

(Attached Documents)

BUSINESS REPORT
(From April 1, 2001 to March 31, 2002)

I. Overview of Business Operation

1. Developments and Results of Business Operation

The Japanese economy during this fiscal year experienced continued severe condition. Export decreased owing to the slowdown of the U.S. economy and the sluggish business in the IT-related industry. Production and capital expenditure declined due to inventory adjustments. What is more, personal spending remained low. Although the U.S. economy continued to decelerate and its recessionary trend grew in the wake of the September terrorist attacks, it began to show signs of recovery at the fiscal year-end. On the other hand, the economy in Europe and Asia suffered a decrease in production and export, adversely affected by the depressed U.S. economy and sluggish IT-related demands.

The information and telecommunications equipment industry, which is the principal market for the Company's products, suffered stagnant demands as a result of the worldwide recessionary trend .

Under this business environment, the Company made efforts to further improve the efficiency of its sales and production, and the quality of its products, and to develop high value-added products. However, net sales were 175,218 million yen, a decrease of 22,457 million yen (-11.4%) compared with the previous fiscal year.

Operating income was 1,848 million yen, a decrease of 10,398 million yen (-84.9%) from the previous fiscal year. Ordinary income was 10,033 million yen, which was a decrease of 2,093 million yen (-17.3%) from the previous fiscal year, owing to an increase in dividends received from oversea subsidiaries. Net income was 4,351 million yen, an increase of 404 million yen (10.2%) from the previous fiscal year, owing to a decrease in extraordinary loss, adjustments of income taxes in the amount of 3,104 million yen under tax effect accounting and others.

The business results of each product category are as follows:

Bearings

This product category represents the Company's key business. The major customer base for ball bearings is makers of PCs and other information and telecommunications equipment and of home electrical appliances such as VCR's and air conditioners. Amid the shrinking domestic market because of the accelerating production shift by our customers to Asian countries including China, demand from a part of the home electrical appliances market and the automobile market was steady, while demand from the information and telecommunications equipment industry remained low. Overall, demand for this product category remained sluggish. As a result, net sales were 34,150 million yen, a decrease of 14.6% from the previous fiscal year.

Electronics devices and components

This product category represents 60% of the Company's sales. While the domestic market was stagnant, sales of electronic devices and fan motors, among products for the information and telecommunications equipment industry, showed a sharp decrease. On the other hand, sales of spindle motors for HDDs and of keyboards remained steady despite severe competition. As a result, net sales were 106,241 million yen, a modest decrease of 4.5% from the previous fiscal year.

Machinery components and Transportation equipment and components

As to machinery components, sales of fasteners, the main market of which is Japan, were sluggish. Sales of mechanical parts for the information and telecommunications equipment industry were steady. As to transportation equipment, the Kyoto Manufacturing Unit was closed in March 2002

and the Company ceased its production. As a result, net sales in both product lines were 11,188 million yen, a decrease of 16.7% from the previous fiscal year.

Special machinery and others

Special machinery mainly consists of equipment for the Japan's Self-Defense Agency. While the budget for the Agency decreased, sales were steady. Others mainly consist of production machinery, dies, etc. that are manufactured by the Company for its subsidiaries. Sales of others decreased as capital expenditures to reinforce production facilities decreased compared with the previous fiscal year. As a result, net sales were 23,636 million yen, a 28.3% decrease from the previous fiscal year.

2. Current Status of Capital Expending and Financing

With regard to capital investment, the Company made investment of 3,743 million yen in total, mainly to improve and streamline facilities of the Karuizawa, Fujisawa and Omori Manufacturing Units. The Company appropriated its own funds for this purpose.

3. Future Outlook and Tasks

Though inventory adjustments in the IT-related industry will be over and export environment will improve, employment situation and personal income are expected to deteriorate, and personal spending will continue to be sluggish. Overall, the Japanese economy is expected to remain hard-pressed for some while.

On the other hand, overseas economies, particularly in the U.S. and Asian countries, are expected to be on a slow recovery trend with inventory adjustments in the IT-related industry being almost over.

Under such business environment, the Company, by attaining the following tasks, aims to improve the profitability and increase the value as a corporate entity and thereby to be the world's top manufacturer of high precision components:

- To further reinforce and expand our operations for bearings and bearing-related products;
- To build our operations in the area of precision small motors and other rotary components, such as spindle motors (including those with fluid dynamic bearings) and fan motors, until they are similar in scale to our bearings operations; and
- To increase the ratio of high-value-added products in our lineup, and to expand our product line in order to meet a wider range of market needs.

We look forward to the continued support and guidance of our shareholders.

