Contents

Eleven-Year Summary

	2007	2006	2005	2004
Statement of Income Data:				
Net sales:	¥331,022	¥318,446	¥294,422	¥268,574
Machined components	137,662	129,595	116,105	111,693
Percentage of net sales	42%	41%	39%	42%
Electronic devices and components	193,360	188,851	178,317	156,881
Percentage of net sales	58%	59%	61%	58%
Consumer business and others	—	—	—	—
Percentage of net sales	—	—	—	—
Gross profit	¥ 73,378	¥ 68,511	¥ 62,403	¥ 65,313
Percentage of net sales	22.2%	21.5%	21.2%	24.3%
Operating income	26,265	19,269	14,083	18,104
Percentage of net sales	8.0%	6.0%	4.8%	6.7%
Net income (loss)	12,862	4,257	5,581	6,019
Percentage of net sales	3.9%	1.3%	1.9%	2.2%
Balance Sheet Data:				
Total assets	¥354,784	¥349,862	¥332,217	¥314,915
Total current assets	156,059	153,564	147,295	138,953
Total current liabilities	131,155	150,886	141,449	167,626
Short-term loans payable and current portion of long-term debt	71,761	91,772	87,112	119,643
Long-term debt	78,500	79,500	85,341	51,842
Working capital	24,905	2,678	5,846	(28,673)
Total net assets	142,558	118,209	102,088	93,866
Equity ratio	40.1%	33.6%	30.7%	29.8%
Per Share Data:				
Net income (loss):				
Basic	¥ 32.23	¥ 10.67	¥ 13.93	¥ 15.08
Diluted	—	—	13.27	14.51
Net assets	356.75	294.65	255.82	235.21
Cash dividends	10.00	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	9.9%	3.9%	5.7%	6.3%
Return on total assets	3.7%	1.2%	1.7%	1.9%
Interest expense	¥ 5,224	¥ 4,771	¥ 3,361	¥ 3,213
Net cash provided by operating activities	37,902	28,237	27,586	21,714
Net cash used in investing activities	(15,180)	(19,120)	(23,789)	(14,932)
Free cash flow	22,722	9,117	3,797	6,782
Purchase of tangible fixed assets	16,969	21,897	23,060	18,825
Depreciation and amortization	25,727	25,045	23,545	22,728
Number of employees	49,563	47,526	48,473	43,839

Notes: 1. Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the 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, fiscal 2007 and 2006 figures include minority interests in net assets.
2. In fiscal 2006, Minebea restructured its PC keyboard business. As a consequence, the Company posted a ¥3,475 million restructuring loss. The Company also showed an extraordinary loss of ¥967 million resulting from the adoption of impairment accounting for fixed assets.
3. Effective fiscal 2005, Minebea 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.

						Millions of yen	Thousands of U.S. dollars (Note 9)
2003	2002	2001	2000	1999	1998	1997	**2007**
¥272,202	¥279,344	¥287,045	¥284,757	¥305,324	¥326,094	¥302,886	**$2,804,084**
118,118	122,025	124,461	127,734	136,807	142,007	136,147	**1,166,135**
43%	44%	43%	45%	45%	43%	45%	
154,084	156,303	151,910	146,133	157,603	180,875	165,118	**1,637,949**
57%	56%	53%	51%	52%	56%	54%	
—	1,016	10,674	10,890	10,914	3,212	1,621	**—**
—	0%	4%	4%	3%	1%	1%	
¥ 68,702	¥ 73,283	¥ 84,117	¥ 81,534	¥ 90,161	¥107,086	¥ 86,487	**$ 621,589**
25.2%	26.2%	29.3%	28.6%	29.5%	32.8%	28.6%	
19,352	21,972	32,977	31,069	38,546	58,811	41,901	**222,492**
7.1%	7.9%	11.5%	10.9%	12.6%	18.0%	13.8%	
(2,434)	5,298	14,826	(2,677)	11,507	15,144	8,862	**108,957**
(0.9)%	1.9%	5.2%	(0.9)%	3.7%	4.6%	2.9%	
¥320,069	¥350,037	¥346,965	¥403,994	¥473,360	¥492,210	¥563,220	**$3,005,375**
127,447	131,548	137,106	153,658	219,826	213,194	264,368	**1,321,980**
134,459	156,908	127,290	124,085	197,071	246,114	322,966	**1,111,010**
81,262	103,461	66,531	68,022	142,828	178,228	254,243	**607,889**
85,862	79,212	118,629	124,690	128,223	96,882	109,365	**664,972**
(7,012)	(25,360)	9,816	29,573	22,755	(32,920)	(58,598)	**210,969**
98,213	112,732	100,574	154,357	145,705	141,843	123,831	**1,207,610**
30.7%	32.2%	29.0%	38.2%	30.8%	28.8%	22.0%	
						Yen	*U.S. dollars (Note 9)*
¥ (6.10)	¥ 13.27	¥ 37.14	¥ (6.72)	¥ 28.94	¥ 38.42	¥ 22.76	**$0.27**
(4.85)	12.60	34.10	(5.39)	26.32	34.85	21.03	**—**
246.08	282.42	251.96	386.71	366.29	357.77	317.46	**3.02**
7.00	7.00	7.00	7.00	7.00	7.00	7.00	**0.08**
399,167,695	399,167,695	399,167,695	399,150,527	397,787,828	396,470,473	390,076,018	
						Millions of yen	*Thousands of U.S. dollars (Note 9)*
(2.3)%	5.0%	11.6%	(1.8)%	8.0%	11.4%	7.4%	
(0.8)%	1.5%	4.0%	(0.6)%	2.4%	2.9%	1.6%	
¥ 4,765	¥ 5,673	¥ 7,553	¥ 7,897	¥ 12,231	¥ 16,593	¥ 19,109	**$ 44,258**
32,279	34,017	38,332	60,289	60,740	83,878	29,546	**321,070**
(16,233)	(24,346)	(33,099)	(13,298)	(17,254)	(33,745)	(31,866)	**(128,591)**
16,046	9,671	5,233	46,991	43,486	50,133	2,320	**192,478**
16,382	26,245	39,877	19,504	20,563	23,688	50,931	**143,748**
24,015	25,577	23,682	25,026	28,034	29,616	29,277	**217,934**
43,002	43,729	45,193	42,399	40,482	38,733	37,096	

4. In fiscal 2003, owing to significant declines in the prices of stocks listed on major markets, resulting in the impairment of shares in financial institutions, losses on devaluation of investment securities totaled ¥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 registered ¥1,206 million in environment-related expenses incurred by U.S. subsidiaries.
5. In fiscal 2001, to concentrate resources in its best areas and improve financial strength, the Company transferred its shares in subsidiary Actus Corporation, posting an extraordinary gain of ¥5,215 million in gains on sales of investment securities in affiliates. The Company also showed an extraordinary loss of ¥2,762 million, in line with the projected loss on the withdrawal from the wheel business.
6. In fiscal 2000, to concentrate resources in its best areas and improve financial strength, the Company made decisions with regard to the transferral of its shares, etc., in Minebea Credit Co., Ltd., a wholly owned subsidiary; the liquidation of different affiliated companies; and other matters. As a result, the Company showed ¥25,782 million in extraordinary losses as losses on liquidation of subsidiaries and affiliates. The Company also applied tax effect accounting overall, which resulted in ¥6,276 million in deferred income taxes (benefit).
7. In fiscal 2000, the Company reclassified its operations into three business segments and revised figures in prior years.
8. Owing to a change in accounting standards, cash flows are shown in a new format in and after fiscal 2000.
9. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥118.05=US$1, the approximate rate of exchange on March 31, 2007.

Management's Discussion and Analysis of Results of Operations and Financial Condition

Outline

Outline of Operations

Minebea's operations are divided into two business segments: Machined Components and Electronic Devices and Components. The Machined Components segment focuses on miniature and small-sized ball bearings, rod-end and spherical bearings, and pivot assemblies. In fiscal 2007, this segment accounted for 41.6% of consolidated net sales. The Electronic Devices and Components segment encompasses precision small motors, notably HDD spindle motors and fan motors; PC keyboards and other electronic devices; lighting devices, including LED backlight assemblies; and measuring components. This segment represented 58.4% of consolidated net sales in fiscal 2007.

Our product development efforts are centered in Japan, Germany, Thailand and the United States. The Engineering Headquarters is charged with basic technology and product development with a medium- to long-term perspective. Technology development divisions affiliated with business units emphasize development of commercially viable products. Cooperation among these divisions facilitates the supplementing and sharing of technologies, thereby contributing to effective product development. Our manufacturing network encompasses bases in Thailand, China, Singapore, Malaysia, Japan and the United States. Our largest manufacturing base, in Thailand, accounted for 49.6% of total consolidated production in fiscal 2007, while our manufacturing base in China accounted for 23.5%. Combined production at all our bases in Asia (excluding Japan) represented 80.9% of total production. Production outside of Japan accounted for 91.5% of total production.

We supply products to a number of key markets. Notable among these are the PC and peripheral equipment, OA and telecommunications equipment, household electrical appliances, automotive and aerospace markets, which accounted for 36.5%, 15.0%, 9.3%, 9.9% and 10.2%, respectively, of fiscal 2007 consolidated net sales. Reflecting the steady shift by customers in Japan, Europe, and North and South America to production in China and other parts of Asia, sales to Asia (excluding Japan) represented 50.2% of consolidated net sales. Our second-largest geographic market is Japan, which currently accounts for 25.6% of consolidated net sales. Remaining sales are to North America and Europe.

With the aim of ensuring our organization runs smoothly and effectively, we have established an operating structure comprising 14 business units and five headquarters that report directly to the president and CEO. Under this structure, manufacturing and sales groups are assigned and report directly to each business unit. The function-based headquarters are charged with providing support for business units.

Principal Strategy

Our principal goal is to evolve and grow as "the leading company through manufacturing and technological excellence." We believe that the key to achieving this objective is to accelerate efforts to improve profitability. Accordingly, we have continued to address three priority tasks: take decisive actions to implement structural reforms, reinforce R&D and manage the Company with a clear vision.

To these ends, we have:

- implemented organizational reforms, namely, the introduction of a business unit system and the establishment of headquarters
- shifted our policy from volume to quality, and our focus from sales to profits
- reinforced R&D by assigning management of R&D efforts to the Engineering Headquarters and by creating a department dedicated to basic technology development
- implemented measures to restore the profitability of loss-making businesses and strengthen growth businesses.

These efforts have yielded concrete results. Thanks to organizational reforms, we have made progress in eliminating organizational barriers and promoting the more effective use of Group resources. This has enabled individual businesses to align their growth tracks. We clarified our shift in policy toward quality, rather than volume—a move that marks a return to the basics of manufacturing and the concept of workmanship. With the aim of reinforcing R&D, we laid a new foundation for future R&D activities under the direction of the Engineering Headquarters. We have also placed a priority on strengthening core technologies, which are essential to the development of new products and businesses, as well as next-generation products, and are striving to develop new businesses through the integration of multiple core technologies.

Our key concern has been the restoration of profitability Companywide by eliminating loss-making businesses. With a few minor exceptions, we achieved this objective in the period under review. We also implemented organizational changes necessary to support growth and expansion in the years ahead.

We have positioned fiscal 2008 as a year for surging forward. Accordingly, our efforts during the period will focus on expanding businesses and raising income. Recognizing the importance of launching Minebea on a new and sustainable growth trajectory and the need to set forth clear medium-term growth indicators, we formulated a new medium-term management plan to guide our efforts for three years beginning in fiscal 2008. We are confident that achieving the numerical targets of this plan will ready us for our next major leap forward.

