

During the term ending March 2013, we saw signs of recovery after the Great Eastern Japan Earthquake Disaster and the flooding in Thailand that occurred two years previously. At the same time, the slowing of the global economy and the high value of the yen added to the impact of increasing diplomatic issues between Japan and China in reducing exports, with the result that there is still a severe environment surrounding our company. Given these circumstances, while efforts are ongoing to build a disaster-resistant business structure, we took decisions regarding the dissolution of our joint venture motor business and withdrawal from unprofitable projects, resulting in a structural overhaul with impairment losses. These serve as significant stepping-stones toward future growth.

For 2012, we worked hard to build a stable business structure that is strong in the face of disasters and other risk based on lessons learned from natural disasters in the form of the Great Eastern Japan Earthquake Disaster and the flooding in Thailand, which happened the previous year. The two Thai plants that suffered flood damage have implemented some unique countermeasures to disasters, including strengthening plant buildings with steel sheeting. Furthermore, at our Bang Pa-in and Ayutthaya Plants, which escaped flood damage, we have used data regarding water levels from the 2012 floods in the construction of protective dikes which could withstand floods on a scale many times those seen last year. Additionally, from the perspective of our responsibility as a supplier, we have coordinated a system of mutual backup between plants, and revised our inventory strategies, as part of our energetic measures to counteract potential disasters.

On the business front, we implemented strategies to improve the profitability of our activities, based on the motor business. We have dissolved our joint venture motor business with Panasonic, and created a fully owned subsidiary, which has now been absorbed into Minebea as part of efforts to improve business efficiency. In addition to withdrawing from the completed keyboard production sector, which we had already taken the decision to do, we also took decisions to withdraw from business sectors such as the coreless vibrating motor business and the speaker business, which are unprofitable and have little synergy with our other products. In this way, it has been a year of difficult decisions as we have worked towards restructuring.



**Representative Director, President and Chief Executive Officer
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At the same time, in May we completed the purchase of a majority of shares in Moatech Co., the Korean small-sized stepping motor manufacturer. The company has plants in the Philippines and China, which will become new production centers for us, which, along with our newly built Cambodian plant, indicates further proactive strengthening of our Asian production network.

Consolidated Results of Operations for Fiscal Year Ended March, 2013

Our consolidated results to March 2013 were impacted by the slowing of the global economy from the autumn onwards, but the resolution of various negative factors occurring during the previous year such as the earthquake, the flooding in Thailand and the high prices of rare earth, as well as the gradual effect of the weakening yen from November onwards, meant that our sales for the period rose to 282,409 million yen, an increase of 31,051 million yen (12.4%) over the previous consolidated period. Our operating profit increased to 10,169 million yen, an increase of 1,570 million yen (18.3%) for the same period. Pretax profits were also up compared to the previous consolidated accounting period, at 7,673 million yen (a 1,174 million yen or 18.1% increase).

While some special profits were included in the form of returns from the sale of the Omori Plant, and insurance payouts after the Thai floods, losses sustained in the restructuring of our rotating components business and impairment losses, as well as the cost of abolishing the defined benefits pension plan within our US subsidiary and losses sustained in restructuring our speaker business meant that net profits for the consolidated period in question fell by 69.5% compared to the previous year, to 1,804 million yen.

Our machined components business showed strong growth particularly in sales of ball bearings during the first quarter, but was impacted by deceleration in the global economy and worsening conditions within the HDD markets in the second. Sales grew slightly thanks to the strong yen, but operating profits fell in the second half of the year due to the worsening global economy and other factors that meant our customers reduced production. We have held a large market share in pivot assembly since the Thai floods, and while some impact of worsening conditions within the HDD markets was felt from the second quarter onwards, the sector increased both income and profits. The rod end bearings sector grew in terms of both income and profitability, thanks to increased demand within the aircraft market.

As a result, sales in this segment reached 113,573 million yen, an increase of 6,536 million yen (6.1% up) compared to the same term previous year, but operating profits were 25,459 million yen, a fall of 152 million yen (0.6% down) compared to the same term previous year.

The rotary components segment was hit by decelerations in the global economy for information motors (fan motors, stepping motors, DC brushless motors, vibrating motors and DC brush motors), as well as falling demand as a result of the diplomatic troubles between Japan and China. The high costs of currency in Thailand and China (high cost of both baht and the renminbi), where our production bases are, have further worsened business results. On the other hand, in the HDD spindle motors sector, while the worsening state of the HDD market had an impact from the second quarter onwards, sales of high added value products increased, giving significantly improved sales and profits compared to the same term previous year. Precision motors increased both sales and operating profits, with the steady increase in sales of resolvers for automobiles. From the second quarter onwards, consolidated results include business results from the Moatech group, which was purchased in May 2012.

As a result, sales in the segment under consideration rose to 101,919 million yen, an increase of 10,556 million yen (11.6% up) compared to the same term previous year, while operating losses were 4,368 million yen, 250 million yen worse compared to the same term previous year.