4. Records of Business Performance and Changes in Financial Position

(Unit: millions of yen unless otherwise noted)

	Fiscal year 1999 (4/98 – 3/99)	Fiscal year 2000 (4/99 – 3/00)	Fiscal year 2001 (4/00 – 3/01)	Fiscal year 2002 (4/01 – 3/02)
Net Sales	198,304	183,576	197,675	175,218
Ordinary income	18,065	11,062	12,127	10,033
Net income (or loss)	11,123	(19,597)	3,947	4,351
Net income (or loss) per share (yen)	27.97	(49.18)	9.89	10.90
Total assets	408,844	381,930	380,800	376,880
Shareholders' equity	195,600	180,344	180,559	181,222

Notes: 1. Amounts less than one million yen are omitted.

2. Net income (or loss) per share is calculated on the basis of the average number of issued shares during the relevant fiscal year.

Net income or loss per share was calculated by including treasury stocks up to fiscal year 2001 but is calculated by excluding treasury stocks from fiscal year 2002.

II. Overview of the Company (as of March 31, 2002)

1. Main business lines

Classification	Products
Bearings	Miniature ball bearings, small-sized ball bearings, rod-end and spherical bearings, etc.
Electronics devices and components	Small precision motors, fan motors, strain gauges, transducers, keyboards, speakers, transformers, switching power supplies, hybrid integrated circuits, hard and soft ferrites, FDD subassemblies, inductors, etc.
Machinery components	Automotive and aerospace fasteners, tape guides, pivot assemblies, and gears
Special machinery and others	Aerospace and defense-related equipment, dies, machinery, jigs and tools, etc.

2. Overview of Shares

(1) Total number of shares authorized:	1,000,000,000 shares
(2) Number of shares issued:	399,167,695 shares
(3) Number of shareholders:	21,199

(4) Major shareholders:

Name of shareholders	Investment in the company		Our investment in the shareholder	
	Number of shares (thousands)	Shareholding ratio (%)	Number of shares (thousands)	Shareholding ratio (%)
The Mitsubishi Trust & Banking Corporation (Trust account)	22,649	5.67	-	-
Keiaisha Co., Ltd.	20,000	5.01	1,183	10.03
State Street Bank and Trust Co.	19,498	4.88	-	-
Japan Trustee Service Bank, Ltd. (Trust account)	13,452	3.37	-	-
The Sumitomo Trust & Banking Co., Ltd.	12,530	3.14	2,100	0.13
Shinsei Bank, Ltd.	12,501	3.13	-	-
Takahashi Industrial and Economic Research Foundation	12,347	3.09	-	-
UFJ Trust Bank Limited (Trust account A)	10,200	2.56	-	-
Sumitomo Mitsui Banking Corporation	10,000	2.51	1,417	0.02
The Bank of Tokyo-Mitsubishi, Ltd.	8,661	2.17	(Notes 1) -	-

Notes: 1. The Company holds 2,705 shares in Mitsubishi Tokyo Financial Group, Inc.

2. On April 12, 2002 (the reporting obligation arose on March 31, 2002), Goldman Sachs International and five other joint holders, through Goldman Sachs (Japan) Corp., filed a substantial shareholding report with the Director of the Kanto Finance Bureau. However, this shareholding is not included in the above table because the Company is not able to confirm the number of shares beneficially owned by them as of the end of this fiscal year (March 31, 2002).

The contents of the said substantial shareholding report are as follows:

Name of substantial shareholders: Goldman Sachs International and five other joint holders

Number of shares held: 24,795 thousand shares

Shareholding ratio: 6.15%

(Number of shares held and shareholding ratio include number of latent shares held.)

3. Acquisition, disposal, etc. and holding of treasury shares

(1) Treasury stocks as at the end of the previous fiscal year

Common stock: 591 shares

(2) Treasury stocks acquired

Acquisition due to purchase of shares falling short of a full unit of shares

Common stock: 12,983 shares

Total acquisition price: 9,562 thousand yen

(3) Treasury stocks disposed of

Common stock: 5,000 shares

Total disposal price: 3,950 thousand yen

- (4) Treasury stocks as at the end of this fiscal year
Common stock: 8,574 shares

4. Employees

Classification	Number of employees	Increase (decrease) from the end of the previous year	Average age	Average of working years
Male	2,064	(107)	39.0	15.8
Female	498	(23)	30.8	9.7
Total or average	2,562	(130)	37.5	14.6

5. Major lenders

Lenders	Outstanding borrowing (millions of yen)	Shares held by lender	
		Number of shares (thousands)	Shareholding ratio (%)
The Sumitomo Trust & Banking Co., Ltd.	9,400	12,530	3.14
The Bank of Tokyo-Mitsubishi, Ltd.	8,500	8,661	2.17
Sumitomo Mitsui Banking Corporation	8,500	10,000	2.51
UFJ Bank Limited	7,600	4,101	1.03