Numerical Targets of Minebea's New Medium-Term Management Plan

(As of May 31, 2007) — *Billions of yen*

Years ending March 31	2008	2009	2010
Net sales	¥335.0	¥350.0	¥370.0
Operating income	30.0	34.0	38.0
Income before income taxes and minority interests	23.5	26.0	30.0

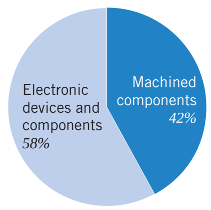
We have also set a long-term goal for net sales of ¥500.0 billion in fiscal 2012.

Segment Information

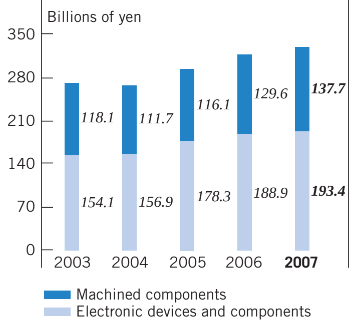
Years ended March 31	2007	2006	2005	2004	2003
					Millions of yen
Sales to External Customers by Business Segment					
Machined components	¥ 137,662	¥ 129,595	¥ 116,105	¥ 111,693	¥118,118
Electronic devices and components	193,360	188,851	178,317	156,881	154,084
Total	¥ 331,022	¥ 318,446	¥ 294,422	¥ 268,574	¥272,202
Operating Income (Loss) by Business Segment					
Machined components	¥ 26,195	¥ 24,556	¥ 21,572	¥ 19,505	¥ 18,520
Electronic devices and components	70	(5,287)	(7,489)	(1,401)	832
Total	¥ 26,265	¥ 19,269	¥ 14,083	¥ 18,104	¥ 19,352
Assets by Business Segment					
Machined components	¥ 216,595	¥ 205,437	¥ 194,180	¥ 189,741	¥191,793
Electronic devices and components	224,048	218,790	214,142	196,918	204,489
Eliminations	(85,859)	(74,365)	(76,105)	(71,744)	(76,213)
Total	¥ 354,784	¥ 349,862	¥ 332,217	¥ 314,915	¥320,069
Depreciation and Amortization by Business Segment					
Machined components	¥ 12,507	¥ 11,437	¥ 10,401	¥ 10,811	¥ 10,378
Electronic devices and components	12,141	12,535	12,061	10,894	12,448
Total	¥ 24,648	¥ 23,972	¥ 22,462	¥ 21,705	¥ 22,826
Impairment Loss by Business Segment					
Machined components	¥ 31	¥ 388	¥ —	¥ —	¥ —
Electronic devices and components	43	579	—	—	—
Total	¥ 74	¥ 967	¥ —	¥ —	¥ —
Capital Expenditure by Business Segment					
Machined components	¥ 8,423	¥ 12,279	¥ 11,400	¥ 4,168	¥ 4,750
Electronic devices and components	9,243	9,929	22,757	14,929	11,853
Total	¥ 17,666	¥ 22,208	¥ 34,157	¥ 19,097	¥ 16,603
Sales to External Customers by Geographic Segment					
Japan	¥ 83,265	¥ 77,856	¥ 76,660	¥ 68,760	¥ 72,755
Asia (excluding Japan)	162,330	155,423	137,424	121,072	107,789
North and South America	56,110	59,468	52,390	48,726	58,998
Europe	29,317	25,699	27,948	30,016	32,660
Total	¥ 331,022	¥ 318,446	¥ 294,422	¥ 268,574	¥272,202
Operating Income by Geographic Segment					
Japan	¥ 9,770	¥ 1,922	¥ 2,752	¥ 4,883	¥ 3,133
Asia (excluding Japan)	11,299	12,843	5,870	10,763	12,418
North and South America	3,730	2,888	4,510	2,084	1,859
Europe	1,466	1,616	951	374	1,942
Total	¥ 26,265	¥ 19,269	¥ 14,083	¥ 18,104	¥ 19,352
Assets by Geographic Segment					
Japan	¥ 162,335	¥ 161,968	¥ 169,239	¥ 166,277	¥175,917
Asia (excluding Japan)	258,046	247,186	223,995	201,194	185,397
North and South America	35,692	36,864	32,442	29,173	37,064
Europe	21,326	19,618	20,300	20,075	20,528
Eliminations	(122,615)	(115,774)	(113,759)	(101,804)	(98,837)
Total	¥ 354,784	¥ 349,862	¥ 332,217	¥ 314,915	¥320,069

Results of Operations

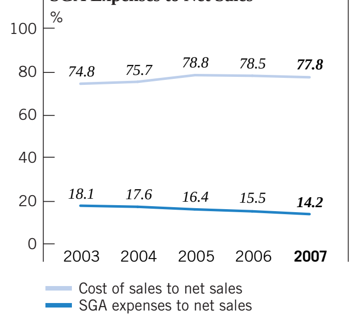
Net Sales by Business Segment



Net Sales by Business Segment



Cost of Sales to Net Sales and SGA Expenses to Net Sales



Net Sales

Consolidated net sales in fiscal 2007 rose 3.9%, or ¥12,576 million, to ¥331,022 million. During the period, the Japanese economy remained on a gentle upswing, supported by high corporate earnings, as well as by such factors as increased investment in plants and equipment and an improved employment situation. The U.S. economy continued to see stable growth, owing to robust personal consumption, while the overall European economy exhibited a favorable recovery. In China, economic growth remained high, reflecting increases in exports and investment in fixed assets. The economies of other Asian countries were generally solid. Demand remained firm in key customer industries, owing to the increasing popularity of information and telecommunications equipment, including PCs, and cellular telephones, particularly in counties classified as emerging economies, and digital home electronics products, including flat-screen televisions and DVD recorders, primarily in developed countries. Brisk conditions also persisted in the aircraft and automobile markets. In this environment, sales prices remained comparatively stable. This, together with expanded sales of existing products and the launch of attractive new products, contributed to the increase in consolidated net sales for the period. The impact of yen depreciation on overseas sales added approximately ¥13,200 million to net sales.

Cost of Sales

Cost of sales increased 3.1%, or ¥7,709 million, to ¥257,644 million. Cost of sales as a percentage of net sales edged down 0.7 percentage point, to 77.8%. Despite negative impact of yen depreciation and rising prices for steel, steel materials, rare metals and other raw materials, enhanced productivity prompted an improvement in cost of sales as a percentage of net sales.

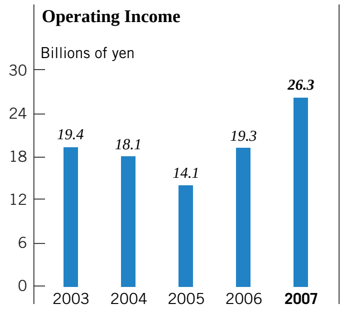
SGA Expenses

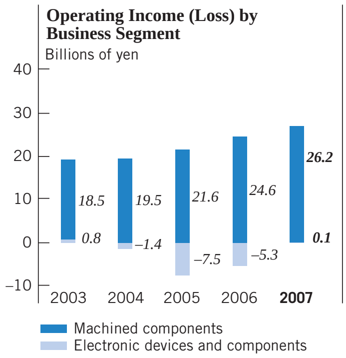
SGA expenses declined 4.3%, or ¥2,129 million, to ¥47,113 million. SGA expenses were equivalent to 14.2% of net sales, down 1.3 percentage points from fiscal 2006.

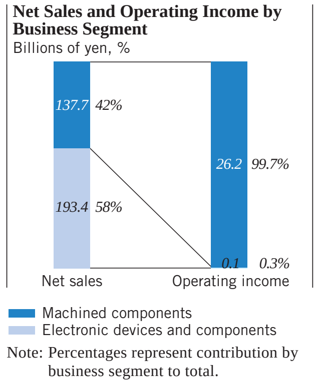
Cost of Sales and SGA Expenses

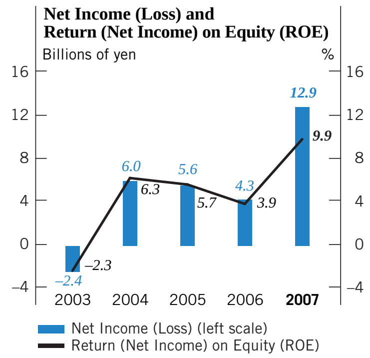
Millions of yen

Years ended March 31	**2007**	2006	2005	2004	2003
Net sales	**¥331,022**	¥318,446	¥294,422	¥268,574	¥272,202
Cost of sales	**257,644**	249,935	232,019	203,261	203,500
Cost of sales to net sales	**77.8%**	78.5%	78.8%	75.7%	74.8%
Gross profit	**73,378**	68,511	62,403	65,313	68,702
SGA expenses	**47,113**	49,242	48,320	47,209	49,350
SGA expenses to net sales	**14.2%**	15.5%	16.4%	17.6%	18.1%









Operating Income

Operating income advanced 36.3%, or ¥6,996 million, to ¥26,265 million. As a consequence, the operating margin rose 2.0 percentage points, to 8.0%. For more detailed information, refer to the section entitled “Performance by Business Segment,” on page 35.

Other Income (Expenses)

The net balance of other income (expenses) was expenses, i.e., a loss, of ¥6,742 million, a decrease of ¥2,907 million. Despite efforts to reduce interest-bearing debt, interest expense rose ¥453 million, to ¥5,224 million, as a consequence of the impact of rising interest rates overseas. The overall decrease also reflected the absence of a ¥3,475 million business restructuring loss in the previous period related to the restructuring of our PC keyboards business.

Income before Income Taxes and Minority Interests

Owing to the factors described above, income before income taxes and minority interests climbed 102.9%, or ¥9,903 million, to ¥19,523 million.

Income Taxes

Income taxes edged down ¥79 million, to ¥7,062 million. This comprised current income taxes, that is, corporate, residential and business taxes, of ¥6,249 million, and an adjustment of ¥813 million. In fiscal 2006, losses posted by certain overseas subsidiaries and parent-company losses brought forward from the preceding period meant that dividend income received from overseas subsidiaries did not qualify for overseas tax credits, resulting in a higher effective tax rate. In fiscal 2007, the impact of such factors weakened significantly, as a consequence of which the effective tax rate normalized.

Minority Interests

Minority interests amounted to ¥401 million, down ¥1,377 million from fiscal 2006. This decline was primarily attributable to an improvement in the performance of joint venture Minebea–Matsushita Motor.

Net Income

As a consequence of the aforementioned factors, net income rose ¥8,605 million, to ¥12,862 million. Basic net income per share was ¥32.23, a significant increase from ¥10.67 in the previous period.

Income

Millions of yen

Years ended March 31	**2007**	2006	2005	2004	2003
Operating income	**¥26,265**	¥19,269	¥14,083	¥18,104	¥19,352
Operating margin	**8.0%**	6.0%	4.8%	6.7%	7.1%
Net balance of other income (expenses)	**(6,742)**	(9,649)	(6,305)	(5,146)	(18,857)
Net income (loss)	**12,862**	4,257	5,581	6,019	(2,434)
Net income (loss) to net sales	**3.9%**	1.3%	1.9%	2.2%	(0.9)%
Net income (loss) per share (Yen):					
Basic	**32.23**	10.67	13.93	15.08	(6.10)
Diluted	**—**	—	13.27	14.51	(4.85)
Return (net income) on equity	**9.9%**	3.9%	5.7%	6.3%	(2.3)%
Return on total assets	**3.7%**	1.2%	1.7%	1.9%	(0.8)%

Financial Condition

Financial Policy and Liquidity

The businesses of the Minebea Group continue to operate in an environment characterized by accelerating product and technological development and intensifying global competition. In such an environment, we recognize the importance of ensuring the flexibility necessary to allow advance investment, enabling us to develop products that satisfy diverse customer expectations, and capital investment, ensuring we can respond promptly to fluctuations in demand. We strive to facilitate dynamic investment activities and strengthen our technological development capabilities by maintaining a sound financial position and high degree of agility in our financing activities

Our debt ratings in fiscal 2007, shown in the table below, are indicative of the success of efforts to reinforce our financial position. We have set medium-term goals to reduce net interest-bearing debt (¥128,530 million at fiscal 2007 year-end) to below ¥100,000 million. Given the uncertain interest rate situation in Japan, we will promote efforts to expand income, shrink inventories and step up implementation of an effective investment program that focuses on the efficient use of assets to accelerate the reduction of interest-bearing debt. In terms of capital investment, we are promoting decisive investment in growth businesses and promoting stringent rationalization efforts and efficient investments in businesses that remain unprofitable.

