

# To Our Shareholders

The 69th Business Year Interim Business Report

April 1, 2014 ► September 30, 2014

***Minebea***  
***Passion to Exceed Precision***

Minebea Co., Ltd.

# Business Summary

As the interim period of the 69th Business Year (April 1, 2014 - September 30, 2014) has ended, we would like to present our business summary.

## Overview of the interim period

The Japanese economy remained on a gradual recovery track during the current interim period (April 1, 2014 to September 30, 2014) as government initiatives coupled with the weak yen boosted corporate earnings, capital expenditures, and employment although the consumption tax hike put a damper on consumer spending. Fueled by increased capital expenditures and improved employment that went hand in hand with higher corporate earnings, the U.S. economy continued to gradually pick up steam. The European economy remained at a standstill due to the lagging improvement in the sovereign debt crisis as well as the Ukrainian political crisis that led to a decline in exports. The Asian economy continued to lose steam as a sluggish housing market in China weighed down on the country's slowing economic growth rate. All ASEAN countries enjoyed moderate economic recoveries with the exception of Thailand, whose economy was hurt by

political upheaval there.

Working against this backdrop, the Minebea Group has been focusing on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to boost profitability further.

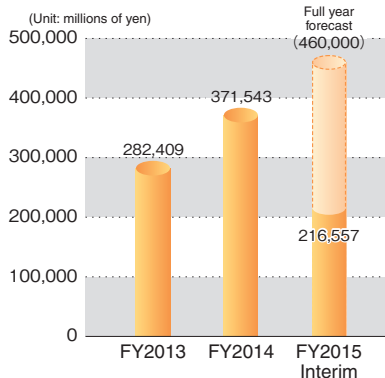
As a result, net sales increased by 35,758 million yen (19.8%) year on year to 216,557 million yen. Operating income rose 11,758 million yen (90.4%) year on year to 24,761 million yen, and ordinary income was up 12,884 million yen (109.6%) year on year at 24,635 million yen. In addition, net income increased by 9,045 million yen (103.1%) year on year to 17,817 million yen.

## Outlook for the current fiscal year

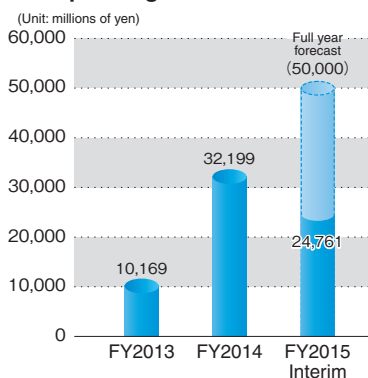
The current interim period saw the Japanese economy continue to recover despite the impact of the consumption tax increase. The U.S. economy also enjoyed a gradual recovery. Both factors had a positive effect on our operations these past two quarters. While the Japanese economy and the U.S. economy are expected to remain on an upward trajectory for the rest of this fiscal year, there remain various risk factors. These include concerns over the slowing European economy, the outbreak of the Ebola virus,

## Financial Highlights (Consolidated)

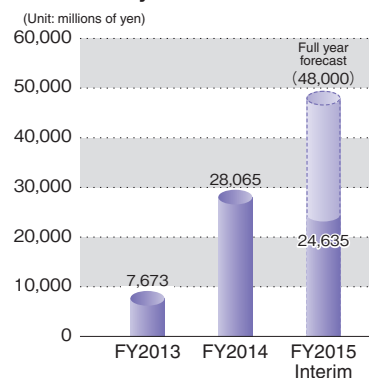
### Net Sales



### Operating Income



### Ordinary Income



international instabilities arising from the Ukrainian political and Islamic State crises. Working against this backdrop and in light of our projection that steady orders will continue to keep our overall performance up during the second fiscal half, we have decided to revise our consolidated forecast for the fiscal year based on our best estimate of the total impact market factors will have on our operations. The revised consolidated forecast for the fiscal year ending March 31, 2015 is as shown below.

Net sales	460,000 million yen	(123.8%)
Operating income	50,000 million yen	(155.3%)
Ordinary income	48,000 million yen	(171.0%)
Net income	31,000 million yen	(148.5%)

(%): Year-on-year change

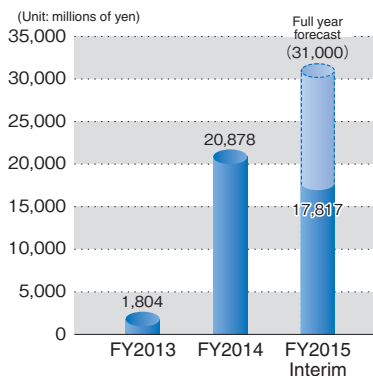
In light of the good performance for this fiscal year, the interim dividend is 6 yen per share. The Company plans to pay a 12 yen per share annual dividend (6 yen for interim dividend and 6 yen for fiscal year-end dividend).

