Contents

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

For the latest information and more details on Minebea,
please visit our corporate web site.

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Eleven-Year Summary

	2014	2013	2012	2011
Statement of Income • Statement of Comprehensive Income Data:				
Net sales:	**¥371,543**	¥282,409	¥251,358	¥269,139
Machined components	**140,033**	113,573	—	—
Percentage of net sales	**38%**	40%	—	—
Electronic devices and components	**230,514**	167,911	—	—
Percentage of net sales	**62%**	60%	—	—
Other	**996**	925	—	—
Percentage of net sales	**0%**	0%	—	—
Former segment (from fiscal 2010 to fiscal 2012)				
Machined components	**—**	—	107,038	107,841
Percentage of net sales	**—**	—	43%	40%
Rotary components	**—**	—	91,364	101,139
Percentage of net sales	**—**	—	36%	38%
Electronic devices and components	**—**	—	37,887	40,502
Percentage of net sales	**—**	—	15%	15%
Other	**—**	—	15,069	19,657
Percentage of net sales	**—**	—	6%	7%
Former segment (before fiscal 2009)				
Machined components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Electronic devices and components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Gross profit	**¥ 85,775**	¥ 57,295	¥ 52,852	¥ 66,994
Percentage of net sales	**23.1%**	20.3%	21.0%	24.9%
Operating income	**32,199**	10,169	8,599	22,163
Percentage of net sales	**8.7%**	3.6%	3.4%	8.2%
Net income	**20,878**	1,804	5,922	12,465
Percentage of net sales	**5.6%**	0.6%	2.4%	4.6%
Comprehensive income	**31,974**	26,709	4,046	4,009
Percentage of net sales	**8.6%**	9.5%	1.6%	1.5%
Balance Sheet Data:				
Total assets	**¥381,278**	¥362,805	¥306,772	¥291,092
Total current assets	**189,638**	170,977	157,787	144,178
Total current liabilities	**120,937**	128,484	115,713	116,863
Short-term debt and current portion of long-term debt	**64,044**	85,203	68,607	76,370
Long-term debt	**84,454**	85,209	73,937	56,843
Working capital	**68,701**	42,493	42,074	27,315
Total net assets	**163,463**	137,858	109,777	109,967
Equity ratio	**41.4%**	36.2%	35.7%	37.1%
Per Share Data:				
Net income:				
Basic	**¥ 55.94**	¥ 4.83	¥ 15.63	¥ 32.61
Diluted	**53.14**	4.65	15.54	—
Net assets	**422.62**	351.65	288.74	282.03
Cash dividends	**8.00**	7.00	7.00	7.00
Number of shares outstanding	**399,167,695**	399,167,695	399,167,695	399,167,695
Other Data:				
Return (net income) on equity	**14.4%**	1.5%	5.5%	11.6%
Return on total assets	**5.6%**	0.5%	2.0%	4.4%
Interest expense	**¥ 2,139**	¥ 2,651	¥ 2,321	¥ 1,833
Net cash provided by operating activities	**49,173**	22,990	20,233	24,439
Net cash used in investing activities	**(24,957)**	(37,813)	(29,018)	(28,631)
Free cash flows	**24,216**	(14,823)	(8,785)	(4,192)
Purchase of tangible fixed assets	**18,343**	42,963	25,961	26,517
Depreciation and amortization	**23,740**	22,569	20,920	22,127
Number of employees	**54,768**	53,327	51,406	53,827

Notes: 1. Effective from fiscal 2014, due to organizational changes aimed at enhancing management efficiency and improving the speed of business judgment, the Company has changed its reportable segments to two segments including "Machined components business" and "Electronic devices and components business", in place of three segments consisting of "Machined components business", "Rotary components business" and "Electric devices and domponents business." Figures before fiscal 2012 are based on the former segments.

2 In fiscal 2013, the Company posted other expenses of ¥4,905 million for the restructuring and associated impairment charges of the rotary components segment, ¥1,642 million in expenses associated with the partial settlement of a defined benefit pension plan at U.S. subsidiaries, and ¥955 million for the restructuring and the associated provision for doubtful receivables of the speaker business.

3. Effective from fiscal 2011, the Company applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." Figures before fiscal 2009 are based on the former segments.

Millions of yen

2010	2009	2008	2007	2006	2005	2004
¥228,446	¥256,163	¥334,431	¥331,022	¥318,446	¥294,422	¥268,574
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
99,291	—	—	—	—	—	—
44%	—	—	—	—	—	—
74,185	—	—	—	—	—	—
32%	—	—	—	—	—	—
35,780	—	—	—	—	—	—
16%	—	—	—	—	—	—
19,190	—	—	—	—	—	—
8%	—	—	—	—	—	—
—	115,872	144,034	137,662	129,595	116,105	111,693
—	45%	43%	42%	41%	39%	42%
—	140,291	190,397	193,360	188,851	178,317	156,881
—	55%	57%	58%	59%	61%	58%
¥ 53,160	¥ 59,025	¥ 80,721	¥ 73,378	¥ 68,511	¥ 62,403	¥ 65,313
23.3%	23.0%	24.1%	22.2%	21.5%	21.2%	24.3%
12,059	13,406	30,762	26,265	19,269	14,083	18,104
5.3%	5.2%	9.2%	8.0%	6.0%	4.8%	6.7%
6,662	2,441	16,303	12,862	4,257	5,581	6,019
2.9%	1.0%	4.9%	3.9%	1.3%	1.9%	2.2%
6,255	—	—	—	—	—	—
2.7%	—	—	—	—	—	—
¥277,967	¥285,396	¥320,544	¥354,784	¥349,862	¥332,217	¥314,915
130,004	121,699	148,117	156,059	153,564	147,295	138,953
102,961	112,312	118,321	131,155	150,886	141,449	167,626
64,755	80,990	65,352	71,761	91,772	87,112	119,643
58,645	56,900	67,500	78,500	79,500	85,341	51,842
27,043	9,387	29,796	24,905	2,678	5,846	(28,673)
108,381	106,762	131,730	142,558	118,209	102,088	93,866
38.5%	37.1%	40.7%	40.1%	33.6%	30.7%	29.8%