6. Principal consolidation

(1) Principal subsidiaries

Name	Paid-in capital	Shareholding ratio	Main business lines
Minebea Technologies Pte. Ltd.	7,000 thousand Singapore dollars	100.0% (100.0%)	Sales of bearings, electronics devices and others
NMB Thai Ltd.	1,200,000 thousand Thai Bahts	100.0%	Manufacture and sales of bearings
Minebea Thai Ltd.	8,381,818 thousand Thai Bahts	100.0%	Manufacture and sales of keyboards, motors and others
NMB Hi-Tech Bearings Ltd.	1,000,000 thousand Thai Bahts	100.0%	Manufacture and sales of bearings
Minebea Electronics (Thailand) Co., Ltd.	1,563,545 thousand Thai Bahts	100.0% (27.7%)	Manufacture and sales of electronic devices and components
Power Electronics of Minebea Co., Ltd.	1,610,000 thousand Thai Bahts	100.0% (13.9%)	Manufacture and sales of electronics devices and components
NMB (USA) Inc.	311,093 thousand US dollars	100.0%	Holding company
NMB Technologies Corporation	6,800 thousand US dollars	100.0% (100.0%)	Sales of bearings, electronics devices and others
New Hampshire Ball Bearings, Inc.	94,000 thousand US dollars	100.0% (100.0%)	Manufacture and sales of bearings

Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	190,060 thousand US dollars	100.0%	Manufacture and sales of bearings and electronics devices
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Note: Figures in parentheses indicate the ratios of indirect ownership.

(2) Developments in consolidation

Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. merged its consolidated subsidiaries, Shanghai Minebea Precision Electronics Limited (100%-owned) and Shanghai Minebea Machines Limited (100%-owned), on December 1, 2001.

As a result, this company's paid-in capital increased to 190,060 thousand US dollars.

(3) Results of consolidation

The number of consolidated subsidiaries is 48, and the number of affiliates, to which the equity method for consolidation is applied, is 2.

Consolidated sales and consolidated net income for this fiscal year were 279,344 million yen and 5,298 million yen, respectively.

7. Major offices and plants

Name	Location
Head Office / Karuizawa Manufacturing Unit	Nagano Prefecture
Tokyo Head Office	Tokyo
Hamamatsu Manufacturing Unit	Shizuoka Prefecture
Fujisawa Manufacturing Unit	Kanagawa Prefecture
Omori Manufacturing Unit	Tokyo
Matsuida Factory	Gunma Prefecture
Saku Factory	Nagano Prefecture

Notes: The Kyoto Manufacturing Unit was closed on March 31, 2002.

8. Directors and Corporate Auditors

Title	Name	Responsibilities or principal occupation
President and Representative Director	Tsugio Yamamoto	
Senior Managing Director	Masahito Saigusa	Member, Tokyo Office Administration Executive Council; in charge of general administration; Chairman, Business Reform Committee
Senior Managing Director	Yoshihisa Kainuma	Member, Tokyo Office Administration Executive Council; in charge of personnel & general affairs, logistics and materials; Member, Business Reform Committee
Senior Managing Director	Takayuki Yamagishi	General Manager, 2nd Manufacturing Headquarters; General Manager, Hamamatsu Manufacturing Unit; in charge of R&D Headquarters; Member, Business Reform Committee
Senior Managing Director	Rikuro Obara	General Manager, 1st Manufacturing Headquarters; General Manager, Karuizawa Manufacturing Unit; in charge of R&D Headquarters; Member, Business Reform Committee

Senior Managing Director	Ryusuke Mizukami	Member, Tokyo Office Administration Executive Council; in charge of corporate planning, business administration and information systems; in charge of environment control; in charge of R&D Headquarters; Member, Business Reform Committee
Senior Managing Director	Kenji Senoue	Member, Tokyo Office Administration Executive Council; in charge of business strategy; Member, Business Reform Committee
Senior Managing Director	Tosei Takenaka	In charge of Asian Region Operations
Managing Director	Takashi Yamaguchi	Member, Tokyo Office Administration Executive Council; in charge of finance; Member, Business Reform Committee
Managing Director	Tomihiro Maruta	General Manager, Fujisawa Manufacturing Unit
Managing Director	Koichi Dosho	General Manager, Sales Headquarters; General Manager, U.S. and European Regional Sales Headquarters; General Manager, European Region Operations; in charge of R&D Headquarters; Member, Business Reform Committee
Director	Sadao Sawamura	General Manager, Information Systems Dep't.; Secretary, Business Reform Committee
Director	Akihiro Hirao	General Manager, Omori Manufacturing Unit; in charge of Engineering Management Office; General Manager, Engineering Management Office
Director	Sadahiko Oki	In charge of accounting; General Manager, Accounting Dep't.; General Manager, Internal Auditing Office
Director	Takuya Naka	In charge of legal; General Manager, Legal Dep't.; General Manager, Patent Administration Office; in charge of R&D Headquarters
Director	Yukio Shimizu	Deputy General Manager, Sales Headquarters (in charge of Japan & Asian region); General Manager, Japan & Asian Regional Sales Headquarters
Director	Masayoshi Yamanaka	In charge of North & South American Region Operations
Director	Shunji Mase	General Manager, Personnel & General Affairs Dep't.; Secretary, Tokyo Office Administration Executive Council; Secretary, Business Reform Committee
Director	Hiroharu Katogi	In charge of business administration; Secretary, Business Reform Committee
Director	Masamitsu Osada	General Manager, Mechatronics Division
Director	Susumu Fujisawa	In charge of China Operations

