1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Minebea Co., Ltd. (the "Company"), and its consolidated domestic and overseas subsidiaries are stated in Japanese yen. The accounts of the Company and its consolidated domestic and overseas subsidiaries are maintained in accordance with the accounting principles generally accepted in the respective countries and audited by independent auditors in those countries. The Company has made necessary adjustments to its consolidated accounting process regarding overseas subsidiaries in accordance with the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force (PITF) No. 18, issued on May 17, 2006), effective from the year ended March 31, 2009.

The accompanying consolidated financial statements have been compiled from the consolidated financial statements filed with the Ministry of Finance in Japan as required by the Financial Instruments and Exchange Act of Japan, in accordance with accounting principles generally accepted in Japan, which are different in certain respects to the application and disclosure requirements of International Financial Reporting Standards. For the purpose of this annual report, certain reclassifications have been made and additional information provided to present the accompanying consolidated financial statements in a format that is familiar to readers outside Japan.

2. Summary of Significant Accounting Policies

a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and 40 affiliated companies (40 consolidated subsidiaries). All significant intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation. The Company also has 4 non-consolidated subsidiaries.

One non-consolidated subsidiary was established during the year ended March 31, 2012. Non-consolidated subsidiaries are excluded from the scope of consolidation, as their operations are small, and their total assets, net sales, net income (amount equivalent to shares) and retained earnings (amount equivalent to shares), etc. have no significant impact to the consolidated financial statements.

For some consolidated subsidiaries whose fiscal year ends on December 31, provisional financial statements as of the Company's balance sheet date are prepared and used.

b) Translation of foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date, except for those which are hedged by forward exchange contracts. Translation differences arising from the translation of the financial statements denominated in foreign currencies are recorded as minority interests in consolidated subsidiaries and foreign currency translation adjustments in net assets.

Financial statement items of consolidated overseas subsidiaries are translated into Japanese yen as follows:

Balance sheet items	At the rates of exchange prevailing at the balance sheet date
Statement of income items	At the average rate of exchange during the fiscal year

c) Cash equivalents

All highly liquid investments with a maturity of 3 months or less when purchased are considered to be "cash equivalents."

d) Allowance for doubtful receivables

Allowance for doubtful receivables of the Company and its consolidated domestic subsidiaries is provided for normal receivables based on the historical write-off rate and for uncollectible receivables on a specific identification basis. Allowance for doubtful receivables of consolidated overseas subsidiaries is generally provided for estimated uncollectible receivables.

Allowance for doubtful receivables provided for consolidated subsidiary receivables is eliminated for consolidation purposes.

e) Inventories
Inventories of the Company and its consolidated domestic subsidiaries are stated at cost, as determined primarily by the moving average method, with balance sheet inventory amounts calculated using lowered book values and reflecting a potential decline in profitability. Inventories of the Company's consolidated overseas subsidiaries are stated at lower of cost or market as determined primarily by the moving average method.

Inventories as of March 31, 2012 and 2011, comprised the following:

Inventories

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2012	2011	**2012**
Merchandise and finished goods	**¥21,221**	¥20,883	**$258,202**
Work in process	**14,624**	11,985	**177,928**
Raw materials	**9,648**	7,548	**117,381**
Supplies	**3,532**	3,582	**42,974**
	¥49,025	¥43,998	**$596,485**

f) Tangible fixed assets
Tangible fixed assets are stated at acquisition cost. Depreciation of the Company and its consolidated domestic subsidiaries is computed by the declining balance method based upon the estimated useful lives of the assets. The estimated useful lives of fixed assets are predominantly 2 to 50 years for buildings and structures, 2 to 15 years for machinery and transportation equipment and 2 to 20 years for tools, furniture and fixtures. In contrast, depreciation of consolidated overseas subsidiaries is computed primarily by the straight-line method based upon the estimated useful lives of the assets. Maintenance and normal repair expenses are charged against income incurred, while significant renewals and improvements are capitalized.

g) Investment securities
Investment securities consist of equity securities of listed and unlisted companies and government bonds. Available-for-sale securities held by the Company and its domestic and overseas consolidated subsidiaries with fair value are stated at the closing quoted market price on March 31, 2012 and 2011. Resulting valuation gains and losses are included, after the application of tax effect accounting, in net assets in the consolidated balance sheets. The cost of securities sold is calculated using the moving average method. Those securities for which fair value is not readily determinable are stated at cost, as determined by the moving average method.

Available-for-sale securities

Millions of yen

	2012			2011		
	Reported amount in balance sheet	*Acquisition cost*	*Difference*	*Reported amount in balance sheet*	*Acquisition cost*	*Difference*
Securities whose reported amounts in balance sheet exceed acquisition cost						
Equity securities	**¥1,642**	**¥1,507**	**¥135**	¥ 698	¥ 583	¥ 115
Bonds	**2,579**	**2,567**	**12**	2,422	2,411	11
Securities whose reported amounts in balance sheet do not exceed acquisition cost						
Equity securities	**902**	**943**	**(41)**	1,849	2,467	(618)
Bonds	**—**	**—**	**—**	—	—	—
Total	**¥5,123**	**¥5,017**	**¥106**	¥4,969	¥5,461	¥(492)

	Thousands of U.S. dollars (Note 3)		
	2012		
	Reported amount in balance sheet	Acquisition cost	Difference
Securities whose reported amounts in balance sheet exceed acquisition cost			
Equity securities	$19,974	$18,333	$1,641
Bonds	31,384	31,230	154
Securities whose reported amounts in balance sheet do not exceed acquisition cost			
Equity securities	10,976	11,475	(499)
Bonds	—	—	—
Total	$62,334	$61,038	$1,296

Unlisted equity securities are not included in the above, as they do not have quoted market prices, therefore it is extremely difficult to measure their fair value. The amount of unlisted equity securities as of March 31, 2012 and 2011 are ¥2,302 million ($28,004 thousand) and ¥2,534 million, respectively.

Available-for-sale securities sold during each fiscal year

	Millions of yen								
	2012			2011			2010		
	Amount of sale	Gain on sale	Loss on sale	Amount of sale	Gain on sale	Loss on sale	Amount of sale	Gain on sale	Loss on sale
Equity securities	¥31	¥28	¥—	¥—	¥—	¥—	¥65	¥32	¥—

	Thousands of U.S. dollars (Note 3)		
	2012		
	Amount of sale	Gain on sale	Loss on sale
Equity securities	$380	$348	$—

Impaired securities

In the year ended March 31, 2012, the Company recorded ¥831 million ($10,107 thousand) for impairment in securities (¥831 million ($10,107 thousand) of available-for-sale securities).

Regarding impairment, the Company records impairment for all securities with fair value as of the year-end that have declined by 50% or more compared to their acquisition cost. For securities with fair value as of the year-end that have declined between 31% and 50%, the Company considers their recoverability for each securities and records impairment for amounts deemed necessary.

h) Accounting for retirement benefits

Effective April 1, 2000, the Company and its consolidated domestic subsidiaries have adopted the accounting standards for retirement benefits. To provide for the payment of retirement benefits to employees, provisions have been made based on the projected benefit obligations and the estimated plan assets as of March 31, 2012 and 2011, calculated on the basis of accrued retirement benefit obligations and prepaid pension costs as of March 31, 2012 and 2011.

Prepaid pension costs and accrued retirement benefits as of March 31, 2012 and 2011, are included under “Other” in “Investments and Other Assets” and “Other” in “Long-term Liabilities,” respectively.

Prior service costs are amortized using the straight-line method over a period of 10 years.

Actuarial gains and losses are amortized using the straight-line method over a period of 5 years, from the period subsequent to the period in which they are incurred.

Actuarial gains and losses of consolidated overseas subsidiaries are amortized using the straight-line method over a period of 5 years, from the period subsequent to the period in which they are incurred.

(Change of accounting policy)
In the year ended March 31, 2010, the Company adopted the "Partial Amendments to "Accounting Standards for Retirement Benefits" (Part 3)" (ASBJ Statement No. 19, issued on July 31, 2008).

There was no effect from this change on profits and losses for the year ended March 31, 2010.