13

Yen

¥ 17.20	¥ 6.18	¥ 40.86	¥ 32.23	¥ 10.67	¥ 13.93	¥ 15.08
—	—	—	—	—	13.27	14.51
279.87	271.93	327.25	356.75	294.65	255.82	235.21
7.00	7.00	10.00	10.00	7.00	7.00	7.00
399,167,695	399,167,695	399,167,695	399,167,695	399,167,695	399,167,695	399,167,695

Millions of yen

6.3%	2.1%	11.9%	9.9%	3.9%	5.7%	6.3%
2.4%	0.8%	4.8%	3.7%	1.2%	1.7%	1.9%
¥ 1,898	¥ 2,646	¥ 4,402	¥ 5,224	¥ 4,771	¥ 3,361	¥ 3,213
30,408	37,064	46,893	37,902	28,237	27,586	21,714
(12,733)	(24,554)	(23,461)	(15,180)	(19,120)	(23,789)	(14,932)
17,675	12,510	23,432	22,722	9,117	3,797	6,782
10,495	18,429	24,888	16,969	21,897	23,060	18,825
22,492	25,027	27,502	25,727	25,045	23,545	22,728
49,091	48,443	50,549	49,563	47,526	48,473	43,839

4. Effective from fiscal 2011, the Company applied the "Accounting Standard for Presentation of Comprehensive Income."
5. Effective from fiscal 2007, the Company applied the "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and the "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet." Accordingly, "shareholders' equity" and "return on shareholders' equity" have been restated as "net assets" and "return (net income) on equity", respectively. Also, figures after fiscal 2006 include minority interests in net assets.
6. In fiscal 2006, the Company restructured its PC keyboard business. As a consequence, the Company posted a business restructuring loss of ¥3,475 million in other expenses. The Company also recorded an impairment loss of ¥967 million in other expenses resulting from the adoption of impairment accounting for fixed assets.
7. From fiscal 2005, the Company calculates free cash flows by subtracting net cash used in investing activities from net cash provided by operating activities. Figures for previous fiscal years have been restated using this calculation.

Outline

Outline of Operations

Minebea Group's operations are divided into the following business segments. The machined components segment (accounting for 37.7% of net sales in the year under review) primarily manufactures miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The electronic devices and components segment (accounting for 62.0% of net sales) primarily makes light-emitting diode (LED) backlights for liquid crystal displays (LCDs), spindle motors for hard disk drives (HDDs), information motors such as stepping motors, brushless DC motors, brush DC motors, fan motors, etc., as well as measuring components. The other segment (accounting for 0.3% of net sales) focuses on dies and parts produced in-house.

Product development takes place mainly in Japan, Germany, Thailand and the United States. Manufacturing takes place mainly in Japan, Thailand, China, the United States, Singapore, Malaysia, Cambodia, the Philippines, Germany, the Czech Republic and the United Kingdom. Thailand, which is our largest manufacturing base, accounted for 56.3% of our consolidated-basis output in the year under review while China, which is our next biggest manufacturing base, accounted for 20.4%. Asian locations outside of Japan accounted for 81.4% of total production, and manufacturing at all overseas locations accounted for 92.8% of total output.

The key markets for our products are PCs and peripherals (accounting for 25.0% of net sales in the year under review), office automation and telecommunications equipment (24.1%), automotive (12.6%), aerospace (8.8%) and household electrical appliances (7.2%). Many of our customers, who are manufacturers of these products, are expanding their production bases beyond Japan, Europe, and the Americas. This expansion has been directed particularly toward China and other parts of Asia which explains why sales were highest in China (including Hong Kong), accounting for 32.3% of consolidated net sales. Our second largest geographic market is Japan, which accounted for 18.8% of consolidated net sales. The third largest, Thailand, accounted for 12.9%. Remaining sales came from Europe, the United States, and other areas.

On April 1, 2013 we carried out an internal reorganization with an eye to improving business efficiency and speed. As a result of the reorganization, our operations were restructured into two manufacturing headquarters: the "Machined Component Manufacturing HQ" and the "Electronic Device & Component Manufacturing HQ." Beginning in the fiscal year ended March 2014, we changed the segment classifications due to the reorganization.

