



**BRIEF REPORT OF INTERIM CONSOLIDATED FINANCIAL RESULTS**  
(Half year ended September 30, 2005)

November 1, 2005

Registered Company Name: **MINEBEA CO., LTD.** Common Stock Listings: Tokyo, Osaka and Nagoya  
 Code No: 6479 Headquarters: Nagano-ken  
 (URL <http://www.minebea.co.jp>)  
 Representative: Takayuki Yamagishi Representative Director, President and Chief Executive Officer  
 Contact: Sakae Yashiro Managing Executive Officer, Deputy Chief of Administration Headquarters  
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Board of Directors' Meeting on the Consolidated Financial Results held on: November 1, 2005  
 Adoption of U.S. Accounting Standards: None

1. Business performance (April 1, 2005 through September 30, 2005)

(1) Consolidated Results of Operations (Amounts less than one million yen have been omitted.)

|                | Net sales<br>(millions of yen) | %<br>Change | Operating income<br>(millions of yen) | %<br>Change | Ordinary income<br>(millions of yen) | %<br>Change |
|----------------|--------------------------------|-------------|---------------------------------------|-------------|--------------------------------------|-------------|
| FY2006 Interim | 155,739                        | 6.1         | 7,224                                 | 32.1        | 5,322                                | 37.0        |
| FY2005 Interim | 146,751                        | 9.7         | 5,468                                 | (42.2)      | 3,885                                | (48.6)      |
| FY2005 Annual  | 294,422                        |             | 14,083                                |             | 10,206                               |             |

|                | Net income<br>(millions of yen) | %<br>Change | Net income per share<br>(yen) | Fully diluted net income<br>per share (yen) |
|----------------|---------------------------------|-------------|-------------------------------|---|
| FY2006 Interim | 2,421                           | 121.1       | 6.07                          | —   |
| FY2005 Interim | 1,095                           | (59.8)      | 2.74                          | —   |
| FY2005 Annual  | 5,581                           |             | 13.93                         | 13.27                                       |

(Notes) 1. Income or loss on investments for FY2006 interim on the equity method totaled 5 million yen, 8 million yen in FY2005 interim and 13 million yen in FY2005.

2. Weighted average number of shares outstanding during the respective years (consolidation) :  
 399,055,449 shares at September 30, 2005      399,080,603 shares at September 30, 2004  
 399,074,238 shares at March 31, 2005

3. Changes in accounting method: Yes

4. The percentages of net sales, operating income, ordinary income and net income show variances against previous interim period.

(2) Consolidated Financial Position

|                | Total assets<br>(millions of yen) | Shareholders' equity<br>(millions of yen) | Shareholders' equity ratio (%) | Shareholders' equity per share (yen) |
|----------------|-----------------------------------|---|--------------------------------|--------------------------------------|
| FY2006 Interim | 346,433                           | 108,898                                   | 31.4                           | 272.89                               |
| FY2005 Interim | 334,806                           | 99,005                                    | 29.6                           | 248.08                               |
| FY2005 Annual  | 332,217                           | 102,088                                   | 30.7                           | 255.82                               |

(Notes) Number of shares outstanding at end of term (consolidation) :

399,052,610 shares at September 30, 2005      399,077,227 shares at September 30, 2004  
 399,062,072 shares at March 31, 2005

(3) Consolidated Cash Flows

|                | Cash flows from operating activities<br>(millions of yen) | Cash flows from investing activities<br>(millions of yen) | Cash flows from financing activities<br>(millions of yen) | Cash and cash equivalents at end of interim period<br>(millions of yen) |
|----------------|---|---|---|---|
| FY2006 Interim | 12,931  | (9,526)   | 1,572   | 27,134  |
| FY2005 Interim | 13,059  | (10,074)  | (8,735)   | 21,087  |
| FY2005 Annual  | 27,586  | (23,789)  | (8,772)   | 21,759  |

(4) Scope of consolidation and application of equity method

Number of consolidated companies..... 46 companies  
 Number of non-consolidated companies..... None  
 Number of affiliated companies for equity method.... 1 company

(5) Accounting changes of scope of consolidation and application of equity method

(a) Changes in consolidated subsidiaries

Anew: None      Exclusion: 1 company

(b) Changes of the companies subject to equity method

Anew: None      Exclusion: None

2. Prospect for the current fiscal year (April 1, 2005 through March 31, 2006)

|        | Net sales<br>(millions of yen) | Ordinary income<br>(millions of yen) | Net income<br>(millions of yen) |
|--------|--------------------------------|--------------------------------------|---------------------------------|
| Annual | 310,000                        | 14,000                               | 7,500                           |

(Reference) Projected net income per share(Annual) : 18.79 yen

(Note) The above-mentioned forecasts are based on the information available as of the date when this information is disclosed, as well as on the assumptions as of the disclosing date of this information related with unpredictable parameters that are probable to affect our future business performances in the end.

In other words, our actual performances are likely to differ greatly from these estimates depending on various factors that will take shape from now on. As for the assumptions used for these forecasts and other related items, please refer to page six of the documents attached hereunder.

## (Reference)

### 1. Condition of group of enterprises

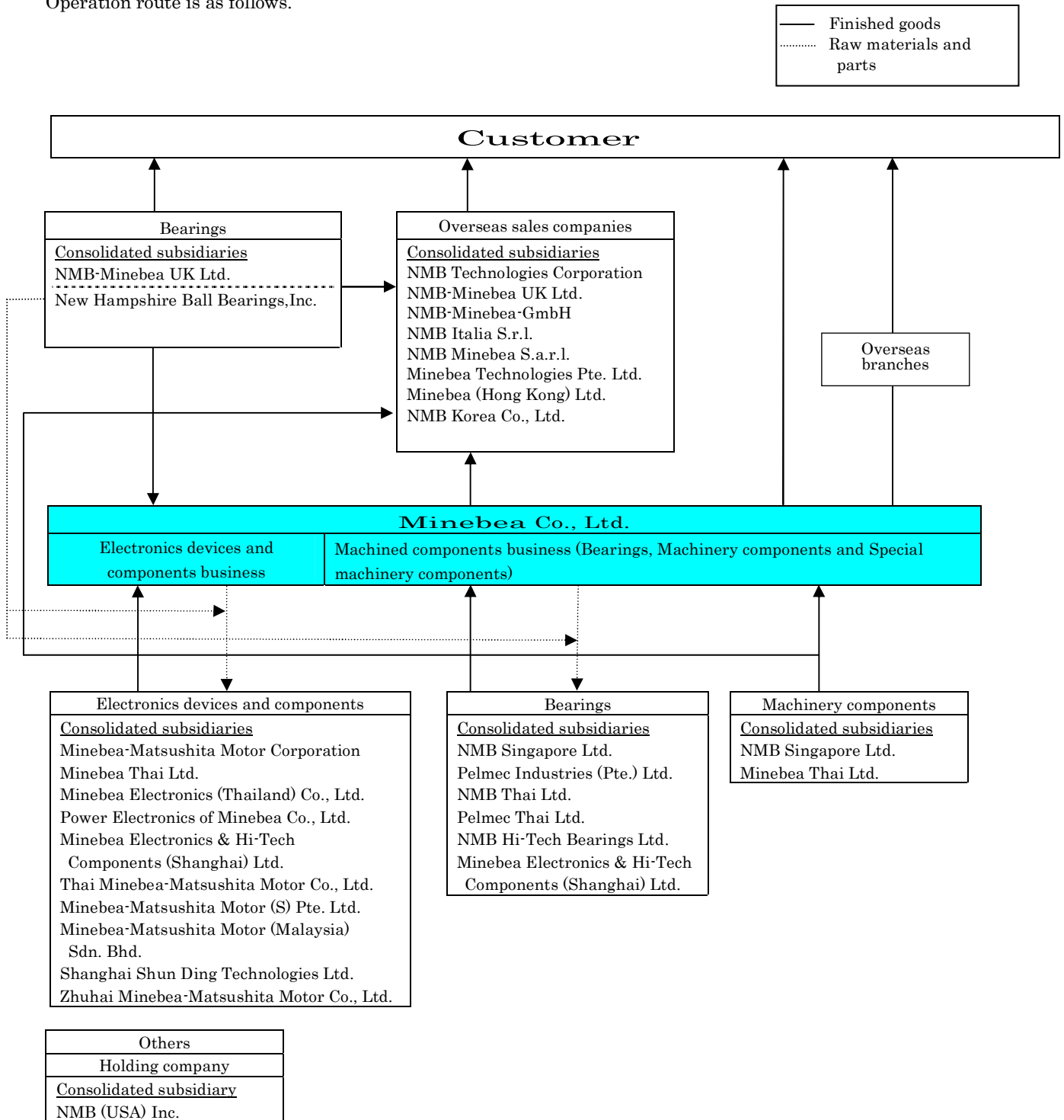
Minebea group consists of Minebea Co., Ltd. (the company) and 47 related companies (46 consolidated subsidiaries and 1 affiliated company). Minebea group produces and sells bearings, machinery components, special machinery components, electronic devices.

The company and domestic consolidated subsidiaries, consolidated subsidiaries in U.S.A., Europe and Asia are in charge of production. The Company markets its products directly to Japanese customers. In overseas markets, the Company markets its products through its subsidiaries and branches in the United States, Europe and Asia.