In terms of electronic devices and components, the backlight for LEDs market, for use in tablet computers and smartphones, took off suddenly in the second quarter, with sales showing significant growth, contributing to improved business results. These were affected, however, by the sudden, large-scale adjustments in output by our customers during the fourth quarter. As a result, for the period overall results were significantly better compared to the same term previous year. Sales of measuring components to the automobile market recovered, and have shown strong progress.

As a result, the sales for the segment during the period were 57,190 million yen, a 19,303 million yen (50.9%) increase, which is remarkable, compared to the same term previous year, while operating profits climbed significantly to 1,531 million yen, a 2,490 million yen increase compared to the same term previous year.

In other business areas, speaker sales were stagnant, in the face of ongoing severe market conditions. Due to our withdrawal from the completed computer keyboard business, sales fell by 5,342 million yen (35.5% down) year-on-year to 9,726 million yen, while operating profit reached 231 million yen, a 569 million yen improvement year-on-year.

Predictions for the period ending March 2014 (as of May 2013)

Although the European economy is in a slump and there is still uncertainty about the global economy, the Japanese economy is expected to continue to improve thanks to a rebound in exports fueled by the weaker yen and the boost provided by emergency economic stimulus measures. While the US economy is improving, and improvements are anticipated in Asia as a result of the effect of economic stimulus measures in China, at the same time there is a need to adjust for excess facilities. It is thought that there will be a gentle recovery in the economy as a result. In other Asian countries, in general, strong growth is expected.

While we have some concerns about the high cost of currencies in China and Thailand, where our main manufacturing plants are based, Japan, the USA and Asia are seeing economic recovery, and business environments are expected to improve. This is not the case for Europe, however.

Given this business environment, the period to March 2014 will benefit from the effects of the business restructuring implemented during the period currently under review, and we expect to achieve sales of 320,000 million yen, operating profits of 16,000 million yen, pre-tax profits of 13,500 million yen and net profits of 8,500 million yen.

Policy by business segment, from March 2014 onwards

Alongside the structural reforms implemented in April this year, we will compile our conventional electronic devices and components business, rotary components business and other areas (special devices, keyboards (components), and speakers) into an electronic device and component segment, to create three segments, alongside our conventional “machined components” and “other” segments (mainly internal manufacturing divisions).

Machined Components Segment

Our main product, ball bearings, is expected to be subject to a slight decline in sales into the pivot assembly sector due to reduced demand within the HDD market, but we anticipate overall demand growth due to recovery in the global economy. As a result, we intend to proactively improve our results by expanding sales and entering new markets in devices for the automobile and information communication device industries. Additionally, our German subsidiary, myonic, has expanded production capacity with the opening of a new plant, and as a result we expect increased sales in the area of high-precision bearings. In the rod end bearings sector we are developing new products and have a strategy to increase production in our four bases, in Japan, the USA, the UK and Thailand, thereby increasing sales alongside the growth in the aircraft market.

Electronic Devices and Components Segment

We expect to see improved business results in information motors. In addition to our withdrawal from the coreless vibration motor business during the year under review and other business restructuring efforts, we are focusing our efforts on tapping new markets and developing new products, along with reducing the cost of materials and pursuing manufacturing efficiencies. We also expect to see improved results in micro-actuators. We completed the transfer of production from subcontractors in China to our Cambodia plant and we are reducing costs. In the HDD spindle motors area, the benefits of restructuring and further sales of high value added products are expected to bring about improvements in business results. We aim, through this, to significantly improve the business results within the rotary component segment as a whole.

Due to significantly and drastically varying demand within the backlight for LEDs sector, we aim to introduce new products and develop a new customer base in order to protect ourselves against the risks of fluctuation in demand. At the same time, we intend to proactively increase sales, and anticipate a significant rise in both

income and profits. As for the measuring components sector, we are developing new products and intend to increase our sales base.

In terms of special devices business, our new plant, being constructed at the present Matsuida Plant, will be completed in December this year. In advance of this, some of our production equipment is being moved to the Fujisawa Plant, as part of ongoing plans to improve our production efficiency.

Passion is Power, Passion is Speed, Passion is the Future

In the period to March 2013, we saw a fleeting period of recovery from the two significant natural disasters, while in the second half of the year, the slowing of the global economy, the sudden rise in value of the yen, diplomatic difficulties between Japan and China and a range of other factors contributed to a worsening business environment. At Minebea, we are committed to business restructuring based on our motor business, which is flexible in response to sudden changes in environment caused by political or economic changes, the slowing down of the global economy, or technical innovations. Through this, we will ensure efficiency improvements in management and increased speed of operation. In addition, our Tokyo Research and Development Center (TRDC), which opened in April, will begin full operation, allowing us to strengthen our abilities to develop new products, mostly either fusion or machined products, utilizing M&As and alliances where necessary to receive external technical guidance. We are committed to the development of products that have further added value.

We have designated the period to March 2014 as a period of considering “the common sense of yesterday, and the innovation of today”. I believe that we will be able to respond flexibly to all sorts of changes that take place in the business environment, and operate a structure that does not fear any sort of change. At the Minebea Group, we kindly request the ongoing understanding and support of our stockholders.

June 28, 2013



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