We look forward to your continuous support and guidance.

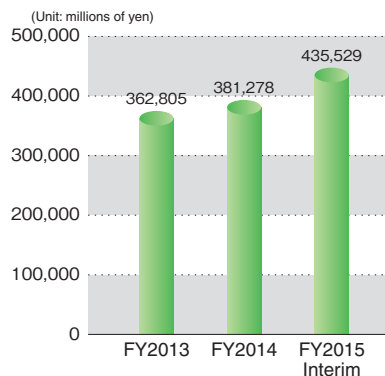


Yoshihisa Kainuma  
Representative Director  
December 2014

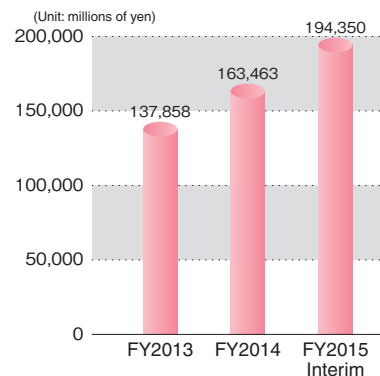
### Net Income



### Total Assets



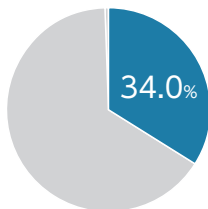
### Net Assets



## Overview by Business Segment

### Machined Components Business

Net Sales 73,687 million yen  Up 7.3%



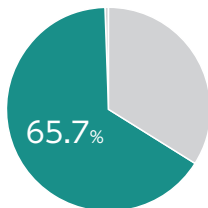
Net Sales Composition  
34.0%

Products in our Machined components business segment include our mainstay, ball bearings, in addition to mechanical components such as rod-end bearings used primarily in aircraft and hard disk drive (HDD) pivot assemblies, etc., as well as fasteners for automobiles and aircraft. Our mainstay product, ball bearings, saw increases in both sales and profits as demand grew in major markets. Sales to the automobile industry were particularly robust, with the sales volume hitting a record high in September. Sales of rod-end bearings used in aircraft were also firm, especially in the civil aviation market. Sales of pivot assemblies were up in the HDD market, mainly for game console applications, as were sales of products used for PCs due to software updates. Sales were also healthy for high-end products used in data centers, etc. due partly to the completion of inventory adjustments in the HDD market. These factors combined brought overall sales and profits of pivot assemblies up.

As a result, net sales for the current interim period increased by 4,997 million yen (7.3%) year on year to total 73,687 million yen. Operating income was up 3,903 million yen (25.3%) year on year, totaling 19,330 million yen.

### Electronic Devices and Components Business

Net Sales 142,360 million yen  Up 27.5%



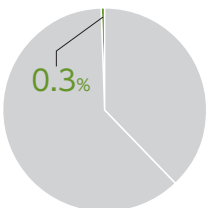
Net Sales Composition  
65.7%

The core products of our Electronic devices and components business include electronic devices (LED backlights for LCDs and measuring components, etc.), HDD spindle motors, information motors (stepping motors, DC brushless motors, DC brush motors, and fan motors), precision motors, and special devices. Sales and profits of LED backlights for LCDs soared. This increase resulted from surging sales of Minebea products boasting both a technological and supply edge in the growing market for high-end smartphones. Sales of rotary components like HDD spindle motors and information motors, etc. also rose. The information motor business, in particular, saw increases in both sales and profits thanks to growing sales to the office automation, automobile, and other markets. Reduced costs resulting from the transfer of manufacturing operations to our Cambodian plant as well as improved quality and production efficiency also contributed to the improved performance.

All these factors combined brought net sales for the current interim period up 30,732 million yen (27.5%) year on year to total 142,360 million yen. Operating income soared by 6,793 million yen (219.6%) year on year to 9,886 million yen.

### Other Business

Net Sales 508 million yen  Up 5.9%



Net Sales Composition  
0.3%

Net sales for the current interim period in our Other business segment, which mainly consists of dies and parts produced in-house, were up 28 million yen (5.9%) year on year to total 508 million yen. Operating income increased by 241 million yen (59.8%) year on year to total 643 million yen.