To ensure the agility of our financing efforts, we filed for shelf registration of corporate bond issues in the amount of ¥50,000 million and obtained a rating for short-term debt up to a maximum of ¥10,000 million. Moreover, to create a stronger, more stable structure for fund procurement, we strive to maintain solid relationships with key financial institutions in Japan and overseas and have taken steps to manage liquidity risks, including signing agreements to set up commitment lines.

In Thailand, where our principal manufacturing base is located, on December 18, 2006, stringent controls were placed on short-term capital inflows with the aim of preventing speculative investment in and appreciation of the baht. Most of these controls were subsequently eased, however, and the impact on our operations was negligible.

Debt Ratings

As of May 2007	*Long-term debt*	*Short-term debt*
Moody’s Investors Service	Baa2	—
Japan Credit Rating Agency, Ltd.	A	J–1
Japan Rating and Investment Information, Inc.	BBB+	a–2

Purchase of Tangible Fixed Assets

Purchase of tangible fixed assets, or capital investment, in fiscal 2007 totaled ¥16,969 million, down ¥4,928 million from fiscal 2006. This amount included investments in the expansion and refurbishment of production facilities for ball bearings in Thailand, China and Singapore, and the expansion of production facilities for pivot assemblies in Thailand, as well as investments in facilities related to the production of electronic devices—notably HDD spindle motors and LED backlight assemblies—in Thailand and information motors in Thailand, China and Malaysia.

In fiscal 2008, we expect purchase of tangible fixed assets to be in the area of ¥27,500 million. We plan on making investments to, among others, build new plants overseas, expand and rationalize production facilities for ball bearings, expand production of aircraft components and rationalize production of HDD spindle motor production and molds.

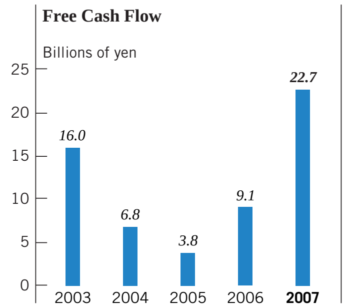
Dividend Policy

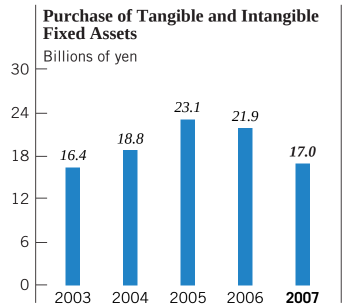
To date, our dividend policy has centered on appropriating profits to implement stable dividend payments to shareholders. Going forward, however, our primary emphasis will be raising capital efficiency and enhancing the distribution of profits to shareholders while giving comprehensive consideration to our operating environment. Accordingly, we will pursue a policy of ensuring a return on investment for shareholders that is in line with our operating results.

In line with our new policy, cash dividends for fiscal 2007 were declared at ¥10.00, an increase of ¥3.00. As a result, the payout ratio was 31.0%.

Free Cash Flow

Free cash flow (calculated by subtracting net cash used in investing activities from net cash provided by operating activities) totaled ¥22,722 million, an increase of 149.2%, or ¥13,605 million, from fiscal 2006.





Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥37,902 million, 34.2%, or ¥9,665 million, higher than in fiscal 2006. This change was primarily attributable to a ¥9,903 million increase in income before income taxes and minority interests, to ¥19,523 million, and a ¥6,403 million decrease in inventories, ¥4,321 million greater than in fiscal 2006. Depreciation and amortization totaled ¥24,648 million, up ¥676 million from the previous fiscal year.

Cash Flows from Investing Activities

Net cash used in investing activities decreased 20.6%, or ¥3,940 million, to ¥15,180 million. The principal factor contributing to this result was the application of ¥16,969 million for the purchase of tangible fixed assets, a decline of ¥4,928 million.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥25,683 million, an increase of 248.0%, or ¥18,303 million, from fiscal 2006. This change was primarily due to the application of ¥22,876 million to the repayment of long-term debt, up ¥18,309 million, and cash dividends paid of ¥2,793 million, essentially level with the previous period.

Cash and Cash Equivalents

Operating, investing and financing activities in fiscal 2007 resulted in a net decrease in cash and cash equivalents of ¥2,654 million, to ¥21,731 million, as net cash used in financing activities exceeded free cash flow.

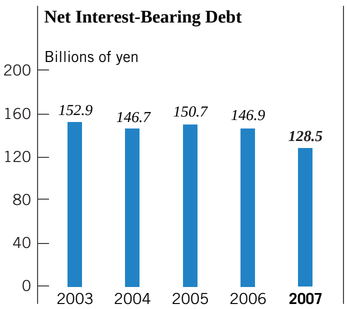
Free Cash Flow

Millions of yen

Years ended March 31	**2007**	2006	2005	2004	2003
Net cash provided by operating activities	**¥ 37,902**	¥ 28,237	¥ 27,586	¥ 21,714	¥ 32,279
Net cash used in investing activities Portion of above used in purchase of tangible fixed assets	**(15,180)**	(19,120)	(23,789)	(14,932)	(16,233)
Purchase of tangible fixed assets	**(16,969)**	(21,897)	(23,060)	(18,825)	(16,382)
Free cash flow	**22,722**	9,117	3,797	6,782	16,046

Note: Effective fiscal 2005, Minebea calculates free cash flow by subtracting net cash used in investing activities from net cash provided by operating activities. Figures for previous years have been restated using this calculation.

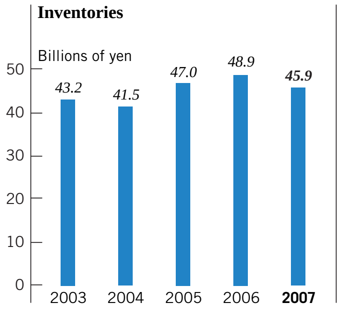
Assets, Liabilities and Net Assets



Total assets at the end of fiscal 2007 amounted to ¥354,784 million, an increase of 1.4%, or ¥4,922 million, from the fiscal 2006 year-end. The impact of yen depreciation on this total was approximately ¥26,000 million. Total net assets were ¥142,558 million. Net interest-bearing debt (total debt minus cash and cash equivalents) declined 12.5%, or ¥18,357 million, to ¥128,530 million. As a consequence, the net debt-to-equity ratio improved, to 0.9 times. The equity ratio was 40.1%, up 6.5 percentage points.

Assets

Cash and cash equivalents in fiscal 2007 declined ¥2,654 million, to ¥21,731 million, owing primarily to an increase in outlays aimed at reducing interest-bearing debt. Notes and accounts receivable—trade rose ¥5,521 million, to ¥71,883 million, including approximately ¥1,800 million attributable to yen depreciation. Despite the impact of yen depreciation, which added approximately ¥3,400 million, inventories fell ¥3,010 million, to ¥45,904 million, reflecting declines attributable to Companywide efforts to reduce inventories and the restructuring of our PC keyboard business. Deferred tax assets (short-term) amounted to ¥7,056 million, an increase of ¥3,654 million. As a consequence, total current assets rose 1.6%, or ¥2,495 million, to ¥156,059 million.



Net tangible fixed assets rose 3.2%, or ¥5,305 million, to ¥171,064 million. Purchase of tangible fixed assets (capital investment) totaled ¥16,969 million, while depreciation and amortization amounted to ¥24,648 million. Yen depreciation added approximately ¥19,500 million to this total. Intangible fixed assets totaled ¥11,974 million, a decline of 9.1%, or ¥1,203 million. Net investments and other assets were down 9.5%, or ¥1,633 million, to ¥15,647 million. Deferred charges declined ¥42 million, to ¥40 million.

Liabilities

Total notes and accounts payable rose ¥1,558 million, to ¥38,167 million. The impact of yen depreciation was approximately ¥2,700 million. Short-term loans payable fell ¥23,017 million, to ¥57,639 million. The current portion of long-term debt increased ¥3,006 million, to ¥14,122 million. Owing to such factors, total current liabilities declined 13.1%, or ¥19,731 million, to ¥131,155 million.

Long-term debt declined 1.3%, or ¥1,000 million, to ¥78,500 million. As a consequence, total long-term liabilities edged down 0.4%, or ¥304 million, to ¥81,071 million.

Net Assets

Total net assets at fiscal 2007 year-end were ¥142,558 million. Differences on revaluation of other marketable securities declined ¥1,133 million, while retained earnings climbed ¥8,872 million, and foreign currency translation adjustments declined ¥17,052 million. Minority interests in consolidated subsidiaries totaled ¥204 million, down 67.7%, or ¥428 million.

Financial Position

Millions of yen

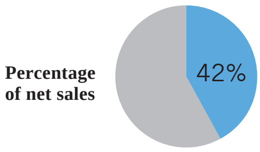
As of March 31	2007	2006	2005	2004	2003
Total assets	¥354,784	¥349,862	¥332,217	¥314,915	¥320,069
Cash and cash equivalents at end of year	21,731	24,385	21,759	24,780	14,177
Total current assets	156,059	153,564	147,295	138,953	127,447
Inventories	45,904	48,914	46,963	41,534	43,204
Total current liabilities	131,155	150,886	141,449	167,626	134,459
Working capital	24,905	2,678	5,846	(28,673)	(7,012)
Interest-bearing debt	150,261	171,272	172,453	171,485	167,125
Net interest-bearing debt	128,530	146,887	150,694	146,706	152,947
Total net assets	142,558	118,209	102,088	93,866	98,213
Equity ratio	40.1%	33.6%	30.7%	29.8%	30.7%
Debt-to-equity ratio (Times)	1.1	1.5	1.7	1.8	1.7
Net debt-to-equity ratio (Times)	0.9	1.2	1.5	1.6	1.6
Net assets per share (Yen)	356.75	294.65	255.82	235.21	246.08

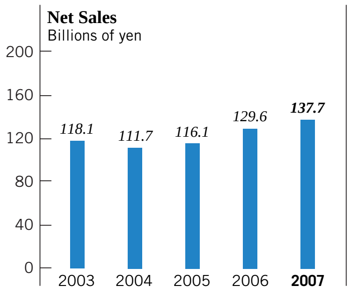
Note: Effective fiscal 2007, Minebea has applied the Accounting Standard for Presentation of Net Assets in the Balance Sheet and the Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet. Accordingly, “shareholders’ equity,” “total shareholders’ equity/total assets” and “shareholders’ equity per share (yen)” have been restated as “net assets,” “equity ratio” and “net assets per share (yen),” respectively. Also, fiscal 2007 and 2006 figures include minority interests in net assets.

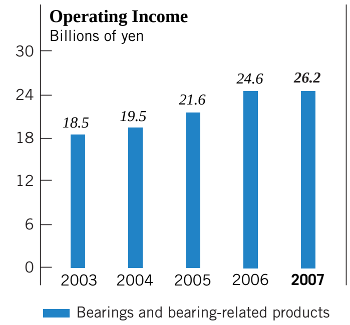
Segment Results

Performance by Business Segment

Machined Components







Net sales in the machined components segment rose 6.2%, or ¥8,067 million, to ¥137,662 million. Operating income increased 6.7%, or ¥1,639 million, to ¥26,195 million. The segment's operating margin, calculated using sales to external customers, edged up 0.1 percentage point, to 19.0%. Despite the appreciation of the baht, sales of mainstay products increased, reflecting persistently strong demand worldwide and stable sales prices.