The relationship between each operation and business segments, and main manufacturing and sales companies are as follows.

| Business segments                           | Operations                         | Manufacturing companies   | Sales companies   |
|---|------------------------------------|---|---|
| Machined components business                | Bearings                           | Minebea Co., Ltd.<br>New Hampshire Ball Bearings, Inc.<br>NMB-Minebea UK Ltd.<br>NMB Singapore Ltd.<br>Pelmech Industries (Pte.) Ltd.<br>NMB Thai Ltd.<br>Pelmech Thai Ltd.<br>NMB Hi-Tech Bearings Ltd.<br>Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.  | Minebea Co., Ltd.<br>NMB Technologies Corporation<br>New Hampshire Ball Bearings, Inc.<br>NMB-Minebea UK Ltd.<br>NMB-Minebea-GmbH<br>NMB Italia S.r.l.<br>NMB Minebea S.a.r.l.<br>Minebea Technologies Pte. Ltd.<br>Minebea (Hong Kong) Ltd.<br>NMB Korea Co., Ltd. |
|   | Machinery components               | Minebea Co., Ltd.<br>NMB Singapore Ltd.<br>Minebea Thai Ltd.  |   |
|   | Special machinery components       | Minebea Co., Ltd.   |   |
| Electronics devices and components business | Electronics devices and components | Minebea Co., Ltd.<br>Minebea-Matsushita Motor Corporation<br>Minebea Thai Ltd.<br>Minebea Electronics (Thailand) Co., Ltd.<br>Power Electronics of Minebea Co., Ltd.<br>Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.<br>Thai Minebea-Matsushita Motor Co., Ltd.<br>Minebea-Matsushita Motor (S) Pte. Ltd.<br>Minebea-Matsushita Motor (Malaysia) Sdn. Bhd.<br>Shanghai Shun Ding Technologies Ltd.<br>Zhuhai Minebea-Matsushita Motor Co., Ltd. |   |

Operation route is as follows.



## 2. Management Policy

### (1) Basic Management Policy

Minebea has adopted the following five principles as its basic policy for management.

- (a) Ensure that Minebea is a company for which we feel proud to work.
- (b) Reinforce the confidence our customers have.
- (c) Respond to our shareholders' expectations.
- (d) Ensure a welcome for Minebea in local communities.
- (e) Contribute to a global society.

Under this basic management policy, we have actively addressed the development of high value-added products and the sophistication of product quality. In addition we have focused company resources on areas where we can display our strength. At the same time, we have strengthened our operations based on financial improvements, and have striven to practice a transparent management form that is easier to understand within and across the Company.

Furthermore, as a key theme in the development of business in various parts of the world, we have continued our commitment to environmental protection activities.

### (2) Basic Policy for Profit Sharing

Our basic dividend policy is to consider the return of profits to shareholders, business development, the strengthening of corporate structure, etc. in an overall perspective. We consider it important to continue paying stable dividends. Therefore, we will use internal reserves in providing for operating funds in connection with the enhancement of corporate structure and new growth in the future.

### (3) Future Management Strategies and Tasks

In accordance with the basic management policies as mentioned earlier, we aim to improve profitability and enhance corporate value based on "fully integrated production system," "large-scale volume production system," and "well-developed R&D system," which have been established worldwide, in order to ensure our place as the world's leading comprehensive manufacturer of miniature ball bearings and high-precision components.

The tasks to be accomplished to achieve this goal are to:

- (a) further reinforce our mainstay bearings and bearing-related products;
- (b) build our operations in the area of precision small motors into a second pillar of our operations after bearings and bearing-related products; and
- (c) increase the ratio of high-value-added products in all product categories and diversify offerings to serve a broader market.

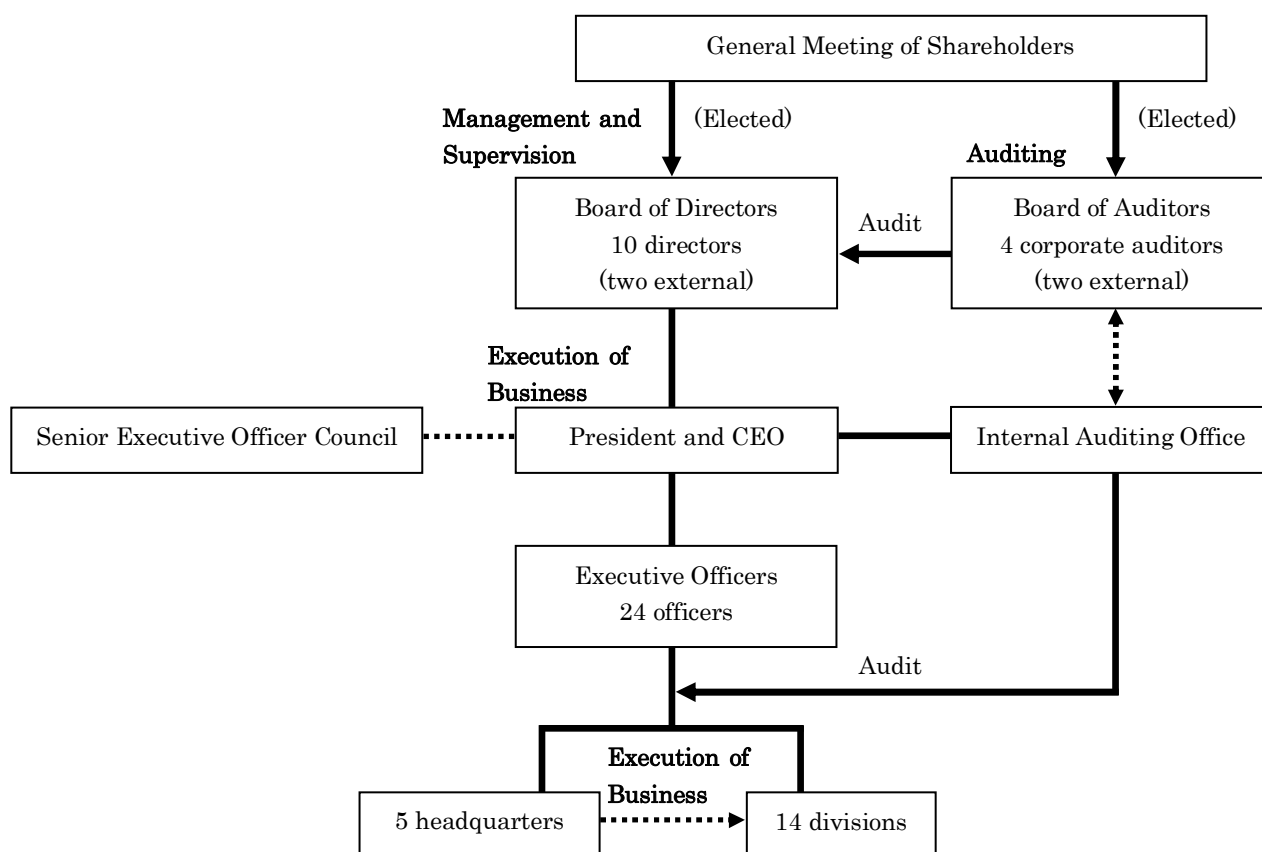
### (4) Basic ideas on Corporate Governance and Measures to Be Taken

Under the five basic management principles, Minebea positions and strives to strengthen corporate governance as its important management issue in order to execute responsibilities as a social entity surrounded by various stakeholders such as our shareholders, customers, local communities and employees; and maximize corporate value.

In June 2003, we introduced an Executive Officer System under which we delegate responsibilities from directors to executive officers; facilitate a clear distinction between management and supervisory functions and functions related to the execution of business; and conduct quicker decision making and business execution. Additionally, two of the ten Board members are from outside the Company, thereby we strive to strengthen corporate governance. On October 3, 2005, we laid down the Code of Conduct for executives and employees, and declared the observance of this Code. The object of this declaration is to aim for continued improvement in corporate value by observing business ethics and laws as a social entity.

The Board of Auditors is made up of four, two of whom are from outside the Company. In the current consolidated interim term, our Corporate Auditors strove to enhance corporate governance by holding meetings of the Board of Auditors, etc., attending meetings of the Board of Directors and auditing domestic plants and subsidiaries, overseas subsidiaries, etc. with our Internal Auditing Office.

Minebea's management structure is as follows:



(5) Parent company, etc.  
The Company has no parent company.

(6) Management Index

Our consolidated forecasts for fiscal year ending March 2006 are as follows:

(Amount: million of yen)

|                    | Fiscal year ending March 2006 |
|--------------------|-------------------------------|
| Net sales          | 3,100 (105%)                  |
| Operating income   | 180 (129%)                    |
| Ordinary income    | 140 (137%)                    |
| Net income         | 75 (134%)                     |
| Capital investment | 225 ( 98%)                    |

(%): Year-on-year rate of change

3. Operating Performance and Financial Position

(1) Operating Performance

1. Overview of the current interim term

During the current consolidated interim term, the Japanese economy almost put an end to inventory adjustments in information technology and continued to recover, supported by solid personal consumption and strong capital investment, although it was adversely affected by soaring crude oil prices and materials prices. In the U.S., although adversely affected by natural disasters and subsequent re-ascending crude oil prices, the economy put an end to inventory adjustments in the corporate sector and continued to grow firmly, powered by steadily improved employment and income environments in the household sector. The European economy, although weakness remained in some sectors, generally showed signs of turnaround and grew moderately. The Chinese economy, meanwhile, maintained high growth owing primarily to strong exports, although investment was slowed by tight constraints on overheated investment. The Southeast Asian economies stayed firm due to continued growth in the U.S. economy and high growth in China.

Under these circumstances, we strove to make our profitable basis stronger in order to further enhance earnings in a short period of time by addressing such near-term strategic agenda as resolutely carrying out structural reforms; reinforcing R&D efforts; and driving for management with a clear future vision. At the same time, we also concentrated on further reducing costs; developing high value-added products and new technologies; and expanding marketing activities.

