attributing estimated amounts of retirement benefits to periods. The method for calculating the discount rate will also be amended.

Effective dates

These accounting standards will be effective from the end of the year ending March 31, 2014. However, amendments relating to determination of retirement benefit obligations and current service costs will be effective from the beginning of the year ending March 31, 2015. No retrospective application to financial statements in prior periods will be made as transitional measures are stipulated regarding the application of these accounting standards.

Effect of application of these accounting standards

Application of "Accounting Standard for Retirement Benefits" is expected to result in material impacts on the consolidated financial statements of the Group. As for the consolidated balance sheets, the amount of net assets will be significantly affected due mainly to the recognition of actuarial gains and losses as incurred, however, its effects are currently under evaluation.

r) Investigations by competition authorities in Korea, Singapore and the U.S.

Certain consolidated subsidiaries are currently responding to investigations made by Korean, Singaporean and the U.S. competition authorities on suspicion of attempted violation of relevant competition laws in those countries in relation to the dealing in miniature ball baring products. It is difficult to predict whether or not there would be material impact on the operating results etc. of the Group at this point in time.

3. Translation into U.S. Dollars

The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have also been translated into U.S. dollar amounts at the rate of ¥94.05=US$1, the approximate rate of exchange on March 31, 2013. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars.

4. Short-Term and Long-Term Debt

Short-term debt consists of short-term loans from banks, principally due in 30 to 180 days. The weighted average interest rates of short-term loans as of March 31, 2013 and 2012 are 1.25% and 1.09%, respectively.

Short-term debt as of March 31, 2013 and 2012, consists of the following:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2013	2012	**2013**
Short-term loans	**¥65,966**	¥53,449	**$701,395**
Total	**¥65,966**	¥53,449	**$701,395**

Long-term debt as of March 31, 2013 and 2012, consists of the following:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2013	2012	**2013**
0.68% unsecured bonds payable in Japanese yen due December 2016	**¥ 10,000**	¥10,000	**$ 106,326**
0.60% convertible bond-type unsecured bonds payable in Japanese yen with stock acquisition rights due February 2017	**7,700**	7,700	**81,871**
5.00% bonds with subscription rights to shares due November 2015	**204**	—	**2,165**
Loans from banks, etc.			
Years ended March 31			
2013—0.41% to 1.91%			
2012—0.46% to 1.95%	**86,542**	71,395	**920,179**
Lease obligations	**591**	722	**6,276**
	105,037	89,817	**1,116,817**
Less: current portion	**19,482**	15,438	**207,142**
	¥ 85,555	¥74,379	**$ 909,675**

The aggregate annual maturities of long-term debt outstanding as of March 31, 2013, are as follows:

	Millions of yen	*Thousands of U.S. dollars (Note 3)*
2014	**¥ 19,482**	**$ 207,142**
2015	**15,421**	**163,969**
2016	**20,414**	**217,050**
2017	**28,858**	**306,832**
2018 and thereafter	**20,862**	**221,824**
	¥105,037	**$1,116,817**

5. Impairment of Fixed Assets

The asset groups for which the Company and its consolidated subsidiaries recognized impairment losses for the years ended March 31, 2013, 2012 and 2011, are as follows:

Overview of asset groups for which impairment losses were recognized

Use	Business/location	Type of assets	Millions of yen 2013	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 3) 2013
Idle assets	2 facilities, which are former Ichinoseki Plant and former Kanegasaki Plant (Ichinoseki City, Iwate Prefecture and others)	Buildings and structures	**¥ —**	¥ —	¥ 54	**$ —**
		Land	**12**	14	4	**127**
		Total	**12**	14	58	**127**
Sold assets	Former Kyoto Plant (Yawata City, Kyoto Prefecture)	Land	**—**	—	248	**—**
		Total	**—**	—	248	**—**
Operational assets	HDD Spindle motor business (Ayutthaya, Thailand)	Buildings and structures	**423**	—	—	**4,505**
		Machinery and transportation equipment	**993**	—	—	**10,555**
		Tools, furniture and fixtures	**520**	—	—	**5,529**
		Total	**1,936**	—	—	**20,589**
	Fan motor business (Shanghai, China and others)	Machinery and transportation equipment	**104**	—	—	**1,106**
		Tools, furniture and fixtures	**26**	—	—	**273**
		Total	**130**	—	—	**1,379**
	Vibration motor business (Zhuhai, China and others)	Buildings and structures	**—**	2	—	**—**
		Machinery and transportation equipment	**79**	166	175	**834**
		Tools, furniture and fixtures	**209**	62	73	**2,221**
		Total	**288**	230	248	**3,055**
	In-house motor parts production business (Malaysia and others)	Buildings and structures	**18**	—	—	**195**
		Machinery and transportation equipment	**355**	—	—	**3,773**
		Tools, furniture and fixtures	**130**	—	—	**1,382**
		Total	**503**	—	—	**5,350**
	Speaker business (Taiwan and others)	Buildings and structures	**1**	—	—	**5**
		Machinery and transportation equipment	**20**	—	—	**215**
		Tools, furniture and fixtures	**11**	—	—	**122**
		Total	**32**	—	—	**342**
	Keyboard business (Shanghai, China)	Buildings and structures	**—**	2	—	**—**
		Machinery and transportation equipment	**—**	255	—	**—**
		Tools, furniture and fixtures	**—**	20	—	**—**
		Total	**—**	277	—	**—**
	In-house raw material production business (Ayutthaya, Thailand)	Buildings and structures	**—**	12	—	**—**
		Machinery and transportation equipment	**—**	237	—	**—**
		Tools, furniture and fixtures	**—**	5	—	**—**
		Total	**—**	254	—	**—**
Total			**¥2,901**	¥775	¥554	**$30,842**

Asset grouping method

Assets are generally grouped at the lowest level that generates independent cash flows, based on the business segmentation.

Reason for impairment losses having been recognized

The idle assets (buildings and structures and land) for which impairment losses were recognized for the years ended March 31, 2013, 2012 and 2011 do not have an effective utilization plan, and their land prices dropped significantly.

Impairment losses were recognized for sold assets (land), as their recoverable amounts were below book values.

Regarding operational assets (buildings and structures, machinery and equipment, and tools, furniture and fixtures), impairment losses were recognized, as their future cash flows were below book values of the asset groups, due to downsizing of business, or decrease in utilization resulting from deterioration in business environment, etc., and reduced to their recoverable amount based on net realizable value or value in use.

In the year ended March 31, 2013, ¥953 million ($10,125 thousand) (of which ¥130 million ($1,378 thousand) for the fan motor business, ¥288 million ($3,055 thousand) for the vibration motor business, ¥503 million ($5,350 thousand) for the in-house motor parts production business and ¥32 million ($342 thousand) for the speaker business) was included in "Business restructuring losses."

In the year ended March 31, 2012, ¥484 million (of which ¥230 million for the vibration motor business and ¥253 million for the in-house motor parts production business) was included in "Business restructuring losses".

Calculation method of recoverable amounts

Idle assets and sold assets are measured at net realizable value, mainly based on real estate appraisal standards or sales prices.

Certain operational assets are measured at net realizable value, based on appraisal value by a third party. Other operational assets are measured at value in use, and calculated by discounting the future cash flows by 12.0% for the year ended March 31, 2011. The entire book value was recorded as impairment losses for the years ended March 31, 2013 and 2012, as no positive future cash flows were expected.

6. Losses on disaster

In the year ended March 31, 2013, due to the large scale flooding in Thailand, fixed costs during the low operation period of ¥1,715 million ($18,229 thousand), and costs for disaster measures of ¥266 million ($2,831 thousand) were recognized.