Director	Akio Okamiya	General Manager, Karuizawa Manufacturing Unit R&D Center; General Manager in charge of Chemical Integration Laboratory
Director	Atsushi Matsuoka	President and Representative Director, Keiaisha Co., Ltd.
Director	Chanchai Leetavorn	Chairman, Asia Credit Pcl.
Director	Tomeshiro Takeuchi	Senior Managing Director, Keiaisha Co., Ltd.
Corporate Auditor (Standing)	Shinichi Mori	
Corporate Auditor (Standing)	Yoshinori Amano	
Corporate Auditor	Mitsuo Ichikawa	Senior Managing Director, Keiaisha Co., Ltd.
Corporate Auditor	Toshiro Uchida	Certified Public Tax Accountant

- Notes:*
- 1. Messrs. Tosei Takenaka and Akio Okamiya were newly elected as Directors at the 55th Ordinary General Meeting of Shareholders held on June 28, 2001.*
 - 2. Messrs. Mitsuo Ichikawa and Toshiro Uchida are external Corporate Auditors as provided in paragraph 1 of Article 18 of the Law For Special Exceptions to the Commercial Code concerning to Audit etc., of Corporations.*

Balance Sheet
(as of March 31, 2002)

(Unit: millions of yen)

Assets	
Item	Amount
Current Assets	136,349
Cash and cash equivalents	4,421
Notes receivable	1,952
Accounts receivable – trade	41,533
Purchased goods	4,701
Finished goods	1,687
Raw materials	2,020
Work in process	2,814
Supplies	152
Prepaid expenses	407
Short-term loans receivable from subsidiaries	64,632
Accounts receivable – other	6,982
Deferred tax assets	3,641
Others	1,635
Allowance for doubtful receivable	(233)
Fixed Assets	240,513
Tangible fixed assets	33,435
Buildings	12,062
Structures	597
Machinery and equipment	6,680
Vehicles	7
Tools, furniture and fixtures	2,329
Land	11,067
Construction in progress	689
Intangible fixed assets	844
Leasehold rights and other intangibles	844
Investments and other assets	206,233
Investments in securities	5,497
Investment securities in subsidiaries	156,804
Investments in partnerships	0
Investments in partnerships with subsidiaries	27,608
Long-term loans receivable	18
Long-term loans receivable from subsidiaries	7,425
Long-term deferred tax assets	10,862
Others	1,719
Allowance for doubtful receivables	(3,705)
Deferred Assets	17
Bond issuance expenses	17
Total Assets	376,880

Note: Amounts less than one million yen are omitted.

(Unit: millions of yen)

Liabilities	
Item	Amount
Current Liabilities	124,025
Notes payable	3,986
Accounts payable – trade	28,820
Short-term loans payable	39,875
Current portion of long-term loans payable	27,700
Current portion of convertible bonds	13,823
Accounts payable – other	5,290
Accrued income taxes	65
Accrued expenses	866
Accrued bonuses	2,090
Notes payable for equipment	470
Others	1,036
Long-term Liabilities	71,632
Bonds	35,000
Convertible bonds	27,080
Bonds with warrant	4,000
Long-term loans payable	5,500
Allowance for retirement benefits	52
Total Liabilities	195,657
Shareholders' Equity	
Common Stock	68,258
Legal Reserves	96,841
Capital reserve	94,756
Earned surplus	2,085
Retained Earnings	17,847
Voluntary reserve	10,000
General reserve	10,000
Unappropriated retained earnings	7,847
[Current net income]	[4,351]
Difference on revaluation of Other Marketable Securities	(1,718)
Treasury Stock	(6)
Total Shareholders' Equity	181,222
Total Liabilities and Shareholders' Equity	376,880

Profit and Loss Statement
(From April 1, 2001 through March 31, 2002)

(Unit: millions of yen)