Note: In operating income for the current interim period, in addition to the figures noted above, 5,098 million yen in corporate expenses, etc. not belonging to any particular segment has been included as adjustments. Adjustments for the corresponding period of last fiscal year amounted to 5,919 million yen.

## Minebea Launches Ball Bearing Manufacturing and Sales Joint Venture in China

Minebea Electronics & Hi-Tech Components (Shanghai) Ltd., Minebea Co., Ltd.'s Chinese subsidiary, established a ball bearing manufacturing and sales company in Cixi City, Zhejiang Province, China, jointly with a Chinese precision bearing manufacturer, Ningbo WT Bearing Co., Ltd. ("WT"). The new joint venture company has started operations after assuming all of WT's facilities and employees.

The new joint venture company manufactures not only miniature and small-sized bearings but also medium-sized bearings, which Minebea doesn't have among its product lines. By collaborating with the Minebea Group, which operates on a global scale, the new joint venture will aim to cultivate the Chinese domestic market for bearings that are manufactured using materials and components originated in China.



Cixi New MeiPeiLin Precision Bearing Co., Ltd  
(Name of new joint venture company)

## Subscription for Shares of JAPAN 3D DEVICES Co., Ltd. through Third Party Allotment

The Company made a capital investment in JAPAN 3D DEVICES Co., Ltd. ("J3DD"), a subsidiary of the glass maker Okamoto Glass Co., Ltd. ("Okamoto Glass"), thus becoming J3DD's largest shareholder. With this move, the Company aims to promote the second of its "Five Arrows" long-term growth strategies, which is to develop new EMS products / EMS components (hybrid components) and expand their sales. The Company has been trying to develop a new hybrid type of components using its own actuators for head-up displays ("HUDs") for automobiles since starting development several years ago. Concave mirrors (reflectors) for use in HUDs, manufactured by J3DD, have such features as high productivity and high precision, thereby providing superior competitive advantages, through the utilization of proprietary precision 3D molding thin glass processing technologies as well as silver deposition technologies. Although J3DD's business continues to be carried out primarily by Okamoto Glass, Minebea intends to work in collaboration with J3DD and Okamoto Glass to accelerate the launch of the products for the HUD market.

\* Automotive HUDs are technologies and displaying devices that enable drivers to read relevant information without moving their eyes to a large extent by displaying a variety of information such as the speed of the vehicle and maps on a windshield and a combiner. Such devices have been introduced extensively worldwide for the purpose of ensuring safe driving.

## Start of Operations at Matsuida Special Device Production Facility

A special device production facility previously under construction at the Matsuida Plant (Matsuida-machi, Annaka, Gunma Prefecture) was completed and operations at the facility officially started in July 2014. The special device production facility is dedicated to manufacturing products for the defense and aerospace industries, which were previously produced at the Omori Plant until its closure in March 2014. The Company received an "A" rating, the highest possible, under the environmental rating system administered by the Development Bank of Japan Inc., for the construction of the facility. The Company is now making use of the environmental rating-tied financing it received based on this achievement.



Matsuida special device production facility

# Consolidated Financial Statements

## ● Consolidated Balance Sheets (unit: millions of yen)

<b>Assets</b>	<b>Fiscal year 2015 Interim (as of September 30, 2014)</b>	<b>Fiscal year 2014 (as of March 31, 2014)</b>
<b>Current assets</b>	<b>234,878</b>	<b>189,637</b>
Cash and cash equivalents	35,816	38,615
Notes and accounts receivable	103,021	74,340
Marketable securities	2,833	1,284
Finished goods	27,673	23,697
Work in process	22,655	17,157
Raw materials	13,957	11,046
Supplies	4,914	4,581
Goods in transit	8,906	7,169
Deferred tax assets	3,977	4,198
Other	11,319	7,735
Allowance for doubtful receivables	(195)	(188)
<b>Fixed assets</b>	<b>200,620</b>	<b>191,602</b>
Tangible fixed assets	176,083	166,899
Intangible fixed assets	6,869	5,529
Investments and other assets	17,667	19,173
<b>Deferred charges</b>	<b>30</b>	<b>37</b>
<b>Total assets</b>	<b>435,529</b>	<b>381,278</b>