In the year ended March 31, 2012, due to the large scale flooding in Thailand, fixed costs during the low operation period of ¥2,969 million, losses on disposal of fixed assets of ¥2,239 million, losses on disposal of inventories of ¥418 million, and costs for disaster measures of ¥2,218 million were recognized.

7. Business restructuring losses

In the year ended March 31, 2013, losses of ¥1,255 million ($13,341 thousand) related to the closure of the coreless vibration motor business, losses of ¥568 million ($6,040 thousand) related to the rationalization of in-house motor parts production business, losses of ¥246 million ($2,621 thousand) related to the closure of the speaker business, and other losses of ¥558 million ($5,926 thousand) were recognized.

In the year ended March 31, 2012, losses of ¥893 million related to the downsizing of the keyboard business, losses of ¥427 million related to the deterioration of profitability in the vibration motor business, and losses of ¥283 million related to the partial closure of the raw material in-house production business were recognized.

8. Losses on settlement of retirement benefit plan

In the year ended March 31, 2013, settlement losses for partial settlement of a retirement benefit plan of consolidated subsidiaries in the U.S. were recognized.

9. Provision of allowance for doubtful receivables/bad debts written off

In the year ended March 31, 2013, estimated uncollectible receivables of ¥573 million ($6,096 thousand) and write-off of bad debts of ¥135 million ($1,436 thousand) were recognized, due to the fact that customer of Minebea Technologies Taiwan Co., Ltd., consolidated subsidiary in Taiwan, has become substantially bankrupt.

10. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, resulted in an effective statutory rate of 38.0% for the year ended March 31, 2013, and 39.0% for the years ended March 31, 2012 and 2011.

The income taxes of consolidated overseas subsidiaries are generally levied at lower rates than those currently applied in Japan. In addition, consolidated subsidiaries in Thailand are granted a tax exempt status by the Promotion of Investment Act, whereby earnings derived from the manufacture or sale of qualifying products are fully exempt from Thai income tax for a period of 3 to 8 years.

The income tax effect is recognized for temporary differences resulting from elimination of intercompany profit and certain adjustments made in the accompanying consolidated financial statements.

Net deferred tax assets of ¥10,413 million ($110,717 thousand) and ¥9,578 million as of March 31, 2013 and 2012, respectively, are included in the accompanying consolidated balance sheets and are composed of the following:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Deferred Tax Assets	**2013**	2012	**2013**
Excess of allowed limit chargeable to accrued bonuses	**¥ 1,024**	¥ 965	**$ 10,883**
Excess of allowed limit chargeable to accrued retirement benefits	**1,798**	1,013	**19,117**
Loss on revaluation of investment securities	**618**	618	**6,575**
Unrealized gains on sales of inventories	**785**	811	**8,345**
Unrealized gains on sales of fixed assets	**535**	616	**5,688**
Excess of allowed limit chargeable to depreciation	**1,662**	1,305	**17,675**
Impairment losses	**403**	187	**4,283**
Tax loss carryforwards	**12,312**	11,183	**130,909**
Foreign tax credit carryforwards	**994**	741	**10,568**
Other	**2,493**	1,791	**26,511**
Subtotal	**22,624**	19,230	**240,554**
Valuation allowance	**(9,849)**	(8,399)	**(104,724)**
Total deferred tax assets	**¥12,775**	¥10,831	**$ 135,830**

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Deferred Tax Liabilities	**2013**	2012	**2013**
Depreciation allowed to overseas subsidiaries	**¥ 546**	¥ 569	**$ 5,809**
Differences on revaluation of available-for-sale securities	**116**	18	**1,236**
Reserve for reduction entry	**1,127**	—	**11,981**
Prepaid pension costs	**387**	435	**4,115**
Other	**186**	231	**1,972**
Total deferred tax liabilities	**2,362**	1,253	**25,113**
Net deferred tax assets	**¥10,413**	¥9,578	**$110,717**

Net deferred tax assets are included in the accompanying consolidated balance sheets as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2013	2012	**2013**
Current assets—Deferred tax assets	**¥5,649**	¥4,374	**$ 60,063**
Fixed assets—Deferred tax assets	**5,423**	5,846	**57,663**
Current liabilities—Other	**(6)**	(4)	**(70)**
Long-term liabilities—Other	**(653)**	(638)	**(6,939)**
Net deferred tax assets	**¥10,413**	¥9,578	**$110,717**

The reconciliation of the statutory tax rate in Japan and the effective tax rates appearing in the consolidated statements of income for the years ended March 31, 2013, 2012 and 2011, is shown below:

	2013	2012	2011
Statutory tax rate in Japan	**38.0%**	39.0%	39.0%
Adjustments:			
Amortization of goodwill	**13.8**	9.4	2.8
Difference of tax rates applied to overseas subsidiaries	**(28.7)**	(48.7)	(9.9)
Foreign tax credit carryforwards	**(5.2)**	0.1	3.8
Valuation allowance	**37.3**	(0.6)	(9.9)
Effect of dividend income eliminated for consolidation	**48.7**	21.9	3.9
Dividend income and other items not included for tax purposes	**(47.0)**	(21.0)	(3.8)
Entertainment cost and other items not deducted for tax purposes	**1.0**	1.3	0.3
Withholding income taxes	**21.3**	12.8	6.9
Adjustments in year-end deferred tax assets due to tax rate changes	**0.8**	7.7	—
Differences in tax rates on special income tax for reconstruction	**(1.4)**	—	—
Other	**(3.8)**	0.8	(3.4)
Effective income tax rate	**74.8%**	22.7%	29.7%

Adjustment of deferred tax assets and deferred tax liabilities due to the change of corporate tax rate

"The Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011. As a result, the corporate tax rate was lowered and a reconstruction corporate tax was imposed from the fiscal year beginning on or after April 1, 2012. Accordingly, the statutory tax rate, which is used to calculate deferred tax assets and deferred tax liabilities, will be reduced from the current 39.0–40.7% to 37.20–38.01% for temporary differences which are expected to reverse during the year beginning April 1, 2012 and the year beginning April 1, 2014, and to 34.83–35.64% for temporary differences which are expected to reverse in or after the year beginning April 1, 2015.

The changes in the tax rate resulted in a decrease in the amount of deferred tax assets (after deducting deferred tax liabilities) as of March 31, 2012 by ¥130 million, while increasing income taxes-deferred and differences on revaluation of available-for-sale securities by ¥131 million and ¥1 million, respectively.

On October 11, 2011, Thailand Cabinet approved the reduction of the corporate tax rate from 30% to 23% in the year 2012, and to 20% in the year 2013. Accordingly, the statutory tax rate of consolidated subsidiaries in Thailand, which is used to calculate deferred tax assets and deferred tax liabilities, will be reduced from the current 30% to 23% for temporary differences which are expected to reverse during the year beginning April 1, 2012, and 20% for temporary differences which are expected to reverse in or after the year beginning April 1, 2013. The changes in the tax rate resulted in a decrease in the amount of deferred tax assets (after deducting deferred tax liabilities) as of March 31, 2012 by ¥295 million, while increasing income taxes-deferred by the same amount.

11. Leases

Outstanding future lease payments for non-cancellable operating leases as of March 31, 2013 and 2012, are as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2013	2012	**2013**
Due within 1 year	**¥ 252**	¥ 573	**$ 2,685**
Due after 1 year	**1,713**	1,530	**18,216**
Total	**¥1,965**	¥2,103	**$20,901**

12. Financial Instruments

a) Qualitative information on financial instruments

Financial instrument policies

The Company procures necessary funds (mainly through bank loans and issuance of bonds) based on the capital investment plan. Temporary surplus funds are managed in highly liquid financial assets and short-term operating funds are procured through bank loans. Derivatives are utilized to avoid the risks mentioned below, and speculative trading is not undertaken.