Outline of Strategy

We aim to boost the profitability of our existing lines while developing new high-value-added products. That includes leveraging our vast manufacturing, sales, engineering and development network, and commitment to restructuring our business portfolio, encompassing the hybrid component business that is driven by our combined technological strengths in electronic devices and components as well as machined components, in order to provide flexible prices and meet the needs of our customers. We will actively work on restructuring our business portfolio and increasing corporate value via M&As and alliances. At the same time we will focus on establishing large-scale overseas mass production facilities as well as R&D capabilities in light of regional risk assessment findings.

In order to make substantial progress in these areas and further improve our financial performance, we have announced and are working on the "Five Arrows" strategy outlined below.

1. Increase external sales of ball bearings to an average of 150 million units per month at the earliest date.
2. Develop new EMS (Electro Mechanics Solutions®) (*registered in Japan) products and components by embracing TRDC (Tokyo Research & Development Center) motor technologies and accelerate the sales of EMS products.
3. Establish new business opportunities in connection with lighting device products including street lights and their components developed by the Electric Device Division and its Technology Development Department, and enter the "Smart Building and Smart City" related products and components market.
4. Based upon the Measuring Components Business Units's strategy, which recognizes measuring components as sensors, increase the sales of measuring components related products to around ¥20 billion at an early stage.
5. Increase the sales of aircraft components business such as rod-end bearings centering New Hampshire Ball Bearings, Inc. by taking advantage of its global presence in the industry, thereby striving to achieve substantial improvement in sales and profitability through maximizing synergetic effects.

Financial Data by Segment

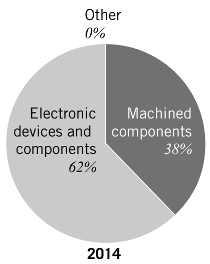
Years ended March 31	2014	2013	2012	2011	2010
					Millions of yen
Sales by reportable segment					
Machined components	**¥140,033**	¥113,573	¥ —	¥ —	¥ —
Electronic devices and components	**230,514**	167,911	—	—	—
Reportable segments total	**¥370,547**	¥281,484	¥ —	¥ —	¥ —
Other	**996**	925	—	—	—
Total	**¥371,543**	¥282,409	¥ —	¥ —	¥ —
Adjustment	**—**	—	—	—	—
Consolidated financial statements amount	**¥371,543**	¥282,409	¥ —	¥ —	¥ —
Income (loss) by reportable segment					
Machined components	**¥ 33,551**	¥ 25,459	¥ —	¥ —	¥ —
Electronic devices and components	**9,582**	(2,452)	—	—	—
Reportable segments total	**¥ 43,133**	¥ 23,007	¥ —	¥ —	¥ —
Other	**866**	167	—	—	—
Total	**¥ 43,999**	¥ 23,174	¥ —	¥ —	¥ —
Adjustment	**(11,800)**	(13,005)	—	—	—
Consolidated financial statements amount	**¥ 32,199**	¥ 10,169	¥ —	¥ —	¥ —
Assets by reportable segment					
Machined components	**¥ 99,300**	¥ 97,632	¥ —	¥ —	¥ —
Electronic devices and components	**118,118**	106,008	—	—	—
Reportable segments total	**¥217,418**	¥203,640	¥ —	¥ —	¥ —
Other	**8,081**	8,556	—	—	—
Total	**¥225,499**	¥212,196	¥ —	¥ —	¥ —
Adjustment	**155,779**	150,609	—	—	—
Consolidated financial statements amount	**¥381,278**	¥362,805	¥ —	¥ —	¥ —
Depreciation and amortization by reportable segment					
Machined components	**¥ 9,378**	¥ 8,020	¥ —	¥ —	¥ —
Electronic devices and components	**8,070**	7,468	—	—	—
Reportable segments total	**¥ 17,448**	¥ 15,488	¥ —	¥ —	¥ —
Other	**2,090**	1,910	—	—	—
Total	**¥ 19,538**	¥ 17,398	¥ —	¥ —	¥ —
Adjustment	**4,202**	3,402	—	—	—
Consolidated financial statements amount	**¥ 23,740**	¥ 20,800	¥ —	¥ —	¥ —
Increase in tangible and intangible fixed assets by reportable segment					
Machined components	**¥ 3,867**	¥ 9,100	¥ —	¥ —	¥ —
Electronic devices and components	**8,646**	13,580	—	—	—
Reportable segments total	**¥ 12,513**	¥ 22,680	¥ —	¥ —	¥ —
Other	**1,393**	1,272	—	—	—
Total	**¥ 13,906**	¥ 23,952	¥ —	¥ —	¥ —
Adjustment	**6,773**	19,735	—	—	—
Consolidated financial statements amount	**¥ 20,679**	¥ 43,687	¥ —	¥ —	¥ —

Note: Effective from fiscal 2014, due to organizational changes aimed at enhancing management efficiency and improving the speed of business judgment, the Company has changed its reportable segments to two segments including “Machined components business” and “Electronic devices and components business”, in place of three segments consisting of “Machined components business”, “Rotary components business” and “Electric devices and components business.” Accordingly, figures before fiscal 2012 are not disclosed, as they cannot be compared to.