<b>Liabilities</b>	<b>Fiscal year 2015 Interim (as of September 30, 2014)</b>	<b>Fiscal year 2014 (as of March 31, 2014)</b>
<b>Current liabilities</b>	<b>145,212</b>	<b>120,937</b>
Notes and accounts payable	51,783	29,898
Short-term loans payable	42,120	48,794
Current portion of long-term loans payable	16,550	15,250
Lease obligations	192	201
Accrued income taxes	4,077	3,189
Accrued bonuses	8,333	4,923
Allowance for bonuses to directors	60	193
Allowance for environmental remediation expenses	249	356
Allowance for business restructuring losses	717	265
Other	21,126	17,864
<b>Long-term liabilities</b>	<b>95,966</b>	<b>96,877</b>
Bonds	10,000	10,000
Convertible bond-type bonds with subscription rights to shares	7,700	7,700
Long-term loans payable	64,716	66,754
Lease obligations	237	255
Allowance for retirement benefits to executive officers	161	165
Allowance for environmental remediation expenses	751	848
Net defined benefit liability	9,569	8,850
Other	2,829	2,303
<b>Total liabilities</b>	<b>241,178</b>	<b>217,814</b>
<b>Net Assets</b>		
<b>Shareholders' equity</b>	<b>228,739</b>	<b>212,818</b>
<b>Common stock</b>	<b>68,258</b>	<b>68,258</b>
<b>Capital surplus</b>	<b>95,026</b>	<b>94,874</b>
<b>Retained earnings</b>	<b>74,902</b>	<b>59,190</b>
<b>Treasury stock</b>	<b>(9,448)</b>	<b>(9,505)</b>
<b>Total accumulated other comprehensive income</b>	<b>(40,426)</b>	<b>(54,955)</b>
Difference on revaluation of available-for-sale securities	1,243	1,153
Deferred gains or losses on hedges	2	(7)
Foreign currency translation adjustments	(38,315)	(52,365)
Remeasurements of defined benefit plans	(3,356)	(3,737)
<b>Subscription rights to shares</b>	<b>108</b>	<b>116</b>
<b>Minority interests in consolidated subsidiaries</b>	<b>5,928</b>	<b>5,483</b>
<b>Total net assets</b>	<b>194,350</b>	<b>163,463</b>
<b>Total liabilities and net assets</b>	<b>435,529</b>	<b>381,278</b>

Note: Amounts less than one million yen have been omitted.

## ● Consolidated Statements of Income (unit: millions of yen)

	Fiscal year 2015 Interim (Apr. 2014 thru Sept. 2014)	Fiscal year 2014 Interim (Apr. 2013 thru Sept. 2013)
<b>Net sales</b>	216,557	180,799
<b>Cost of sales</b>	163,106	141,624
<b>Gross profit</b>	53,450	39,175
Selling, general and administrative expenses	28,688	26,171
<b>Operating income</b>	24,761	13,003
<b>Other income</b>	1,435	902
Interest income	279	253
Dividends income	82	79
Foreign currency exchange gains	202	–
Dividends income of insurance	218	189
Other	652	379
<b>Other expenses</b>	1,561	2,154
Interest expenses	757	1,157
Foreign currency exchange losses	–	24
Other	803	971
<b>Ordinary income</b>	24,635	11,751
<b>Extraordinary income</b>	187	79
Gain on sales of fixed assets	17	25
Insurance income	50	–
Gain on sales of subsidiaries and affiliates' stocks	119	–
Gain on sales of investments in securities	–	53
<b>Extraordinary loss</b>	2,424	1,180
Loss on sales of fixed assets	13	22
Loss on disposal of fixed assets	105	24
Impairment loss	67	963
Loss on disaster	5	–
Loss on sales of subsidiaries and affiliates' stocks	1,261	–
Business restructuring losses	721	157
Loss on abolishment of retirement benefit plan	215	–
Allowance for environmental remediation expenses	35	12
<b>Income before income taxes and minority interests</b>	22,398	10,650
Income taxes (including enterprise tax)	3,724	1,889
Adjustment of income taxes	886	290
Total income taxes	4,610	2,179
<b>Income before minority interests</b>	17,787	8,471
Minority interests in loss	(29)	(301)
<b>Net income</b>	17,817	8,772

Note: Amounts less than one million yen have been omitted.

## ● Consolidated Statements of Cash Flows (unit: millions of yen)

	Fiscal year 2015 Interim (Apr. 2014 thru Sept. 2014)	Fiscal year 2014 Interim (Apr. 2013 thru Sept. 2013)
<b>Cash flows from operating activities</b>	19,127	22,967
<b>Cash flows from investing activities</b>	(9,861)	(13,959)
<b>Cash flows from financing activities</b>	(9,819)	(11,445)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	705	959
<b>Net increase (decrease) in cash and cash equivalents</b>	151	(1,477)
<b>Cash and cash equivalents at beginning of period</b>	29,031	28,223
<b>Cash and cash equivalents at end of period</b>	29,183	26,745

Note: Amounts less than one million yen have been omitted.