Details of financial instruments and its risks

Notes and accounts receivable, which are trade receivables, are exposed to the credit risk of clients. On the other hand, trade receivables in foreign currencies produced in overseas business operations are subject to the risk of exchange rate fluctuations, although they are basically hedged using forward exchange contracts, other than those within the balance of the foreign currency trade accounts payable.

Securities and investment securities are bonds and equity securities of companies with business relations, and are categorized as available-for-sale securities. These securities are exposed to the risk of market price fluctuations. Long-term loans receivable are generally provided to employees.

Notes and accounts payable, which are trade payables, are mostly due within 6 months. Foreign currency trade accounts payable are exposed to the risk of exchange rate fluctuations, but are hedged using forward exchange contacts, other than those within the balance of the foreign currency trade accounts receivable.

Borrowings, bonds, and lease obligations related to finance lease transactions primarily serve the purpose of financing for capital investment, and the redemption date is up to 6 years and 7 months from the balance sheet date. A part of these are exposed to the risk of interest rate fluctuations, but are hedged by derivative transactions (interest rate swap transactions).

The convertible bond-type bonds with stock acquisition rights were issued to procure investment funds for M&A activities, and their redemption date is February 20, 2017. Convertible bonds with subscription rights to shares were bonds issued by the Korean subsidiary acquired by the Company during the current fiscal year, and the shares underlying the subscription rights to shares represent shares of the Korean subsidiary.

Derivative transactions include the forward exchange contract transactions that are intended to hedge against the fluctuation risks for trade receivables and payables in foreign currencies and the interest rate swap transactions that are intended to hedge the fluctuation risks in the interest rates of its borrowings.

Risk management for financial instruments

• Management of credit risks (risks of clients' failure to perform contracted obligations)
The Sales Division & Administration Department of the Company periodically monitors the status of major clients regarding trade receivables based on the Company's credit management policies. It also reviews payment due dates and outstanding amounts per client each month, as well as revises credit ratings and credit limits every year for early detection and reduction of uncollectible receivables due to deteriorated financial conditions, etc. Similar management procedures are conducted at consolidated subsidiaries per the Company's credit management policies.

As for bonds categorized as available-for-sale securities according to the fund management policy, these are U.S. Treasury securities held and corporate bonds held by the Korean subsidiary acquired by the Company during the current fiscal year. The credit risks for U.S. Treasury securities are not considered significant and the value of the corporate bonds, etc. held by the Korean subsidiary is minor.

Derivative transactions are deemed to have only a remote credit risk since the Company limits such transactions to be only with counterparties it considers to be highly rated and reliable financial institutions.

• Management of market risks (fluctuation risks in exchange rates and interest rates, etc.)
In principle, the Company uses forward exchange contracts to hedge against fluctuation risks in foreign currency exchange rates by month and by currency for trade receivables and payables in foreign currencies. The Company also enters into forward exchange contracts for foreign currency-denominated receivables and payables that are certain to arise from anticipated export transactions. The Company enters into interest rate swap transactions to reduce risks of interest rate fluctuations from the repayment of its borrowings and bonds.

For securities and investment securities, fair values and the financial condition of issuing entities (client firms) are periodically reviewed.

Based on the approval of authorized personnel, the relevant department executes and manages derivative transactions according to the marketability risk management policies that specify transaction authorizations and transaction amount limits. The monthly transaction results are reported to the Company's executive officer in charge of Finance and Compliance Promotion Division.

Consolidated subsidiaries are also managed pursuant to the Company's marketability risk management policies.

• Management of liquidity risks in financing (risks of failure to pay by payment due date)
The Company manages liquidity risks through the maintenance of short-term liquidity. The relevant departments of the Company create and update cash flow plans as necessary based on reports from each department. Similar management is also implemented at consolidated subsidiaries.

Supplemental information on fair values of financial instruments

The fair values of financial instruments are based on market prices, and when market prices are not available, reasonably calculated amounts. Fluctuating factors are incorporated upon calculation of such amounts, therefore the amounts may vary when different assumptions are applied. The contracted amounts for derivative transactions mentioned in note "13. Derivatives" do not, in themselves, represent the market risks for the derivative transactions.

b) Fair values of financial instruments

The reported amounts in the consolidated balance sheet, fair values and their differences as of March 31, 2013 and 2012 are as follows, which does not contain items whose fair value was extremely difficult to measure.

Millions of yen

	2013			2012		
	Reported amount in balance sheet	*Fair value*	*Difference*	*Reported amount in balance sheet*	*Fair value*	*Difference*
Cash and cash equivalents	**¥ 28,223**	**¥ 28,223**	**¥ —**	¥ 23,366	¥ 23,366	¥ —
Time deposits	**6,041**	**6,041**	**—**	4,964	4,964	—
Notes and accounts receivable—trade	**62,646**	**62,646**	**—**	58,795	58,795	—
Securities and investment securities	**6,771**	**6,771**	**—**	5,123	5,123	—
Long-term loans receivable	**122**	**122**	**—**	20	20	—
Total assets	**¥103,803**	**¥103,803**	**¥ —**	¥ 92,268	¥ 92,268	¥ —
Notes and accounts payable—trade	**20,398**	**20,398**	**—**	23,336	23,336	—
Short-term debt	**65,966**	**65,966**	**—**	53,449	53,449	—
Current portion of long-term debt	**19,237**	**19,347**	**110**	15,158	15,327	169
Long-term debt	**85,209**	**86,014**	**805**	73,937	74,609	672
Total liabilities	**¥190,810**	**¥191,725**	**¥915**	¥165,880	¥166,721	¥841
Derivative transactions*	**¥ (18)**	**¥ (18)**	**¥ —**	¥ 11	¥ 11	¥ —

Thousands of U.S. dollars (Note 3)

	2013		
	Reported amount in balance sheet	*Fair value*	*Difference*
Cash and cash equivalents	**$ 300,089**	**$ 300,089**	**$ —**
Time deposits	**64,229**	**64,229**	**—**
Notes and accounts receivable—trade	**666,087**	**666,087**	**—**
Securities and investment securities	**71,994**	**71,994**	**—**
Long-term loans receivable	**1,292**	**1,292**	**—**
Total assets	**$1,103,691**	**$1,103,691**	**$ —**
Notes and accounts payable—trade	**216,884**	**216,884**	**—**
Short-term debt	**701,395**	**701,395**	**—**
Current portion of long-term debt	**204,540**	**205,719**	**1,179**
Long-term debt	**906,001**	**914,557**	**8,556**
Total liabilities	**$2,028,820**	**$2,038,555**	**$9,735**
Derivative transactions*	**$ (191)**	**$ (191)**	**$ —**

* Net receivables and payables derived from derivative transactions are offset.

Calculation of fair values of financial instruments and matters related to securities and derivative transactions are as follows.

Assets

• Cash and cash equivalents • Time deposits • Notes and accounts receivable—trade
Book values are applied since these items are settled in a short period of time and their book values approximate fair values.

• Securities and investment securities
Fair values for equity securities are based on market prices while fair values for bonds are based on market prices or prices provided by financial institutions. Please refer to note "2. Summary of Significant Accounting Policies g) Investment securities" for the details of securities by each holding purpose.