Principal Products and Applications and Minebea's Global Market Share

Principal Products	*Principal Applications*	*Global Market Share**
Bearings and bearing-related products		
Miniature and small-sized ball bearings	Small motors, household electrical appliances, information and telecommunications equipment, automobiles	60%
Rod-end and spherical bearings	Aircraft	50%
Pivot assemblies	HDDs	65%
Other machined components		
Special machined components, fasteners	Aircraft, automobiles, industrial machinery	—

*Global market shares are in terms of units shipped, except the market share for rod-end and spherical bearings, which is in terms of sales value. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Ongoing Efforts

Sales of principal segment products miniature and small-sized ball bearings increased, primarily to manufacturers of automobiles, PCs and peripheral equipment, and office automation equipment, as did operating income. We expanded production capacity for miniature ball bearings in response to market growth, a consequence of brisk demand for use in miniature ball bearings for use in pivot assemblies, fan motors and other components for PCs and digital home electronics products. We also continued to lower manufacturing costs through efforts to improve yield and rationalize operations. In line with the theme of returning to the basics of manufacturing, we are striving to reinforce this business. We have also created a department dedicated to basic technology development.

In rod-end and spherical bearings, both sales and income were up, reflecting robust aircraft production worldwide. In response to sustained double-digit growth in demand from aircraft manufacturers, we are expanding production capacity at our plants in Japan (Karuizawa), the United States and the United Kingdom, while at the same time stepping up front-end production in Thailand with the aim of establishing a low-cost structure and further enhancing capacity.

In addition, we are striving to augment our existing rod-end and spherical bearings operations by entering the markets for engine peripherals combining these products with ball bearings and large mechanical parts that make use of sophisticated processing technologies.

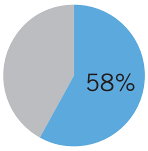
The market for pivot assemblies continues to grow, spurred by expanding demand for use in HDDs for PCs and home electronics products. With double-digit growth in the market for pivot assemblies for use in HDDs expected to continue, our ongoing objective is to maintain our commanding market share. To this end, we are taking steps to lower manufacturing costs by increasing production capacity, shifting parts production in-house, increasing yields and standardizing designs.

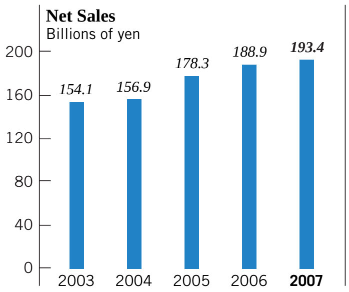
Principal Products

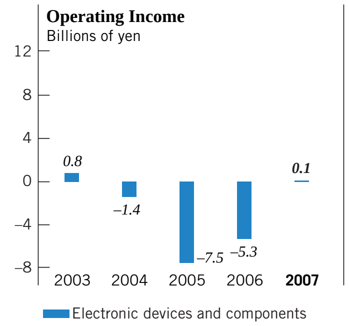
- **Bearings and Bearing-Related Products**
  - Miniature ball bearings
  - Small-sized ball bearings
  - Integrated-shaft ball bearings
  - Rod-end bearings
  - Spherical bearings
  - Roller bearings
  - Sleeve bearings
  - Pivot assemblies
  - Tape guides
- **Other Machined Components**
  - Aerospace/automotive fasteners
  - Special machined components
  - Magnetic clutches and brakes

Electronic Devices and Components

Percentage of net sales







Principal Products

- **Rotary Components**
  - HDD spindle motors
  - Fan motors
  - Hybrid-type stepping motors
  - PM-type stepping motors
  - Brush DC motors
  - Vibration motors
  - VR resolvers
- **Other Electronic Devices and Components**
  - PC keyboards
  - Speakers
  - Electronic devices
    - Color wheels
    - MOD drive subassemblies
    - Lighting devices for LCDs
    - Magnetic heads for FDDs
    - Backlight inverters
  - Measuring components
    - Strain gages
    - Load cells

Net sales in the Electronic Devices and Components segment increased 2.4%, or ¥4,509 million, to ¥193,360 million. While the restructuring hampered sales in our PC keyboards business, sales of electronics devices, notably mainstay LED backlight assemblies and the depreciation of the yen supported higher segment sales. The segment returned to profitability after four consecutive years in the red, registering operating income of ¥70 million, ¥5,357 million higher than in fiscal 2006. The segment's operating margin, calculated using sales to external customers, was 0.0%, a 2.8-percentage point improvement from the previous period. This primarily reflected improved profitability for information motors, PC keyboards and HDD spindle motors, which countered the impact of the appreciation of the baht.

Principal Products and Applications and Minebea's Global Market Share

Principal Products	*Principal Applications*	*Global Market Share**
Rotary components		
HDD spindle motors	HDDs	15%
Information motors (fan motors, stepping motors, brush DC motors, vibration motors)	PCs and servers, information and telecommunications equipment, household electrical appliances, cellular phones, bicycles, industrial machinery	5%–20%, depending on product
Other electronic devices and components		
PC keyboards	PCs	5%
Lighting devices for LCDs	Cellular phones, digital cameras, portable digital information terminals	15%
Speakers	Audio equipment, PCs, automobiles	—
Measuring instruments	Industrial machinery, automobiles	—

*Global market shares are in terms of units shipped, except the market share for rod-end and spherical bearings, which is in terms of sales value. Market shares are Minebea estimates based on information collected by the Company and by market research firms.

Ongoing efforts

In the HDD spindle motor business, the appreciation of the baht caused an increase in costs during the period under review. Nonetheless, efforts to reduce costs helped return the segment to profitability. We will continue to work to maintain sales prices, as well as step up production and sales of 2.5-inch HDD motors containing fluid dynamic bearings, which boast high unit prices.

We have completed the initial phase of a reorganization of our information motors business, achieving an increase in sales and a return to profitability. Specific steps included creating a low-cost manufacturing structure by integrating and closing manufacturing facilities, reconsidering our use of outside suppliers and lowering costs by reconsidering royalty payments to the parent company. We are also striving to improve the precision of order confirmation and accelerate the introduction of new products to enhance our product mix. In response to brisk demand, we overhauled our production lines for fan motors with the aim of drastically improving productivity and expanding production capacity.

In the latter half of the period under review, we restructured the PC keyboards business, withdrawing from the production of persistently unprofitable products and focusing our efforts on high-value-added products, including keyboards for notebook PCs and wireless keyboards. We also reduced fixed costs by reorganizing our manufacturing, sales and technological groups, reducing employee numbers and eliminating certain facilities. These moves resulted in a decline in sales, but in March 2007, the first month after completion of this restructuring, this business returned to profitability on a monthly basis.

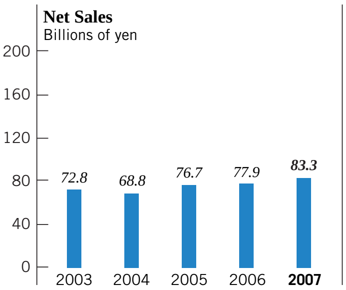
In electronic devices, we registered an increase in sales of mainstay LED backlight assemblies despite falling sales prices, owing to expansion of the cellular phone market and an increase in the number of models using our products. In March 2007, we entered the market for medium-sized LED backlight assemblies used in car navigation equipment.

In our speaker business, intensifying competition pushed sales down. In measuring instruments, efforts to respond to diverse market needs by applying our core technologies enabled us to achieve a high level of income, although sales remained level with fiscal 2006.

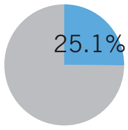
Performance by Geographic Segment

Japan

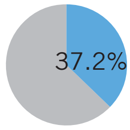
Net sales in Japan rose 6.9%, or ¥5,409 million, to ¥83,265 million. Operating income soared 408.3%, or ¥7,848 million, to ¥9,770 million, owing to changes in the prices of products imported from overseas subsidiaries.



Percentage of net sales

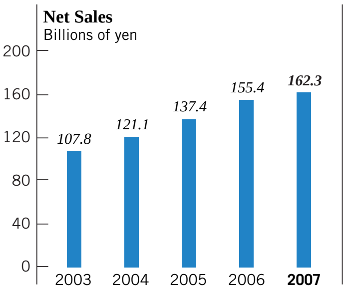


Percentage of operating income

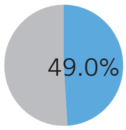


Asia (Excluding Japan)

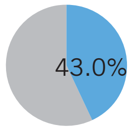
Asia includes the high-growth greater China region, an important manufacturing base for many companies in Japan, Europe, the Americas and elsewhere. Sales in the region were firm, particularly in greater China, supported by expanded demand from the information and telecommunications industry and steady demand from the household electrical appliances industry. As a consequence, net sales increased 4.4%, or ¥6,907 million, to ¥162,330 million. Despite higher sales, operating income fell 12.0%, or ¥1,544 million, to ¥11,299 million.



Percentage of net sales

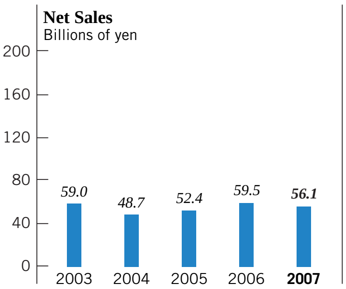


Percentage of operating income

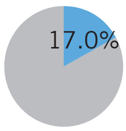


North America

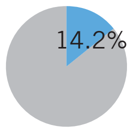
In North America, both orders and sales of U.S.-made ball bearings and rod-end bearings for the aerospace industry were strong. In addition, sales of imported machined components and electronic devices were firm. Owing to a decline in sales of PC keyboards, however, reflecting our move to focus on high-value-added models, net sales declined 5.6%, or ¥3,358 million, to ¥56,110 million. Nonetheless, operating income increased 29.2%, or ¥842 million, to ¥3,730 million.



Percentage of net sales

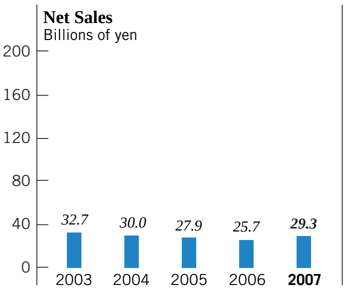


Percentage of operating income

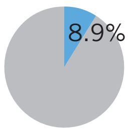


Europe

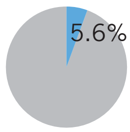
In Europe, sales of ball bearings and rod-end bearings remained firm, buoyed by moderate economic growth. As a consequence, net sales rose 14.1%, or ¥3,618 million, to ¥29,317 million, although operating income declined 9.3%, or ¥150 million, to ¥1,466 million.



Percentage of net sales



Percentage of operating income



Note: Net sales figures represent sales to external customers.

Minebea manufactures and sells a wide range of products around the world. These include ball bearings and other precision components that apply its expertise in ball bearings; aircraft components, notably rod-end bearings and high-end fasteners; and electronic components used in state-of-the-art electronics equipment. Minebea and the companies of the Minebea Group also cooperate closely to conduct R&D in each of these fields.

Minebea has established six R&D bases, two in Japan (Karuizawa and Hamamatsu plants) and one each in Thailand, Singapore, China, the United States and Europe. These bases strive to leverage their particular expertise and promote complementary R&D with the aim of accelerating the development of products that will lead to the creation of new businesses.

In fiscal 2007, R&D costs for the Minebea Group amounted to ¥9,000 million. This included ¥309 million allocated to basic research at R&D centers in Thailand, Singapore and China, such as basic materials analysis, and other research that cannot be apportioned to individual business.