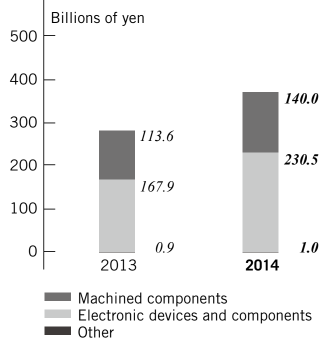
Financial Review

Results of Operations

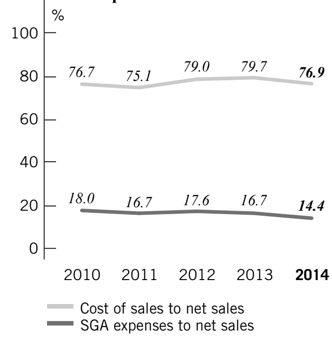
Ratio of Net Sales by Segment



Net Sales by Segment



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



Net Sales

The Japanese economy during the year under review remained upbeat as government initiatives and the Bank of Japan's monetary easing policy coupled with the weak yen in the foreign exchange market boosted corporate earnings, capital expenditures, and employment while consumer spending remained steady. In the U.S., the economy remained on a steady recovery track fueled by strong domestic demand while new construction picked up and unemployment improved due to its monetary easing policy. Despite the prolonged sovereign debt crisis and unemployment rates that remained high in Greece, Spain and other European countries, the economy in the Eurozone, especially Germany and the U.K., saw a gradual comeback. However, the Ukrainian political crisis that erupted in February 2014 has cast a dark shadow over the economic horizon. In Asia, although China lost momentum in the first quarter due to declining exports and investments, the economy gradually picked up steam again and exports increased during the rest of the fiscal year. While ASEAN economies were affected by weak currencies as well as low stock and bond prices during the second quarter, they eventually got back on track towards gradual recovery.

In this business climate, in order to further enhance profitability, Minebea focused its efforts on rigorous cost-cutting, higher valued-added products, the development of new technologies, and marketing initiatives. As a result, net sales increased ¥89,134 million (31.6%) year on year to reach ¥371,543 million, hitting a record high.

Cost of Sales

Cost of sales was up ¥60,654 million (26.9%) from the previous fiscal year to total ¥285,768 million in the year under review. Cost of sales as a percentage of net sales dropped by 2.8 percentage points year on year to reach 76.9% due to our products' rising sales volumes which were buoyed by the global economic recovery as well as currency depreciation in Thailand, our primary production base.

SGA Expenses

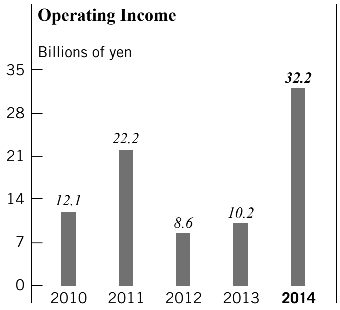
SGA expenses amounted to ¥53,576 million, up ¥6,450 million (13.7%) year on year. SGA expenses as a percentage of net sales dropped 2.3 percentage points to 14.4%.

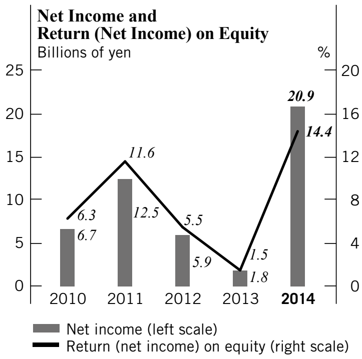
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2014**	2013	2012	2011	2010
Net sales	**¥371,543**	¥282,409	¥251,358	¥269,139	¥228,446
Cost of sales	**285,768**	225,114	198,506	202,145	175,286
Cost of sales to net sales	**76.9%**	79.7%	79.0%	75.1%	76.7%
Gross profit	**85,775**	57,295	52,852	66,994	53,160
SGA expenses	**53,576**	47,126	44,253	44,831	41,101
SGA expenses to net sales	**14.4%**	16.7%	17.6%	16.7%	18.0%

*Segment classification has changed from the fiscal year ended March 31, 2014, due to organizational changes.





Operating Income

Operating income was up ¥22,030 million (216.6%) year on year to total ¥32,199 million. The factors behind this huge jump include the recovery in net sales as well as the positive effect of the weak yen and Thai baht. The operating margin rose 5.1 percentage points to 8.7%. For more information see “Segment Information.”

Other Income (Expenses)

The net balance of other income and expenses (net amounts of non-operating profit/loss and extraordinary profit/loss) amounted to a loss of ¥5,388 million, which was ¥101 million higher than the previous fiscal year.

The exclusion of Hysonic from the scope of consolidation has resulted in gains on sales of investments in subsidiaries and affiliates totaling ¥1,230 million, and equity in net loss of affiliates totaling ¥777 million. We also posted a loss of ¥548 million associated with the explosion accident at NHBB’s Peterborough facility and related insurance income totaling ¥329 million. Other losses included an impairment loss of ¥964 million from our fan motor business as well as losses due to the restructuring of our inverter business and U.S. subsidiary, etc. which came to ¥750 million.

Income before Income Taxes and Minority Interests

All of the above-mentioned factors brought income before income taxes and minority interests for the year under review up ¥21,929 million (449.2%) year on year to total ¥26,811 million.

Income Taxes

Income taxes increased ¥2,784 million year on year to total ¥6,434 million. Income taxes included current income taxes (i.e. corporate, inhabitant and business taxes) totaling ¥4,609 million and deferred income taxes of ¥1,825 million. The effective income tax rate dropped to 24.0% from 74.8% in the previous fiscal year. This decline was due to the better performance we enjoyed during the year under review for our operations outside Japan, where tax rates are lower, compared to the previous fiscal year when the restructuring of our rotary components business segment brought our group companies’ bottom lines down.