As a result, net sales increased 8,988 million yen (6.1%) year on year, to 155,739 million yen, operating income also

increased 1,756 million yen (32.1%) year on year, to 7,224 million yen. Ordinary income increased 1,437 million yen (37.0%), to 5,322 million yen, and net income also increased 1,326 million yen (121.1%) year on year, to 2,421 million yen.

In the current consolidated interim term, we introduced accounting for impairment of fixed assets and reported an extraordinary loss of 803 million yen.

(a) Performance by business segment is as follows:

Machined components business

Our products in this business segment include ball bearings, which are our mainstay product; mechanical components such as rod-end bearings primarily for use in aircraft and pivot assemblies for use in hard disk drives (HDDs); screws for automobiles and aircraft; and defense-related devices and equipment. Sales of ball bearings to makers of automobiles and information & telecommunications equipment stayed strong year on year owing to our vigorous sales expansion efforts. Also, sales of rod end bearings rose, mainly in the U.S. and Europe for the aerospace industry. In pivot assemblies, sales grew significantly owing to strong demand from the HDD industry. As a consequence, net sales rose 4,854 million yen (8.5%) compared with a year earlier, to 62,204 million yen. Operating income, although adversely affected by soaring raw materials prices, also increased 634 million yen (6.1%) year on year, to 11,112 million yen, owing to positive business factors, including cost reductions from increased production and improvements in production efficiency.

Electronic devices and components business

Our core products in this business segment include information motors such as HDD spindle motors, fan motors; stepping motors, vibration motors and DC brush motors; PC keyboards; speakers; LCD back lights; and measuring instruments. Sales of LCD back lights, fan motors and PC keyboards grew substantially for cellular phone, office automation, PC and peripheral equipment makers. As a result, net sales increased 4,135 million yen (4.6%) compared with the interim period a year earlier, to 93,535 million yen. Operating income improved 1,123 million yen year on year, to (3,887) million yen, owing primarily to increased income resulting from more LCD back light sales, cost reductions from HDD spindle motors and progress in the ongoing structural reform initiatives in our information motors business segment.

(b) Performance by geographical segment is as follows:

Japan

Net sales increased 990 million yen (2.6%) year on year, to 39,241 million yen. However, due to restructuring in our information motors business, operating income fell 906 million yen to (754) million yen.

Asia excluding Japan

This region includes Greater China region which continues high growth due to vigorous investment, and is an important manufacturing base for manufacturers of Japan, Europe, America and other countries. Sales mainly in the Greater China region were firm owing mainly to the expansion of demand from the information & telecommunications equipment industry and steady demand from the household electrical appliance industry. On the profit side, the effect of improvement in profitability has been showing up, owing primarily to price increases and cost reductions for such mechanical components as pivot assemblies, measures implemented to decrease the costs of HDD spindle motors and progress in the ongoing structural reform initiatives in the information motors business segment. As a consequence, compared with the interim period a year earlier, net sales increased 6,419 million yen (9.3%), to 75,334 million yen, and operating income climbed 2,893 million yen (102.0%) to 5,729 million yen.

North America

Despite progress in production shift by our information & telecommunications equipment-related customers to Asia, sales of PC keyboards and other electronic devices and components were firm in this region. In addition, in ball bearings manufactured in the U.S. and rod-end bearings for sales to aviation-related and other industries, both demand and sales were brisk. As a result, net sales rose 2,879 million yen (11.1%) year on year, to 28,803 million yen, whereas operating income fell 769 million yen (-33.7%) to 1,515 million yen, partly due to some changes in import purchase prices.

Europe

Sales of ball bearings, rod-end bearings and other products were firm as moderate economic growth was seen in this region. But due to the transfer of PC keyboard sales to U.S. customers to North America, net sales fell 1,299 million yen (-9.5%) year on year, to 12,360 million yen, while operating income climbed 539 million yen (276.4%), to 734 million yen.

2. Outlook for the current fiscal year

The Japanese economy will continue to grow at a moderate pace, unless there are further increases in crude oil prices and confusions in the American and Chinese economies. In China, although we have to pay attention to movements in its tight monetary policy and other economic factors, the economy will maintain a high growth rate. In the U.S. too,

self-sustaining growth is expected, although there are concerns about the effect of soaring crude oil prices on consumer spending and other negative factors. We expect that the world economy will continue to stay on a well-balance growth path.

An organizational change effective July 1, 2005 has been carried out. We will integrate our two separated Manufacturing and Sales Headquarters into Business Units, and at the same time, establish headquarters that will indirectly support the Business Units. With the new Business Units and Headquarters, we will resolutely carry out decisive structural reforms, reinforce R&D and promote management with a clear vision in order to improve profitability. We will, through these structural changes, focus on profit improvement in the three businesses of HDD spindle motors, information motors and PC keyboards. We will also endeavor to aim for more profits through further sales growth and reinforced competitiveness in bearings and bearing-related businesses. To establish a profitable base in the future, we will also deploy the display peripheral business, etc. toward its growth by focusing on high value-added products.

(a) Outlook by business segment for the current fiscal year is as follows:

Machined components business

We will continue to aggressively expand sales of mainstay ball bearings in firm demand to manufacturers of household electrical appliances, automobiles and information & telecommunications equipment. We can expect further cost reductions through economies of scale in manufacturing from this sales expansion, by which we will aim to achieve further improvement in performance. In addition, in rod-end bearings, we can expect benefits from the strong aircraft market, particularly in Europe and the U.S. In pivot assemblies, we expect that sales will be strong.

Electronic devices and components business

**Information motors:** The sure effect of further business restructuring measures in addition to product mix reviews is expected to show up. **Spindle motors:** The drastic cost reduction measures that we are implementing are taking effect. **PC keyboards:** Although there is some delay in the production transfer to Shanghai from Thailand, results improvement is expected, owing primarily to cost reduction measures and reviews of the sales prices of products with higher material costs. **LCD back lights:** Owing to high growth and high profitability expected, we will aggressively introduce new products to the markets. **Measuring components:** Sales of this product is expected to remain strong.

(b) Outlook by geographical segment for the current fiscal year is as follows:

Japan

We expect that sales will continue to be in a harsh operating environment, as many of our customers are shifting production from their plants in Japan to those in other Asian countries, including China.

Asia excluding Japan

This region offers the largest market for our products. Taking full advantage of having our key manufacturing bases right in this largest market area, we strongly aim to improve performance. We expect better results in the businesses of HDD spindle motors, information motors and PC keyboards through cost reduction and plant consolidation measures.

North America

In U.S. manufactured rod-end bearings and other principal products, we continue to receive strong orders from aerospace and other industries. Combined with import products such as ball bearings, PC keyboards, motors and other products that we are manufacturing in Asia, we expect that these strong orders will continue to post firm sales.

Europe

Continued moderate economic growth in this region will achieve sales and profits on a par with those for the current interim term.

(2) Financial Position in the Current Interim Term

The Minebea Group has pursued its principal management policy of enhancing its financial soundness and continued to take decisive steps to squeeze total assets, restrain capital investment, and reduce interest-bearing debt. The balance of cash and cash equivalents in the current consolidated interim term totaled 27,134 million yen, up 6,046 million yen (28.7%) year on year.

Cash flows from various business activities during the current consolidated interim term and relevant factors are as follows:

**Operating activities:** Due mainly to 4,425 million yen of interim income before income taxes, 11,688 million yen of depreciation charges, the rise in accounts receivable and inventories, and the payment of income taxes, net cash flow from operating activities fell 128 million yen (-1.0%) compared with the interim term a year earlier, to 12,931 million yen.

**Investing activities:** Due to the year-on-year decrease of expenditure for purchase of property, plant and equipment to 10,556 million yen, net cash outflow from investing activities fell 548 million yen (5.4%) year on

year, to 9,526 million yen.

**Financing activities:** Due primarily to the rise of 4,315 million yen in short-term debts and the payment of 2,793 million yen in dividends, net cash flow from financing activities rose 10,307 million yen year on year, to 1,572 million yen.

(3) Risk Management

As of the end of the current consolidated interim term, the company recognizes that the Minebea Group has the following risks and uncertainties that have the potential to affect its group operating results and/or financial position:

1. Market risk

Principal markets for Minebea products, including those for PCs and peripheral equipment, information and telecommunications equipment and household electrical appliances, are intensely competitive and subject to significant fluctuations in demand. Our operating results and financial position are vulnerable to these fluctuations.

2. Foreign exchange risk

Due to our group's large sales in overseas markets, we have entered into various currency exchange contracts and other derivatives transactions to hedge risks associated with exposure to fluctuations in foreign currency exchange rates.

3. R&D risk

While we focus on R&D to introduce a constant stream of new, high-quality products, we are subject to the risk that significant R&D expenditures may not be rewarded with successes, as there are no guarantees that R&D efforts will come to fruition.

4. Legal risk

The Legal Department is responsible for managing risk related to lawsuits and other legal actions brought against Minebea Group operations in Japan and/or overseas. We are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

5. Risk related to price negotiations

We continue to face intense competition from lower-priced products made overseas. We are subject to the risk that we will be unable to maintain or increase our share should market needs shift to low-quality, low-priced products.

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers and strive to ensure optimal purchase inventory volumes for such materials and access to stable supplies of materials with stable prices. However, we are subject to the risk that rising prices for such materials may affect our operating results and/or financial position in the future.

7. 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, our operations overseas are subject to the following risks, any of which may have a negative impact on our operating results and/or financial position:

- (a) unexpected changes to laws or regulations.
- (b) difficulty in attracting and securing appropriate human resources, and
- (c) acts of terrorism or war, or other acts that may cause social disruption.