R&D activities in each of our business segments in fiscal 2007 are outlined below.

Machined Components

R&D in this segment focused on mainstay bearings, that is, on developing materials, lubricants, machining and other processes, and tribology for ball bearings, sliding bearings and fluid dynamic bearings. Efforts also focus on responding to rising demand for all types of bearings, buoyed by robust operating conditions, from the information equipment, home electrical appliance, automobile and aerospace industries, and on responding to the requirements of manufacturers in new areas, through optimized and applied engineering. With manufacturers of HDDs beginning to adopt perpendicular magnetic recording to achieve higher recording densities, the precision of key components is becoming an increasingly crucial consideration. The ball bearings used in Minebea's pivot assemblies were developed to realize extremely low dust scattering and gas contamination. We have helped manufacturers of printers and copiers respond to demand for higher-quality output, which has risen in recent years, by developing and manufacturing a highly conductive proprietary bearing grease that resolves the problem of electric charge transfer inside printers and copiers—the key to output quality. In the area of lubricant development, we have also succeeded in developing a low-viscosity lubricant for fluid dynamic bearings used in HDD spindle motors, thereby reinforcing the technological foundation that will facilitate the development of increasingly compact HDD spindle motors. In the area of bearings for the aerospace industry, we have completed development of trunnion bearings and spherical bearings for use in tierod mechanical assemblies and main landing gear by applying the sliding bearing technology used in our rod-end bearings.

R&D costs in the machined components segment in fiscal 2007 amounted to ¥2,082 million.

Electronic Devices and Components

Mainstay motors in this segment include fan motors, stepping motors, DC motors, brushless DC motors and HDD spindle motors. We are working to enhance our various core analysis technologies, control technologies and materials technologies, with the aim of being the first to launch advanced products that respond to customer requirements for compact size, high efficiency (low energy consumption), quietness and reliability, which vary depending on type of motor and application. For magnetic application products, our R&D efforts emphasize materials technologies, core technologies and product-related technologies. These efforts continue to yield such outstanding products as rare earth bond magnets for high-performance motors and transformers for inverters. In the area of display-related products, we focused on advanced condensed matter physics and materials and core technologies, and the development of high-performance LCD backlight assemblies for LEDs, medium-sized LCD backlight assemblies for car navigation systems and optical components for projectors. We are also combining our noted ultraprecision machining, mold production and molding technologies with CAD/CAE engineering, optical engineering, thin film-formation and photolithographic technologies to develop compact and medium-sized LCD backlight assemblies for next-generation mobile devices, optical components for projectors, and LED modules and other components for flat-panel displays.

In electronics-related products, we are targeting the display market by promoting the development of advanced circuits for, among others, inverters used in high-efficiency, large-screen televisions and high-pressure mercury lamps used in projectors. We are also engaged in the development of drive circuits that will optimize the efficiency and power-smart performance of our high-efficiency motors, underscoring our desire to contribute to the prevention of global warming from the product development stage. On another front, we are conducting research in the area of wireless transmission technology, an area that we believe will grow in importance as demand grows for wirelessly connected OA equipment and home electrical appliances.

In fiscal 2007, R&D costs in the electronic devices and components segment totaled ¥6,609 million.

Outlook for Fiscal 2008
(as of May 31, 2007)

In Japan, favorable business results are expected to favorably affect household spending and private-sector demand to continue driving economic expansion. Elsewhere in Asia, China's economy continues to expand, while in the United States sustained, moderate economic growth is forecast despite concerns over crude oil prices. As a consequence, well-balanced growth in the global economy is expected to continue in fiscal 2008.

In our machined components segment we will take decisive steps to expand sales of mainstay ball bearings to the automobile and information and telecommunications equipment industries, demand from which remains firm. By maximizing economies of scale resulting from expanded sales to further reduce costs, we will strive to further improve segment results. We expect our rod-end bearings business to benefit from a robust market for these bearings for aerospace use, particularly in Europe and the United States. We also expect favorable sales of pivot assemblies, reflecting favorable demand.

In the electronic devices and components segment, we expect solid results in the information motors business, owing to major structural reforms aimed at improving production efficiency and subcontractor management and at revamping our product mix. In HDD spindle motors, we will continue to promote cost reductions and strive to expand sales of 2.5-inch motors. In PC keyboards, we expect stable results with the completion of a shift in the focus of our production and sales structure to high-value-added models. Sales of measuring components and other products are also expected to advance favorably.

As a consequence of the abovementioned factors, as of May 31, 2007, we forecast consolidated net sales of ¥335,000 million, operating income of ¥30,000 million and net income of ¥15,000 million in fiscal 2008.

Risk Management

Minebea recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. As of June 28, 2007, the date of Minebea's Japanese-language *yuka shoken hokokusho*, the filing of which is required of all publicly traded companies under Japan's Securities and Exchange Law, Minebea recognized the following risks.

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. Accordingly, our operating results and financial position are vulnerable to sudden fluctuations in demand and changes in our customers' product requirements.

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

R&D Risk
With the aim of introducing a constant stream of new, high-quality products, we conduct extensive R&D. Nonetheless, there is no guarantee that R&D efforts will come to fruition. Accordingly, we are subject to the risk that significant R&D expenditures may not be rewarded with successful products.

Litigation Risk
The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against our operations in Japan and/or overseas. However, 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.

Risk Related to Price Negotiations
We continue to face intense competition from lower-priced products manufactured in other countries and regions. Accordingly, 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.

Risk Related to Raw Materials and Logistics Costs
We purchase a variety of materials from external suppliers and strive to ensure optimal 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.

Latent Risk Related to Operations Overseas
The Minebea Group's manufacturing activities are conducted primarily in Thailand, China and Singapore. While considerable time has passed since we established operations in these countries, and while we continue to promote the integration of these operations, our operations overseas are subject to a number of risks that may have a negative impact on our operating results and/or financial position. These include unexpected changes to laws or regulations, difficulty in attracting and securing appropriate human resources, and acts of terrorism or war, or other acts that may cause social disruption.

Consolidated Balance Sheets

As of March 31, 2007 and 2006

Assets	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Current Assets:			
Cash and cash equivalents (Note 2-c)	¥ 21,731	¥ 24,385	$ 184,086
Notes and accounts receivable (Notes 2-d and 4):			
Trade	71,883	66,362	608,921
Other	1,440	2,920	12,200
	73,323	69,282	621,121
Allowance for doubtful receivables (Note 2-d)	(249)	(285)	(2,114)
Total notes and accounts receivable	73,074	68,997	619,007
Inventories (Note 2-e)	45,904	48,914	388,855
Deferred tax assets (Note 7)	7,056	3,402	59,779
Prepaid expenses and other current assets	8,294	7,866	70,253
Total current assets	156,059	153,564	1,321,980
Tangible Fixed Assets (Note 2-f and 6)**:**			
Land	15,528	14,755	131,543
Buildings and structures	112,534	104,435	953,272
Machinery and transportation equipment	311,703	283,727	2,640,432
Construction in progress	1,772	1,517	15,010
	441,537	404,434	3,740,257
Accumulated depreciation	(270,473)	(238,675)	(2,291,179)
Net tangible fixed assets	171,064	165,759	1,449,078
Intangible Fixed Assets:			
Goodwill (Note 2-j)	8,794	9,794	74,495
Other	3,180	3,383	26,936
	11,974	13,177	101,431
Investments and Other Assets:			
Investments in affiliates (Notes 2-g and 4)	143	148	1,207
Investments in securities (Note 2-g)	11,176	10,816	94,675
Long-term loans receivable	54	46	465
Deferred tax assets (Note 7)	990	4,552	8,390
Other (Note 2-h)	3,284	1,773	27,812
	15,647	17,335	132,549
Allowance for doubtful receivables (Note 2-d)	(0)	(55)	(4)
Net investments and other assets	15,647	17,280	132,545
Deferred Charges	40	82	341
Total Assets	¥ 354,784	¥ 349,862	$ 3,005,375

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

Liabilities and Net Assets	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Current Liabilities:			
Short-term loans payable (Note 5)	¥ 57,639	¥ 80,656	$ 488,265
Current portion of long-term debt (Note 5)	14,122	11,116	119,624
Notes and accounts payable (Note 4):			
Trade	27,744	26,683	235,016
Other	10,423	9,926	88,296
Total notes and accounts payable	38,167	36,609	323,312
Income taxes payable (Note 7)	4,419	3,045	37,430
Accrued expenses and other current liabilities	16,808	19,460	142,379
Total current liabilities	131,155	150,886	1,111,010
Long-Term Liabilities:			
Long-term debt (Note 5)	78,500	79,500	664,972
Others (Note 2-h)	2,571	1,267	21,783
Total long-term liabilities	81,071	80,767	686,755
Contingent Liabilities (Notes 13 and 14)			
Total liabilities	212,226	231,653	1,797,765
Net Assets (Note 11):			
Shareholders' equity:			
Common stock			
Authorized: 1,000,000,000 shares			
Issued: March 31, 2007—399,167,695 shares			
March 31, 2006—399,167,695 shares	68,259	68,259	578,220
Capital surplus	94,757	94,757	802,684
Earnings surplus	15,855	6,983	134,313
Treasury stock	(80)	(66)	(675)
Total shareholders' equity	178,791	169,933	1,514,542
Revaluation/Translation differences:			
Differences on revaluation of other marketable securities	3,295	4,428	27,911
Foreign currency translation adjustments	(39,732)	(56,784)	(336,575)
Total revaluation/translation differences	(36,437)	(52,356)	(308,664)
Minority interests in consolidated subsidiaries	204	632	1,732
Total net assets	142,558	118,209	1,207,610
Total Liabilities and Net Assets	¥354,784	¥349,862	$3,005,375

Consolidated Statements of Income

Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2007	2006	2005	2007
Net Sales (Note 4)	¥331,022	¥318,446	¥294,422	$2,804,084
Cost of Sales (Notes 4 and 10)	257,644	249,935	232,019	2,182,495
Gross profit	73,378	68,511	62,403	621,589
Selling, General and Administrative Expenses (Notes 2-j and 10)	47,113	49,242	48,320	399,097
Operating income	26,265	19,269	14,083	222,492
Other Income (Expenses):				
Interest income	544	258	145	4,613
Equity income of affiliates	—	5	13	—
Equity loss of affiliates	(5)	—	—	(43)
Interest expense	(5,224)	(4,771)	(3,361)	(44,258)
Gains on sales of investment securities and investment securities in affiliates	0	191	—	8
Losses on devaluation of investment securities	—	—	(619)	—
Foreign currency exchange losses (Note 2-b)	(680)	(345)	(755)	(5,758)
Losses on sales and disposals of tangible fixed assets	(1,688)	(870)	(1,019)	(14,299)
Losses on liquidation of subsidiaries and affiliates	(56)	(86)	(270)	(475)
Gains on the reversal of preemptive rights	—	447	—	—
Reversal of loss on after-care of products	572	—	—	4,852
Impairment loss	(74)	(967)	—	(634)
Business restructuring loss	(40)	(3,475)	—	(345)
Settlement loss	(808)	—	—	(6,845)
Compensation payments	(70)	—	—	(593)
Other, net	787	(36)	(439)	6,670
	(6,742)	(9,649)	(6,305)	(57,107)
Income before Income Taxes and Minority Interests	19,523	9,620	7,778	165,385
Income Taxes (Note 7)**:**				
Current	6,249	5,567	5,943	52,935
Deferred (benefit)	813	1,574	(430)	6,892
	7,062	7,141	5,513	59,827
Minority Interests	401	1,778	3,316	3,399
Net Income	¥ 12,862	¥ 4,257	¥ 5,581	$ 108,957