Minority Interests (Losses)

Minority losses amounted to ¥501 million, ¥71 million smaller than the previous fiscal year.

Net Income

As a consequence of the aforementioned factors, net income jumped ¥19,074 million year on year to reach a record high of ¥20,878 million. Basic net income per share was ¥55.94, up ¥51.11 from ¥4.83 in the previous fiscal year.

Income

Millions of yen

Years ended March 31	**2014**	2013	2012	2011	2010
Operating income	**¥32,199**	¥10,169	¥8,599	¥22,163	¥12,059
Operating margin	**8.7%**	3.6%	3.4%	8.2%	5.3%
Net balance of other income (expenses)	**(5,388)**	(5,287)	(3,048)	(3,507)	(2,798)
Net income	**20,878**	1,804	5,922	12,465	6,662
Net income to net sales	**5.6%**	0.6%	2.4%	4.6%	2.9%
Net income per share (Yen):					
Basic	**55.94**	4.83	15.63	32.61	17.20
Diluted	**53.14**	4.65	15.54	—	—
Return (net income) on equity	**14.4%**	1.5%	5.5%	11.6%	6.3%
Return on total assets	**5.6%**	0.5%	2.0%	4.4%	2.4%

Financial Condition

Financial Policy and Liquidity

Products and technologies are being developed faster and faster in the various areas in which Minebea Group operates, and global competition among companies is intensifying. In this environment, we must make the upfront investments needed to develop new products that meet our customers' needs and to develop the products that keep us one step ahead of the market, while also ensuring that we have the sort of flexibility in capital spending that will allow us to immediately cope with changes in demand. We are endeavoring to maintain and strengthen our financial position and agility in financing so that we can support this kind of dynamic corporate activity and forge ahead on "strengthening our technological development capabilities".

We have made "strengthening our financial position" one of our key management policies. With respect to capital spending, we intend to proactively expand investments in growth businesses while at the same time rigorously ensuring the efficient deployment of assets by use of an effective investment plan, allowing us to shrink total assets, control capital spending, and reduce liabilities.

Furthermore, in order to ensure our flexibility in financing, we have obtained a rating for up to ¥10 billion in short-term debt from a ratings institution. In order to maintain and reinforce the stability of our financing base, we have maintained good relationships with financial institutions inside and outside of Japan, while at the same time we are building a framework to manage liquidity risk that includes our entering into an agreement for commitment lines of ¥10 billion.

Debt Ratings

As of May 2014	*Long-term debt*	*Short-term debt*
Japan Credit Rating Agency Ltd. (JCR)	A	J–1
Rating and Investment Information, Inc. (R&I)	A–	a–1

Capital Investment

With respect to capital investment, we endeavor to proactively expand our investments in growth businesses while at the same time making efficient investments that allow us to address changes in demand. Capital investments made during the year under review totaled ¥20,679 million. This amount includes ¥3,867 million for the machined components segment, ¥8,646 million for the electronic devices and components segment, ¥1,393 million for the other segment, and ¥6,773 million for corporate.

Investments in the machined components segment were mainly made on equipment for manufacturing bearings and HDD pivot assemblies in Thailand. Investments in the electronic devices and components segment focused on spindle motor manufacturing equipment in Thailand, equipment for making LED backlights and related parts in Thailand, Cambodia and China, as well as manufacturing equipment for special devices in Japan (Matsuida Plant).

Capital investments included purchases of intangible fixed assets (¥860 million) and assets acquired through new finance lease agreements (¥307 million).

Our plan for the next fiscal year calls for ¥21.5 billion in capital investments.

Dividends

Our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders, with dividends reflecting performance in light of the overall business environment, while maintaining a stable and continuous distribution of profits.

Our policy is to distribute dividends from surplus two times each year in the form of an interim dividend and a year-end dividend.

The body that determines the year-end dividend from surplus is the annual general meeting of shareholders, while the interim dividend is determined by the Board of Directors.

Pursuant to the above policy, our dividend for the year under review is 8 yen per share, which includes an interim dividend of 3 yen per share. The resulting consolidated-basis dividend payout ratio for the year under review is 14.3%.

We intend to use our retained earnings to expand globally, while at the same time becoming even more cost-competitive and reinforcing our technology and manufacturing development platform so that we can address market needs, thereby allowing us to accommodate anticipated changes in our business environment.

Free Cash Flows

Free cash flows (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled ¥24,216 million, an increase of ¥39,039 million from the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities amounted to ¥49,173 million, up 113.9% from the previous fiscal year. Inflows mainly consisted of income before income taxes and minority interests totaling ¥26,811 million, depreciation and amortization costs totaling ¥23,740 million, as well as a ¥9,425 million increase in notes and accounts payable–trade. Outflows included a ¥8,039 million increase in notes and accounts receivable–trade and a ¥1,140 million increase in inventories.