Retirement benefit plans
Projected benefit obligations and the components thereof as of March 31, 2012 and 2011, are as follows:

Projected Benefit Obligations	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 3) 2012
Projected benefit obligations	**¥(36,148)**	¥(33,844)	**$(439,813)**
Plan assets at fair value	**26,887**	24,304	**327,127**
Unfunded projected benefit obligations	**(9,261)**	(9,540)	**(112,686)**
Unrecognized prior service costs	**1,985**	2,316	**24,156**
Unrecognized actuarial losses	**3,766**	3,728	**45,824**
Net amount recognized on consolidated balance sheets	**(3,510)**	(3,496)	**(42,706)**
Prepaid pension costs	**1,157**	784	**14,075**
Accrued retirement benefits	**¥ (4,667)**	¥ (4,280)	**$ (56,781)**

The components of retirement benefit costs for the years ended March 31, 2012, 2011 and 2010, are as follows:

Retirement Benefit Costs	Millions of yen 2012	Millions of yen 2011	Millions of yen 2010	Thousands of U.S. dollars (Note 3) 2012
Service cost	**¥1,371**	¥1,329	¥1,372	**$16,675**
Interest cost	**1,195**	1,187	1,207	**14,546**
Expected return on plan assets	**(989)**	(884)	(833)	**(12,034)**
Amortization of prior service costs	**332**	325	333	**4,038**
Amortization of actuarial losses	**1,479**	1,225	1,392	**17,994**
Retirement benefit costs	**3,388**	3,182	3,471	**41,219**
Contributions to defined contribution pension plans	**187**	168	159	**2,278**
Total	**¥3,575**	¥3,350	¥3,630	**$43,497**

Assumptions used for calculation for the years ended March 31, 2012, 2011 and 2010, are as follows:

Assumptions Used for Calculation	2012	2011	2010
Discount rate	**mainly 2.0%**	mainly 2.0%	mainly 2.0%
Expected rate of return on plan assets	**mainly 2.0%**	mainly 2.0%	mainly 2.0%
Allocation of estimated amount of all retirement benefits to be paid at future retirement dates	**Equally to each service year using the estimated number of total service years**	Equally to each service year using the estimated number of total service years	Equally to each service year using the estimated number of total service years

i) Leases
Non-cancellable finance lease transactions except for those that stipulate the transfer of ownership of leased property to the lessee are depreciated using the straight-line method, whereby the lease term is the useful life of the asset and the residual value is zero.

j) Hedge accounting
Method of hedge accounting
The Company has adopted the allocation method to account for forward exchange contracts for foreign currency-denominated receivables and payables, and the deferred hedge method to account for forward exchange contracts for foreign currency-denominated anticipated transactions. The Company has also adopted the special method to account for interest rate swaps, which meet the criteria for special accounting.

Hedging vehicles and hedged items

(Hedging vehicles)

Forward exchange contracts

Interest rate swaps

(Hedged items)

Monetary receivables and payables in foreign currency

Anticipated transaction in foreign currencies

Interest rates on borrowings

Hedge policy

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

Method of assessing hedge effectiveness

Regarding forward exchange contracts, in principle, the Company allocates them to monetary receivables and payables with the same maturities and same amounts in foreign currency at closing of forward exchange contracts in accordance with the risk management policy. This completely ensures correlations reflecting subsequent exchange rate fluctuations. The Company assesses hedge effectiveness based upon such correlations.

Also, regarding interest rate swaps, the Company assesses hedge effectiveness based upon the fulfillment of the criteria for special accounting.

k) Goodwill and negative goodwill

Excess of cost over net assets acquired for business acquisitions for the Company and its consolidated subsidiaries is amortized on a straight-line basis over a period ranging from 5 to 10 years. Amortization for the years ended March 31, 2012, 2011 and 2010, were ¥1,332 million ($16,212 thousand), ¥1,321 million and ¥1,352 million, respectively.

l) Accounting standard for asset retirement obligations

In the year ended March 31, 2011, the Company has applied the “Accounting Standard for Asset Retirement Obligations” (ASBJ Statement No. 18, issued on March 31, 2008) and the “Guidance on Accounting Standard for Asset Retirement Obligations” (ASBJ Guidance No. 21, issued on March 31, 2008).

There was no effect from this change on profits and losses for the year ended March 31, 2011.

m) Accounting standard for business combinations and others

In the year ended March 31, 2011, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, issued on December 26, 2008), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, issued on December 26, 2008) and the “Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No. 10, revised on December 26, 2008).

Due to the application, assets and liabilities of consolidated subsidiaries at acquisition, which previously were partially measured at fair value, are fully measured at fair value from the year ended March 31, 2011.

There was no effect from this change on the consolidated financial statements for the year ended March 31, 2011.

n) Accounting standard for presentation of comprehensive income

In the year ended March 31, 2011, the Company has applied the “Accounting Standard for Presentation of Comprehensive Income” (ASBJ Statement No. 25, issued on June 30, 2010).

Due to the application, unfunded retirement benefit obligations of foreign subsidiaries incurred in previous years, amounting to –¥2,689 million, was reclassified from “Retained earnings” to “Unfunded retirement benefit obligation of foreign subsidiaries” in the year ended March 31, 2011.

Comprehensive income for the year ended March 31, 2010, is as follows:

	Millions of yen
	2010
Income before Minority Interests	¥ 7,012
Other Comprehensive Income:	
Difference on revaluation of available-for-sale securities	281
Deferred gains or losses on hedges	5
Foreign currency translation adjustments	(1,043)
Total other comprehensive income	(757)
Total Comprehensive Income	¥ 6,255
Comprehensive income attributable to:	
Comprehensive income attributable to owners of the parent	5,756
Comprehensive income attributable to minority interests	499

o) Accounting standard for accounting changes and error corrections

For the accounting changes and error corrections after April 1, 2011, the Company has applied the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, issued on December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, issued on December 4, 2009).

p) Reclassifications

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

3. Translation into U.S. Dollars

The accompanying financial statements are expressed in Japanese yen and, solely for the convenience of the reader, have also been translated into U.S. dollar amounts at the rate of ¥82.19=US$1, the approximate rate of exchange on March 31, 2012. The translations should not be construed as representations that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars.

4. Short-Term and Long-Term Debt

Short-term debt consists of short-term loans from banks, principally due in 30 to 180 days. The weighted average rates of short-term loans as of March 31, 2012 and 2011 are 1.09% and 1.12%, respectively.

Short-term debt as of March 31, 2012 and 2011, consists of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Short-term loans	**¥53,449**	¥52,238	**$650,310**
Total	**¥53,449**	¥52,238	**$650,310**

Long-term debt as of March 31, 2012 and 2011, consists of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
1.26% unsecured bonds payable in Japanese yen due December 2011	**¥ —**	¥10,000	**$ —**
1.70% unsecured bonds payable in Japanese yen due March 2012	**—**	1,500	**—**
0.68% unsecured bonds payable in Japanese yen due December 2016	**10,000**	—	**121,669**
0.60% convertible bond-type unsecured bonds payable in Japanese yen with stock acquisition rights due February 2017	**7,700**	—	**93,685**
Loans from banks, etc. Years ended March 31 2012—0.46% to 1.95% 2011—0.93% to 1.95%	**71,395**	69,475	**868,654**
Lease obligations	**722**	769	**8,790**
	89,817	81,744	**1,092,798**
Less: current portion	**15,438**	24,497	**187,831**
	¥74,379	¥57,247	**$ 904,967**

The aggregate annual maturities of long-term debt outstanding as of March 31, 2012, are as follows:

	Millions of yen	*Thousands of U.S. dollars (Note 3)*
2013	**¥15,438**	**$187,831**
2014	**19,431**	**236,412**
2015	**14,628**	**177,985**
2016	**17,581**	**213,910**
2017 and thereafter	**22,739**	**276,660**
	¥89,817	**$1,092,798**

5. Impairment of Fixed Assets

The asset groups for which the Company and its consolidated subsidiaries recognized impairment losses for the years ended March 31, 2012, 2011 and 2010, are as follows:

Overview of asset groups for which impairment losses were recognized

			Millions of yen			*Thousands of U.S. dollars (Note 3)*
Use	*Business/location*	*Type of assets*	**2012**	2011	2010	**2012**
Idle assets	3 facilities, which are former Kyoto Plant, former Ichinoseki Plant and former Kanegasaki Plant (Yawata City, Kyoto Prefecture and others)	Buildings and structures	**¥ —**	¥ 54	¥ 7	**$ —**
		Land	**14**	4	24	**168**
		Total	**14**	58	31	**168**
Sold assets	Former Kyoto Plant (Yawata City, Kyoto Prefecture)	Land	**—**	248	—	**—**
		Total	**—**	248	—	**—**
Operational assets	Keyboard business (Shanghai, China)	Buildings and structures	**2**	—	—	**23**
		Machinery and transportation equipment	**255**	—	—	**3,098**
		Tools, furniture and fixtures	**20**	—	—	**250**
		Total	**277**	—	—	**3,371**
	Vibration motor business (Zhuhai, China and others)	Buildings and structures	**2**	—	—	**21**
		Machinery and transportation equipment	**166**	175	—	**2,027**
		Tools, furniture and fixtures	**62**	73	—	**756**
		Total	**230**	248	—	**2,804**
	In-house raw material production business (Ayutthaya, Thailand)	Buildings and structures	**12**	—	—	**150**
		Machinery and transportation equipment	**237**	—	—	**2,884**
		Tools, furniture and fixtures	**5**	—	—	**52**
		Total	**254**	—	—	**3,086**
Total			**¥775**	¥554	¥31	**$9,429**

Asset grouping method

Assets are generally grouped by the lowest level that generates independent cash flow, based on the business segmentation.

Reason for impairment losses having been recognized

The idle assets (buildings and structures and land) for which impairment losses were recognized for the years ended March 31, 2012, 2011 and 2010, do not have an effective utilization plan, and their land prices dropped significantly.

Impairment losses were recognized for sold assets (land), as their recoverable amounts were below book values.

Regarding operational assets (buildings and structures, machinery and equipment, and tools, furniture and fixtures), impairment losses were recognized, as their future cash flows were below book values of the asset group, due to downsizing of business, deterioration in profitability, or partial closure, and reduced to their recoverable amount based on net realizable value or value of use.

In the year ended March 31, 2012, ¥484 million ($5,890 thousand) (of which ¥230 million ($2,804 million) in vibration motor business and ¥253 million ($3,086 thousand) in in-house raw material production business) was included in "Business restructuring losses."

Calculation method of recoverable amounts

Idle assets and sold assets are measured by net realizable value, mainly based on real estate appraisal standards or by sales prices.

Certain operational assets are measured by net realizable value, based on appraisal value by a third party. Other operational assets are measured by value of use, and calculated by discounting the future cash flows by 12.0% for the year ended March 31, 2011. All of the book value is recorded as impairment losses for the year ended March 31, 2012, as no positive future cash flow was expected.

6. Losses on disaster

In the year ended March 31, 2012, the Company recorded fixed costs during the low operation period caused by the large scale flood in Thailand of ¥2,969 million ($36,123 thousand), losses on disposal of fixed assets of ¥2,239 million ($27,246 thousand), losses on disposal of inventories of ¥418 million ($5,088 thousand), and costs for disaster measures of ¥2,218 million ($26,985 thousand).

7. Business restructuring losses

In the year ended March 31, 2012, the Company recorded the loss related to the downsizing of keyboard business of ¥893 million ($10,870 thousand), loss related to the deterioration of profitability in vibration motor business of ¥427 million ($5,194 thousand), and loss related to the partial closure of raw material in-house production business of ¥283 million ($3,437 thousand).

8. Income Taxes

The Company and its consolidated domestic subsidiaries are subject to a number of different taxes based on income which, in the aggregate, resulted in an effective statutory rate of 39.0% for the years ended March 31, 2012, 2011 and 2010.

The income taxes of consolidated overseas subsidiaries are generally levied at lower rates than those currently applied in Japan. In addition, consolidated subsidiaries in Thailand are granted a tax exempt status by the Promotion of Investment Act, whereby earnings derived from the manufacture or sale of qualifying products are fully exempt from Thai income tax for a period of 3 to 8 years.

The income tax effect is recognized for temporary differences resulting from elimination of intercompany profit and certain adjustments made in the accompanying consolidated financial statements.

Net deferred tax assets of ¥9,578 million ($116,533 thousand) and ¥8,222 million as of March 31, 2012 and 2011, respectively, are included in the accompanying consolidated balance sheets and are composed of the following:

	Millions of yen		Thousands of U.S. dollars (Note 3)
Deferred Tax Assets	**2012**	2011	**2012**
Excess of allowed limit chargeable to accrued bonuses	**¥ 965**	¥ 1,044	**$ 11,741**
Excess of allowed limit chargeable to accrued retirement benefits	**1,013**	1,333	**12,327**
Loss on revaluation of investment securities	**618**	351	**7,516**
Unrealized gains on sales of inventories	**811**	914	**9,870**
Unrealized gains on sales of fixed assets	**616**	671	**7,499**
Excess of allowed limit chargeable to depreciation	**1,305**	1,368	**15,881**
Impairment losses	**187**	190	**2,276**
Tax losses carryforwards	**11,183**	5,885	**136,062**
Foreign tax credit carryforwards	**741**	745	**9,016**
Other	**1,791**	1,757	**21,783**
Subtotal	**19,230**	14,258	**233,971**
Valuation allowance	**(8,399)**	(4,727)	**(102,187)**
Total deferred tax assets	**¥10,831**	¥ 9,531	**$ 131,784**

	Millions of yen		Thousands of U.S. dollars (Note 3)
Deferred Tax Liabilities	**2012**	2011	**2012**
Depreciation allowed to overseas subsidiaries	**¥ 569**	¥ 737	**$ 6,919**
Differences on revaluation of available-for-sale securities	**18**	7	**217**
Prepaid pension costs	**435**	318	**5,289**
Others	**231**	247	**2,826**
Total deferred tax liabilities	**1,253**	1,309	**15,251**
Net deferred tax assets	**¥9,578**	¥8,222	**$116,533**

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

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Current assets—Deferred tax assets	**¥4,374**	¥3,779	**$53,230**
Fixed assets—Deferred tax assets	**5,846**	5,279	**71,132**
Current liabilities—Other	**(4)**	(9)	**(56)**
Long-term liabilities—Other	**(638)**	(827)	**(7,773)**
Net deferred tax assets	**¥9,578**	¥8,222	**$116,533**

The reconciliation of the statutory tax rate in Japan and the effective tax rates appearing in the consolidated statements of income for the years ended March 31, 2012, 2011 and 2010, is shown below:

	2012	2011	2010
Statutory tax rate in Japan	**39.0%**	39.0%	39.0%
Adjustments:			
Amortization of goodwill	**9.4**	2.8	5.7
Difference of tax rates applied to overseas subsidiaries	**(48.7)**	(9.9)	(18.1)
Valuation allowance	**(0.6)**	(9.9)	3.7
Effect of dividend income eliminated for consolidation	**21.9**	3.9	29.1
Dividend income and other items not included for tax purposes	**(21.0)**	(3.8)	(22.7)
Entertainment cost and other items not deducted for tax purposes	**1.3**	0.3	—
Withholding income taxes	**12.8**	6.9	5.8
Income tax refund	**—**	—	(20.6)
Adjustments in year-end deferred tax assets due to tax rate changes	**7.7**	—	—
Other	**0.9**	0.4	2.4
Effective income tax rate	**22.7%**	29.7%	24.3%

Adjustment of deferred tax assets and deferred tax liabilities due to the change of corporate tax rate
"The Act for Partial Revision of the Income Tax Act, etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction from the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011. As a result, the corporate tax rate will be lowered and a reconstruction corporate tax will be imposed from the fiscal year beginning on or after April 1, 2012. Accordingly, the statutory tax rate, which is used to calculate deferred tax assets and deferred tax liabilities, will be reduced from the current 39.0–40.7% to 37.20–38.01% for temporary differences which are expected to reverse during the year beginning April 1, 2012 and the year beginning April 1, 2014, and 34.83–35.64% for temporary differences which are expected to reverse in or after the year beginning April 1, 2015.