	Yen			U.S. dollars (Note 3)
Per Share Data (Note 12)**:**				
Net income:				
Basic	¥32.23	¥10.67	¥13.93	$0.27
Diluted	—	—	13.27	—
Cash dividends applicable to the year	10.00	7.00	7.00	0.08

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

Consolidated Statements of Changes in Net Assets

Year ended March 31, 2007, 2006 and 2005

Millions of yen

	Shareholders' Equity					*Revaluation/Translation Differences*				
	Common Stock	*Capital Surplus*	*Earnings Surplus*	*Treasury Stock*	*Total Shareholders' Equity*	*Differences on Revaluation of Other Marketable Securities*	*Foreign Currency Translation Adjustments*	*Total Revaluation/ Translation Differences*	*Minority Interests in Consolidated Subsidiaries*	*Total Net Assets*
Balance at March 31, 2004	¥68,259	¥94,757	¥ 2,755	¥(47)	¥165,724	¥1,648	¥(73,506)	¥(71,858)	¥ 679	¥ 94,545
Changes:										
Cash dividend from retained earnings	—	—	(2,793)	—	(2,793)	—	—	—	—	(2,793)
Net income	—	—	5,581	—	5,581	—	—	—	—	5,581
Purchase of own shares	—	—	—	(12)	(12)	—	—	—	—	(12)
Sales of own shares	—	—	(0)	3	3	—	—	—	—	3
Bonuses to directors	—	—	(24)	—	(24)	—	—	—	—	(24)
Changes (net) in non-shareholders' equity items	—	—	—	—	—	(73)	5,541	5,468	1,855	7,323
Total changes	—	—	2,764	(9)	2,755	(73)	5,541	5,468	1,855	10,078
Balance at March 31, 2005	¥68,259	¥94,757	¥ 5,519	¥(56)	¥168,479	¥1,575	¥(67,965)	¥(66,390)	¥2,534	¥104,623

Millions of yen

	Shareholders' Equity					*Revaluation/Translation Differences*				
	Common Stock	*Capital Surplus*	*Earnings Surplus*	*Treasury Stock*	*Total Shareholders' Equity*	*Differences on Revaluation of Other Marketable Securities*	*Foreign Currency Translation Adjustments*	*Total Revaluation/ Translation Differences*	*Minority Interests in Consolidated Subsidiaries*	*Total Net Assets*
Balance at March 31, 2005	¥68,259	¥94,757	¥ 5,519	¥(56)	¥168,479	¥1,575	¥(67,965)	¥(66,390)	¥ 2,534	¥104,623
Changes:										
Cash dividend from retained earnings	—	—	(2,793)	—	(2,793)	—	—	—	—	(2,793)
Net income	—	—	4,257	—	4,257	—	—	—	—	4,257
Purchase of own shares	—	—	—	(11)	(11)	—	—	—	—	(11)
Sales of own shares	—	—	(0)	1	1	—	—	—	—	1
Changes (net) in non-shareholders' equity items	—	—	—	—	—	2,853	11,181	14,034	(1,902)	12,132
Total changes	—	—	1,464	(10)	1,454	2,853	11,181	14,034	(1,902)	13,586
Balance at March 31, 2006	¥68,259	¥94,757	¥ 6,983	¥(66)	¥169,933	¥ 4,428	¥(56,784)	¥(52,356)	¥ 632	¥118,209

Millions of yen

	Shareholders' Equity					*Revaluation/Translation Differences*				
	Common Stock	*Capital Surplus*	*Earnings Surplus*	*Treasury Stock*	*Total Shareholders' Equity*	*Differences on Revaluation of Other Marketable Securities*	*Foreign Currency Translation Adjustments*	*Total Revaluation/ Translation Differences*	*Minority Interests in Consolidated Subsidiaries*	*Total Net Assets*
Balance at March 31, 2006	¥68,259	¥94,757	¥ 6,983	¥(66)	¥169,933	¥ 4,428	¥(56,784)	¥(52,356)	¥ 632	¥118,209
Changes:										
Cash dividend from retained earnings	—	—	(3,990)	—	(3,990)	—	—	—	—	(3,990)
Net income	—	—	12,862	—	12,862	—	—	—	—	12,862
Purchase of own shares	—	—	—	(15)	(15)	—	—	—	—	(15)
Sales of own shares	—	0	—	1	1	—	—	—	—	1
Changes (net) in non-shareholders' equity items	—	—	—	—	—	(1,133)	17,052	15,919	(428)	15,491
Total changes	—	0	8,872	(14)	8,858	(1,133)	17,052	15,919	(428)	24,349
Balance at March 31, 2007	¥68,259	¥94,757	¥15,855	¥(80)	¥178,791	¥ 3,295	¥(39,732)	¥(36,437)	¥ 204	¥142,558

Thousands of U.S. dollars (Note 3)

	Shareholders' Equity					*Revaluation/Translation Differences*				
	Common Stock	*Capital Stock*	*Earnings Surplus*	*Treasury Stock*	*Total Shareholders' Equity*	*Differences on Revaluation of Other Marketable Securities*	*Foreign Currency Translation Adjustments*	*Total Revaluation/ Translation Differences*	*Minority Interests in Consolidated Subsidiaries*	*Total Net Assets*
Balance at March 31, 2006	$578,220	$802,682	$ 59,158	$(555)	$1,439,505	$37,514	$(481,020)	$(443,506)	$ 5,349	$1,001,348
Changes:										
Cash dividend from retained earnings	—	—	(33,802)	—	(33,802)	—	—	—	—	(33,802)
Net income	—	—	108,957	—	108,957	—	—	—	—	108,957
Purchase of own shares	—	—	—	(129)	(129)	—	—	—	—	(129)
Sales of own shares	—	2	—	9	11	—	—	—	—	11
Changes (net) in non-shareholders' equity items	—	—	—	—	—	(9,603)	144,445	134,842	(3,617)	131,225
Total changes	—	2	75,155	(120)	75,037	(9,603)	144,445	134,842	(3,617)	206,262
Balance at March 31, 2007	$578,220	$802,684	$134,313	$(675)	$1,514,542	$27,911	$(336,575)	$(308,664)	$ 1,732	$1,207,610

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

Consolidated Statements of Cash Flows

Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2007	2006	2005	2007
Cash Flows from Operating Activities:				
Income before income taxes and minority interests	¥ 19,523	¥ 9,620	¥ 7,778	$ 165,385
Depreciation and amortization	24,648	23,972	22,462	208,794
Impairment loss	74	967	—	634
Amortization of goodwill	1,079	1,073	1,083	9,140
Interest and dividend income	(610)	(330)	(182)	(5,174)
Interest expense	5,224	4,771	3,361	44,258
Losses on sales and disposals of tangible fixed assets	1,505	455	718	12,744
Gains on the reversal of preemptive rights	—	(447)	—	—
Increase in notes and accounts receivable	(3,674)	(110)	(1,020)	(31,121)
Decrease (increase) in inventories	6,403	2,082	(1,597)	54,241
(Decrease) increase in notes and accounts payable	(1,629)	(1,215)	1,283	(13,804)
(Decrease) increase in allowances for business restructuring losses	(2,650)	3,286	—	(22,445)
Settlement loss	808	—	—	6,845
Decrease in warranty reserve	(577)	—	—	(4,891)
Other	(2,945)	(6,760)	1,256	(24,954)
Subtotal	47,179	37,364	35,142	399,652
Interest and dividends received	611	330	183	5,173
Interest paid	(5,252)	(4,844)	(3,388)	(44,487)
Income taxes paid	(4,636)	(4,613)	(4,351)	(39,268)
Net cash provided by operating activities	37,902	28,237	27,586	321,070
Cash Flows from Investing Activities:				
Purchase of tangible fixed assets	(16,969)	(21,897)	(23,060)	(143,748)
Proceeds from sales of tangible fixed assets	5,188	3,047	2,173	43,945
Purchase of intangible fixed assets	(697)	(311)	(3,059)	(5,905)
Payments for purchase of shares in subsidiaries	—	(342)	—	—
Net proceeds from acquisition of shares in subsidiaries	—	—	71	—
Long-term loans provided	(32)	(18)	(67)	(269)
Other, net	(2,670)	401	153	(22,614)
Net cash used in investing activities	(15,180)	(19,120)	(23,789)	(128,591)
Cash Flows from Financing Activities:				
Repayment of short-term and long-term debt	(22,876)	(4,567)	(5,909)	(193,786)
Cash dividends paid	(2,793)	(2,793)	(2,793)	(23,663)
Cash dividends paid to minority shareholders	—	(14)	(16)	—
Other, net	(14)	(6)	(54)	(118)
Net cash used in financing activities	(25,683)	(7,380)	(8,772)	(217,567)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	307	889	358	2,603
Net (decrease) increase in cash and cash equivalents	(2,654)	2,626	(4,617)	(22,485)
Cash and Cash Equivalents at Beginning of Year	24,385	21,759	24,780	206,571
Increase in Cash and Cash Equivalents Due to Establishment of a Joint Venture	—	—	1,596	—
Cash and Cash Equivalents at End of Year	¥ 21,731	¥ 24,385	¥ 21,759	$ 184,086

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 which are maintained in accordance with the accounting principles generally accepted in the respective countries and audited by independent auditors in those countries.

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 Securities and Exchange Law of Japan, in accordance with accounting principles generally accepted in Japan, which are different in certain respects as 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 43 affiliated companies, including 42 consolidated subsidiaries and 1 nonconsolidated affiliate. All significant intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in overseas currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date, except for certain accounts that were 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 a maturity of three months or less when purchased 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 generally provided for estimated uncollectible receivables.

Allowance for doubtful receivables provided for consolidated subsidiary receivables is eliminated for consolidation purposes. Allowance for doubtful receivables as of March 31, 2007 and 2006, were sufficient to cover the estimated uncollectible receivables.

e) Inventories

Inventories of the Company and its consolidated domestic subsidiaries are stated primarily at cost, being determined by the moving average method, and those of its consolidated overseas subsidiaries are stated at the lower of cost or market, being determined by the first-in, first-out method or the moving average method.

Inventories as of March 31, 2007 and 2006, comprised the following:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	**2007**
Merchandise and finished goods	**¥22,408**	¥24,320	**$189,820**
Work in process	**11,808**	10,937	**100,022**
Raw materials	**8,096**	9,830	**68,587**
Supplies	**3,592**	3,827	**30,426**
	¥45,904	¥48,914	**$388,855**

f) Tangible fixed assets

Tangible fixed assets is stated at 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, whereas 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 as incurred, while significant renewals and improvements are capitalized.

g) Investments in securities

Investments in securities consist of equity securities of listed and unlisted companies and government bonds. Other securities held by the Company or its domestic subsidiaries with quoted market values are stated at the closing quoted value price on March 31, 2007. Resulting valuation gains and losses are included, after the application of tax effect accounting, in net assets in the consolidated balance sheets. Those securities with no quoted market value are stated at cost by the moving average method.

Debt securities held to maturity by the Company's consolidated overseas subsidiaries are stated at cost by the amortized cost method (straight-line method).