Cash Flows from Investing Activities

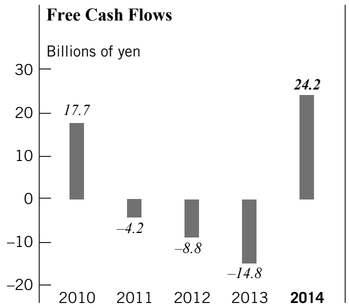
Net cash used in investment activities decreased 34.0% year on year to total ¥24,957 million. This mainly included an outflow of ¥18,343 million for the payments for purchases of tangible fixed assets as well as an outflow of ¥1,888 million for the payments for acquisition of shares in subsidiaries.

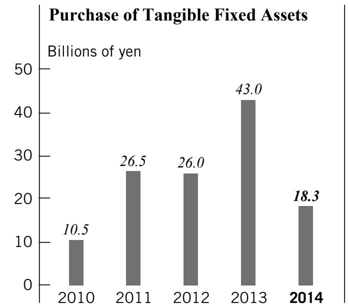
Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥25,233 million, which was ¥42,642 million higher than the previous fiscal year. Major cash outflows included ¥22,480 million for the repayment of short- and long-term loans (net) as well as ¥2,613 million for the payment of dividends.

Cash and Cash Equivalents

The balance of cash and cash equivalents in the year under review totaled ¥29,031 million, up ¥808 million year on year.





Free Cash Flows

Millions of yen

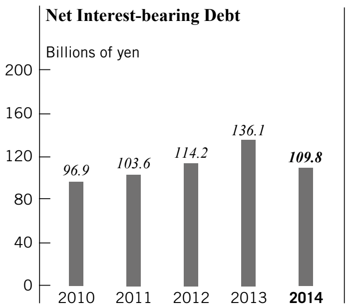
Years ended March 31	**2014**	2013	2012	2011	2010
Net cash provided by operating activities	**¥49,173**	¥22,990	¥20,233	¥24,439	¥30,408
Net cash used in investing activities	**(24,957)**	(37,813)	(29,018)	(28,631)	(12,733)
Portion of above used in purchase of tangible fixed assets	**(18,343)**	(42,963)	(25,961)	(26,517)	(10,495)
Free cash flows	**24,216**	(14,823)	(8,785)	(4,192)	17,675

Assets, Liabilities and Net Assets

Total assets at the end of the year under review were up ¥18,473 million (5.1%) from the end of the previous fiscal year to total ¥381,278 million. The major factor behind this increase was a ¥17,473 million increase due to foreign currency fluctuations and increase in net sales.

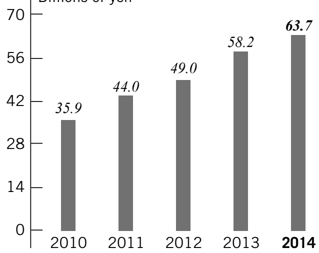
Net assets came to ¥163,463 million while shareholders' equity totaled ¥157,863 million. This led to a 5.2 percentage point increase in equity ratio compared with the end of the previous fiscal year, bringing it up to 41.4%.

Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) decreased ¥26,366 million (19.4%) from the end of the previous fiscal year to total ¥109,782 million. The net debt-to-equity ratio was down 0.3 points from the end of the previous fiscal year to 0.7 times.



Inventories

Billions of yen



Assets

Cash and cash equivalents increased ¥808 million over the previous year-end's total to reach ¥29,031 million. Time deposits increased ¥3,644 million to reach ¥9,685 million. Notes and accounts receivable–trade were up ¥11,694 million, to ¥74,340 million due to the increase in net sales as well as the effect of foreign currency fluctuations. Inventories increased ¥5,418 million year on year to total ¥63,652 million due to the effect of foreign currency fluctuations. Deferred tax assets (short-term) declined by ¥1,450 million year on year to reach ¥4,199 million. Other current assets totaled ¥6,854 million, down ¥1,675 million from the end of the previous fiscal year.

As a result, total current assets increased by ¥18,661 million (10.9%) from the previous year-end to reach ¥189,638 million.

Tangible fixed assets amounted to ¥166,900 million, down ¥3,863 million (2.3%) compared to the end of the previous fiscal year. Purchases of tangible fixed assets for the year under review totaled ¥18,343 million, while depreciation and amortization amounted to ¥23,740 million.

Intangible fixed assets increased ¥662 million (13.6%) from the previous year-end to total ¥5,530 million.

Investments and other assets totaled ¥19,173 million, up ¥3,027 million (18.7%) from the previous year-end. Factors behind this increase included a ¥1,906 million increase in investments in non-consolidated subsidiaries and affiliates, a ¥1,199 million increase in investment securities and a ¥543 million increase in deferred tax assets (long-term), despite a ¥819 million decrease in other assets.

Consequently, total fixed assets amounted to ¥191,603 million, a decrease of ¥174 million (0.1%) from the previous year-end.

Liabilities

Notes and accounts payable–trade came to ¥29,898 million, an increase of ¥9,500 million compared to the previous fiscal year-end due to the increase in production. Short-term debt decreased ¥17,172 million from the end of the previous fiscal year to reach ¥48,794 million. The current portion of long-term debt fell by ¥3,987 million, to ¥15,250 million. Due to these factors, total current liabilities amounted to ¥120,937 million, down ¥7,547 million (5.9%).

Long-term debt dropped ¥755 million from the previous year-end to total ¥84,454 million. Total fixed liabilities were up ¥415 million (0.4%) from the previous year-end to reach ¥96,878 million.