The changes in the tax rate resulted in a decrease of the amount of deferred tax assets (after deducting deferred tax liabilities) at the end of the current fiscal year by ¥130 million ($1,582 thousand), while increasing income taxes-deferred and differences on revaluation of available-for-sale securities by ¥131 million ($1,594 thousand) and ¥1 million ($12 thousand), respectively.

On October 11, 2011, Thailand Cabinet approved to reduce the corporate tax rate from 30% to 23% in the year 2012, and to 20% in the year 2013. Accordingly, statutory tax rate of consolidated subsidiaries in Thailand, which is used to calculate deferred tax assets and deferred tax liabilities, will be reduced from the current 30% to 23% for temporary differences which are expected to reverse during the year beginning April 1, 2012, and 20% for temporary differences which are expected to reverse in or after the year beginning April 1, 2013. The changes in the tax rate resulted in a decrease of the amount of deferred tax assets (after deducting deferred tax liabilities) at the end of the current fiscal year by ¥295 million ($3,588 thousand), while increasing income taxes-deferred by the same amount.

9. Leases

Outstanding future lease payments for non-cancellable operating leases as of March 31, 2012 and 2011, are as follows:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2012	2011	**2012**
Due within 1 year	**¥ 573**	¥ 717	**$ 6,967**
Due after 1 year	**1,530**	1,981	**18,621**
Total	**¥2,103**	¥2,698	**$25,588**

10. Financial Instruments

a) Qualitative information on financial instruments

Financial instrument policies

The Company procures necessary funds (mainly through bank loans and issuance of bonds) based on the capital investment plan. Temporary surplus funds are managed in highly liquid financial assets and short-term operating funds are procured through bank loans. Derivatives are utilized to avoid the risks mentioned below, and speculative trading is not undertaken.

Details of financial instruments and its risks

Notes and accounts receivable, which are trade receivables, are exposed to credit risk deriving from clients. On the other hand, trade receivables in foreign currency produced in overseas business operations are subject to the risk of exchange rate fluctuations, although basically, are hedged using forward exchange contracts, other than those within the balance of the foreign currency trade accounts payable.

Securities and investment securities are bonds and equity securities of companies with business relations, and are categorized as available-for-sale securities. These securities are exposed to the risk of market price fluctuation. Long-term loans receivable are also provided to employees.

Notes and accounts payable, which are trade payables, are mostly due within 6 months. Foreign currency trade accounts payable are exposed to the risk of exchange rate fluctuations, but are hedged using forward exchange contacts, other than those within the balance of the foreign currency trade accounts receivable.

Borrowings, bonds, and lease obligations concerned with finance lease transactions primarily serve the purpose of financing for capital investment, and the redemption date is up to 6 years from the balance sheet date. A part of these are exposed to the risk of interest rate fluctuations, but are hedged by derivative transactions (interest rate swap transactions).

The convertible bond-type bonds with stock acquisition rights were issued to procure investment funds for M&A activities, and their redemption date is February 20, 2017.

Derivative transactions include the forward exchange contract transactions that are intended to hedge against the fluctuation risks for trade receivables and payables in foreign currency and the interest rate swap transactions that are intended to hedge the fluctuation risks in the interest rates of its borrowings.

Risk management for financial instruments

• Management of credit risks (risks of clients' failure to perform contracted obligations)
The Sales Division & Administration Department of the Company periodically monitors the status of major clients regarding trade receivables based on the Company's credit management policies. It also reviews payment due dates and outstanding amount per client each month, as well as revising credit ratings and credit limits every year for early detection and reduction of uncollectible receivables due to deteriorated financial conditions, etc. Similar management procedures are conducted at consolidated subsidiaries per the Company's credit management policies.

As for bonds categorized as available-for-sale securities, according to the fund management policy, the Company only handles U.S. Treasury securities and thus the credit risks are not significant.

Derivative transactions are deemed to have only a remote credit risk since the Company limits such transactions to only highly rated and reliable financial institutions.

• Management of market risks (fluctuation risks in exchange rates and interest rates, etc.)
In principle, the Company uses forward exchange contracts to hedge against fluctuation risks in foreign currency exchange rates by month and by currency for trade receivables and payables in foreign currency. The Company also adopts forward exchange contracts for foreign currency-denominated receivables and payables that are certain to arise from anticipated export transactions. The Company makes interest rate swap transactions to reduce risks of interest rate fluctuations from the repayment of its borrowings and bonds.

For securities and investment securities, fair values and the financial conditions of issuing entities (client firms) are periodically reviewed.

Based on the approval of authorized personnel, the relevant department executes and manages derivative transactions according to the marketability risk management policies that specify transaction authorizations and transaction amount limits. The monthly transaction results are reported to the Company's executive officer in charge of finance.

Consolidated subsidiaries are also managed pursuant to the Company's marketability risk management policies.

• Management of liquidity risks in financing (risks of failure to pay by payment due date)
The Company manages liquidity risks through the maintenance of short-term liquidity. The relevant departments of the Company create and update cash flow plans as necessary based on reports from each department. Similar management is also implemented at consolidated subsidiaries.

Supplemental information on fair values of financial instruments

The fair values of financial instruments include both the amount based on market price, and when the market price is not available, a reasonably calculated amount. Fluctuating factors are incorporated upon calculation of such amount, therefore the amount may vary when different assumptions are applied. The contracted amount for derivative transactions mentioned in note "11. Derivatives" does not in themselves represent the market risks for the derivative transactions.

b) Fair values of financial instruments

The reported amounts in the consolidated balance sheet, fair values and their differences as of March 31, 2012 and 2011 are as follows, which does not contain items whose fair value was extremely difficult to measure.

Millions of yen

	2012			2011		
	Reported amount in balance sheet	*Fair value*	*Difference*	*Reported amount in balance sheet*	*Fair value*	*Difference*
Cash and cash equivalents	**¥ 23,366**	**¥ 23,366**	**¥ —**	¥ 27,622	¥ 27,622	¥ —
Time deposits	**4,964**	**4,964**	**—**	1,969	1,969	—
Notes and accounts receivable—trade	**58,795**	**58,795**	**—**	56,021	56,021	—
Securities and investment securities	**5,123**	**5,123**	**—**	4,969	4,969	—
Long-term loans receivable	**20**	**20**	**—**	20	20	—
Total assets	**¥ 92,268**	**¥ 92,268**	**¥ —**	¥ 90,601	¥ 90,601	¥ —
Notes and accounts payable—trade	**23,336**	**23,336**	**—**	18,631	18,631	—
Short-term debt	**53,449**	**53,449**	**—**	52,238	52,238	—
Current portion of long-term debt	**15,158**	**15,327**	**169**	24,132	24,348	216
Long-term debt	**73,937**	**74,609**	**672**	56,843	57,477	634
Total liabilities	**¥165,880**	**¥166,721**	**¥841**	¥151,844	¥152,694	¥850
Derivative transactions*	**¥ 11**	**¥ 11**	**¥ —**	¥ (3)	¥ (3)	¥ —

Thousands of U.S. dollars (Note 3)

	2012		
	Reported amount in balance sheet	*Fair value*	*Difference*
Cash and cash equivalents	**$ 284,291**	**$ 284,291**	**$ —**
Time deposits	**60,402**	**60,402**	**—**
Notes and accounts receivable—trade	**715,350**	**715,350**	**—**
Securities and investment securities	**62,334**	**62,334**	**—**
Long-term loans receivable	**238**	**238**	**—**
Total assets	**$1,122,615**	**$1,122,615**	**$ —**
Notes and accounts payable—trade	**283,929**	**283,929**	**—**
Short-term debt	**650,310**	**650,310**	**—**
Current portion of long-term debt	**184,422**	**186,480**	**2,058**
Long-term debt	**899,586**	**907,758**	**8,172**
Total liabilities	**$2,018,247**	**$2,028,477**	**$10,230**
Derivative transactions*	**$ 129**	**$ 129**	**$ —**

* Net receivables and payables deriving from derivative transactions are offset.

Calculation of fair value of financial instruments and matters related to securities and derivative transactions are as follows.

Assets

• Cash and cash equivalents • Time deposits • Notes and accounts receivable—trade

Book values are applied since these items are settled in a short period of time and their book values approximate fair values.

• Securities and investment securities

Fair values for equity securities are based on market prices while fair values for bonds are based on market prices or prices provided by financial institutions. Please refer to note "2. Summary of Significant Accounting Policies g) Investment securities" for the details of securities by each holding purpose.