Trade Name : Minebea Co., Ltd.  
Established : July 16, 1951  
Capital : 68,258 million yen  
Number of Employees : 3,363

Registered Head Office : 4106-73, Oaza Miyota, Miyota-machi, Kitasaku-gun, Nagano 389-0293, Japan  
Phone: +81-267-32-2200

Tokyo Headquarters : 3-9-6 Mita, Minato-ku, Tokyo 108-8330, Japan  
Phone: +81-3-6758-6711

Headquarters and Plants : Tokyo Headquarters, Karuizawa Plant, Matsuida Plant, Hamamatsu Plant, Fujisawa Plant, Yonago Plant

## ■ Minebea's Website <http://www.minebea.co.jp/english/>

Information on Minebea can be found on our website. Contents including press releases, product information, company information, information for investors, recruitment information, procurement and CSR/environmental activities are updated as needed. We also offer our Minebea news delivery service, sending you the latest press releases by e-mail. (The Minebea news delivery service can be subscribed to on the "Press Release" page. The service is managed and operated by the Corporate Communications Office and is available in both Japanese and English.)

### Homepage



### Information for Investors

The "Investors" page contains various IR information, including management policy, stock and bond information, IR library documents, financial data and investor meeting presentations.

### CSR/Environmental Activities

The "CSR/Environment" page centers on information on the Minebea Group's commitment to CSR, its initiatives in this area, corporate governance and environmental activities. Past issues of our CSR reports published every year, can also be downloaded from this page.



## Share Information

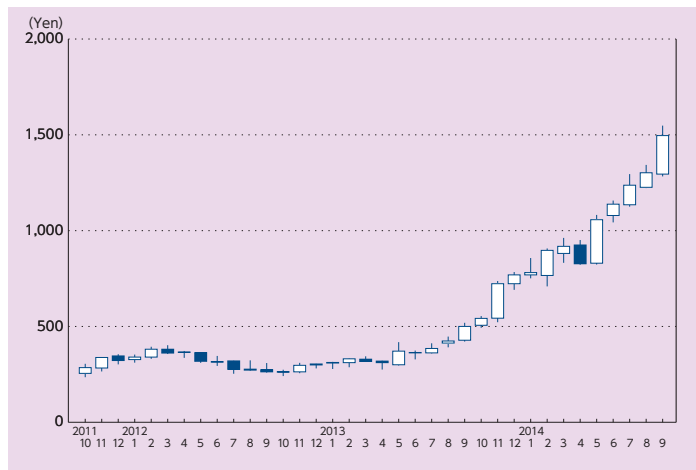
Total Number of Shares Authorized	1,000,000,000	shares
Number of Shares Issued	399,167,695	shares
Number of Shareholders	14,717	

### Major Shareholders (Top 10)

	Number of Shares (shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	32,231,000	8.52
Japan Trustee Services Bank, Ltd. (Trust Account)	25,516,000	6.75
Takahashi Industrial and Economic Research Foundation	15,447,330	4.09
Sumitomo Mitsui Trust Bank, Limited	15,349,000	4.06
Keiaisha Co., Ltd.	15,000,000	3.97
Japan Trustee Services Bank, Ltd. (Trust Account 4)	13,389,000	3.54
National Mutual Insurance Federation of Agricultural Cooperatives	11,150,000	2.95
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057,839	2.66
Sumitomo Mitsui Banking Corporation	10,000,475	2.64
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	9,927,000	2.63

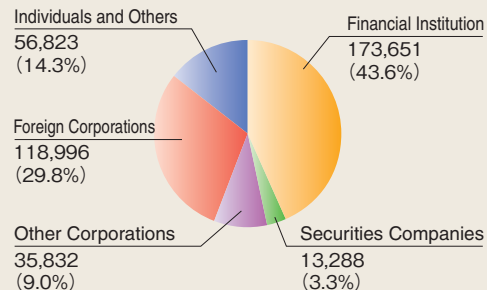
Note: 1. The Company holds 21,023,830 shares of treasury stock, which are excluded from the major shareholders.  
2. Shareholding ratio is calculated exclusive of treasury stock.