• Long-term loans receivable
Long-term loans receivable are generally provided for employees, and book values are applied since the amount is insignificant.

Liabilities

• Notes and accounts payable—trade • Short-term debt
Book values are applied since these items are settled in a short period of time and their book values approximate fair values.

• Current portion of long-term debt • Long-term debt
As for loans payable, book values are applied for those with floating interest rates since they are settled in a short period of time and their book values approximate fair values. For those with fixed interest rates, the sum of the principal and interest are discounted using the rate assumed when a similar borrowing is made.

As for bonds payable, convertible-bond-type bonds payable with stock acquisition rights, and bonds with subscription rights to shares with market prices are based on such market prices, and for those with no market prices, the sum of the principal and interest are discounted using the rate assumed when a similar issuance is made.

Derivative transactions

Please refer to note "13. Derivatives."

Financial instruments whose fair value is deemed extremely difficult to measure

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2013	2012	**2013**
	Reported amount in balance sheet	*Reported amount in balance sheet*	*Reported amount in balance sheet*
Unlisted stocks	**¥2,302**	¥2,302	**$24,473**
Investments in subsidiaries	**19**	1,328	**208**
Investments in capital of subsidiaries	**85**	85	**899**
Total	**¥2,406**	¥3,715	**$25,580**

The above items are not included in "Securities and investment securities" as they do not have market prices and are deemed extremely difficult to measure their fair value.

Expected redemption amounts for monetary receivables and securities with maturities

	Millions of yen			
	2013			
	Within 1 year	*Over 1 year Within 5 years*	*Over 5 years Within 10 years*	*Over 10 years*
Cash and cash equivalents	**¥28,223**	**¥ —**	**¥—**	**¥—**
Time deposits	**6,041**	**—**	**—**	**—**
Notes and accounts receivable–trade	**62,646**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities with maturities	**1,334**	**1,779**	**5**	**—**
Long-term loans receivable	**—**	**113**	**8**	**0**
Total	**¥98,244**	**¥1,892**	**¥13**	**¥ 0**

	Millions of yen			
	2012			
	Within 1 year	Over 1 year Within 5 years	Over 5 years Within 10 years	Over 10 years
Cash and cash equivalents	¥23,366	¥ —	¥—	¥—
Time deposits	4,964	—	—	—
Notes and accounts receivable–trade	58,795	—	—	—
Securities and investment securities				
Available-for-sale securities with maturities	788	1,791	—	—
Long-term loans receivable	—	17	3	—
Total	¥87,913	¥1,808	¥ 3	¥—

	Thousands of U.S. dollars (Note 3)			
	2013			
	Within 1 year	Over 1 year Within 5 years	Over 5 years Within 10 years	Over 10 years
Cash and cash equivalents	**$ 300,089**	**$ —**	**$ —**	**$—**
Time deposits	**64,229**	**—**	**—**	**—**
Notes and accounts receivable–trade	**666,087**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities with maturities	**14,183**	**18,910**	**52**	**—**
Long-term loans receivable	**—**	**1,202**	**87**	**3**
Total	**$1,044,588**	**$20,112**	**$139**	**$ 3**

Expected repayment and redemption for debt

Please refer to note “4. Short-Term and Long-Term Debt.”

13. Derivatives

Derivative transactions which hedge accounting are applied as of March 31, 2013 and 2012, are as follows:

Currency related

Allocation method of forward exchange contracts

		Millions of yen		
		2013		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		**¥ 5,819**	**¥—**	**¥ (78)**
Japanese yen		**33,412**	**—**	**(1,897)**
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**12,588**	**—**	**95**
Euro		**2,054**	**—**	**93**
Sterling pounds		**43**	**—**	**(0)**
Japanese yen		**692**	**—**	**21**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**2,061**	**—**	**(13)**
Euro		**75**	**—**	**(3)**
Thai baht		**273**	**—**	**(4)**
Japanese yen		**420**	**—**	**(22)**

Allocation method of forward exchange contracts

		Millions of yen		
		2012		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		¥ 5,015	¥—	¥ 21
Japanese yen		27,100	—	(1,320)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		12,256	—	(171)
Euro		2,679	—	(37)
Sterling pounds		73	—	(5)
Japanese yen		600	—	21
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		2,189	—	16
Euro		67	—	1
Thai baht		—	—	—
Japanese yen		1,383	—	(6)

Allocation method of forward exchange contracts

		Thousands of U.S. dollars (Note 3)		
		2013		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		**$ 61,874**	**$—**	**$ (834)**
Japanese yen		**355,262**	**—**	**(20,170)**
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**133,841**	**—**	**1,013**
Euro		**21,841**	**—**	**989**
Sterling pounds		**453**	**—**	**(3)**
Japanese yen		**7,355**	**—**	**220**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**21,915**	**—**	**(140)**
Euro		**799**	**—**	**(30)**
Thai baht		**2,898**	**—**	**(39)**
Japanese yen		**4,460**	**—**	**(237)**

General accounting method

		Millions of yen		
		2013		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**¥2,210**	**¥—**	**¥(23)**
Euro		**540**	**—**	**14**
Sterling pounds		**12**	**—**	**(0)**
Japanese yen		**387**	**—**	**4**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**874**	**—**	**0**
Euro		**58**	**—**	**(0)**
Sterling pounds		**—**	**—**	**—**
Singapore dollars		**610**	**—**	**(4)**
Thai baht		**0**	**—**	**0**
Swiss franc		**—**	**—**	**—**
Japanese yen		**60**	**—**	**(1)**

General accounting method

Type of transactions	Major hedged items	Millions of yen 2012 Contracted amount	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		¥1,976	¥—	¥ 0
Euro		534	—	(1)
Sterling pounds		22	—	(0)
Japanese yen		419	—	16
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		610	—	6
Euro		6	—	(0)
Sterling pounds		2	—	0
Singapore dollars		605	—	(1)
Thai baht		0	—	(0)
Swiss franc		1	—	(0)
Japanese yen		160	—	(2)

General accounting method

Type of transactions	Major hedged items	Thousands of U.S. dollars (Note 3) 2013 Contracted amount	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**$23,494**	**$—**	**$(247)**
Euro		**5,745**	**—**	**146**
Sterling pounds		**126**	**—**	**(3)**
Japanese yen		**4,114**	**—**	**40**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**9,290**	**—**	**10**
Euro		**619**	**—**	**(2)**
Singapore dollars		**6,482**	**—**	**(42)**
Thai baht		**2**	**—**	**0**
Japanese yen		**635**	**—**	**(15)**

Deferred hedge accounting

Type of transactions	Major hedged items	Millions of yen 2013 Contracted amount	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		**¥6,990**	**¥—**	**¥(5)**
Euro		**1,017**	**—**	**(2)**
Sterling pounds		**33**	**—**	**(0)**
Japanese yen		**182**	**—**	**(0)**
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		**459**	**—**	**0**
Euro		**—**	**—**	**—**
Sterling pounds		**2**	**—**	**(0)**
Singapore dollars		**363**	**—**	**0**
Hong Kong dollars		**66**	**—**	**(0)**
Chinese yuan		**51**	**—**	**(1)**
Japanese yen		**199**	**—**	**(0)**

Deferred hedge accounting

Type of transactions	Major hedged items	Contracted amount (Millions of yen, 2012)	Contracted amount exceeding 1 year (Millions of yen, 2012)	Fair value (Millions of yen, 2012)
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		¥6,414	¥—	¥(8)
Euro		954	—	(0)
Sterling pounds		33	—	(0)
Japanese yen		221	—	(0)
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		859	—	1
Euro		45	—	(0)
Sterling pounds		3	—	(0)
Singapore dollars		267	—	(1)
Hong Kong dollars		76	—	0
Chinese yuan		44	—	0
Japanese yen		1,693	—	1