• Long-term loans receivable

The Company's long-term loans receivable are limited to housing loans for employees, and book values are applied since the amount is insignificant.

Liabilities

• Notes and accounts payable—trade • Short-term debt

Book values are applied since these items are settled in a short period of time and their book values approximate fair values.

• Current portion of long-term debt • Long-term debt

As for loans payable, book values are applied for those with floating interest rates since they are settled in a short period of time and their book values approximate fair values. For those with fixed interest rates, the sum of the principal and interest are discounted using the rate assumed when a similar borrowing is made.

As for bonds payable and convertible-bond-type bonds payable with stock acquisition rights, those with market prices are based on such market prices, and for those with no market prices, the sum of the principal and interest are discounted using the rate assumed when a similar issuance is made.

Derivative transactions

Please refer to note "11. Derivatives."

Financial instruments whose fair value is deemed extremely difficult to measure

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2012	2011	**2012**
	Reported amount in balance sheet	*Reported amount in balance sheet*	*Reported amount in balance sheet*
Unlisted stocks	**¥2,302**	¥2,534	**$28,004**
Investments in subsidiaries	**1,328**	1,328	**16,164**
Investments in capital of subsidiaries	**85**	—	**1,029**
Total	**¥3,715**	¥3,862	**$45,197**

The above items are not included in "Securities and investment securities" as they do not have market prices and are deemed extremely difficult to measure their fair value.

Expected redemption amounts for monetary receivables and securities with maturity

	Millions of yen			
	2012			
	Within 1 year	*Over 1 year Within 5 year*	*Over 5 year Within 10 year*	*Over 10 year*
Cash and cash equivalents	**¥23,366**	**¥ —**	**¥—**	**¥—**
Time deposits	**4,964**	**—**	**—**	**—**
Notes and accounts receivable–trade	**58,795**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities with maturity (U.S. Treasury securities)	**788**	**1,791**	**—**	**—**
Long-term loans receivable	**—**	**17**	**3**	**—**
Total	**¥87,913**	**¥1,808**	**¥ 3**	**¥—**

	Millions of yen			
	2011			
	Within 1 year	*Over 1 year Within 5 year*	*Over 5 year Within 10 year*	*Over 10 year*
Cash and cash equivalents	¥27,622	¥ —	¥—	¥—
Time deposits	1,969	—	—	—
Notes and accounts receivable–trade	56,021	—	—	—
Securities and investment securities				
Available-for-sale securities with maturity (U.S. Treasury securities)	828	1,593	—	—
Long-term loans receivable	—	14	6	—
Total	¥86,440	¥1,607	¥ 6	¥—

	Thousands of U.S. dollars (Note 3)			
	2012			
	Within 1 year	Over 1 year Within 5 year	Over 5 year Within 10 year	Over 10 year
Cash and cash equivalents	$ 284,291	$ —	$—	$—
Time deposits	60,402	—	—	—
Notes and accounts receivable–trade	715,350	—	—	—
Securities and investment securities				
Available-for-sale securities with maturity (U.S. Treasury securities)	9,585	21,799	—	—
Long-term loans receivable	—	203	34	—
Total	$1,069,628	$22,002	$34	$—

Expected repayment and redemption for loans payable and bonds

Please refer to note “4. Short-Term and Long-Term Debt.”

11. Derivatives

Derivative transactions which hedge accounting are applied as of March 31, 2012 and 2011, are as follows:

Currency related

Allocation method of forward exchange contracts

		Millions of yen		
		2012		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		¥ 5,015	¥—	¥ 21
Japanese yen		27,100	—	(1,320)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		12,256	—	(171)
Euro		2,679	—	(37)
Sterling pounds		73	—	(5)
Japanese yen		600	—	21
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		2,189	—	16
Euro		67	—	1
Japanese yen		1,383	—	(6)

Allocation method of forward exchange contracts

		Millions of yen		
		2011		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		¥ 3,868	¥—	¥ (24)
Japanese yen		23,341	—	(389)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		12,919	—	68
Euro		2,889	—	(92)
Sterling pounds		90	—	(4)
Japanese yen		377	—	11
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		1,443	—	(0)
Swiss franc		4	—	(0)
Japanese yen		905	—	(26)

Allocation method of forward exchange contracts

Type of transactions	Major hedged items	Thousands of U.S. dollars (Note 3) 2012 Contracted amount	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		**$ 61,011**	**$—**	**$ 252**
Japanese yen		**329,725**	**—**	**(16,055)**
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**149,112**	**—**	**(2,075)**
Euro		**32,594**	**—**	**(452)**
Sterling pounds		**884**	**—**	**(57)**
Japanese yen		**7,298**	**—**	**255**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**26,635**	**—**	**200**
Euro		**820**	**—**	**12**
Japanese yen		**16,827**	**—**	**(72)**

General accounting method

Type of transactions	Major hedged items	Millions of yen 2012 Contracted amount	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**¥1,976**	**¥—**	**¥ 0**
Euro		**534**	**—**	**(1)**
Sterling pounds		**22**	**—**	**(0)**
Japanese yen		**419**	**—**	**16**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**610**	**—**	**6**
Euro		**6**	**—**	**(0)**
Sterling pounds		**2**	**—**	**0**
Singapore dollars		**605**	**—**	**(1)**
Thai bahts		**0**	**—**	**(0)**
Swiss franc		**1**	**—**	**(0)**
Japanese yen		**160**	**—**	**(2)**

General accounting method

Type of transactions	Major hedged items	Millions of yen 2011 Contracted amount	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		¥2,464	¥—	¥12
Euro		700	—	(19)
Sterling pounds		20	—	0
Japanese yen		506	—	6
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		842	—	(8)
Euro		29	—	(0)
Singapore dollars		593	—	7
Thai bahts		0	—	(0)
Swiss franc		1	—	0
Japanese yen		150	—	(2)

General accounting method

Type of transactions	Major hedged items	Contracted amount	Contracted amount exceeding 1 year	Fair value
		Thousands of U.S. dollars (Note 3)		
		2012		
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**$24,038**	**$—**	**$ 4**
Euro		**6,502**	**—**	**(15)**
Sterling pounds		**266**	**—**	**(3)**
Japanese yen		**5,101**	**—**	**195**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**7,425**	**—**	**70**
Euro		**72**	**—**	**(0)**
Sterling pounds		**25**	**—**	**0**
Singapore dollars		**7,364**	**—**	**(7)**
Thai bahts		**2**	**—**	**(0)**
Swiss franc		**12**	**—**	**(0)**
Japanese yen		**1,950**	**—**	**(29)**

Deferred hedge accounting

Type of transactions	Major hedged items	Contracted amount	Contracted amount exceeding 1 year	Fair value
		Millions of yen		
		2012		
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		**¥6,414**	**¥—**	**¥(8)**
Euro		**954**	**—**	**(0)**
Sterling pounds		**33**	**—**	**(0)**
Japanese yen		**221**	**—**	**(0)**
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		**859**	**—**	**1**
Euro		**45**	**—**	**(0)**
Sterling pounds		**3**	**—**	**(0)**
Singapore dollars		**267**	**—**	**(1)**
Hong Kong dollars		**76**	**—**	**0**
Chinese yuan		**44**	**—**	**0**
Japanese yen		**1,693**	**—**	**1**

Deferred hedge accounting

Type of transactions	Major hedged items	Contracted amount	Contracted amount exceeding 1 year	Fair value
		Millions of yen		
		2011		
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		¥6,732	¥—	¥ 2
Euro		944	—	(0)
Sterling pounds		33	—	0
Japanese yen		192	—	(0)
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		598	—	0
Singapore dollars		475	—	(0)
Hong Kong dollars		54	—	(0)
Japanese yen		621	—	(1)

Deferred hedge accounting

Type of transactions	Major hedged items	Contracted amount (Thousands of U.S. dollars (Note 3), 2012)	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		**$78,041**	**$—**	**$(95)**
Euro		**11,610**	**—**	**(6)**
Sterling pounds		**399**	**—**	**(0)**
Japanese yen		**2,690**	**—**	**(6)**
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		**10,446**	**—**	**17**
Euro		**551**	**—**	**(1)**
Sterling pounds		**32**	**—**	**(0)**
Singapore dollars		**3,247**	**—**	**(14)**
Hong Kong dollars		**920**	**—**	**1**
Chinese yuan		**533**	**—**	**6**
Japanese yen		**20,597**	**—**	**12**

Note: Calculation of fair values
Fair values are calculated based on the prices provided by financial institutions.
Fair values of derivatives to which the allocation method of forward exchange contracts are applied are included in the fair values of short-term loans payable, accounts receivable–trade, accounts payable–trade and others as they are accounted for as a single unit with their hedging vehicles.