Net Assets

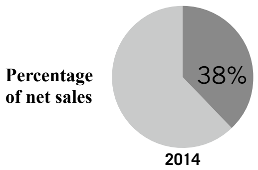
Total net assets increased by ¥25,605 million (18.6%) from the previous year-end to total ¥163,463 million. This increase was due to a ¥18,265 million increase in retained earnings and a ¥9,277 million increase in foreign currency translation adjustments compared to the end of the previous fiscal year. Minority interests in subsidiaries decreased ¥996 million from the end of the previous fiscal year to total ¥5,483 million.

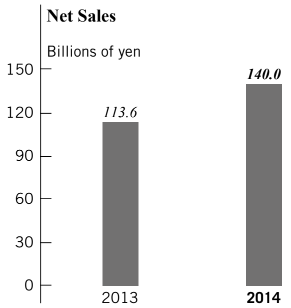
Financial Position

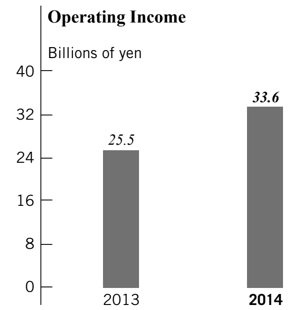
Millions of yen

As of March 31	**2014**	2013	2012	2011	2010
Total assets	**¥381,278**	¥362,805	¥306,772	¥291,092	¥277,967
Cash and cash equivalents	**29,031**	28,223	23,366	27,622	24,855
Time deposits	**9,685**	6,041	4,964	1,969	1,652
Total current assets	**189,638**	170,977	157,787	144,178	130,004
Inventories	**63,652**	58,234	49,025	43,998	35,912
Total current liabilities	**120,937**	128,484	115,713	116,863	102,961
Working capital	**68,701**	42,493	42,074	27,315	27,043
Interest-bearing debt	**148,498**	170,412	142,544	133,213	123,400
Net interest-bearing debt	**109,782**	136,148	114,214	103,622	96,893
Total net assets	**163,463**	137,858	109,777	109,967	108,381
Equity ratio	**41.4%**	36.2%	35.7%	37.1%	38.5%
Debt-to-equity ratio (Times)	**0.9**	1.2	1.3	1.2	1.1
Net debt-to-equity ratio (Times)	**0.7**	1.0	1.0	0.9	0.9
Net assets per share (Yen)	**422.62**	351.65	288.74	282.03	279.87

Machined Components







Net sales in the machined components segment totaled ¥140,033 million, up ¥26,460 million (23.3%) year on year. Operating income rose ¥8,092 million (31.8%) year on year to reach ¥33,551 million and the operating margin was 24.0%, up 1.6 percentage points year on year. We achieved substantial increases in sales and profits thanks to growing sales amid the global economic recovery and a higher operating rate that brought unit manufacturing costs down in addition to the positive effect of exchange rates.

Principal Products and Applications and Minebea's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share**
Miniature and small-sized ball bearings	Small motors, household electrical appliances, information and telecommunications equipment, automobiles, industrial machinery	60%
Rod-end and spherical bearings	Aircraft	50%
Fasteners	Aircraft, automobiles	—
Pivot assemblies	Hard disk drives	75%

*Global market share is based on volume, except for the figure for rod-end and spherical bearings, which is based on sales value. Minebea estimates market share based on information that we collect ourselves and information from independent market research firms.

Business Activities and Ongoing Efforts

Demand for our anchor product line, miniature and small-sized ball bearings, grew in a wide range of markets including automobiles, office automation equipment, household electrical appliances, and more, driving external sales volumes up. Looking at profitability, we see that the profit margin improved thanks to lower manufacturing costs due to the increased operating rate and the depreciation of Asian currencies. This, as well as growing sales brought profits up. Increased orders for rod-end and spherical bearings fueled sales and profits thanks to soaring demand in the civil aviation market as airline companies replaced their aging fleets with newer aircraft models on top of the positive effect of the weak yen. The profit margin for pivot assemblies improved due to the stable HDD market, our primary market, progress with cost-cutting and steady production.

We are continuing our efforts to reduce costs in the ball bearings business by improving yields and streamlining production. While strengthening operations based on the idea of returning to our roots in manufacturing, we are also working to strengthen our basic technology development areas. Looking ahead, we will work to expand sales in order to achieve the monthly average external sales volume target of 150 million units outlined in the first arrow of our "Five Arrows" strategy at the earliest date. We will also develop new products by leveraging the proprietary state-of-the-art ceramic bearing technology of CEROBEAR GmbH, which we acquired in July 2013. This will enable us to strengthen our operations targeting the aerospace industry.

The rod-end fastener business will focus on overall cost reduction by boosting production capacity for semifinished products in Thailand. We will also strive to create synergy among our production bases in Japan, the United States, the United Kingdom, and Thailand with an eye to enhancing profitability.

In the pivot assembly business, we have been continuously working to lower costs and increase production through measures such as increasing yields. We will work to maintain a healthy bottom line by leveraging the synergy created by our significant market share for pivot assemblies and miniature ball bearings.