Deferred hedge accounting

Type of transactions	Major hedged items	Contracted amount (Thousands of U.S. dollars (Note 3), 2013)	Contracted amount exceeding 1 year (Thousands of U.S. dollars (Note 3), 2013)	Fair value (Thousands of U.S. dollars (Note 3), 2013)
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		**$74,326**	**$—**	**$(55)**
Euro		**10,818**	**—**	**(18)**
Sterling pounds		**355**	**—**	**(0)**
Japanese yen		**1,937**	**—**	**(3)**
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		**$4,879**	**—**	**3**
Euro		**—**	**—**	**—**
Sterling pounds		**25**	**—**	**(0)**
Singapore dollars		**3,865**	**—**	**2**
Hong Kong dollars		**707**	**—**	**(0)**
Chinese yuan		**540**	**—**	**(5)**
Japanese yen		**2,118**	**—**	**(2)**

Note: Calculation of fair values

Fair values are calculated based on the prices provided by financial institutions.

Fair values of derivatives to which the allocation method of forward exchange contracts are applied are included in the fair values of short-term loans payable, accounts receivable–trade, accounts payable–trade and others as they are accounted for as a single unit with their hedging vehicles.

Interest rate related

Special accounting for interest rate swaps

		Millions of yen		
		2013		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	**¥64,763**	**¥46,600**	**¥(651)**

Special accounting for interest rate swaps

		Millions of yen		
		2012		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	¥58,131	¥47,763	¥(610)

Special accounting for interest rate swaps

		Thousands of U.S. dollars (Note 3)		
		2013		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	**$688,602**	**$495,481**	**$(6,920)**

Note: Calculation of fair values

Fair values are calculated based on the prices provided by financial institutions.

Fair values of derivatives to which special accounting for interest rate swaps are applied are included in the fair values of long-term loans payable as they are accounted for as a single unit with their hedging vehicles.

14. Research and Development Expenses

Research and development expenses incurred by the Company and its consolidated subsidiaries are included in selling, general and administrative expenses and manufacturing costs.

Research and development expenses for the years ended March 31, 2013, 2012 and 2011, amounted to ¥7,743 million ($82,330 thousand), ¥7,490 million and ¥7,895 million, respectively.

15. Shareholders' Equity

The Companies Act of Japan requires that an amount equivalent to 10% of cash dividends be appropriated as a legal reserve or as additional paid-in capital upon the payment of said cash dividends until the aggregate of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the legal reserve and additional paid-in capital may be reversed without restriction on amount.

The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings may be transferred among the accounts under certain conditions by resolution of the ordinary general meeting of shareholders.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Companies Act.

Dividends are not accrued in the consolidated financial statements for the corresponding period, but are recorded in the subsequent accounting period after shareholders' approval has been obtained.

As of March 31, 2013, retained earnings included year-end dividends of ¥1,494 million ($15,883 thousand), or ¥4 ($0.04) per share, which was approved at the ordinary general meeting of shareholders held on June 27, 2013.

16. Stock Option, etc.

a) Amounts expensed and account related to stock option

The amounts expensed and account related to stock options for the years ended March 31, 2013, 2012 and 2011, are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2013	2012	2011	**2013**
Selling, general and administrative expenses (Share-based compensation expenses)	**¥9**	¥—	¥—	**$94**

b) Contents, scale and changes in stock options

Contents of the stock options

	1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012
Classification and number of people to which stock acquisition rights were granted	Eight directors of the Company
Number of stock options by type of stock (Note)	47,000 shares of common stock
Grant date	July 17, 2012
Vesting conditions	No vesting conditions have been prescribed.
Service period	—
Exercise period	From July 18, 2012 to July 16, 2042

Note: Numbers indicated are converted into number of shares

Scale and changes in stock options

Stock options outstanding during in the year ended March 31, 2013 are covered, and the number of stock options are converted into number of shares.

①Number of stock option

	1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012
Before vesting (shares)	
At the end of previous fiscal year	—
Granted	47,000
Lapsed	—
Vested	47,000
Not vested	—
Vested (shares)	
At the end of previous fiscal year	—
Vested	47,000
Exercised	—
Lapsed	—
Not excersized	47,000

②Unit price information

	1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012
Exercise price (Yen)	1
Average stock price at the time of exercise (Yen)	—
Fair value as of the grant date (Yen)	251

c) Evaluation method of fair value per unit of stock options

Fair value per unit of the 1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012 that were granted during the year ended March 31, 2013, was evaluated as follows:

①Appraisal method used: the Black-Scholes model

②Major underlying figures and estimates

	1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012
Volatility (Note 1)	46.206%
Expected residual period (Note 2)	4.2 years
Expected dividends (Note 3)	¥7 per share
Risk-free interest rate (Note 4)	0.131%

Notes: 1. Calculated based on the stock price performance in 4.2 years (from May 5, 2008 to July 17, 2012).
2. Estimate is based on the average expected length of service from the grant date to the retirement date as prescribed by the internal rules.
3. Based on the dividend paid for the year ended March 31, 2012.
4. Based on the transaction statistics of long-term interest-bearing government bonds announced by the Japan Securities Dealers Association, adopting the average of compound interest yields of issuances with redemption dates within three months before or after the expected residual period.

d) Method of estimating the number of vested stock options

As it is basically difficult to reasonably estimate the number of stock options forfeited in the future, the Company adopts the method that reflects the actual number of forfeitures.

17. Other Comprehensive Income

The amounts of reclassification adjustments and related tax effects included in other comprehensive income for the years ended March 31, 2013 and 2012, are as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2013	2012	**2013**
Differences on revaluation of available-for-sale securities:			
Incurred in the current year	**¥ 1,097**	¥ (2)	**$ 11,670**
Reclassification adjustment	**—**	600	**—**
Amount before tax effect adjustment	**1,097**	598	**11,670**
Amount of tax effect	**(98)**	(11)	**(1,043)**
Differences on revaluation of available-for-sale securities	**999**	587	**10,627**
Deferred gains or losses on hedges:			
Incurred in the current year	**(20)**	(4)	**(224)**
Reclassification adjustment	**20**	(4)	**217**
Amount before tax effect adjustment	**(0)**	(8)	**(7)**
Amount of tax effect	**(0)**	2	**(3)**
Deferred gains or losses on hedges	**(0)**	(6)	**(10)**
Foreign currency translation adjustments:			
Incurred in the current year	**24,692**	(793)	**262,529**
Unfunded retirement benefit obligations of foreign subsidiaries:			
Incurred in the current year	**(1,970)**	(54)	**(20,940)**
Reclassification adjustment	**1,642**	—	**17,454**
Amount before tax effect adjustment	**(328)**	(54)	**(3,486)**
Amount of tax effect	**114**	19	**1,220**
Unfunded retirement benefit obligations of foreign subsidiaries	**(214)**	(35)	**(2,266)**
Total other comprehensive income	**¥25,477**	¥(247)	**$270,880**

18. Per Share Data

Dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year, dividends approved after the fiscal year-end but applicable to the fiscal year.

Basic net income per share is based on the weighted average number of shares of common stock outstanding during each fiscal year.

Diluted net income per share is calculated based on the weighted average number of shares of common stocks outstanding reflecting the increase in number of shares outstanding assuming that all the outstanding convertible bond-type bonds payable with stock acquisition rights and stock acquisition rights that have dilutive effects on net income per share are converted into common stock. When calculating diluted net income per share, net income is adjusted by the bond interest after deducting corporate income taxes.