Interest rate related

Special accounting for interest rate swaps

Type of transactions	Major hedged items	Contracted amount (Millions of yen, 2012)	Contracted amount exceeding 1 year	Fair value
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	**¥58,131**	**¥47,763**	**¥(610)**

Special accounting for interest rate swaps

Type of transactions	Major hedged items	Contracted amount (Millions of yen, 2011)	Contracted amount exceeding 1 year	Fair value
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	¥52,499	¥44,131	¥(654)

Special accounting for interest rate swaps

Type of transactions	Major hedged items	Contracted amount (Thousands of U.S. dollars (Note 3), 2012)	Contracted amount exceeding 1 year	Fair value
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	**$707,276**	**$581,129**	**$(7,424)**

Note: Calculation of fair values
Fair values are calculated based on the prices provided by financial institutions.
Fair values of derivatives to which special accounting for interest rate swaps are applied are included in the fair values of long-term loans payable as they are accounted for as a single unit with their hedging vehicles.

12. Research and Development Expenses

Research and development expenses incurred by the Company and its consolidated subsidiaries are included in selling, general and administrative expenses and manufacturing costs.

Research and development exepenses for the years ended March 31, 2012, 2011 and 2010, amounted to ¥7,490 million ($91,135 thousand), ¥7,895 million and ¥8,410 million, respectively.

13. Shareholders' Equity

The Companies Act of Japan requires that an amount equivalent to 10% of cash dividends must be appropriated as a legal reserve or as additional paid-in capital upon the payment of said cash dividends until the aggregate of the legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the legal reserve and additional paid-in capital may be reversed without restriction on amount.

The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings may be transferred among the accounts under certain conditions by resolution of the ordinary general meeting of shareholders.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Companies Act.

Dividends are not accrued in the consolidated financial statements for the corresponding period, but are recorded in the subsequent accounting period after shareholders' approval has been obtained.

As of March 31, 2012, retained earnings included year-end dividends of ¥1,515 million ($18,438 thousand), or ¥4.00 ($0.05) per share, which was approved at the ordinary general meeting of shareholders held on June 28, 2012.

14. Other Comprehensive Income

The amount of reclassification adjustment and tax effect relating to other comprehensive income for the year ended March 31, 2012, are as follows:

	Millions of yen	*Thousands of U.S. dollars (Note 3)*
	2012	**2012**
Differences on revaluation of available-for-sale securities:		
Incurred in the current year	**¥ (2)**	**$ (30)**
Reclassification adjustment	**600**	**7,308**
Amount before tax effect adjustment	**598**	**7,278**
Amount of tax effect	**(11)**	**(135)**
Differences on revaluation of available-for-sale securities	**587**	**7,143**
Deferred gains or losses on hedges:		
Incurred in the current year	**(4)**	**(48)**
Reclassification adjustment	**(4)**	**(48)**
Amount before tax effect adjustment	**(8)**	**(96)**
Amount of tax effect	**2**	**27**
Deferred gains or losses on hedges	**(6)**	**(69)**
Foreign currency translation adjustments:		
Incurred in the current year	**(793)**	**(9,644)**
Unfunded retirement benefit obligation of foreign subsidiaries:		
Incurred in the current year	**(54)**	**(663)**
Amount before tax effect adjustment	**(54)**	**(663)**
Amount of tax effect	**19**	**232**
Unfunded retirement benefit obligation of foreign subsidiaries	**(35)**	**(431)**
Total other comprehensive income	**¥(247)**	**$(3,001)**

15. Per Share Data

Dividends per share shown in the consolidated statements of income have been presented on an accrual basis and include, in each fiscal year, dividends approved after the fiscal year-end but applicable to the fiscal year.

Basic net income per share is based on the weighted average number of shares of common stock outstanding during each fiscal year.

Diluted net income per share is calculated based on the weighted average number of shares of common stocks outstanding reflecting the increase of number of shares on the assumption that all the outstanding convertible bond-type bonds payable with stock acquisition rights that have dilutive effect against the net income per share are converted into common stocks. When calculating diluted net income per share, net income is adjusted by the bond interest after deducting corporate tax.

The number of shares used in calculating net income per share for the years ended March 31, 2012, 2011 and 2010, is as follows:

	Thousands of shares		
	2012	2011	2010
Basic	**379,014**	382,319	387,296
Diluted	**381,272**	—	—

16. Litigation

As of March 31, 2012, NMB-Minebea Thai Ltd., consolidated subsidiary in Thailand, received (1) a revised assessment of income tax liability in the amount of 502 million baht on August 25, 2008, (2) a revised assessment of income tax liability in the amount of 125 million baht on August 25, 2010, and (3) a revised assessment of income tax liability in the total amount of 101 million baht on August 11 and 22, 2011 from the Revenue Department of Thailand. The Company has not accepted these revised assessments, believing them to be unjust and without legal grounds, and took the case to the Tax Court of Thailand on August 25, 2009 following the petition for case (1), and petitioned the Revenues Department for redress for cases (2) and (3).

Regarding case (1), the Company substantially won the case as a result of the decision by the Tax Court of Thailand on October 13, 2010, however the Revenue Department was dissatisfied with this decision and appealed the case to the Supreme Court on December 9, 2010.

On (1) September 22, 2008, (2) September 23, 2010, and (3) August 16, 2011, the assessments were paid in subrogation using a surety bond from a bank with which the Company does business.

17. Contingent Liabilities

As of March 31, 2012 and 2011, the Company guarantees bank loans of the following non-consolidated subsidiaries:

	Millions of yen		*Thousands of U.S. dollars (Note 3)*
	2012	2011	**2012**
Daiichi Seimitsu Sangyo Co., Ltd.	**¥—**	¥30	**$—**

18. Segment Information, etc.

a) Segment information

(Additional information)

In the year ended March 31, 2011, the Company has applied the “Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Statement No. 17, revised on March 27, 2009) and the “Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information” (ASBJ Guidance No. 20, issued on March 21, 2008).

Outline of reportable segments

The Company’s reportable segments are components for which separated financial information is available and subject to periodical reviews in order for the Company’s Board of Directors to determine the distribution of management resources and evaluate performance.

The Company establishes business units by product in key business locations, and each of the business unit formulates comprehensive domestic and overseas strategies of their products and deploy its business activities.

Thus, the Company consists of segments by product, base on business units, and the “Machined components segment”, “Rotary components segment” and “Electronic devices and components segment” are determined to be the reportable segments.

Our core products in the machined components segment are mechanical parts, such as ball bearings, rod-end bearings, pivot assemblies for HDDs as well as fasteners for automobile and aircraft. The rotary components segment includes a wide variety of motors, such as information motors (fan motors, stepping motors, brushless DC motors, vibration motors and brush DC motors) and HDD spindle motors. The electronic devices and components segment consists of LCD backlights, inverters and measuring components.

Basis of calculation for amounts of net sales, profit or loss, assets, liabilities and other items by reportable segments

The accounting method for the reported operating segments is basicaley the same as those in note “2. Summary of Significant Accounting Policies.”

Income of reportable segment is based on operating income (before amortization of goodwill). Internal sales are calculated based on distribution prices determined by comprehensive judgment considering market prices, manufacturing costs and other factors.