Item		Amount	
Ordinary Income and Expenses	Operating income and expenses	Operating income	175,218
		Net Sales	175,218
		Operating expenses	173,369
		Cost of sales	150,915
		Selling, general and administrative expenses	22,454
		Operating income	1,848
	Other income and expenses	Other income	11,530
		Interest income	942
		Dividends received	9,828
		Rent income on fixed assets	487
	Others	271	
	Other expenses	3,345	
	Interest and discount charges	1,455	
	Interest on bonds	1,270	
	Foreign currency exchange loss	187	
	Others	431	
	Ordinary income	10,033	
Extraordinary Income and Loss		Extraordinary income	2,192
		Gain from discharge of debts	682
		Gain on sales of fixed assets	365
		Gain on sales of investments securities in subsidiaries	250
		Reversal of allowance for doubtful receivables	398
		Reversal of allowance for loss on the liquidation of the automotive wheel business	496
		Extraordinary loss	3,969
		Loss on disposal of inventories	965
		Loss on sales of fixed assets	209
		Loss on sales of investments in securities	6
		Loss on revaluation of investments in securities	1,466
		Allowance for doubtful receivables	292
		Loss on revaluation of investments securities in subsidiaries	527
		Loss on liquidation of affiliated companies	7
		Retirement benefit expense	494
Income before Income Taxes			8,257
Income taxes (including enterprise tax)			801
Adjustment of income taxes			3,104
Total income taxes			3,905
Net Income			4,351
Retained earnings brought forward from the previous period			3,495
Unappropriated Retained Earnings at End of Year			7,847

Note: Amounts less than one million yen are omitted.

Notes to the Balance Sheet and Profit and Loss Statement

1. Significant Accounting Policies

(1) Standards and method of valuation of securities

Shares in subsidiaries and affiliates: Stated at cost as determined by the moving average method.

Other securities:

Securities with market value: Stated at market value based on the market price, etc. as of the fiscal year-end (the evaluation balances are calculated by the total direct capitalization method and the cost of sales is calculated by the moving average method).

Securities without market value: Stated at cost as determined by the moving average method.

(2) Standards and method of valuation of inventories

Purchased goods: Stated at cost as determined by the moving average method.

Finished goods: Stated at cost as determined by the moving average method.

Raw materials: Stated at cost as determined by the moving average method in respect of materials for bearings, fasteners, measuring equipment, motors and special machinery equipment.

Work in process: Stated at cost as determined by the moving average method in respect of bearings, fasteners and motors.

Stated at cost as determined respectively in respect of measuring equipment, special motors and special machinery equipment.

Supplies: Stated at cost as determined by the moving average method in respect of expendables for manufacturing bearings, fasteners, measuring equipment, motors and special machinery equipment.

(3) Method of depreciation of fixed assets

Tangible fixed assets: Declining balance method. However, a depreciable asset of small value (the acquisition value of which is 100,000 yen or more but less than 200,000 yen) is depreciated equally each year over three years.

Intangible fixed assets: Straight line method. However, for software (used by the company), the straight line method on the basis of the estimated usable period (5 years) established within the Company is used.

(4) Method of accounting of deferred assets

Bond issuance expense: Amortized equally each year over three years pursuant to the Commercial Code.

Other items are charged to expense as incurred.

(5) Standards of accounting of allowances

Allowance for doubtful receivables:

To provide against loss on bad debts, the estimated uncollectible amounts are shown, with respect to receivables in general, based on the actual uncollectibility ratios and, with respect to specific doubtful receivables, through individual consideration of collectibility.

Accrued bonuses: To provide against payment of bonuses to employees, accrued bonuses are shown based on the anticipated amounts of payment.

Retirement allowance reserve:

To provide against payment of retirement allowance to employees, the amount that is recognized to have accrued at the fiscal year-end is shown on the basis of the estimated amounts of the retirement allowance liabilities and pension funds as of the fiscal year-end.

With respect to the difference at the time of the change of the accounting principles (2,474 million yen), the amount obtained by five-year proration is shown as “expense for retirement allowance” in Extraordinary Loss.

The difference resulting from mathematical calculations is recorded as expense on a straight-line basis for a certain period (five years) starting from the year following the year in which such difference arose.

(6) Standards of conversion of accounts receivable or payable in a foreign currency into yen amounts
Accounts receivable and accounts payable in a foreign currency are converted into yen amounts at spot exchange rates at the fiscal year-end. Conversion loss or income is recorded as expense or income, respectively.

(7) Method of accounting of important lease transactions
Financial lease transactions other than those in which the ownership of a leased asset is considered to be transferred to the lessee, is accounted for in the same manner as ordinary lease transactions.

(8) Method of important hedging accounting
Accounts receivable and accounts payable in a foreign currency hedged by foreign exchange contracts, etc., are treated with hedging designation.
Foreign exchange contracts are utilized by the Finance Department for hedging foreign exchange risks involving import and export transactions.
When a foreign exchange contract is entered into, it is allocated to a particular transaction in the same amount of the foreign currency and due on the same date in accordance with the risk management policy. Therefore, the correlation with subsequent changes in the exchange rates is completely ensured.