(4) Important Agreement in the Current Fiscal Year

None



4. Interim Consolidated Financial Statements and Notes

(1) Interim Consolidated Balance Sheets

|  | As of<br>September 30,2005 |            | As of<br>September 30,2004 |            | Increase or<br>(decrease)<br>(2005- 2004) |        | As of<br>March 31,2005 |            |
|--|----------------------------|------------|----------------------------|------------|---|--------|------------------------|------------|
|  | Millions of<br>yen         | %<br>Comp. | Millions of<br>yen         | %<br>Comp. | Millions of<br>yen                        | %      | Millions of<br>yen     | %<br>Comp. |
| <b>ASSETS</b>                                  |                            |            |                            |            |   |        |                        |            |
| Current assets.....                            | 158,547                    | 45.8       | 152,183                    | 45.5       | 6,363                                     | 4.2    | 147,295                | 44.3       |
| Cash and cash equivalents .....                | 27,134                     |            | 21,087                     |            | 6,046                                     |        | 21,759                 |            |
| Notes and accounts receivable.....             | 67,212                     |            | 63,630                     |            | 3,581                                     |        | 62,610                 |            |
| Inventories.....                               | 50,351                     |            | 49,261                     |            | 1,089                                     |        | 46,963                 |            |
| Deferred tax assets.....                       | 4,522                      |            | 7,297                      |            | (2,775)                                   |        | 5,123                  |            |
| Others .....                                   | 9,609                      |            | 11,208                     |            | (1,599)                                   |        | 11,125                 |            |
| Allowance for doubtful receivables.....        | (282)                      |            | (302)                      |            | 20  |        | (287)                  |            |
| Fixed assets.....                              | 187,799                    | 54.2       | 182,523                    | 54.5       | 5,275                                     | 2.9    | 184,808                | 55.7       |
| Tangible fixed assets.....                     | 158,282                    |            | 158,381                    |            | (98)                                      |        | 156,521                |            |
| Building and structure.....                    | 99,441                     |            | 96,031                     |            | 3,410                                     |        | 97,222                 |            |
| Machinery and transportation<br>equipment..... | 210,890                    |            | 197,390                    |            | 13,499                                    |        | 202,364                |            |
| Tools, furniture and fixtures.....             | 51,354                     |            | 51,951                     |            | (597)                                     |        | 50,737                 |            |
| Land .....                                     | 14,553                     |            | 16,348                     |            | (1,795)                                   |        | 15,086                 |            |
| Construction in progress.....                  | 1,129                      |            | 1,802                      |            | (672)                                     |        | 1,228                  |            |
| Accumulated depreciation.....                  | (219,086)                  |            | (205,143)                  |            | (13,943)                                  |        | (210,118)              |            |
| Intangible fixed assets.....                   | 13,637                     |            | 12,073                     |            | 1,564                                     |        | 14,113                 |            |
| Consolidation adjustments .....                | 10,067                     |            | 11,082                     |            | (1,014)                                   |        | 10,353                 |            |
| Others .....                                   | 3,570                      |            | 991                        |            | 2,578                                     |        | 3,760                  |            |
| Investment and other assets.....               | 15,879                     |            | 12,068                     |            | 3,810                                     |        | 14,174                 |            |
| Investment in securities.....                  | 8,854                      |            | 6,544                      |            | 2,309                                     |        | 6,308                  |            |
| Long-term loans receivable.....                | 37                         |            | 33                         |            | 4   |        | 35                     |            |
| Deferred tax assets.....                       | 5,252                      |            | 3,837                      |            | 1,414                                     |        | 6,016                  |            |
| Others .....                                   | 1,791                      |            | 1,780                      |            | 10  |        | 1,870                  |            |
| Allowance for doubtful receivables.....        | (56)                       |            | (126)                      |            | 70  |        | (56)                   |            |
| Deferred charges .....                         | 86                         | 0.0        | 99                         | 0.0        | (12)                                      | (12.6) | 112                    | 0.0        |
| Total assets.....                              | 346,433                    | 100.0      | 334,806                    | 100.0      | 11,627                                    | 3.5    | 332,217                | 100.0      |

|                            |                       |                       |                   |
|----------------------------|-----------------------|-----------------------|-------------------|
|                            | <u>September 2005</u> | <u>September 2004</u> | <u>March 2005</u> |
| (Note) Treasury stock..... | 115,085 shares        | 90,468 shares         | 105,623 shares    |

|  | As of<br>September 30,2005 |            | As of<br>September 30,2004 |            | Increase or<br>(decrease)<br>(2005- 2004) |        | As of<br>March 31,2005 |            |
|--|----------------------------|------------|----------------------------|------------|---|--------|------------------------|------------|
|  | Millions of<br>yen         | %<br>Comp. | Millions of<br>yen         | %<br>Comp. | Millions of<br>yen                        | %      | Millions of<br>yen     | %<br>Comp. |
| <b>LIABILITIES</b>   |                            |            |                            |            |   |        |                        |            |
| Current liabilities.....   | 149,004                    | 43.0       | 178,519                    | 53.3       | (29,514)                                  | (16.5) | 141,449                | 42.6       |
| Notes and accounts payable.....  | 30,383                     |            | 28,755                     |            | 1,627                                     |        | 25,901                 |            |
| Short-term loans payable.....  | 86,878                     |            | 79,031                     |            | 7,846                                     |        | 81,256                 |            |
| Current portion of long-term loans<br>payable.....   | 1,429                      |            | 4,266                      |            | (2,836)                                   |        | 1,855                  |            |
| Current portion of bonds.....  | —                          |            | 10,000                     |            | (10,000)                                  |        | —                      |            |
| Current portion of convertible<br>bonds.....   | —                          |            | 27,080                     |            | (27,080)                                  |        | —                      |            |
| Current portion of bonds with<br>warrant.....  | 4,000                      |            | —                          |            | 4,000                                     |        | 4,000                  |            |
| Accrued income taxes.....  | 2,356                      |            | 2,829                      |            | (473)                                     |        | 2,344                  |            |
| Accrued bonuses.....   | 4,762                      |            | 4,834                      |            | (71)                                      |        | 3,247                  |            |
| Reserve for environmental<br>preservation expense.....   | 792                        |            | 958                        |            | (166)                                     |        | 794                    |            |
| Others.....  | 18,400                     |            | 20,762                     |            | (2,361)                                   |        | 22,050                 |            |
| Long-term liabilities.....   | 86,870                     | 25.1       | 52,964                     | 15.8       | 33,906                                    | 64.0   | 86,144                 | 25.9       |
| Bonds.....   | 38,000                     |            | 28,000                     |            | 10,000                                    |        | 38,000                 |            |
| Bonds with warrant.....  | —                          |            | 4,000                      |            | (4,000)                                   |        | —                      |            |
| Long-term loans payable.....   | 48,037                     |            | 20,227                     |            | 27,810                                    |        | 47,340                 |            |
| Allowance for retirement benefits.....   | 499                        |            | 407                        |            | 92  |        | 305                    |            |
| Allowance for retirement benefits<br>to executive officers.....  | 37                         |            | 35                         |            | 2   |        | 49                     |            |
| Others.....  | 295                        |            | 294                        |            | 1   |        | 448                    |            |
| Total liabilities.....   | 235,874                    | 68.1       | 231,483                    | 69.1       | 4,391                                     | 1.9    | 227,594                | 68.5       |
| <b>MINORITY INTEREST IN<br/>CONSOLIDATED SUBSIDIARIES</b>  |                            |            |                            |            |   |        |                        |            |
|  | 1,660                      | 0.5        | 4,318                      | 1.3        | (2,657)                                   | (61.5) | 2,534                  | 0.8        |
| <b>SHAREHOLDERS' EQUITY</b>  |                            |            |                            |            |   |        |                        |            |
| Common stock.....  | 68,258                     | 19.7       | 68,258                     | 20.4       | —   | —      | 68,258                 | 20.5       |
| Additional paid-in capital.....  | 94,756                     | 27.3       | 94,756                     | 28.3       | —   | —      | 94,756                 | 28.5       |
| Retained earnings.....   | 7,941                      | 2.3        | 3,851                      | 1.2        | 4,090                                     | 106.2  | 5,519                  | 1.7        |
| Difference on revaluation of other<br>marketable securities.....   | 3,126                      | 0.9        | 1,307                      | 0.4        | 1,818                                     | 139.1  | 1,575                  | 0.5        |
| Foreign currency translation<br>adjustments.....   | (65,123)                   | (18.8)     | (69,119)                   | (20.7)     | 3,996                                     | (5.8)  | (67,965)               | (20.5)     |
| Treasury stock.....  | (61)                       | (0.0)      | (49)                       | (0.0)      | (12)                                      | 24.6   | (56)                   | (0.0)      |
| Total shareholders' equity   | 108,898                    | 31.4       | 99,005                     | 29.6       | 9,893                                     | 10.0   | 102,088                | 30.7       |
| <b>TOTAL LIABILITIES, MINORITY<br/>INTEREST IN CONSOLIDATED<br/>SUBSIDIARIES AND<br/>SHAREHOLDERS' EQUITY.....</b> |                            |            |                            |            |   |        |                        |            |
|  | 346,433                    | 100.0      | 334,806                    | 100.0      | 11,627                                    | 3.5    | 332,217                | 100.0      |