Information on amounts of net sales, profit or loss, assets, liabilities and other items by reportable segments

Informations related to the reportable segments of the Company and its consolidated subsidiaries as of March 31, 2012, 2011 and 2010, and for the years then ended are as follows:

Millions of yen

	Reportable segments							
Year ended March 31, 2012	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustment*	*Consolidated financial statements amount*
Sales to external customers	**¥107,038**	**¥91,364**	**¥37,887**	**¥236,289**	**¥15,069**	**¥251,358**	**¥ —**	**¥251,358**
Internal sales	**2,684**	**1,280**	**2,339**	**6,303**	**5,653**	**11,956**	**(11,956)**	**—**
Total sales	**109,722**	**92,644**	**40,226**	**242,592**	**20,722**	**263,314**	**(11,956)**	**251,358**
Segment income (loss)	**25,611**	**(4,119)**	**(959)**	**20,533**	**(339)**	**20,194**	**(11,595)**	**8,599**
Segment assets	**82,614**	**70,753**	**22,491**	**175,858**	**10,065**	**185,923**	**120,849**	**306,772**
Other items								
Depreciation and amorization	**7,520**	**6,824**	**1,163**	**15,507**	**1,101**	**16,608**	**2,980**	**19,588**
Increase in tangible and intangible fixed assets	**8,501**	**7,462**	**2,647**	**18,610**	**471**	**19,081**	**8,225**	**27,306**

Millions of yen

	Reportable segments							
Year ended March 31, 2011	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustment*	*Consolidated financial statements amount*
Sales to external customers	¥107,841	¥101,139	¥40,502	¥249,482	¥19,657	¥269,139	¥ —	¥269,139
Internal sales	2,888	1,623	1,885	6,396	5,678	12,074	(12,074)	—
Total sales	110,729	102,762	42,387	255,878	25,335	281,213	(12,074)	269,139
Segment income (loss)	28,088	(225)	4,160	32,023	498	32,521	(10,358)	22,163
Segment assets	77,796	72,374	18,280	168,450	10,857	179,307	111,785	291,092
Other items								
Depreciation and amorization	8,098	7,895	979	16,972	1,291	18,263	2,543	20,806
Increase in tangible and intangible fixed assets	10,783	9,490	1,515	21,788	825	22,613	4,722	27,335

Millions of yen

	Reportable segments							
Year ended March 31, 2010	*Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustment*	*Consolidated financial statements amount*
Sales to external customers	¥99,291	¥74,185	¥35,780	¥209,256	¥19,190	¥228,446	¥ —	¥228,446
Internal sales	2,351	1,814	1,153	5,318	4,385	9,703	(9,703)	—
Total sales	101,642	75,999	36,933	214,574	23,575	238,149	(9,703)	228,446
Segment income (loss)	20,634	(1,827)	5,385	24,192	(685)	23,507	(11,448)	12,059
Segment assets	79,507	64,488	14,898	158,893	19,911	178,804	99,163	277,967
Other items								
Depreciation and amorization	8,017	7,887	953	16,857	1,472	18,329	2,811	21,140
Increase in tangible and intangible fixed assets	4,122	3,516	592	8,230	460	8,690	2,391	11,081

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2012	*Reportable segments* *Machined components*	*Rotary components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustment*	*Consolidated financial statements amount*
Sales to external customers	**$1,302,322**	**$1,111,616**	**$460,975**	**$2,874,913**	**$183,343**	**$3,058,256**	**$ —**	**$3,058,256**
Internal sales	**32,657**	**15,580**	**28,451**	**76,688**	**68,782**	**145,470**	**(145,470)**	**—**
Total sales	**1,334,979**	**1,127,196**	**489,426**	**2,951,601**	**252,125**	**3,203,726**	**(145,470)**	**3,058,256**
Segment income (loss)	**311,613**	**(50,112)**	**(11,668)**	**249,833**	**(4,124)**	**245,709**	**(141,085)**	**104,624**
Segment assets	**1,005,160**	**860,844**	**273,652**	**2,139,656**	**122,457**	**2,262,113**	**1,470,371**	**3,732,484**
Other items								
Depreciation and amorization	**91,500**	**83,033**	**14,145**	**188,678**	**13,393**	**202,071**	**36,263**	**238,334**
Increase in tangible and intangible fixed assets	**103,431**	**90,800**	**32,206**	**226,437**	**5,722**	**232,159**	**100,076**	**332,235**

Notes: 1. The classification "Other" is the operating segment which is not included in the reportable segments. Its products are mainly PC keyboards, speakers and defense related products.

2. The content of the adjustment is as follows:

(i) The major portion of adjustment to segment income or loss is amortization of goodwill (–¥1,332 million (–$16,212 thousand) for the year ended March 31, 2012, –¥1,321 million for the year ended March 31, 2011, –¥1,352 million for the year ended March 31, 2010), and corporate expenses such as general & administrative expenses and research and development expenses that do not belong to the reportable segments (–¥10,221 million (–$124,365 thousand) for the year ended March 31, 2012, –¥8,921 million for the year ended March 31, 2011, –¥9,656 million for the year ended March 31, 2010).

(ii) Adjustment to segment assets is unamortized goodwill (¥4,223 million ($51,376 thousand) as of March 31, 2012, ¥5,555 million as of March 31, 2011, ¥7,001 million as of March 31, 2010), and assets related to administrative divisions that do not belong to the reportable segments (¥116,626 million ($1,418,995 thousand) as of March 31, 2012, ¥106,230 million as of March 31, 2011, ¥92,162 million as of March 31, 2010).

(iii) The major portion of adjustment to depreciation and amortization is depreciation and amortization of equipment related to administrative divisions that do not belong to the reportable segments.

(iv) The major portion of adjustment to increase in tangible and intangible fixed assets is capital investments in equipment related to administrative divisions that do not belong to the reportable segments.

3. Segment income (loss) is reconciliated to for operating income in the consolidated financial statements.

b) Related information
Information by geographical area

Millions of yen

Year ended March 31, 2012	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
Net sales	**¥61,308**	**¥58,994**	**¥33,546**	**¥26,500**	**¥24,849**	**¥46,161**	**¥251,358**

Millions of yen

Year ended March 31, 2011	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
Net sales	¥71,543	¥63,308	¥36,470	¥26,296	¥26,225	¥45,297	¥269,139

Thousands of U.S. dollars (Note 3)

Year ended March 31, 2012	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
Net sales	**$745,925**	**$717,776**	**$408,156**	**$322,421**	**$302,333**	**$561,645**	**$3,058,256**

Millions of yen

As of March 31, 2012	*Thailand*	*Japan*	*China*	*Others*	*Total*
Tangible fixed assets	**¥68,219**	**¥24,501**	**¥16,352**	**¥17,967**	**¥127,039**

Millions of yen

As of March 31, 2011	*Thailand*	*Japan*	*China*	*Others*	*Total*
Tangible fixed assets	¥65,914	¥24,882	¥17,210	¥16,090	¥124,096

Thousands of U.S. dollars (Note 3)

As of March 31, 2012	*Thailand*	*Japan*	*China*	*Others*	*Total*
Tangible fixed assets	**$830,016**	**$298,099**	**$198,952**	**$218,617**	**$1,545,684**

c) Information related to impairment losses of fixed assets by reportable segments

Year ended March 31, 2012	*Reportable segments* Machined components	Rotary components	Electronic devices and components	Total	Other	Corporate	Total
	Millions of yen						
Impairment losses	**¥—**	**¥230**	**¥—**	**¥230**	**¥531**	**¥14**	**¥775**

Year ended March 31, 2011	*Reportable segments* Machined components	Rotary components	Electronic devices and components	Total	Other	Corporate	Total
	Millions of yen						
Impairment losses	¥—	¥248	¥—	¥248	¥—	¥306	¥554

Year ended March 31, 2012	*Reportable segments* Machined components	Rotary components	Electronic devices and components	Total	Other	Corporate	Total
	Thousands of U.S. dollars (Note 3)						
Impairment losses	**$—**	**$2,804**	**$—**	**$2,804**	**$6,457**	**$168**	**$9,429**

19. Subsequent Events

a) Liquidation of subsidiary

On May 10, 2012, the Company resolved at the board of directors meeting, to liquidate Sheng Ding Pte. Ltd., a 100% owned subsidiary of the Company.

Sheng Ding Pte. Ltd., as the Company's Singapore subsidiary, has owned 39.39% of shares in Shanghai Shun Ding Technologies Ltd. However, as a result of downsizing of the keyboard business, the Company has judged that its role as a Singapore subsidiary has finished, and resolved the liquidation.