Other Marketable Securities with Market Value

Millions of yen

	2007			2006		
	Acquisition cost	*Reported amount in balance sheet*	*Difference*	*Acquisition cost*	*Reported amount in balance sheet*	*Difference*
Securities whose reported amounts in balance sheet exceed acquisition cost						
Stock	¥3,081	¥8,482	¥5,401	¥3,080	¥10,340	¥7,260
Securities whose reported amounts in balance sheet do not exceed acquisition cost						
Stock	—	—	—	—	—	—
Total	¥3,081	¥8,482	¥5,401	¥3,080	¥10,340	¥7,260

Thousands of U.S. dollars (Note 3)

	2007		
	Acquisition cost	*Reported amount in balance sheet*	*Difference*
Securities whose reported amounts in balance sheet exceed acquisition cost			
Stock	$26,101	$71,857	$45,756
Securities whose reported amounts in balance sheet do not exceed acquisition cost			
Stock	—	—	—
Total	$26,101	$71,857	$45,756

Debt Securities Held to Maturity with Market Value

	Millions of yen					
	2007			2006		
	Reported amount in balance sheet	*Market value*	*Difference*	*Reported amount in balance sheet*	*Market value*	*Difference*
Securities whose market values are in excess of their reported balance sheet amounts						
Government bonds, municipal bonds, etc.	¥2,628	¥2,628	¥0	¥—	¥—	¥—
Securities whose market values are not in excess of their reported balance sheet amounts						
Government bonds, municipal bonds, etc.	—	—	—	—	—	—
Total	¥2,628	¥2,628	¥0	¥—	¥—	¥—

	Thousands of U.S. dollars (Note 3)		
	2007		
	Reported amount in balance sheet	*Market value*	*Difference*
Securities whose market values are in excess of their reported balance sheet amounts			
Government bonds, municipal bonds, etc.	$22,262	$22,268	$6
Securities whose market values are not in excess of their reported balance sheet amounts			
Government bonds, municipal bonds, etc.	—	—	—
Total	$22,262	$22,268	$6

h) Accounting for retirement benefits

With effect from 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, the Company has made provisions based on the projected benefit obligations and the estimated plan assets as of March 31, 2007, calculated on the basis of accrued retirement benefit obligations and prepaid pension costs as of March 31, 2007.

Prepaid pension costs for the fiscal year ended March 31, 2007, are included in “Other” in “Investments and Other Assets.”

Actuarial gains and losses are amortized using the straight-line method over the average remaining service period of employees (5 years), from the period subsequent to the period in which they are incurred.

Unrecognized prior service costs of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 10 years.

Actuarial gains and losses of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 10 years, from the period subsequent to the period in which they are incurred.

Retirement benefit plans

Projected benefit obligations, net retirement benefit costs and assumptions used for calculation for the years ended March 31, 2007 and 2006, are as follows:

Projected Benefit Obligations	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Projected benefit obligations	¥(30,125)	¥(26,874)	$(255,193)
Plan assets at fair value	29,525	24,878	250,107
Unfunded projected benefit obligations	(600)	(1,996)	(5,086)
Unrecognized prior service cost	987	411	8,362
Unrecognized actuarial (gains) losses	(565)	1,019	(4,786)
Net amount recognized on consolidated balance sheets	(178)	(566)	(1,510)
Prepaid pension cost	1,483	75	12,568
Accrued retirement benefits	¥ (1,661)	¥ (641)	$ (14,078)

Net Retirement Benefit Costs	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Services cost	¥ 2,269	¥ 1,489	$ 19,227
Interest cost	1,159	985	9,821
Expected return on plan assets	(1,343)	(1,025)	(11,385)
Amortization of prior service cost	2	2	20
Amortization of actuarial (gains) losses	(62)	440	(528)
Retirement benefit costs	¥ 2,025	¥ 1,891	$ 17,155

Assumption Used for Calculation	2007	2006
Discount rate	mainly 2.5%	mainly 2.5%
Expected rate of return on plan assets	mainly 2.5%	mainly 2.5%
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	Equally to each service year using the estimated number of total service years	Equally to each service year using the estimated number of total service years

i) Leases

Non-cancelable lease transactions of the Company are accounted for by the operating lease accounting method regardless of whether such leases are classified as operating or finance leases, except that lease agreements which stipulate the transfer of ownership of the leased property to the lessee are accounted for as finance leases.

j) Goodwill and negative goodwill

Excess of cost over net assets acquired for business acquisitions is amortized, amounting to ¥1,079 million in fiscal 2007 and ¥1,073 million in fiscal 2006, on a straight-line basis over a period ranging from 5 to 40 years.

k) Reclassifications

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

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 ¥118.05=US$1, the approximate rate of exchange on March 31, 2007. 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. Investments in Affiliates

Summarized financial information for all affiliates as of March 31, 2007 and 2006, and for the years then ended, is as follows:

Financial Position	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Assets:			
Current assets	¥320	¥366	$2,716
Other assets, including tangible fixed assets	473	456	4,005
	¥793	¥822	$6,721
Liabilities and shareholders' equity:			
Current liabilities	¥ 68	¥ 59	$ 576
Non-current liabilities	203	221	1,720
Net assets	522	542	4,425
	¥793	¥822	$6,721

Results of Operations	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Net sales	¥391	¥431	$3,313
Cost and expenses	409	411	3,466
Net income	¥ (18)	¥ 20	$ (153)

Summarized below are the significant transactions of the Company and its consolidated subsidiaries with affiliates for the years ended March 31, 2007 and 2006, and the related account balances as of March 31, 2007 and 2006:

	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Transactions:			
Sales	¥—	¥—	$—
Purchases	—	—	—
Account balances:			
Notes and accounts receivable	—	—	—
Notes and accounts payable	1	0	11

5. Short-Term Loans Payable and Long-Term Debt

Short-term loans payable consists of notes payable to banks, principally due in 30 to 180 days. The average annual interest rates for short-term loans payable are 2.35% and 1.92% for the years ended March 31, 2007 and 2006, respectively.

	Millions of yen 2007	Millions of yen 2006	Thousands of U.S. dollars (Note 3) 2007
Notes payable to banks	¥57,639	¥80,656	$488,265
Total	¥57,639	¥80,656	$488,265

The aggregate annual maturities of long-term debt outstanding as of March 31, 2007, are as follows:

	Millions of yen	Thousands of U.S. dollars (Note 3)
2008	¥14,122	$119,624
2009	15,000	127,065
2010	18,000	152,478
2011	12,000	101,652
2012 and thereafter	33,500	283,778
	¥92,622	$784,597

Long-term debt as of March 31, 2007 and 2006, consists of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2007	2006	2007
3.0% unsecured bonds payable in Japanese yen due 2008	¥15,000	¥15,000	$127,065
0.655% unsecured bonds payable in Japanese yen due 2007	—	3,000	—
1.39% unsecured bonds payable in Japanese yen due 2010	10,000	10,000	84,710
1.26% unsecured bonds payable in Japanese yen due 2011	10,000	10,000	84,710
1.7% unsecured bonds payable in Japanese yen due 2012	1,500	1,500	12,706
0.66% to 2.05% loans from banks, other	56,122	51,116	475,406
	92,622	90,616	784,597
Less current portion	14,122	11,116	119,624
	¥78,500	¥79,500	$664,973

6. Losses on Impairment of Fixed Assets

The groups of assets for which the Company recognized impairment losses for the year ended March 31, 2007, are as follows:

Losses on impairment

			Millions of yen		Thousands of U.S. dollars (Note 3)
Use	*Location*	*Type of assets*	2007	2006	2007
Idle assets	4 facilities, which are the former Kyoto Plant, former Ibaraki Plant, former Ichinoseki Plant and former Saku Plant (Hachiman City, Kyoto Prefecture and others)	Buildings and structures	¥42	¥132	$355
		Machinery and transportation equipment	6	—	53
		Tools, furniture and fixtures	0	—	3
		Land	26	834	223
		Total	¥74	¥967	$634

The method to group the assets

Assets are grouped largely by each minimal works that will bear independent cash flow in each business segment.

The reason for impairment losses having been recognized

The fixed assets (buildings, structures and land, etc.) for which impairment losses were recognized for the year ended March 31, 2007, are currently idle assets and are not expected to be utilized effectively. In addition, the land price dropped significantly.

The method to calculate the recoverable amounts
The recoverable amounts were measured by the net sales value, which is based on the real estate valuation standards.

7. 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 39% for fiscal 2007 and 2006.

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 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 three to eight 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 ¥6,262 million and ¥6,568 million as of March 31, 2007 and 2006, respectively, are included in the accompanying consolidated balance sheets as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Deferred Tax Assets	2007	2006	2007
Excess of allowed limit chargeable to the bonus payment reserve	¥ 793	¥ 714	$ 6,719
Loss on revaluation of investment securities	1,619	1,620	13,712
Excess of allowed limit chargeable to the allowance for doubtful accounts	2,332	2,562	19,754
Unrealized gains on sales of inventories	1,729	1,676	14,646
Excess of allowed limit chargeable to the depreciation	783	—	6,634
Deficit carried forward	1,257	1,807	10,647
Foreign tax credit carried forward	557	602	4,718
Impairment loss	361	377	3,056
Others	1,468	2,061	12,441
Subtotal	10,899	11,419	92,327
Valuation allowance	(746)	(633)	(6,318)
Total deferred tax assets	¥10,153	¥10,786	$86,009

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
Deferred Tax Liabilities	2007	2006	2007
Depreciation allowed to overseas subsidiaries	¥1,544	¥1,201	$13,078
Differences on revaluation of other marketable securities	2,106	2,831	17,841
Others	241	186	2,042
Total deferred tax liabilities	3,891	4,218	32,961
Net deferred tax assets	¥6,262	¥6,568	$53,048

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

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	2007
Current assets—Deferred tax assets	¥ 7,056	¥ 3,402	$ 59,779
Non-current assets—Deferred tax assets	990	4,552	8,390
Current liabilities—Deferred tax liabilities	(1,206)	(1,146)	(10,223)
Non-current liabilities—Deferred tax liabilities	(578)	(240)	(4,898)
Net deferred tax assets	¥ 6,262	¥ 6,568	$ 53,048

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, 2007 and 2006, is shown below:

	2007	2006
Statutory tax rate in Japan	39.0%	39.0%
Adjustments:		
Amortization of goodwill	2.1	4.6
Difference of rates applied to overseas subsidiaries	(13.2)	(36.2)
Valuation allowance for operating losses of consolidated subsidiaries	5.7	42.4
Effect of dividend income eliminated for consolidation	2.8	31.2
Valuation allowance	—	(6.6)
Other	(0.2)	(0.2)
Effective income tax rate	36.2%	74.2%

8. Leases

Pro forma information for finance leases, except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee, is as follows:

Acquisition Cost, Accumulated Depreciation and Net Book Value of Leased Assets

Millions of yen

	2007			2006		
	Acquisition cost	*Accumulated depreciation*	*Net book value*	*Acquisition cost*	*Accumulated depreciation*	*Net book value*
Machinery and transportation equipment	¥1,439	¥ 742	¥ 697	¥1,272	¥ 605	¥ 667
Tools, furniture and fixtures	2,388	1,313	1,075	2,465	1,246	1,219
Software	33	12	21	36	20	16
	¥3,860	¥2,067	¥1,793	¥3,773	¥1,871	¥1,902

Thousands of U.S. dollars (Note 3)

	2007		
	Acquisition cost	*Accumulated depreciation*	*Net book value*
Machinery and transportation equipment	$12,194	$ 6,287	$ 5,907
Tools, furniture and fixtures	20,225	11,124	9,101
Software	282	102	180
	$32,701	$17,513	$15,188

Note: Because the outstanding future lease payments at the balance sheet date are not material as compared with the year-end balance of tangible assets, the interest portion is included in the pro forma amounts of acquisition cost.

Outstanding Future Lease Payments Payable

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	2007
Due within one year	¥ 896	¥ 909	$ 7,590
Due after one year	897	993	7,598
	¥1,793	¥1,902	$15,188

Note: Because the outstanding future lease payments payable at the balance sheet date is not material as compared with the year-end balance of tangible fixed assets, the interest portion is included in the pro forma amounts of outstanding future lease payments payable.

Actual Lease Payments and Depreciation Expense

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2007	2006	**2007**
Actual lease payments	**¥1,080**	¥1,070	**$9,149**
Depreciation	**1,080**	1,070	**9,149**

Depreciation of leased assets is computed on the straight-line method over the lease term with no residual value.