## (2) Interim Consolidated Statements of Income

|   | Half year ended<br>Sept.30,2005 |            | Half year ended<br>Sept.30,2004 |            | Increase or<br>(decrease)<br>(2005- 2004) |        | Year ended<br>March 31,2005 |            |
|---|---------------------------------|------------|---------------------------------|------------|---|--------|-----------------------------|------------|
|   | Millions of<br>yen              | %<br>Comp. | Millions of<br>yen              | %<br>Comp. | Millions of<br>yen                        | %      | Millions of<br>yen          | %<br>Comp. |
| Net sales.....  | 155,739                         | 100.0      | 146,751                         | 100.0      | 8,988                                     | 6.1    | 294,422                     | 100.0      |
| Cost of sales .....   | 123,155                         | 79.1       | 115,997                         | 79.0       | 7,157                                     | 6.2    | 232,019                     | 78.8       |
| Gross profit.....   | 32,584                          | 20.9       | 30,753                          | 21.0       | 1,830                                     | 6.0    | 62,403                      | 21.2       |
| Selling, general and<br>administrative expenses.....                | 25,359                          | 16.3       | 25,285                          | 17.3       | 74  | 0.3    | 48,319                      | 16.4       |
| Operating income .....  | 7,224                           | 4.6        | 5,468                           | 3.7        | 1,756                                     | 32.1   | 14,083                      | 4.8        |
| Other income.....   | 739                             | 0.5        | 855                             | 0.6        | (115)                                     | (13.5) | 1,551                       | 0.5        |
| Interest income .....   | 100                             |            | 62                              |            | 38  |        | 145                         |            |
| Dividends income.....   | 50                              |            | 35                              |            | 15  |        | 37                          |            |
| Equity income of affiliates.....                                    | 5                               |            | 8                               |            | (2)                                       |        | 13                          |            |
| Others.....   | 582                             |            | 748                             |            | (166)                                     |        | 1,354                       |            |
| Other Expenses.....   | 2,641                           | 1.7        | 2,438                           | 1.7        | 203                                       | 8.3    | 5,427                       | 1.8        |
| Interest expenses .....   | 2,127                           |            | 1,545                           |            | 581                                       |        | 3,361                       |            |
| Foreign currency exchange loss.....                                 | 59                              |            | 330                             |            | (270)                                     |        | 755                         |            |
| Others.....   | 454                             |            | 562                             |            | (107)                                     |        | 1,311                       |            |
| Ordinary income.....  | 5,322                           | 3.4        | 3,885                           | 2.6        | 1,437                                     | 37.0   | 10,206                      | 3.5        |
| Extraordinary income.....   | 497                             | 0.3        | 308                             | 0.2        | 189                                       | 61.3   | 404                         | 0.1        |
| Gain on sales of fixed assets.....                                  | 49                              |            | 268                             |            | (219)                                     |        | 301                         |            |
| Gain on sales of investment<br>securities.....                      | 0                               |            | —                               |            | 0   |        | —                           |            |
| Gain on the reversal of preemptive<br>rights.....                   | 447                             |            | —                               |            | 447                                       |        | —                           |            |
| Reversal of allowance for doubtful<br>receivables .....             | —                               |            | 39                              |            | (39)                                      |        | 102                         |            |
| Extraordinary loss .....  | 1,395                           | 0.9        | 802                             | 0.5        | 593                                       | 73.9   | 2,832                       | 1.0        |
| Loss on sales of fixed assets .....                                 | 8                               |            | 30                              |            | (21)                                      |        | 565                         |            |
| Loss on disposal of fixed assets .....                              | 124                             |            | 259                             |            | (135)                                     |        | 453                         |            |
| Impairment loss .....   | 803                             |            | —                               |            | 803                                       |        | —                           |            |
| Loss on sales of investments<br>securities.....                     | 0                               |            | —                               |            | 0   |        | 0                           |            |
| Loss on revaluation of investments<br>securities.....               | —                               |            | 29                              |            | (29)                                      |        | 619                         |            |
| Loss on liquidation of affiliates .....                             | —                               |            | 165                             |            | (165)                                     |        | 270                         |            |
| Loss for after-care of products.....                                | —                               |            | —                               |            | —   |        | 270                         |            |
| Retirement benefits expense .....                                   | —                               |            | 304                             |            | (304)                                     |        | 609                         |            |
| Retirement benefits to directors<br>and corporate auditors.....     | 458                             |            | 12                              |            | 445                                       |        | 42                          |            |
| Income before income taxes and<br>minority interests .....          | 4,425                           | 2.8        | 3,391                           | 2.3        | 1,033                                     | 30.5   | 7,778                       | 2.6        |
| Income taxes  |                                 |            |                                 |            |   |        |                             |            |
| Current (including enterprise tax).....                             | 3,439                           |            | 2,739                           |            | 699                                       |        | 5,943                       |            |
| Adjustment of income taxes .....                                    | (501)                           |            | 1,029                           |            | (1,531)                                   |        | (430)                       |            |
| Total income taxes .....  | 2,937                           | 1.9        | 3,769                           | 2.6        | (831)                                     | (22.1) | 5,513                       | 1.8        |
| Minority interests in earnings of<br>consolidated subsidiaries..... | (934)                           | (0.6)      | (1,473)                         | (1.0)      | 538                                       | (36.6) | (3,316)                     | (1.1)      |
| Net income.....   | 2,421                           | 1.5        | 1,095                           | 0.7        | 1,326                                     | 121.1  | 5,581                       | 1.9        |

## (3) Interim Consolidated Statements of Retained Surplus

|   | Half year<br>ended<br>Sept.30,2005 | Half year<br>ended<br>Sept.30,2004 | Increase or<br>(decrease)<br>(2005- 2004) | Year ended<br>March 31,2005 |
|---|------------------------------------|------------------------------------|---|-----------------------------|
|   | Millions of<br>yen                 | Millions of<br>yen                 | Millions of<br>yen                        | Millions of<br>yen          |
| <b>CAPITAL RETAINED EARNINGS</b>  |                                    |                                    |   |                             |
| Additional paid-in capital at beginning<br>of year.....                 | 94,756                             | 94,756                             | —   | 94,756                      |
| Additional paid-in capital at end of<br>interim period (Full year)..... | 94,756                             | 94,756                             | —   | 94,756                      |
| <b>RETAINED EARNINGS</b>  |                                    |                                    |   |                             |
| Retained earnings at beginning of<br>year.....                          | 5,519                              | 2,755                              | 2,763                                     | 2,755                       |
| Increase of retained earnings.....                                      | 2,421                              | 1,095                              | 1,326                                     | 5,581                       |
| Net income.....   | 2,421                              | 1,095                              | 1,326                                     | 5,581                       |
| Decrease of retained earnings.....                                      | 0                                  | 0                                  | 0   | 2,817                       |
| Cash dividends.....   | —                                  | —                                  | —   | 2,793                       |
| Bonus to directors.....   | —                                  | —                                  | —   | 23                          |
| Loss on disposal of treasury stock .....                                | 0                                  | 0                                  | 0   | 0                           |
| Retained earnings at end of interim<br>period (Full year).....          | 7,941                              | 3,851                              | 4,090                                     | 5,519                       |

## (4) Interim Consolidated Statements of Cash Flows

(Amount: millions of yen)