(1) Outline of Sheng Ding Pte. Ltd.

1. Representative director: Yasuyuki Sugawara
2. Location of head office: Singapore
3. Date of establishment: August 21, 2002
4. Capital: $52,250 thousand
5. No. of employees: 0 (As of March 31, 2012)
6. Shareholder: Minebea Co., Ltd. 100%
7. Business: Holding company of Shanghai Shun Ding Technologies Ltd. (The Company's Chinese subsidiary)

(2) Timing of the Liquidation

Sheng Ding Pte. Ltd. will be liquidated as soon as the required procedures for this liquidation are completed.

b) Reintroduction of "Trust-type Employee Shareholding Incentive Plan (E-Ship®)"

On May 10, 2012, the Company resolved at the board of directors meeting, to re-introduce the "Trust-type Employee Shareholding Incentive Plan" (the "Plan") for the purpose of giving an incentive for enhancement of corporate value on a mid- and long-term basis as well as strengthening the welfare of the employees.

The Company previously introduced the Plan on November 2009, and the Plan expired on April 5, 2012. The Company has decided to reintroduce the Plan after comprehensive consideration regarding actual performance during the term of the Plan and other factors.

(Purpose and Outline of the Reintroduction)

The Plan is an incentive plan, in which all employees of the Company group who are members of the "Minebea Employee Stock Holding Partnership" ("Stock Holding Partnership") (a Company group employee who is a member of the Stock Holding Partnership is hereinafter referred to as an "Employee") may participate. In the Plan, the "Minebea Employee Stock Holding Partnership Exclusive Trust Account" ("Trust"), which is to be established for the purpose of securing the Company shares for the Stock Holding Partnership to effect purchases, will borrow money from banks for a considerable number of Company shares that are expected to be acquired by the Stock Holding Partnership during approximately the next five years, and acquire Company shares in a number equal to such borrowings from the market at the time the Plan is reintroduced. Subsequently, the Trust is to continuously transfer the Company shares to the Stock Holding Partnership in accordance with certain plans (conditions and methods) and terminate, e.g. if all of the Company shares belonging to the trust assets of the Trust are transferred. If any capital gains, such as gains on sale of the Company shares, accumulate within the Trust by the time of its termination, and if any money remains within the Trust after repaying all the debts such as borrowings to be borne by the Trust, then such money is to be distributed as residual assets to those Employees that fulfill the requirements for eligible beneficiaries.

Additionally, as the Company grants the guarantee to the Trust on the borrowings for purchasing the Company's shares, if the Trust has an accumulated loss on stock sale due to the stock price decline, and the Trust has remaining debt of which amount is equivalent to the loss on stock sale at the end of the trust, the Company will repay such debt pursuant to the guarantee agreement.

The maximum amount used for purchasing the Company's shares by the Trust is ¥2,170 million ($26,402 thousand).

c) Introduction of stock-based compensation stock options (stock acquisition rights) for directors

On May 10, 2012, the Company resolved at the board of directors meeting, to propose a resolution for determination of stock-based compensation stock option as directors' (excluding outside directors) compensation, at its 66th ordinary general meeting of shareholders held on June 28, 2012. Grant of the stock-based compensation stock option to the directors (excluding outside directors) was resolved pursuant to Article 361 of the Companies Act, and the subscription requirement was resolved at the board of directors meeting held on the same day.

The details of the stock-based compensation stock options are as follows:

Resolution date	June 28, 2012
Classification and number of people which stock acquisition rights were granted	Eight directors of the Company
Class and number of shares to be issued upon exercise of stock acquisition rights	Common stock
Number of shares	Maximum number of shares shall be 47,000 shares. Total number of stock acquisition rights to be issued shall be 470, and the number of shares to be issued upon exercise of each stock acquisition right (“number of allotted shares”) shall be 100 shares. Note 1
Amount to be paid at the time of exercise of stock acquisition rights	¥1 per share
Exercise period of stock acquisition rights	30 years from the subsequent day of the allotment of stock acquisition rights.
Exercise conditions of stock acquisition rights	(1) The stock acquisition right may be only exercised on a lump-sum basis between the subsequent day of the expiration of position as director and 10th day (or the next business day of the 10th day if the 10th day is a holiday) from such day. (2) In case a person who has been granted stock acquisition rights ceases to exist, only one heir of such stock acquisition rights (the “right successor”) may succeed the stock acquisition rights. Notwithstanding the above (1), the right successor may exercise such rights in a single transaction within six months from the next day upon which the inheritee was dead. If the right successor is dead, the heir of such right successor cannot succeed the stock acquisition right. (3) The stock acquisition rights cannot partly be exercised. (4) If the stock acquisition right holder gives up the stock acquisition rights, such stock acquisition rights cannot be exercised.
Matters relating to the transfer of stock acquisition rights	Approval at the board of directors meeting is required to obtain the stock acquisition right by transfer.
Matters relating to the substitute payment	—
Matters relating to the distribution of stock acquisition rights following the reorganization	Note 2

Notes: 1. In case the Company conducts a share split or a consolidation of shares after the date of the allotment of stock acquisition rights (the “allotment date”), the number of allotted shares will be adjusted according to the formula below.
Number of allotted shares after adjustment = Number of allotted shares before adjustment x Ratio of share split or consolidation of shares
In addition, in the case that the Company is subject to a merger, a company split, a share exchange or an allotment of shares without contribution after the allotment date, or if there is any another instance in which the adjustment of the number of allotted shares is necessary, the Company shall appropriately adjust it to a necessary and reasonable extent. Odd-lot less than one share that is generated as a result of the above adjustment shall be disregarded.

2. In case that the Company conducts the merger (limited to the case where the Company extinguishes as a result of the merger), the absorption-type split or the incorporation-type split (limited to the case where the Company becomes a split company, respectively), or the exchange or transfer of equity interest (limited to the case where the Company becomes a 100% subsidiary, respectively) (hereinafter collectively referred to as the “reorganization”), the Company shall, in each case, deliver the stock acquisition rights of stock companies stipulated in (a) to (e) of Article 236 (1) (viii) of the Companies Act (hereinafter collectively referred to as the “restructured company”) pursuant to the issuance guidelines of stock acquisition rights to the stock acquisition right holders who still have the stock acquisition rights (hereinafter referred to as the “residual stock acquisition rights”) immediately before the day when the reorganization becomes effective (the day when absorption and merger is effective, the day when a new company is established as a result of merger for the creation of a new company, the day when the split-up of a company with separated assets transferable to a new entity established through the split-up is effective, the day when a new corporation is established as a result of demerger for the creation of a new company, the exchange of equity interest is effective, and the day when a parent company is established as a result of the transfer of equity interest; the same shall apply hereinafter). In such case, the residual stock acquisition rights shall extinguish; provided, however, it is limited to the case where it is stipulated that the stock acquisition rights of the restructured company is delivered pursuant to the issuance guidelines of the stock acquisition rights stipulated in the absorption and merger agreement, the agreement on merger for the creation of a new company, the agreement on split-up of a company with separated assets transferable to a new entity established through the split-up, the agreement on demerger for the creation of a new company, the exchange of equity interest agreement, or the equity interest transfer plan.

d) Acquisition of shares of Moatech in Korea

The Company has acquired the majority of outstanding shares (50.8%) of Moatech Co., Ltd. (“Moatech”) from Moatech and its major shareholders on May 31, 2012 with a view toward expanding its small-sized precision motor business, which is one of its major product lines, as well as strengthening the competitiveness of such business in the global market.

(1) Name of the counterparty of share acquisition
Moatech and its principal shareholders

(2) Name, business profile, and size of Moatech

1. Name	Moatech Co., Ltd.
2. Principal business	Small-sized precision motors for use in the IT devices, automobiles, office equipments, home electronic appliances and cameras
3. Capital	KRW7.2 billion (¥520 million*) (Year ended December 31, 2011) *Exchange Rate: KRW1.00 = ¥0.0717

(3) Timing of share acquisition
May 31, 2012

(4) The number of shares acquired, acquisition cost, and the holding ratio after the acquisition

1. The number of shares acquired	7,287,238 shares
2. Acquisition cost	KRW59.5 billion
3. Holding ratio after the acquisition	50.8% (the largest shareholder)