(9) Other significant matters for preparation of financial statements
Consumption taxes and other related tax are excluded from revenues and purchases of the Company.
Accounting of notes matured at fiscal year-end: Notes matured at the fiscal year-end are settled on the relevant clearing day.
Because the fiscal year-end was a bank holiday, notes matured thereat are included in the following items:

Notes receivable:	18 million yen
Notes payable:	1,085 million yen
Notes payable for facilities:	93 million yen

2. Treasury Stocks

“Treasury Stocks” had been accounted for in the balance sheet as current assets up to the previous fiscal year but, due to an amendment to the “Regulation concerning Balance Sheets, Profit and Loss Statements, Business Reports and Supplementary Statements of Corporations”, was accounted for, from this fiscal year, as “treasury stocks” at the end of Shareholders’ Equity as a deduction item to the shareholders’ equity. As a result of this change, Current Assets decreased by 6 million yen, compared with the figure under the former accounting method.

3. Receivables from and payable to subsidiaries

Short-term receivables: (excluding short-term loan receivables from subsidiaries)	29,002 million yen
Short-term payable:	25,893 million yen

4. Accumulated depreciation of tangible fixed assets

47,175 million yen

5. In addition to the fixed assets listed in the Balance Sheet, the Company uses computers, etc. on lease.

6. Important assets and liabilities in foreign currencies

Accounts receivable-trade: 17,795 million yen

(Primarily composed of: 120,709 thousand US dollars, 13,284 thousand Euros)

Investment securities in subsidiaries: 154,207 million yen

(Primarily composed of: 308,248 thousand US dollars, 87,000 thousand Singapore dollars,
15,738,296 thousand Bahts, 43,700 thousand Sterling pounds,
23,854 thousand Malaysia ringgit)

Investments in partnerships with subsidiaries: 27,608 million yen

(Composed of: 190,060 thousand US dollars, 30,102 thousand Euros)

Accounts payable-table: 16,261 million yen

(Primarily composed of: 112,482 thousand US dollars, 10,329 thousand Euros)

7. Guarantees

47,076 million yen

8. Outstanding balance and exercise price of the subscription warrants are as follows:

4th Series Unsecured Bonds with Warrants

Outstanding amount: 4,000 million yen

Exercise price: 1,350 yen

9. Net income per share

10.90 yen

10. Sales to subsidiaries

93,571 million yen

11. Purchase from subsidiaries

131,657 million yen

12. Amount of non-operating transactions with subsidiaries

14,636 million yen

13. Total amount of research and development expenses

The research and development expenses included in the general administrative expenses and the manufacturing cost for the period under review were 7,541 million yen.

14. Tax effect accounting

(1) Breakdown by cause of the deferred tax assets and the long-term deferred tax assets:

Excess over the maximum tax-deductible amount of accrued bonuses	558 million yen
Excess over the maximum tax-deductible amount of accrued retirement allowance	28
Evaluation loss on investment securities	301
Evaluation loss on shares in subsidiaries	211
Loss on the liquidation of affiliates	3,646
Excess over the maximum tax-deductible amount of allowance for doubtful receivables	1,473
Loss carried forward	7,097
Difference on revaluation of the marketable securities	1,145
Others	<u>44</u>
Total deferred tax assets	<u>14,503</u>

(2) Breakdown by cause of the difference between the applicable legal effective tax rate and the actual rate of corporate income tax, etc. after tax effect accounting:

Legal effective tax rate	40.0%
(Adjustment)	
Non-tax deductible item such as entertainment expense	0.7
Taxation on per capita basis of inhabitant tax, etc.	0.4
Withholding taxes, etc.	5.9
Others	<u>0.3</u>
Actual rate of corporate income tax, etc. after tax effect accounting	<u>47.3</u>

15. Retirement allowance accounting

(1) Retirement allowance plan adopted by the company

The company has fully adopted a qualified retirement pension plan to provide against retirement payments to employees.

(2) Substance of retirement allowance liabilities

Retirement allowance liabilities and their breakdown:

(a) Retirement allowance liabilities	8,402 million yen
(b) Pension assets	5,991
(c) Balance (a – b)	2,411
(d) Untreated amount of the difference at the time of the change of the accounting principle	1,484
(e) Unrecognized difference of mathematical calculations	1,156
(f) Balance (c – d - e)	(229)
(g) Prepaid pension expenses	229
(h) Allowance for retirement benefit (f – g)	(Note)

Note: On the Balance Sheet, a 52 million yen excess over the retirement allowance reserve resulting from the transition to the qualified pension plan in the previous years is included in the "Allowance for retirement benefit".