|  | Half year<br>ended<br>Sept.30,2005 | Half year<br>ended<br>Sept.30,2004 | Increase or<br>(decrease)<br>(2005- 2004) | Year ended<br>March<br>31,2005 |
|--|------------------------------------|------------------------------------|---|--------------------------------|
| <b>1.Cash Flows from Operating Activities:</b>   |                                    |                                    |   |                                |
| Income before income taxes and minority interests.....                                 | 4,425                              | 3,391                              | 1,033                                     | 7,778                          |
| Depreciation and amortization.....   | 11,688                             | 11,372                             | 315                                       | 22,462                         |
| Impairment loss.....   | 803                                | —                                  | 803                                       | —                              |
| Amortization of consolidation adjustments.....   | 532                                | 541                                | (9)                                       | 1,083                          |
| Equity income of affiliates.....   | (5)                                | (8)                                | 2   | (13)                           |
| Interest and dividend income.....  | (151)                              | (98)                               | (53)                                      | (182)                          |
| Interest expense.....  | 2,127                              | 1,545                              | 581                                       | 3,361                          |
| (Gain) loss on sales of fixed assets.....  | (40)                               | (238)                              | 197                                       | 264                            |
| Loss on disposal of fixed assets.....  | 124                                | 259                                | (135)                                     | 453                            |
| Decrease in reserve for losses on after-care of products.....                          | —                                  | (210)                              | 210                                       | (210)                          |
| (Gain) loss on sales of investments securities.....                                    | (0)                                | —                                  | (0)                                       | 0                              |
| Loss on revaluation of investments securities.....                                     | —                                  | 29                                 | (29)                                      | 619                            |
| Gain on the reversal of preemptive rights.....   | (447)                              | —                                  | (447)                                     | —                              |
| Increase in notes and accounts receivable.....   | (2,897)                            | (1,444)                            | (1,453)                                   | (1,020)                        |
| Increase in inventories.....   | (1,965)                            | (3,578)                            | 1,612                                     | (1,597)                        |
| Increase in notes and accounts payable.....  | 3,947                              | 4,365                              | (417)                                     | 1,283                          |
| Decrease of allowance for doubtful receivables.....                                    | (12)                               | (140)                              | 127                                       | (221)                          |
| Increase in accrued bonuses.....   | 1,454                              | 1,586                              | (131)                                     | 41                             |
| Decrease of reserve for environmental preservation expenses.....                       | (2)                                | (30)                               | 27  | (194)                          |
| Increase (decrease) in retirement allowance.....                                       | 143                                | (244)                              | 387                                       | (331)                          |
| Increase (decrease) of allowance for retirement benefits<br>to executive officers..... | (12)                               | 12                                 | (25)                                      | 27                             |
| Payment of bonus to directors and corporate auditors.....                              | (23)                               | —                                  | (23)                                      | —                              |
| Others.....  | (2,249)                            | (827)                              | (1,421)                                   | 1,537                          |
| Sub-total  | 17,436                             | 16,283                             | 1,152                                     | 35,142                         |
| Interest and dividends received.....   | 150                                | 98                                 | 52  | 183                            |
| Interest paid.....   | (2,148)                            | (1,494)                            | (654)                                     | (3,388)                        |
| Income tax paid.....   | (2,506)                            | (1,828)                            | (678)                                     | (4,351)                        |
| Net cash provided by operating activities  | 12,931                             | 13,059                             | (128)                                     | 27,586                         |
| <b>2.Cash Flows from Investing Activities:</b>   |                                    |                                    |   |                                |
| Purchase of tangible fixed assets.....   | (10,556)                           | (11,329)                           | 773                                       | (23,060)                       |
| Proceeds from sales of tangible fixed assets.....                                      | 1,054                              | 1,146                              | (92)                                      | 2,173                          |
| Purchase of intangible fixed assets.....   | (162)                              | —                                  | (162)                                     | (3,059)                        |
| Purchase of investment in securities.....  | (0)                                | (37)                               | 37  | (37)                           |
| Proceeds from sales of investment in securities.....                                   | 1                                  | —                                  | 1   | 3                              |
| Increase in cash and cash equivalents due to inclusion<br>in consolidation.....        | —                                  | —                                  | —   | 71                             |
| Long term loans receivables.....   | (7)                                | (64)                               | 56  | (67)                           |
| Recovery of long term loans receivables.....   | 6                                  | 102                                | (96)                                      | 164                            |
| Others.....  | 138                                | 107                                | 31  | 22                             |
| Net cash used in investing activities  | (9,526)                            | (10,074)                           | 548                                       | (23,789)                       |
| <b>3.Cash Flows from Financing Activities:</b>   |                                    |                                    |   |                                |
| Increase (decrease) in short-term loans payable.....                                   | 4,315                              | (83)                               | 4,398                                     | 2,306                          |
| Decrease in the amount in commercial paper.....  | —                                  | (4,000)                            | 4,000                                     | (4,000)                        |
| Proceeds from long term loans.....   | 592                                | 473                                | 118                                       | 29,324                         |
| Repayment of long term loans.....  | (524)                              | (2,334)                            | 1,809                                     | (6,459)                        |
| Proceeds from issuance of bonds.....   | —                                  | —                                  | —   | 10,000                         |
| Payment for redemption of bonds.....   | —                                  | —                                  | —   | (10,000)                       |
| Payment for redemption of convertible bonds.....                                       | —                                  | —                                  | —   | (27,080)                       |
| Purchase of treasury stock.....  | (2)                                | (2)                                | 0   | (9)                            |
| Cash dividends paid.....   | (2,793)                            | (2,793)                            | 0   | (2,793)                        |
| Cash dividends paid to minority shareholders.....                                      | (14)                               | —                                  | (14)                                      | (16)                           |
| Others.....  | —                                  | 6                                  | (6)                                       | (43)                           |
| Net cash used in financing activities  | 1,572                              | (8,735)                            | 10,307                                    | (8,772)                        |
| 4.Effect of Exchange Rate Changes on Cash and Cash Equivalents                         | 397                                | 461                                | (64)                                      | 358                            |
| 5.Net Increase (decrease) in Cash and Cash Equivalents                                 | 5,375                              | (5,288)                            | 10,663                                    | (4,616)                        |
| 6.Cash and Cash Equivalents at Beginning of Period                                     | 21,759                             | 24,780                             | (3,020)                                   | 24,780                         |
| 7.Increase in Cash and Cash Equivalents due to Establishment of<br>a Joint Venture     | —                                  | 1,596                              | (1,596)                                   | 1,596                          |
| 8.Cash and Cash Equivalents at End of Interim Period<br>(Full year)                    | 27,134                             | 21,087                             | 6,046                                     | 21,759                         |

(5) Basis of presenting interim consolidated financial statements

1. Scope of consolidation and application of equity method

Number of consolidated companies.....46 companies

Included are NMB Singapore Ltd., NMB (USA) Inc., NMB Thai Ltd., Minebea Electronics (Thailand) Co., Ltd.

Number of affiliated companies.....1 company

of which, equity method is applied to 1 company including Shonan Seiki Co., Ltd.,

2. Scope of consolidation and application of equity method

(a) Changes in consolidated subsidiaries

Anew: None

Exclusion: Liquidation (1 company) Minebea Electronics Co., Ltd.

(b) Changes of the companies subject to equity method

Anew: None

Exclusion: None

3. Closing date of consolidated subsidiaries

Consolidated subsidiaries whose interim closing dates are different from that of the Company adjusted their interim financial statements to the Company's closing date.

4. Significant accounting policies

(a) Valuation basis and method of significant assets

1. Inventories

The Company and consolidated domestic subsidiaries state primarily at the moving average cost.

Consolidated overseas subsidiaries state at the lower of first-in, first-out cost or market, or at the lower of average cost or market.

2. Other marketable securities

Securities with Market Value

The Company adopted the market value method based on market prices and other conditions at the end of the interim term. Also, the Company accounted for all valuation differences based on the direct capitalization method and the sales costs are calculated by the moving average method.

Securities without Market Value

Non-listed securities are stated at cost determined by the moving average method.

(b) Method of significant Depreciation

1. Tangible fixed assets

The company and consolidated domestic subsidiaries adopt the declining balance method. Their major useful lives are as follows:

Buildings and structures 2 to 50 years

Machinery and equipment 2 to 15 years

Tools, furniture and fixtures 2 to 20 years

They also collectively show equal charges for small depreciable assets (whose acquisition values are not less than 100,000 yen and less than 200,000 yen) over the three years each consolidated fiscal year.

Consolidated overseas subsidiaries mainly adopt the straight-line method.

2. Intangible fixed assets

The company and consolidated domestic subsidiaries mainly adopt the straight-line method. However, depreciation of software (for internal use) is computed on the straight-line method based on our expected useful period (5 years).

Consolidated overseas subsidiaries mainly adopt the straight-line method.

(c) Valuation basis of significant allowances

1. Allowance for doubtful receivables

The company and consolidated domestic subsidiaries make the record in the amount required for the estimated uncollectible receivables based on actual losses of trade receivables and on collectibility of specific receivables with loss possibilities.

Consolidated overseas subsidiaries make the record in the amount required for the estimated uncollectible receivables based on the collectibility of each receivable for possible losses on the receivables.

2. Accrued bonuses

The company and consolidated domestic subsidiaries make preparations for the payment of bonuses to employees, accrued bonuses are shown based on the anticipated amounts of payment in the current term. consolidated overseas subsidiaries make the record on accrual basis.

3. Allowance for retirement benefits

Regarding the company and its consolidated Japanese subsidiaries, the company stated an amount estimated to accrue at the end of the current interim term to provide for employee retirement benefits, based on estimated retirement benefits debts and pension assets at the end of the term.

Over the five to fifteen years within the average remaining length of employees' service, the company will charge differences in mathematical calculation to expenses from the next term, in accordance with the straight-line method.

Regarding the company's consolidated overseas subsidiaries, each subsidiary stated an amount estimated to accrue at the end of the current interim term to provide for employee retirement benefits.

Unrecognized prior service cost is amortized using the straight-line method over a period of 10 years as cost. Actuarial gains and losses 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.

4. Allowance for retirement benefits to executive officers

We posted retirement allowances to be required for payment at the end interim period of the current consolidated fiscal year in accordance with company regulations.

5. Reserve for environmental preservation expenses

We registered reasonably projected environment-related expenses to be incurred by U.S. subsidiaries.

(d) Translation of foreign currency assets and liabilities in interim financial statements of the company and consolidated subsidiaries

The company and consolidated domestic subsidiaries translate them into yen at the exchange rate on the balance sheets date (excluding the current financial receivables and payables that have already been translated at the contract exchange rate).

Financial items of assets and liabilities of consolidated overseas subsidiaries are translated into yen at the rates of exchange prevailing at the date of the interim period balance sheet, while income and expenses are translated into yen at the average rate of exchange during the fiscal period. The resulting exchange losses and gains are included in Minority Interests and foreign currency translation adjustments in Shareholders' Equity.

(e) Accounting method of significant lease transactions

In accordance with the accounting method in reference to ordinary rental transactions, the company and its consolidated domestic subsidiaries accounted for finance lease transactions, excluding those in which the ownership of leased property will be transferred to the lessees. The company's consolidated overseas subsidiaries also used primarily the same accounting method.

(f) Accounting method of significant hedge transactions

The foreign currency-denominated monetary assets and liabilities that were hedged by forward exchange contracts are allocated to the periods.

Under the guidance of the company's financial department, forward exchange contracts have been made to hedge the risks of fluctuations in foreign exchange rates relating to export and import transactions and others.

In concluding forward foreign exchange contracts, those contracts with the corresponding amounts and dates are respectively allocated (to the debts) in accordance with the risk management policy. Therefore the correlation between claims/debts and forward foreign exchange contracts arising from foreign exchange rate fluctuations is fully secured, and this judgment is substituted for the judgment of effective hedge.

(g) Accounting method of consumption tax and other

Consumption tax and other related taxes are excluded from revenues and purchases of the company.

5. Range of cash in cash flow statements

Cash and cash equivalents consist of cash on hand, demand deposit and short-term investments which expire within three months from acquisition date, have high liquidity and are easily turned into cash.

6. Change of important matters basic to the presentation of interim consolidated financial statements

Since the current interim consolidated accounting period, the company has adopted the Japanese Accounting Standards for Impairment of Fixed Assets (the Opinion concerning the Setting of Accounting Standards for Impairment of Fixed Assets issued on August 9, 2002 by the Business Accounting Council) and the Implementation Guidelines for the Accounting Standards for Impairment of Fixed Assets (Implementation Guidelines No. 6 for Business Accounting Standards issued on October 31, 2003 by the Accounting Standards Board of Japan).