### Stock Price on Tokyo Stock Exchange



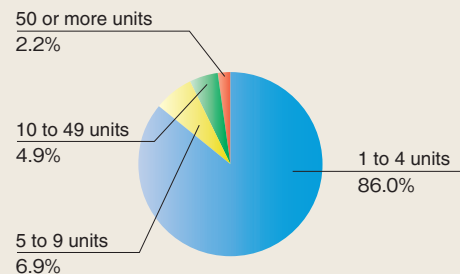
### Distribution of Shareholding by Investor Type

(1 unit = 1,000 shares)



※The figure in ( ) indicates the shareholding ratio.

### Distribution of Number of Shareholders by Number of Shares Held



### **[Payment of Interim Stock Dividends for the 69th Business Term]**

The Interim stock dividends for the 69th Business Year will be paid by the enclosed “Interim Stock Dividend Warrant for the 69th Business Year.” Please take this Warrant to any office or post office of Japan Post Bank and Japan Post Network (banking agency) within the specified payment period (from December 4, 2014 to January 9, 2015) to receive your dividends.

We have enclosed forms of “Statement of Interim Dividends” and “Where to Transfer Dividends” for those who have designated a transfer account(s), and forms of “Statement of Interim Dividends” and “How to Receive Dividends” for those who have chosen the method of share number pro-rata distribution in plural securities company accounts for your confirmation.

(With respect to where to transfer dividends in the case that you have chosen the method of share number pro-rata distribution in plural securities company accounts, please contact the securities company with which you deal.)

### **[Special Accounts]**

#### **What is a special account?**

In line with share certificate dematerialization, all our shares are electronically registered at Japan Securities Depository Center, Inc. (JASDEC). As a general rule, such an account is managed through a shareholder’s account at a securities company. Shares of such shareholders that have not notified us of their accounts at securities companies are managed at special accounts we opened at Sumitomo Mitsui Trust Bank, Limited in order to protect the shareholders’ rights.

Shares registered in our special accounts cannot be traded except for selling or buying shares less than one unit (1,000 shares). To sell or buy shares in a special account, shareholders are requested to open an account with a securities company and transfer such shares from our special account to their account. For details of the procedures, please contact Sumitomo Mitsui Trust Bank, Limited the special account management institution.

### **[Shareholders’ Inquiries and Notifications Concerning Matters Such as Change of Address]**

Please direct inquiries or notifications concerning procedures related to shares (such as change of registered address, change of the method or place to receive dividends, and request to sell or buy shares less than one unit [for holders of shares less than one unit]) to the following, depending on your account type.

Shareholders whose shares are recorded in **the account at a securities company**

Please contact the securities company.

Shareholders whose shares are recorded in **the special account**

Please contact the Stock Transfer Agency Business Planning Department of Sumitomo Mitsui Trust Bank, Limited

#### **Contact for All Inquiries**

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Business  
Planning Department

☎ 0120-782-031 (Weekdays 9 a.m. to 5 p.m.)  
(Mailing Address) 2-8-4, Izumi, Sugunami-ku, Tokyo, 168-0063, Japan

● Business Year

From April 1 to March 31 of next year

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● Ordinary General Meeting of Shareholders

June every year

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● Shares per Unit

1,000 shares

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● Record Date

Ordinary General Meeting of Shareholders  
March 31 every year

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● To Be Eligible to Receive a Dividend

Year-end Dividends                      March 31 every year  
Interim Dividends                        September 30 every year

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● Stock Transfer Agent and Account Management

Institution for Special Accounts  
Sumitomo Mitsui Trust Bank, Limited  
1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

● Handling Office

Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Business Planning Department  
1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan  
(Mailing Address)  
Sumitomo Mitsui Trust Bank, Limited  
Stock Transfer Agency Business Planning Department  
2-8-4, Izumi, Suginami-ku, Tokyo, 168-0063, Japan  
(Telephone Inquiries)  
 0120-782-031 (Weekdays 9 a.m. to 5 p.m.)

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● Public Notice

Public notice by the Company shall be carried out by way of electronic public notice. (<http://www.minebea.co.jp/>)  
Provided, however, when the Company is unable to carry out public notice by way of electronic public notice due to accident or unavoidable reason, it shall be given in the Nihon Keizai Shimbun.

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● Common Stock Listings

Tokyo and Nagoya

Minebea Co., Ltd.

**Tokyo Headquarters**

3-9-6 Mita, Minato-ku, Tokyo 108-8330, Japan

Phone: +81-3-6758-6711 Fax: +81-3-6758-6700

URL: <http://www.minebea.co.jp/english/>