Breakdown of expense for retirement allowance:

Service expense	496 million yen
Interest expense	240
Expected investment income	168

Difference treated as expense at the time of the change of the accounting principle	494
Difference of mathematical calculations treated as expense	116
Extra retirement money paid extraordinarily	542

(This was accounted for as loss on the liquidation of the wheel business in the previous fiscal year.)

(3) Calculation basis for retirement allowance liabilities

Discount rate	3.0%
Expected investment income rate	3.0%
Method of periodic allocation of expected retirement allowance amounts	Periodic fixed standard
Number of years required for the treatment of the difference of mathematical calculations	5 years (From the following period, it is charged to expense by the straight-line method.)
Number of years required for the treatment of the difference resulting from the accounting change	5 years (A prorated amount is recorded as extraordinary loss.)

Proposed Appropriation of Unappropriated Retained Earnings*(Unit: yen)*

Item	Amount	
I. Unappropriated retained earnings		7,847,605,836
II. The above amount is appropriated as follows:		
Dividends (7 yen per share)	2,794,113,847	
Bonuses to directors and corporate auditors	66,550,000	
(Bonuses to corporate auditors)	(3,600,000)	
Voluntary reserve	1,500,000,000	
General reserve	1,500,000,000	4,360,663,847
III. Retained earnings carried forward to the next period		3,486,941,989

AUDIT REPORT

May 10, 2002

To: Mr. Tsugio Yamamoto
President and Representative Director
Minebea Co., Ltd.

Shin Nihon & Co.

Chikara Kanzawa (seal)
Representative Partner and Partner in Charge,
Certified Public Accountant

Hiroshi Saito (seal)
Representative Partner and Partner in Charge,
Certified Public Accountant

Kiyokazu Tashiro (seal)
Representative Partner and Partner in Charge,
Certified Public Accountant

We have examined the Balance Sheet, the Profit and Loss Statement, the Business Report (limited only to the part relating to accounting), the Proposed Appropriation of Unappropriated Retained Earnings and the supplementary statements (limited only to the part relating to accounting) of MINEBEA CO., LTD. for the 56th fiscal year from April 1, 2001 to March 31, 2002, pursuant to Article 2 of the Law For Special Exceptions to the Commercial Code Concerning Audit etc., of Corporations. The part relating to accounting of the Business Report and the supplementary statements which have been audited is the portion based on the accounting books and records of the matters set out therein.

Our examination was made in accordance with generally accepted auditing standards in Japan and, accordingly, we performed such auditing procedures as we considered necessary in the circumstances. These auditing procedures included auditing procedures of certain subsidiaries that we considered to be necessary.

As a result of the audit, we are of the opinion that:

- (1) The Balance Sheet and the Profit and Loss Statement fairly present the financial position of the Company and the results of its operations in conformity with laws and ordinances and the Article of Incorporation of the Company;
- (2) The Business Report (limited only to the part related to accounting) properly describes the situation of the Company in accordance with laws and ordinances and the Articles of Incorporation of the Company;
- (3) The Proposed Appropriation of Unappropriated Retained Earnings is in conformity with laws and ordinances and the Articles of Incorporation of the Company; and
- (4) There is no matter to be pointed out concerning the supplementary statements (limited only to the part related to accounting) according to the Commercial Code.

Neither our firm nor any of the partners in charge has any interest in the Company as required to be disclosed herein under the provisions of the Certified Public Accountant Law.

Note: Century Ota Showa & Co., the Company's independent auditors, changed its name on July 1, 2001 to Shin Nihon & Co.

AUDIT REPORT

May 13, 2002

To: Mr. Tsugio Yamamoto
President and Representative Director
Minebea Co., Ltd.

Board of Corporate Auditors of Minebea Co., Ltd.

Shinichi Mori (seal)
Corporate Auditor (Standing)

Yoshinori Amano (seal)
Corporate Auditor (Standing)

Mitsuo Ichikawa (seal)
Corporate Auditor

Toshiro Uchida (seal)
Corporate Auditor

We, the Board of Corporate Auditors, have prepared this Audit Report by mutual consultation among ourselves following the report presented by each of the Corporate Auditors on their auditing method and the results of such audit with respect to performance of duties by the Directors during the 56th fiscal period from April 1, 2001 to March 31, 2002, and our report is hereby made as follows:

1. Overview of the audit method by the Corporate Auditors

Each Corporate Auditor attended meetings of the Board of Directors and other important meetings, received reports from Directors and others about business activities, reviewed documents for important decisions, etc., investigated the condition of business activities and assets of the Company at its head office and principal business offices and, when necessary, asked for business reports from subsidiaries, in accordance with the auditing policy and allocation of responsibilities, etc., as stipulated by the Board of Corporate Auditors.

In addition, we received reports and explanations from the independent auditors of the Company, and reviewed the financial statements and supplementary statements.