The number of shares used in calculating net income per share for the years ended March 31, 2013, 2012 and 2011, is as follows:

	Thousands of shares		
	2013	2012	2011
Basic	**373,699**	379,014	382,319
Diluted	**393,890**	381,272	—

19. Cash Flow Information

In the year ended March 31, 2013, Moatech Co., Ltd. and its 7 consolidated subsidiaries were included in the scope of consolidation. The composition of assets and liabilities at acquisition, and the relation between acquisition cost and proceeds from acquisition are as follows:

	Millions of yen	*Thousands of U.S. dollars (Note 3)*
	2013	**2013**
Current Assets	**¥ 9,354**	**$ 99,455**
Fixed Assets	**3,620**	**38,495**
Goodwill	**10**	**102**
Current Liabilities	**(2,334)**	**(24,824)**
Long-term Liabilities	**(406)**	**(4,314)**
Stock acquisition rights	**(45)**	**(475)**
Minority interests in consolidated subsidiaries	**(5,730)**	**(60,922)**
Acquisition cost of Moatech Co., Ltd.	**4,469**	**47,517**
Cash and cash equivalents of Moatech Co., Ltd.	**4,825**	**51,301**
Less: proceeds from acquisition of Moatech Co., Ltd.	**¥ 356**	**$ 3,784**

20. Litigation

As of March 31, 2013, NMB-Minebea Thai Ltd., consolidated subsidiary located in Thailand, received (1) a revised assessment of income tax liability in the amount of 502 million baht on August 25, 2008; (2) another revised assessment of income tax liability in the amount of 125 million baht on August 25, 2010; (3) a third revised assessment of income tax liability in the amount of 101 million baht on August 11 and 22, 2011; and (4) a fourth revised assessment of income tax liability in the amount of 71 million baht on July 2, August 8 and 17, 2012 from the Revenue Department of Thailand. The Company has not accepted these revised assessments, believing them to be unjust and without legal grounds, and regarding item (1), the Company took the case to the Tax Court of Thailand on August 25, 2009 following the petition to the Revenue Department, and regarding items (2), (3) and (4) the Company has petitioned the Revenue Department for redress.

Regarding item (1), the Company has substantially won the case as a result of the decision at the Tax Court of Thailand on October 13, 2010, however the Revenue Department disagreed with this decision and appealed the case to the Supreme Court on December 9, 2010.

Payment of these amounts was made in subrogation on (1) September 22, 2008, (2) September 23, 2010, (3) August 16, 2011 and (4) August 23, 2012, respectively, using a surety bond from a bank with which the Company does business.

21. Contingent Liabilities

The Company and its consolidated subsidiaries had no material contingent liabilities as of March 31, 2013 and March 31, 2012.

22. Business Combination, etc.

Business Combination through Acquisitions

1. Outline of the business combination
   (1) Name of the acquired company and its business activities
   Name of the acquired company: Moatech Co., Ltd.
   Business activities: Manufacture and sales of small-sized motors for use in IT devices, automobiles, office equipment, home electronic appliances and cameras, etc.

   (2) Major reasons for the business combination
   Moatech Co., Ltd. (hereafter "Moatech") was established in 1989 in Korea and has its shares listed in KOSDAQ (Korean Securities Dealers Automated Quotations). Moatech has a consolidated subsidiary, Hysonic Co., Ltd., a manufacturer of small-sized precision motors, whose shares are also listed in KOSDAQ. In addition, Moatech has its production facilities located in Korea, China and the Philippines and has established an efficient system stretching from the development and design stages to the manufacturing processes in the small-sized motor businesses, which provides Moatech with a high level of competitiveness in quality, production capability and manufacturing costs. In the segment of stepping motors to be used for IT devices, which is one of its major product lines, Moatech retains a high market share in the global market. Moatech also strives to expand into the motor businesses to be used for automobiles, office equipment, home electronic appliances and cameras, in which small-sized precision motors are expected to increase significantly in the years to come. As such, Moatech is expected to secure its place in the global marketplace going forward. The shift to and proliferation of electronic cars, such as Plug-in Hybrid Vehicles (PHV) and Electronic Vehicles (EV), are anticipated in the near future. Under such circumstances, the Company has decided to carry out a business combination with Moatech and is determined to enhance its product development capability, establish streamlined processes of manufacturing and sales, and expand its sales of small-sized precision motors, by acting in coordination with and complementing the activities of Moatech, one of the leading Korean manufacturers in this business.

   (3) Effective date of the business combination
   May 31, 2012

   (4) Legal structure of the business combination
   Stock acquisition with cash consideration

   (5) Name of the company subsequent to the business combination
   Moatech Co., Ltd.

   (6) Percentage of voting rights acquired

Percentage of voting rights immediately before the stock acquisition	—%
Percentage of voting rights to be acquired on the effective date of the business combination	50.8%
Percentage of voting rights subsequent to the stock acquisition	50.8%

   (7) Primary basis for determining the acquirer
   Due to the fact that the Company has acquired 50.8% of the voting rights of the acquired company through stock acquisition with cash consideration.

2. Period of operation of the acquired company included in the consolidated financial statements
   Since the deemed date of the stock acquisition was June 30, 2012, and for the said subsidiary, consolidation was based on the financial statements as of December 31, 2012, the results of operations from April 1, 2012 through December 31, 2012 have been included in the consolidated financial statements.

3. Acquisition cost of the acquired company and its details

	Millions of yen	Thousands of U.S. dollars (Note 3)
Consideration for the acquisition		
Purchase price of shares (cash)	**¥4,171**	**$44,353**
Cost directly attributable to the acquisition		
Advisory cost, etc.	**298**	**3,163**
Acquisition cost	**¥4,469**	**$47,516**

4. Amount of goodwill, source, amortization method and period
   (1) Amount of goodwill
   ¥10 million ($102 thousand)

   (2) Source of goodwill
   Primarily due to the excess earning power to be expected on account of the development capability and cost competitiveness and the sales capacity of Moatech.

   (3) Amortization method and period
   Because the amount of goodwill is insignificant, it has been fully amortized during the year ended March 31, 2013.

5. Amount of assets and liabilities received at the effective date of business combination and its details

	Millions of yen	Thousands of U.S. dollars (Note 3)
Current assets	**¥ 9,354**	**$ 99,455**
Fixed assets	**3,620**	**38,495**
Total assets	**¥12,974**	**$137,950**
Current liabilities	**¥ 2,335**	**$ 24,823**
Long-term liabilities	**405**	**4,314**
Total liabilities	**¥ 2,740**	**$ 29,137**

6. Pro-forma information of effects on the consolidated statement of income assuming the business combination had been completed at the beginning of the current fiscal year, and the calculation method

	Millions of yen	Thousands of U.S. dollars (Note 3)
Net sales	**¥2,627**	**$27,934**
Operating loss	**(54)**	**(577)**
Loss before income taxes and minority interests	**(57)**	**(603)**

(Method for calculating pro-forma information)
The pro-forma information of effects on the consolidated statement of income was calculated as differences between net sales and income assuming the business combination had been completed as of the beginning of the current fiscal year, and net sales and income included in the consolidated statement of income. Pro-forma information is unaudited.

23. Segment Information, etc.

a) Segment information

(Additional information)

From the year ended March 31, 2011, the Company applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, revised on March 27, 2009) and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, issued on March 21, 2008).