This adoption reduced interim income before income taxes by 803 million yen.

Regarding accumulated impairment losses, the company deducted them directly from the amount of each relevant asset based on the revised Rules for Interim Consolidated Financial Statements.

## (6) NOTES

## (a) Interim consolidated statements of income

## (1) Impairment loss

Outline of the asset groups on which impairment losses were recognized (Amount: millions of yen)

| Use         | Location  | FY2006 Interim         |        |
|-------------|---|------------------------|--------|
|             |   | Class                  | Amount |
| Idle assets | Five facilities-Former Kyoto, Ibaraki, Ichinoseki, Kanegasaki plants and former Kanemori Co., Ltd.'s Hokuriku Branch (Hachiman City, Kyoto Pref., etc.) | Building and structure | 109    |
|             |   | Land                   | 694    |
|             |   | Total                  | 803    |

(Note) The land impairment loss of 694 million yen excludes the amount of 675 million yen offset as consolidated unrealized profits in the past.

## Asset grouping method

Based on its business classification, the Minebea Group has grouped assets in the smallest units of its operating businesses, which generate almost independent cash flows.

## Reason for the recognition of impairment losses

The above fixed assets (buildings, structures and land) impaired in the current interim consolidated accounting period (first quarter) are idle assets and have no future utilization plans. Due to this, the company recognized impairment losses on those assets.

## Calculation method of collectable amounts

The collectable amounts of the assets are based on net sales proceeds. Their assessed values are calculated based on the standards for real estate appraisals.

## (b) Segment Information

## (1) By business segments

(Amount: millions of yen)

|  | FY2006 Interim (April 1, 2005 through September 30, 2005) |  |           |             |         |
|--|---|--|-----------|-------------|---------|
|  | Machined components business                              | Electronic devices and components business | Sub-total | Elimination | Total   |
| 1. Total sales and operating income                              |   |  |           |             |         |
| Total sales  |   |  |           |             |         |
| (1) Sales to customers   | 62,204  | 93,535                                     | 155,739   | —           | 155,739 |
| (2) Sales to other segment                                       | 1,437   | 753  | 2,190     | (2,190)     | —       |
| Total  | 63,641  | 94,288                                     | 157,930   | (2,190)     | 155,739 |
| Operating expense  | 52,529  | 98,175                                     | 150,705   | (2,190)     | 148,515 |
| Operating income (loss)  | 11,112  | (3,887)                                    | 7,224     | —           | 7,224   |
| 2. Assets, depreciation, impairment loss and capital expenditure |   |  |           |             |         |
| Assets   | 192,415   | 224,681                                    | 417,096   | (70,662)    | 346,433 |
| Depreciation   | 5,405   | 6,282                                      | 11,688    | —           | 11,688  |
| Impairment loss  | 320   | 482  | 803       | —           | 803     |
| Capital expenditure  | 5,029   | 5,689                                      | 10,718    | —           | 10,718  |

(Notes) 1. The segments are defined by internal administration.

## 2. Main products

(a) Machined components business.....Ball bearings, Pivot assemblies, Tape guides, Fasteners, Mechanical assemblies for aerospace use, Defense-related special parts, etc.

(b) Electronic devices and components business.....Small motors, PC keyboards, Speakers, Back lights, Hybrid ICs, Inverter, Strain gauges, Load cells, etc.



(Amount: millions of yen)

|   | FY2005 Interim (April 1, 2004 through September 30, 2004) |  |           |             |         |
|---|---|--|-----------|-------------|---------|
|   | Machined components business                              | Electronic devices and components business | Sub-total | Elimination | Total   |
| 1. Total sales and operating income             |   |  |           |             |         |
| Total sales                                     |   |  |           |             |         |
| (1) Sales to customers                          | 57,350  | 89,400                                     | 146,751   | —           | 146,751 |
| (2) Sales to other segment                      | 1,114   | 0  | 1,114     | (1,114)     | —       |
| Total   | 58,464  | 89,401                                     | 147,866   | (1,114)     | 146,751 |
| Operating expense                               | 47,986  | 94,411                                     | 142,397   | (1,114)     | 141,282 |
| Operating income (loss)                         | 10,478  | (5,010)                                    | 5,468     | —           | 5,468   |
| 2. Assets, depreciation and capital expenditure |   |  |           |             |         |
| Assets  | 185,066   | 221,267                                    | 406,333   | (71,527)    | 334,806 |
| Depreciation                                    | 5,239   | 6,133                                      | 11,372    | —           | 11,372  |
| Capital expenditure                             | 3,585   | 15,784                                     | 19,370    | —           | 19,370  |

(Notes) 1. The segments are defined by internal administration.

2. Main products

(a) Machined components business.....Ball bearings, Pivot assemblies, Tape guides, Fasteners, Mechanical assemblies for aerospace use, Defense-related special parts, etc.

(b) Electronic devices and components business.....Small motors, PC keyboards, Speakers, Back lights, Hybrid ICs, Inverter, Strain gauges, Load cells, etc.

(Amount: millions of yen)

|   | FY2005 (Annual) (April 1, 2004 through March 31, 2005) |  |           |             |         |
|---|--|--|-----------|-------------|---------|
|   | Machined components business                           | Electronic devices and components business | Sub-total | Elimination | Total   |
| 1. Total sales and operating income             |  |  |           |             |         |
| Total sales                                     |  |  |           |             |         |
| (1) Sales to customers                          | 116,105  | 178,317                                    | 294,422   | —           | 294,422 |
| (2) Sales to other segment                      | 2,194  | 389  | 2,584     | (2,584)     | —       |
| Total   | 118,299  | 178,707                                    | 297,006   | (2,584)     | 294,422 |
| Operating expense                               | 96,727   | 186,196                                    | 282,923   | (2,584)     | 280,339 |
| Operating income (loss)                         | 21,572   | (7,489)                                    | 14,083    | —           | 14,083  |
| 2. Assets, depreciation and capital expenditure |  |  |           |             |         |
| Assets  | 194,180  | 214,142                                    | 408,322   | (76,105)    | 332,217 |
| Depreciation                                    | 10,401   | 12,061                                     | 22,462    | —           | 22,462  |
| Capital expenditure                             | 11,400   | 22,756                                     | 34,157    | —           | 34,157  |

(Notes) 1. The segments are defined by internal administration.

2. Main products

(a) Machined components business.....Ball bearings, Pivot assemblies, Tape guides, Fasteners, Mechanical assemblies for aerospace use, Defense-related special parts, etc.

(b) Electronic devices and components business.....Small motors, PC keyboards, Speakers, Back lights, Hybrid ICs, Inverter, Strain gauges, Load cells, etc.

## (2) By geographical segments

(Amount: millions of yen)

|                                     | FY2006 Interim (April 1, 2005 through September 30, 2005) |                              |                  |        |           |             |         |
|-------------------------------------|---|------------------------------|------------------|--------|-----------|-------------|---------|
|                                     | Japan   | Asia<br>(excluding<br>Japan) | North<br>America | Europe | Sub-total | Elimination | Total   |
| 1. Total sales and operating income |   |                              |                  |        |           |             |         |
| Total sales                         |   |                              |                  |        |           |             |         |
| (1) Sales to customers              | 39,241  | 75,334                       | 28,803           | 12,360 | 155,739   | —           | 155,739 |
| (2) Sales to other segment          | 83,511  | 81,375                       | 771              | 1,324  | 166,982   | (166,982)   | —       |
| Total                               | 122,752   | 156,709                      | 29,575           | 13,684 | 322,722   | (166,982)   | 155,739 |
| Operating expense                   | 123,507   | 150,979                      | 28,060           | 12,950 | 315,497   | (166,982)   | 148,515 |
| Operating income (loss)             | (754)   | 5,729                        | 1,515            | 734    | 7,224     | —           | 7,224   |
| 2. Assets                           | 170,992   | 237,647                      | 36,604           | 18,938 | 464,182   | (117,748)   | 346,433 |

(Notes) Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North America.....United States

Europe.....United Kingdom, Germany, France, Italy

(Amount: millions of yen)

|                                     | FY2005 Interim (April 1, 2004 through September 30, 2004) |                              |                  |        |           |             |         |
|-------------------------------------|---|------------------------------|------------------|--------|-----------|-------------|---------|
|                                     | Japan   | Asia<br>(excluding<br>Japan) | North<br>America | Europe | Sub-total | Elimination | Total   |
| 1. Total sales and operating income |   |                              |                  |        |           |             |         |
| Total sales                         |   |                              |                  |        |           |             |         |
| (1) Sales to customers              | 38,251  | 68,915                       | 25,924           | 13,659 | 146,751   | —           | 146,751 |
| (2) Sales to other segment          | 82,673  | 78,904                       | 682              | 483    | 162,744   | (162,744)   | —       |
| Total                               | 120,925   | 147,820                      | 26,606           | 14,143 | 309,495   | (162,744)   | 146,751 |
| Operating expense                   | 120,773   | 144,983                      | 24,322           | 13,947 | 304,027   | (162,744)   | 141,282 |
| Operating income                    | 152   | 2,836                        | 2,284            | 195    | 5,468     | —           | 5,468   |
| 2. Assets                           | 166,929   | 231,010                      | 33,304           | 21,702 | 452,946   | (118,140)   | 334,806 |

(Notes) Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North America.....United States