No impairment losses have been allocated to lease assets.

9. Derivatives

1. Content of transactions

The Minebea Group uses forward exchange contract transactions as well as interest swap transactions.

2. Transaction policy

The Minebea Group uses forward exchange contracts within the balance of its foreign currency receivable and payables, including the amounts that are ensured to arise in the future. The Group also uses interest swaps within the principal of its borrowings. The management of these transactions is guided by the Financial Department of the Company, and no speculative transactions are made.

3. Purpose of the use of transactions

The Minebea Group makes transactions of forward exchange contracts to hedge the fluctuation risks in foreign currency exchange rates related to export and import transactions, etc. The Group also makes interest swap transactions to hedge the fluctuation risks in the interest rates of its borrowings.

The Minebea Group makes derivative transactions, and by using the transactions, adopts hedge accounting.

(1) Method of Hedge Accounting

Regarding monetary receivables and payables in foreign currency for which forward exchange contracts are made, the Company accounts for them on the allocation method. Also, regarding interest rate swaps, the Company accounts for them using special treatment, because they meet the accounting requirements for special treatment.

(2) Hedging Vehicles and Hedged Items

(Hedging Vehicles)

Forward exchange contracts

Interest rate swaps

(Hedged Items)

Monetary receivables and payables in foreign currency

Interest rates on borrowings

(3) Hedge Policy

Under the guidance of its Finance Department, the Company makes forward exchange contracts to hedge risks in foreign exchange fluctuations arising from export and import transactions, and from lending in foreign currency. The Company also makes interest rate swaps to hedge fluctuation risks in interest rates on borrowings.

(4) Method of Assessing Hedge Effectiveness

Regarding forward exchange contracts, the Company allocates them to monetary receivables and payables with same maturities and same amounts in foreign currency at closing of forward exchange contracts 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 accounting requirements for special treatment.

4. Content of risks associated with transactions

Forward exchange and interest swap contracts have fluctuation risks in foreign exchange rates and interest rates, respectively.

The Minebea Group limits forward exchange contracts and interest swaps to the purpose of hedging those risks, and believes that there are almost no market risks.

The Minebea Group makes such transactions with highly rated and reliable financial institutions. Accordingly, it believes that there are almost no risks of the contracts not being fulfilled.

5. Risk management structure for transactions

Forward exchange contracts are executed and managed by the finance department of each company within the limit as mentioned in item 2. These transactions are periodically reported to the Finance Department of Company, and are monitored by the Dept.

Interest swap transactions are executed and managed by the Finance Department of the Hedge Office within the limit as mentioned in item 2. However, including details of such borrowing transactions, these transactions are pre-approved by the Board of Directors or the executive officer in charge of finance of the Company, depending upon the amounts of transactions.

10. 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 cost of sales.

Research and development expenses for the years ended March 31, 2007 and 2006, amounted to ¥9,000 million and ¥9,048 million, respectively.

11. Shareholders' Equity

The Corporation Law of Japan provides that an amount equivalent to at least 10% of appropriation of retained earnings paid with respect to each financial period be appropriated to the legal reserve until the total of such reserve and the additional paid-in capital account equals 25% of the common stock. The legal reserve may be used to reduce or eliminate a deficit by resolution of the shareholders or may be transferred to the common stock account by resolution of the Board of Directors. Additional paid-in capital and the legal reserve may also be drawn down up to an amount that equals 25% of the common stock. In line with consolidated accounting procedures in Japan, additional paid-in capital is included in capital surplus and the legal reserve is included in earnings surplus.

Appropriation of retained earnings with respect to cash dividends is subject to the resolution of the general shareholders' meeting and the accompanying consolidated financial statements reflect such resolutions.

(Change of accounting treatment)

Since the current consolidated accounting period, the Company has applied the Accounting Standards for Presentation of Net Assets in the Balance Sheet (Accounting Standards Board of Japan (ASBJ) Statement No. 5 issued on December 9, 2005). It has also applied the Implementation Guidance for the Accounting Standards for Presentation of Net Assets in the Balance Sheet (ASBJ Implementation Guidance No. 8 issued on December 9, 2005).

Net assets in the consolidated balance sheet at March 31, 2007 and 2006 are presented in accordance with provisions of the new Regulations Concerning Consolidated Financial Statements after revision.

12. 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 or to be 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 year.

Diluted net income per share is computed using the weighted average number of shares of common stock during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds. In calculating diluted net income per share, net income is adjusted by interest expense, net of income taxes, on the convertible bonds when such bonds are dilutive.

The number of shares used in calculating net income per share for the years ended March 31, 2007 and 2006, is as follows:

	Thousands of shares	
	2007	2006
Basic	399,037	399,052
Diluted	—	—

Note: There is no dilutive potential of shares of common stock.

13. Litigation

As of March 31, 2007, there are no material claims outstanding or threatened against the Company or its consolidated subsidiaries.

14. Contingent Liabilities

The Company and its consolidated subsidiaries had no contingent liabilities as of March 31, 2007.

15. Segment Information

The Company and its consolidated subsidiaries are engaged in two business segments: machined components, which includes bearings and bearing-related products, notably ball bearings, rod-end and spherical bearings and pivot assemblies, as well as other machined components, such as fasteners, and special machined components; and electronic devices and components, encompassing rotary components and other electronic devices and components, primarily PC keyboards and speakers.

The business segments of the Company and its consolidated subsidiaries as of March 31, 2007 and 2006, and for the years then ended are outlined as follows:

Business Segments

	Millions of yen				
Year ended March 31, 2007	*Machined Components*	*Electronic Devices and Components*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥137,662	¥193,360	¥331,022	¥ —	¥331,022
Internal sales	7,213	4,135	11,348	(11,348)	—
Total sales	144,875	197,495	342,370	(11,348)	331,022
Operating expenses	118,680	197,425	316,105	(11,348)	304,757
Operating income	26,195	70	26,265	—	26,265
Assets	216,595	224,048	440,643	(85,859)	354,784
Depreciation and amortization	12,507	12,141	24,648	—	24,648
Impairment loss	31	43	74	—	74
Capital expenditure	8,423	9,243	17,666	—	17,666

Year ended March 31, 2007	Machined Components	Electronic Devices and Components	Total before Eliminations	Eliminations or Corporate	Total
					Thousands of U.S. dollars (Note 3)
Sales to external customers	$1,166,135	$1,637,949	$2,804,084	$ —	$2,804,084
Internal sales	61,097	35,032	96,129	(96,129)	—
Total sales	1,227,232	1,672,981	2,900,213	(96,129)	2,804,084
Operating expenses	1,005,332	1,672,389	2,677,721	(96,129)	2,581,592
Operating income	221,900	592	222,492	—	222,492
Assets	1,834,775	1,897,908	3,732,683	(727,308)	3,005,375
Depreciation and amortization	105,949	102,845	208,794	—	208,794
Impairment loss	262	372	634	—	634
Capital expenditure	71,349	78,303	149,652	—	149,652

Year ended March 31, 2006	Machined Components	Electronic Devices and Components	Total before Eliminations	Eliminations or Corporate	Total
					Millions of yen
Sales to external customers	¥129,595	¥188,851	¥318,446	¥ —	¥318,446
Internal sales	3,803	2,371	6,174	(6,174)	—
Total sales	133,398	191,222	324,620	(6,174)	318,446
Operating expenses	108,842	196,509	305,351	(6,174)	299,177
Operating income (loss)	24,556	(5,287)	19,269	—	19,269
Assets	205,437	218,790	424,227	(74,365)	349,862
Depreciation and amortization	11,437	12,535	23,972	—	23,972
Impairment loss	388	579	967	—	967
Capital expenditure	12,279	9,929	22,208	—	22,208

The geographic segments of the Company and its consolidataed subsidiaries as of March 31, 2007 and 2006, and for the years then ended are outlined as follows:

Geographic Segments

Year ended March 31, 2007	Japan	Asia (excluding Japan)	North America	Europe	Total before Eliminations	Eliminations or Corporate	Total
							Millions of yen
Sales to external customers	¥ 83,265	¥162,330	¥56,110	¥29,317	¥331,022	¥ —	¥331,022
Internal sales	163,915	165,062	1,751	1,081	331,809	(331,809)	—
Total sales	247,180	327,392	57,861	30,398	662,831	(331,809)	331,022
Operating expenses	237,410	316,093	54,131	28,932	636,566	(331,809)	304,757
Operating income	9,770	11,299	3,730	1,466	26,265	—	26,265
Assets	162,335	258,046	35,692	21,326	477,399	(122,615)	354,784

Year ended March 31, 2007	Japan	Asia (excluding Japan)	North America	Europe	Total before Eliminations	Eliminations or Corporate	Total
							Thousands of U.S. dollars (Note 3)
Sales to external customers	$ 705,333	$1,375,100	$475,304	$248,347	$2,804,084	$ —	$2,804,084
Internal sales	1,388,519	1,398,241	14,829	9,157	2,810,746	(2,810,746)	—
Total sales	2,093,852	2,773,341	490,133	257,504	5,614,830	(2,810,746)	2,804,084
Operating expenses	2,011,093	2,677,622	458,536	245,087	5,392,338	(2,810,746)	2,581,592
Operating income	82,759	95,719	31,597	12,417	222,492	—	222,492
Assets	1,375,140	2,185,901	302,350	180,649	4,044,040	(1,038,665)	3,005,375

Millions of yen

Year ended March 31, 2006	*Japan*	*Asia (excluding Japan)*	*North America*	*Europe*	*Total before Eliminations*	*Eliminations or Corporate*	*Total*
Sales to external customers	¥ 77,856	¥155,423	¥59,468	¥25,699	¥318,446	¥ —	¥318,446
Internal sales	166,627	162,507	1,599	1,969	332,702	(332,702)	—
Total sales	244,483	317,930	61,067	27,668	651,148	(332,702)	318,446
Operating expenses	242,561	305,087	58,179	26,052	631,879	(332,702)	299,177
Operating income	1,922	12,843	2,888	1,616	19,269	—	19,269
Assets	161,968	247,186	36,864	19,618	465,636	(115,774)	349,862

Overseas sales of the Company and its consolidated subsidiaries for the years ended March 31, 2007 and 2006, are summarized as follows:

Overseas Sales

Millions of yen

Year ended March 31, 2007	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	**¥166,256**	**¥44,927**	**¥35,120**	**¥246,303**
Consolidated net sales				**¥331,022**
Overseas sales as a percentage of consolidated net sales	**50.2%**	**13.6%**	**10.6%**	**74.4%**

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2007	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	**$1,408,355**	**$380,580**	**$297,498**	**$2,086,433**
Consolidated net sales				**$2,804,084**
Overseas sales as a percentage of consolidated net sales	**50.2%**	**13.6%**	**10.6%**	**74.4%**

Millions of yen

Year ended March 31, 2006	*To Asia (excluding Japan)*	*To North and South America*	*To Europe*	*Total*
Overseas sales	¥159,781	¥47,256	¥31,833	¥238,870
Consolidated net sales				¥318,446
Overseas sales as a percentage of consolidated net sales	50.2%	14.8%	10.0%	75.0%

16. Subsequent Events

There were no significant events subsequent to March 31, 2007.

ERNST & YOUNG SHINNIHON

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Report of Independent Auditors

The Board of Directors
Minebea Co., Ltd.

We have audited the accompanying consolidated balance sheets of Minebea Co., Ltd., and consolidated subsidiaries as of March 31, 2006 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years in the period ended March 31,2007, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Minebea Co., Ltd., and consolidated subsidiaries at March 31, 2006 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2007, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 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.

Ernst & Young ShinNihon

June 28, 2007