Outline of reportable segments

The Company's reportable segments are components for which separate financial information is available and subject to periodic reviews in order for the Company's Board of Directors to determine the distribution of management resources and evaluate performance.

The Company establishes business units by product in key business locations, and each business unit formulates comprehensive domestic and overseas strategies for their products and deploys its business activities.

Thus, the Company consists of segments by product, based on business units, and the "Machined components segment", "Rotary components segment" and "Electronic devices and components segment" are determined to be the reportable segments.

Our core products in the machined components segment are mechanical parts, such as ball bearings, rod-end bearings, pivot assemblies for HDDs as well as fasteners for automobiles and aircrafts. The rotary components segment includes a wide variety of motors, such as information motors (fan motors, stepping motors, brushless DC motors, vibration motors and brush DC motors) and HDD spindle motors. The electronic devices and components segment consists of LCD backlights, inverters and measuring components.

Basis of calculation for amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

The accounting method for the reported operating segments is basically the same as those in note "2. Summary of Significant Accounting Policies."

Income of each reportable segment is based on operating income (before amortization of goodwill). Internal sales are calculated based on distribution prices determined by comprehensive judgment considering market prices, manufacturing costs and other factors.

(Change of accounting policy)

As a result of the revision of the Corporation Tax Law, effective from the year ended March 31, 2013, the Company and its consolidated domestic subsidiaries adopted the depreciation method based on the revised Corporation Tax Law for tangible fixed assets acquired on or after April 1, 2012.

This resulted in increases in segment profits of "Machined components segment", "Rotary components segment" and "Electronic devices and components segment" of ¥12 million ($127 thousand), ¥7 million ($76 thousand) and ¥5 million ($53 thousand), respectively.

Information on amounts of net sales, profit or loss, assets, liabilities and other items by reportable segment

Information related to the reportable segments of the Company and its consolidated subsidiaries as of March 31, 2013, 2012 and 2011, and for the years then ended are as follows:

Millions of yen

	Reportable segments							
Year ended March 31, 2013	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	**¥113,573**	**¥101,920**	**¥57,190**	**¥272,683**	**¥9,726**	**¥282,409**	**¥ —**	**¥282,409**
Internal sales	**2,565**	**1,199**	**1,047**	**4,811**	**5,150**	**9,961**	**(9,961)**	**—**
Total sales	**116,138**	**103,119**	**58,237**	**277,494**	**14,876**	**292,370**	**(9,961)**	**282,409**
Segment income (loss)	**25,459**	**(4,369)**	**1,531**	**22,621**	**231**	**22,852**	**(12,683)**	**10,169**
Segment assets	**97,632**	**87,502**	**26,953**	**212,087**	**9,778**	**221,865**	**140,940**	**362,805**
Other items								
Depreciation and amortization	**8,020**	**6,867**	**1,751**	**16,638**	**879**	**17,517**	**3,283**	**20,800**
Increase in tangible and intangible fixed assets	**9,100**	**11,974**	**2,262**	**23,336**	**763**	**24,099**	**19,588**	**43,687**

Millions of yen

	Reportable segments							
Year ended March 31, 2012	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	¥107,038	¥91,364	¥37,887	¥236,289	¥15,069	¥251,358	¥ —	¥251,358
Internal sales	2,684	1,280	2,339	6,303	5,653	11,956	(11,956)	—
Total sales	109,722	92,644	40,226	242,592	20,722	263,314	(11,956)	251,358
Segment income (loss)	25,611	(4,119)	(959)	20,533	(339)	20,194	(11,595)	8,599
Segment assets	82,614	70,753	22,491	175,858	10,065	185,923	120,849	306,772
Other items								
Depreciation and amortization	7,520	6,824	1,163	15,507	1,101	16,608	2,980	19,588
Increase in tangible and intangible fixed assets	8,501	7,462	2,647	18,610	471	19,081	8,225	27,306

Millions of yen

	Reportable segments							
Year ended March 31, 2011	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	¥107,841	¥101,139	¥40,502	¥249,482	¥19,657	¥269,139	¥ —	¥269,139
Internal sales	2,888	1,623	1,885	6,396	5,678	12,074	(12,074)	—
Total sales	110,729	102,762	42,387	255,878	25,335	281,213	(12,074)	269,139
Segment income (loss)	28,088	(225)	4,160	32,023	498	32,521	(10,358)	22,163
Segment assets	77,796	72,374	18,280	168,450	10,857	179,307	111,785	291,092
Other items								
Depreciation and amortization	8,098	7,895	979	16,972	1,291	18,263	2,543	20,806
Increase in tangible and intangible fixed assets	10,783	9,490	1,515	21,788	825	22,613	4,722	27,335

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2013	*Reportable segments*							
	Machined components	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	$1,207,585	$1,083,675	$608,087	$2,899,347	$103,413	$3,002,760	$ —	$3,002,760
Internal sales	27,273	12,754	11,129	51,156	54,757	105,913	(105,913)	—
Total sales	1,234,858	1,096,429	619,216	2,950,503	158,170	3,108,673	(105,913)	3,002,760
Segment income (loss)	270,700	(46,453)	16,282	240,529	2,458	242,987	(134,854)	108,133
Segment assets	1,038,081	930,383	286,581	2,255,045	103,967	2,359,012	1,498,571	3,857,583
Other items								
Depreciation and amortization	85,275	73,015	18,623	176,913	9,346	186,259	34,909	221,168
Increase in tangible and intangible fixed assets	96,762	127,317	24,047	248,126	8,116	256,242	208,267	464,509

Notes: 1. The classification "Other" is the operating segment which is not included in the reportable segments. Its products are mainly speakers and special devices.

2. The contents of the adjustments are as follows:

(i) The primary adjustments to segment income or loss are amortization of goodwill (–¥1,148 million (–$12,214 thousand) for the year ended March 31, 2013, –¥1,332 million for the year ended March 31, 2012, –¥1,321 million for the year ended March 31, 2011), and corporate expenses such as general & administrative expenses and research and development expenses that do not belong to the reportable segments (–¥11,675 million (–$124,132 thousand) for the year ended March 31, 2013, –¥10,221 million for the year ended March 31, 2012, –¥8,921 million for the year ended March 31, 2011).

(ii) Adjustments to segment assets are unamortized goodwill (¥3,502 million ($37,240 thousand) as of March 31, 2013, ¥4,223 million as of March 31, 2012, ¥5,555 million as of March 31, 2011), and assets related to administrative divisions that do not belong to the reportable segments (¥137,438 million ($1,461,331 thousand) as of March 31, 2013, ¥116,626 million as of March 31, 2012, ¥106,230 million as of March 31, 2011).

(iii) The primary adjustment to depreciation and amortization is depreciation and amortization of equipment related to administrative divisions that do not belong to the reportable segments.

(iv) The primary adjustment to increase in tangible and intangible fixed assets is capital investments in equipment related to administrative divisions that do not belong to the reportable segments.