In addition to the above auditing methods, we, when necessary, asked for reports from Directors and others and closely examined the transactions in connection with Directors' competing transactions, transactions involving conflict of interests between Directors and the Company, granting of benefits by the Company for free, unusual transactions with subsidiaries or shareholders, and purchases and disposals of treasury stocks, and other matters.

2. Results of Audit

- (1) We certify that the auditing method of Shin Nihon & Co. and the results of their audit are proper and correct.
- (2) We certify that the Business Report fairly presents the situation of the Company in conformity with laws and ordinances and the Articles of Incorporation.
- (3) We find no matter to be pointed out with respect to the Proposed Appropriation of Unappropriated Retained Earnings in light of the condition of the company's assets and other circumstances.
- (4) The supplementary statements fairly present the matters to be described, and we find no matter to be pointed out about them.

(5) We find no unfair act or material fact in violation of laws and ordinances or the Articles of Incorporation with respect to the performance of duties by the Directors.

Further, we find no violation of duties by Directors with respect to their competing transactions, transactions involving conflict of interests between Directors and the Company, granting of benefits by the Company for free, unusual transactions with subsidiaries or shareholders, and purchases and disposals of treasury shares, and other matters.

Note: Corporate Auditors Mitsuo Ichikawa and Toshiro Uchida are external corporate auditors as stipulated in Section 1 of Article 18 of the Law For Special Exceptions to the Commercial Code Concerning to Audit etc., of Corporations.

(For reference)

The consolidated financial statements for this fiscal year are as follows:

Consolidated Balance Sheet
(as of March 31, 2002)

(Unit: millions of yen)

Assets	
Item	Amount
Current Assets	131,548
Cash and cash equivalents	13,952
Notes and accounts receivable	51,281
Inventories	49,887
Deferred tax assets	6,521
Others	10,406
Allowance for doubtful receivables	(501)
Fixed Assets	218,471
Tangible fixed assets	183,437
Building and structure	102,510
Machinery and transportation equipment	207,760
Tools, furniture and fixtures	49,725
Land	17,410
Construction in progress	1,351
Accumulated depreciation	(195,321)
Intangible fixed assets	15,504
Consolidation adjustments	14,594
Others	909
Investments and other assets	19,528
Investment in securities	5,730
Long-term loans receivable	268
Deferred tax assets	11,143
Others	2,609
Allowance for doubtful receivables	(223)
Deferred Assets	17
Total Assets	350,037

(Unit: millions of yen)

Liabilities	
Item	Amount
Current Liabilities	156,908
Notes and accounts payable	26,115
Short-term loans payable	61,618
Current portion of long-term loans payable	28,019
Current portion of convertible bonds	13,823
Accrued income taxes	4,162
Accrued bonuses	3,524
Others	19,645
Long-term Liabilities	80,301
Bonds	35,000
Convertible bonds	27,080
Bonds with warrant	4,000
Long-term loans payable	13,132
Allowance for retirement benefit	208
Others	880
Total Liabilities	237,209
Minority Interest in Consolidated Subsidiaries	95
Shareholders' Equity	
Common Stock	68,258
Capital Reserve	94,756
Accumulated Surplus	4,774
Difference on Revaluation of Other Marketable Securities	(1,718)
Foreign Currency Translation Adjustments	(53,333)
Treasury Stock	(6)
Total Shareholders' Equity	112,731
Total Liabilities, Minority Interest in Consolidated Subsidiaries and Shareholders' Equity	350,037

Note: Amounts less than one million yen are omitted.

Consolidated Profit and Loss Statement
(From April 1, 2001 through March 31, 2002)

(Unit: millions of yen)

Item	Amount	
Net Sales		279,344
Costs of Sales		206,060
Gross Profit		73,283
Selling, General and Administrative Expenses		51,311
Operating Income		21,972
Other Income		
Interest income	586	
Dividends income	43	
Others	1,171	1,801
Other Expense		
Interest expenses	5,673	
Foreign currency exchange loss	827	
Equity loss of affiliates	21	
Others	1,256	7,778
Ordinary Income		15,995
Extraordinary Income		
Gain from discharge of debts	714	
Gain on sales of fixed assets	247	
Reversal of allowance for doubtful receivables	269	
Reversal of allowance for loss on the liquidation of the automotive wheel business	496	1,727
Extraordinarily Loss		
Loss on disposal of inventories	1,125	
Loss on sales of fixed assets	225	
Loss on disposal of fixed assets	386	
Loss on sales of investment in securities	6	
Loss on revaluation of investments securities	1,466	
Loss on liquidation of affiliates companies	937	
Retirement benefit expense	626	4,773
Income before Income Taxes		12,948
Income taxes (including enterprise tax)	4,918	
Adjustment of income taxes	2,711	7,629
Minority interest in earnings of consolidated subsidiaries		20
Net Income		5,298

Note: Amounts less than one million yen are omitted.