Europe.....United Kingdom, Germany, France, Italy

(Amount: millions of yen)

|                                     | FY2005 (Annual) (April 1,2004 through March 31, 2005) |                              |                  |        |           |             |         |
|-------------------------------------|---|------------------------------|------------------|--------|-----------|-------------|---------|
|                                     | Japan   | Asia<br>(excluding<br>Japan) | North<br>America | Europe | Sub-total | Elimination | Total   |
| 1. Total sales and operating income |   |                              |                  |        |           |             |         |
| Total sales                         |   |                              |                  |        |           |             |         |
| (1) Sales to customers              | 76,660  | 137,424                      | 52,389           | 27,947 | 294,422   | —           | 294,422 |
| (2) Sales to other segment          | 162,763   | 155,447                      | 1,422            | 1,025  | 320,659   | (320,659)   | —       |
| Total                               | 239,424   | 292,871                      | 53,812           | 28,973 | 615,081   | (320,659)   | 294,422 |
| Operating expense                   | 236,671   | 287,001                      | 49,302           | 28,022 | 600,998   | (320,659)   | 280,339 |
| Operating income                    | 2,752   | 5,870                        | 4,510            | 950    | 14,083    | —           | 14,083  |
| 2. Assets                           | 169,239   | 223,995                      | 32,442           | 20,300 | 445,977   | (113,760)   | 332,217 |

(Notes) Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North America.....United States

Europe.....United Kingdom, Germany, France, Italy

## (3) Overseas Sales

(Amount: millions of yen)

|                                  | FY2006 Interim (April 1, 2005 through September 30, 2005) |                            |        |         |
|----------------------------------|---|----------------------------|--------|---------|
|                                  | Asia<br>(excluding Japan)                                 | North and South<br>America | Europe | Total   |
| 1. Overseas sales                | 77,775  | 23,040                     | 14,785 | 115,601 |
| 2. Total sales                   |   |                            |        | 155,739 |
| 3. Overseas sales on total sales | 49.9%   | 14.8%                      | 9.5%   | 74.2%   |

(Notes) 1. The overseas sales are made outside of Japan by parent company and consolidated subsidiaries.

2. Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North and South America.....United States, Canada, Mexico, etc.

Europe.....United Kingdom, Germany, France, Italy, Netherlands, etc.

(Amount: millions of yen)

|                                  | FY2005 Interim (April 1, 2004 through September 30, 2004) |                            |        |         |
|----------------------------------|---|----------------------------|--------|---------|
|                                  | Asia<br>(excluding Japan)                                 | North and South<br>America | Europe | Total   |
| 1. Overseas sales                | 69,319  | 23,633                     | 14,355 | 107,308 |
| 2. Total sales                   |   |                            |        | 146,751 |
| 3. Overseas sales on total sales | 47.2%   | 16.1%                      | 9.8%   | 73.1%   |

(Notes) 1. The overseas sales are made outside of Japan by parent company and consolidated subsidiaries.

2. Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North and South America.....United States, Canada, Mexico, etc.

Europe.....United Kingdom, Germany, France, Italy, Netherlands, etc.

(Amount: millions of yen)

|                                  | FY2005 (Annual) (April 1, 2004 through March 31, 2005) |                            |        |         |
|----------------------------------|--|----------------------------|--------|---------|
|                                  | Asia<br>(excluding Japan)                              | North and South<br>America | Europe | Total   |
| 1. Overseas sales                | 140,229  | 46,012                     | 29,505 | 215,747 |
| 2. Total sales                   |  |                            |        | 294,422 |
| 3. Overseas sales on total sales | 47.6%  | 15.6%                      | 10.0%  | 73.3%   |

(Notes) 1. The overseas sales are made outside of Japan by parent company and consolidated subsidiaries.

2. Dividing method and main countries in each territory

(a) Dividing method.....By geographical distance

(b) Main countries in each territory

Asia (excluding Japan).....Thailand, Singapore, China, Taiwan, Korea, etc.

North and South America.....United States, Canada, Mexico, etc.

Europe.....United Kingdom, Germany, France, Italy, Netherlands, etc.

## (c) Relating to lease transactions

Millions of yen

|   | <u>Half year ended Sept.30,2005</u>    |   |  | <u>Half year ended Sept.30,2004</u>    |   |  | <u>Full year ended March 31,2005</u>   |   |  |
|---|--|---|--|--|---|--|--|---|--|
|   | <u>Equivalent of acquisition value</u> | <u>Equivalent of total amount of depreciation</u> | <u>Equivalent of half year-end balance</u> | <u>Equivalent of acquisition value</u> | <u>Equivalent of total amount of depreciation</u> | <u>Equivalent of half year-end balance</u> | <u>Equivalent of acquisition value</u> | <u>Equivalent of total amount of depreciation</u> | <u>Equivalent of half year-end balance</u> |
| (1) Equivalent of acquisition value of leased items, equivalent of total amount of depreciation and equivalent of interim (year-end) closing balance: |  |   |  |  |   |  |  |   |  |
| Machinery and transportation equipment  | 1,173                                  | 551   | 621  | 1,215                                  | 624   | 590  | 1,269                                  | 585   | 683  |
| Tools, furniture and fixtures   | 2,599                                  | 1,284   | 1,314                                      | 3,140                                  | 1,798   | 1,342                                      | 2,736                                  | 1,476   | 1,260                                      |
| Software  | <u>40</u>                              | <u>25</u>   | <u>14</u>                                  | <u>91</u>                              | <u>67</u>   | <u>23</u>                                  | <u>42</u>                              | <u>31</u>   | <u>11</u>                                  |
| Total   | 3,812                                  | 1,861   | 1,950                                      | 4,447                                  | 2,491   | 1,956                                      | 4,048                                  | 2,092   | 1,955                                      |

Because of a low ratio of the interim (year-end) closing balance of unexpired lease expenses to a total amount of the interim (year-end) closing balance of tangible fixed assets, equivalent of acquisition value in the period under review has been calculated based on "interest payment inclusive method."

## (2) Equivalent of interim (year-end) closing balance of unexpired lease expenses:

|               |              |              |              |
|---------------|--------------|--------------|--------------|
| within 1-year | 882          | 946          | 892          |
| over 1-year   | <u>1,067</u> | <u>1,009</u> | <u>1,062</u> |
| Total         | 1,950        | 1,956        | 1,955        |

Because of a low ratio of the interim (year-end) closing balance of unexpired lease expenses to a total amount of the interim (year-end) closing balance of tangible fixed assets, equivalent of the interim (year-end) closing balance of unexpired lease expenses in the period under review has been calculated based on "Interest payment inclusive method".

## (3) The amount of lease expenses and equivalent of depreciation expenses:

|                                     |     |     |       |
|-------------------------------------|-----|-----|-------|
| Amount of lease expenses            | 541 | 611 | 1,209 |
| Equivalent of depreciation expenses | 541 | 611 | 1,209 |

## (4) Method of computing equivalent of depreciation expenses:

Computation is based on straight-line method with the lease term as a useful life and the residual value to be set at zero.

(d) Marketable securities

1. Marketable securities

(Amount: millions of yen)

| Classification                                | FY2006 (Interim) |              |                | FY2005 (Interim) |              |                | FY2005 (Annual) |              |                |
|---|------------------|--------------|----------------|------------------|--------------|----------------|-----------------|--------------|----------------|
|   | Book value       | Market price | Gain or (loss) | Book value       | Market price | Gain or (loss) | Book value      | Market price | Gain or (loss) |
| Other Marketable Securities with Market Value |                  |              |                |                  |              |                |                 |              |                |
| Stock   | 3,105            | 8,230        | 5,125          | 3,108            | 5,252        | 2,144          | 3,105           | 5,687        | 2,582          |
| Total   | 3,105            | 8,230        | 5,125          | 3,108            | 5,252        | 2,144          | 3,105           | 5,687        | 2,582          |

2. Main securities without market value

(Amount: millions of yen)

| Classification              | FY2006 (Interim) | FY2005 (Interim) | FY2005 (Annual) |
|-----------------------------|------------------|------------------|-----------------|
| Other marketable securities | 473              | 1,065            | 475             |
| Total                       | 473              | 1,065            | 475             |

(Note) Non-listed stock (Except for stock at over the counter)

(e) Contract amounts etc., current prices, and unrealized profits or losses of derivatives

Half year ended September 30,2005

Not Applicable

We excluded the items that are applied hedge account from this financial year's report.

Half year ended September 30,2004

Not Applicable

We excluded the items that are applied hedge account from this financial year's report.

Full year ended March 31,2005

Not Applicable

We excluded the items that are applied hedge account from this financial year's report.

(f) Going Concerns

Not Applicable

(7) Amounts of production, orders received, sales

1. Production

| Business segments                          | Product amount (millions of yen) | Change Y / Y (%) |
|--|----------------------------------|------------------|
| Machined components business               | 66,725                           | 116.2            |
| Electronic devices and components business | 89,034                           | 100.8            |
| Total                                      | 155,759                          | 106.8            |

(Note) Amounts are provided on the basis of their sales prices, after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.

2. Orders received

| Business segments                          | Orders received (millions of yen) | Change Y / Y (%) | Order backlog (millions of yen) | Change Y / Y (%) |
|--|-----------------------------------|------------------|---------------------------------|------------------|
| Machined components business               | 67,067                            | 113.7            | 43,420                          | 119.5            |
| Electronic devices and components business | 92,698                            | 98.7             | 21,709                          | 80.4             |
| Total                                      | 159,765                           | 104.5            | 65,129                          | 102.8            |

(Note) Amounts are provided on the basis of their sales prices, after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.

3. Sales

| Business segments                          | Sales amount (millions of yen) | Change Y / Y (%) |
|--|--------------------------------|------------------|
| Machined components business               | 62,204                         | 108.5            |
| Electronic devices and components business | 93,535                         | 104.6            |
| Total                                      | 155,739                        | 106.1            |

(Note) Amounts are provided after offsetting and eliminating transactions between the two business segments and do not include consumption taxes.