3. Segment income (loss) is reconciled to operating income in the consolidated financial statements.

b) Related information
Information by geographical area

Year ended March 31, 2013	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
							Millions of yen
Net sales	**¥81,999**	**¥56,854**	**¥36,413**	**¥28,688**	**¥28,542**	**¥49,913**	**¥282,409**

Year ended March 31, 2012	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
							Millions of yen
Net sales	¥61,308	¥58,994	¥33,546	¥26,500	¥24,849	¥46,161	¥251,358

Year ended March 31, 2011	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
							Millions of yen
Net sales	¥71,543	¥63,308	¥36,470	¥26,296	¥26,225	¥45,297	¥269,139

Year ended March 31, 2013	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
							Thousands of U.S. dollars (Note 3)
Net sales	**$871,867**	**$604,507**	**$387,171**	**$305,030**	**$303,481**	**$530,704**	**$3,002,760**

As of March 31, 2013	*Thailand*	*Japan*	*China*	*Others*	*Total*
					Millions of yen
Tangible fixed assets	**¥90,007**	**¥37,889**	**¥17,404**	**¥25,463**	**¥170,763**

As of March 31, 2012	*Thailand*	*Japan*	*China*	*Others*	*Total*
					Millions of yen
Tangible fixed assets	¥68,219	¥24,501	¥16,352	¥17,967	¥127,039

As of March 31, 2011	*Thailand*	*Japan*	*China*	*Others*	*Total*
					Millions of yen
Tangible fixed assets	¥65,914	¥24,882	¥17,210	¥16,090	¥124,096

As of March 31, 2013	*Thailand*	*Japan*	*China*	*Others*	*Total*
					Thousands of U.S. dollars (Note 3)
Tangible fixed assets	**$957,000**	**$402,865**	**$185,053**	**$270,743**	**$1,815,661**

c) Information related to impairment losses of fixed assets by reportable segments

	Reportable segments						*Millions of yen*
Year ended March 31, 2013	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Corporate*	*Total*
Impairment losses	**¥—**	**¥2,857**	**¥—**	**¥2,857**	**¥32**	**¥12**	**¥2,901**

	Reportable segments						*Millions of yen*
Year ended March 31, 2012	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Corporate*	*Total*
Impairment losses	¥—	¥230	¥—	¥230	¥531	¥14	¥775

	Reportable segments						*Millions of yen*
Year ended March 31, 2011	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Corporate*	*Total*
Impairment losses	¥—	¥248	¥—	¥248	¥—	¥306	¥554

	Reportable segments						*Thousands of U.S. dollars (Note 3)*
Year ended March 31, 2013	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Corporate*	*Total*
Impairment losses	**$—**	**$30,373**	**$—**	**$30,373**	**$342**	**$127**	**$30,842**

24. Subsequent Events

There were no significant events subsequent to March 31, 2013.

Internal Control Report

1. Framework of Internal Control Over Financial Reporting

The management of Minebea Co., Ltd., is responsible for the design and operation of the internal control over financial reporting ("ICOFR") that is performed by Minebea Co., Ltd. as well as that performed by its consolidated subsidiaries and companies accounted for under the equity method (collectively "Minebea Group"). Therefore, in accordance with the report "On the Revision of the Standards and Practice Standards for Management Assessments and Audit Concerning Internal Control Over Financial Reporting (Council Opinions)" (revised by the Business Accounting Council on March 30, 2011), management ensures that processes include basic internal control elements and are designed and operated appropriately in compliance with the basic framework of internal control, and also that the information contained in financial reports prepared by the Minebea Group is both appropriate and reliable.

However, internal control may not function effectively in cases where errors in judgment are made, there is carelessness or when a group of employees conspire to thwart said control. Furthermore, internal control may not apply in the event of unforeseeable changes to internal or external environments or for irregular transactions. For these reasons internal control over financial reporting is not absolutely effective in achieving its purposes and may not always be able to prevent or discover material misstatements contained in financial reports.

2. Assessment Scope, Timing and Procedures

Basis of Presenting Internal Control Report

The report on ICOFR of the consolidated financial statements of Minebea Co., Ltd. ("Internal Control Report") is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan ("Assessment Standards") and is compiled from the Internal Control Report prepared by Minebea Co., Ltd. as required by the Financial Instruments and Exchange Act of Japan ("Act").

The Assessment Standards require management to assess the ICOFR, which consists of the internal control over the consolidated/parent-only financial statements included in the Annual Securities Report filed under the Act and the internal control over disclosure information and others included in the Annual Securities Report that materially affects the reliability of the financial statements.

The scope of management's assessment of ICOFR in this annual report is different from the scope required by the Assessment Standards. Management assessment of ICOFR for this annual report covers the ICOFR with respect to the accompanying consolidated financial statements only. In addition, as explained in Note 1 on the basis of presenting financial statement, the accompanying consolidated financial statements are reclassified and additional information are provided from the consolidated financial statements prepared for the purpose of the Act. The process of making reclassifications and the addition of certain information is for the convenience of readers outside Japan. Management voluntarily includes the process in its assessment of ICOFR, even though it is outside the scope of the Assessment Standards.

Scope of Assessment

The reference date for the assessment of ICOFR was March 31, 2013, the end of the current fiscal year, and the assessment of the Minebea Group was carried out based on the Assessment Standards.

The basic assessment procedures consisted of providing relevant personnel with questionnaire sheets and checklists after analyzing and understanding the details of both internal control with a significant impact on all consolidated financial reporting ("entity-level internal control") and internal control over accounting and financial reporting process; collecting their replies; making further inquiries to relevant personnel based on the answers to the questionnaires and checklists; inspecting relevant documents and verifying related records; and then selecting internal control incorporated into process in order to be performed simultaneously with the implementation of said process ("process-level internal control") to be assessed based on those results.

In order to assess the effectiveness of the process-level internal control described above, the details of the processes subject to assessment were first examined for the purpose of proper understanding and analysis. Key controls that were considered to have significant influence to the reliability of financial reporting were then identified and the design and operation statuses of those key controls were assessed accordingly.

For the scope of evaluation for ICOFR, assessment was carried out on entity-level internal control and internal control over accounting and financial reporting process which have a significant effect on the Minebea Group's consolidated financial reporting and for which it was considered appropriate to carry out assessment of design and operation status from a entity-level standpoint. This assessment was carried out at all of our business locations excluding 12 consolidated subsidiaries and 2 equity method affiliates which were determined quantitatively and qualitatively insignificant.

For the scope of assessment for process-level internal control, 10 of our business locations were identified as significant business locations by using the accumulated data of each companies prior to consolidation elimination of the previous fiscal year and setting "total assets", "net assets", "sales" and "income before income taxes and minority interests" as selection indicators which showed that these 10 business locations made up approximately 70% or greater of the above accumulated data for the selection indicators. Then, processes which affect sales, accounts receivables and inventories, which are the accounts closely associated with Minebea Group's business objectives, were assessed for these 10 business locations.

In addition, by considering the impact to the consolidated financial reporting, other significant processes were also included in the assessment.

3.Results of Assessment

Management concluded that as of March 31, 2013, ICOFR of the Minebea Group was effective.

4.Supplementary Information

Not applicable.

5.Other

Not applicable.

Yoshihisa Kainuma
Representative Director, President and Chief Executive Officer
June 27, 2013

KPMG

Independent Auditor's Report

To the Board of Directors of
Minebea Co., Ltd.:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Minebea Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013 and 2012, the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2013, and the notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Minebea Co., Ltd. and its consolidated subsidiaries as at March 31, 2013 and 2012, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2013, in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

KPMG

Report on the Internal Control Report

We also have audited the accompanying report on internal control over financial reporting of the consolidated financial statements of Minebea Co., Ltd. as at March 31, 2013 ("Internal Control Report").

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the Internal Control Report in conformity with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Internal Control Report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the Internal Control Report. The procedures selected depend on the auditor's judgement, including significance of effect on the reliability of financial reporting. Also, an internal control audit includes evaluating the appropriateness of the scope, procedures and result of the assessment determined and presented by management, and the overall Internal Control Report presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Internal Control Report, in which Minebea Co., Ltd. states that internal control over financial reporting was effective as at March 31, 2013, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

KPMG AZSA LLC

July 11, 2013
Tokyo, Japan