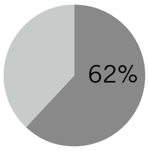
Major Products

Ball bearings   Rod-end bearings   Spherical bearings   Roller bearings   Bushings   Pivot assemblies
Mechanical assemblies   Aerospace fasteners   Automotive fasteners

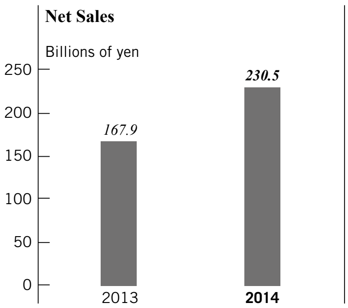
*Segment classification has changed from the fiscal year ended March 31, 2014, due to organizational changes.

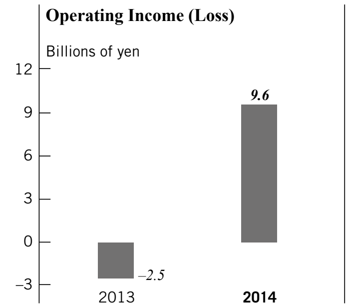
Electronic Devices and Components

Percentage of net sales



2014





In the year under review, net sales jumped ¥62,603 million (37.3%) from the previous year to total ¥230,514 million. Operating income came to ¥9,582 million, up ¥12,034 million year on year. The operating margin rose 5.7 percentage points year on year to hit 4.2%.

The LED backlight business enjoyed substantial year-on-year gains in both sales and profits. Growing demand in the smartphone market buoyed sales of our technologically unparalleled ultra-thin light guide plates for high-end product applications as our customer base and market share expanded. HDD spindle motors and information motors saw increases in sales while the structural reforms implemented last fiscal year boosted profitability. The information motor business' performance, in particular, steadily improved after it returned to profitability in the second quarter as a result of our efforts to enhance production efficiency as well as cost competitiveness by transferring manufacturing operations to our Cambodian plant on top of the growing demand driven by the global economic recovery. Performance of measuring components was also upbeat thanks to increasing sales to the automobile sector along with the recovery of demand for test equipment.

Principal Products and Applications and Minebea's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share**
LED backlights	Mobile phones, automobiles, digital cameras, portable digital information terminals	12%
	High-end smartphones	70%
Information motors (stepping motors, brushless DC motors, brush DC motors, fan motors)	PCs and servers, information and telecommunications equipment, household electrical appliances, automobiles, industrial machinery, office automation equipment	2–70%, depending on the product
HDD spindle motors	Hard disk drives	—
Precision motors	Automobiles	—
Measuring components	Industrial machinery, automobiles	—

*Global market share is based on volume. Minebea estimates market share based on information that we collect ourselves and information from independent market research firms.

Business Activities and Ongoing Efforts

Sales of LED backlights grew quickly in the mobile phone and smartphone markets, which generate approximately 80% of total sales. In addition to increased share to major customers, efforts to expand our customer base in China and other markets paid off, resulting in a substantial jump in sales and profits. HDD spindle motors and information motors made significant headway in cutting costs as the structural reforms implemented last fiscal year began to pay off for both businesses. After returning to profitability in the second quarter, these businesses maintained the profitability and generated a profit throughout the year thanks to the global economic recovery, which drove sales up and improved performance. The measuring components business was also upbeat as sales of both test equipment and automotive products bounced back.

The LED backlight business saw a sharp increase in demand for the ultra-thin light guide plates we specialize in. In response to this growing demand, we are boosting the production capacity of our facilities in China, Cambodia, and Thailand. In April 2014, we launched MIK Smart Lighting Network, a joint venture with Iwasaki Electric Co., Ltd. and Koizumi Lighting Technology Corp., to develop lighting equipment for smart buildings and smart cities. We will establish a business foundation for lighting devices and parts (including street lights) developed by the Electronic Device Division's Engineering Development Department at an early stage in order to expand sales of lighting device-related products as outlined in the third arrow of our "Five Arrows" strategy. The information motor business will focus on reorganizing Moatech as well as our fan motor operations with an eye to driving profitability up.

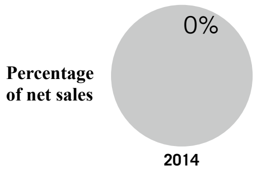
We will implement a business strategy for measuring components that spotlights their sensor function over their function as mere gauges to make inroads into new markets including medical and nursing care, robotics, bridges and other kinds of infrastructure markets with an eye to bringing annual sales up to ¥20 billion at an early stage.

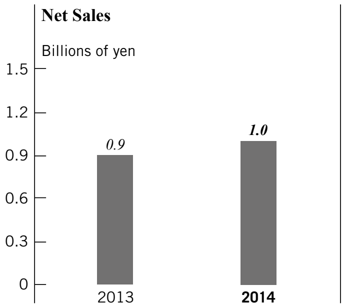
Major Products

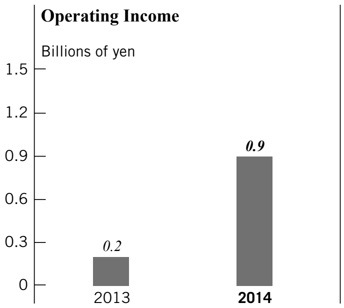
LED backlights   Hybrid components   Stepping motors   Brushless DC motors   Brush DC motors
Fan motors   HDD spindle motors   Precision motors   Measuring components

*Segment classification has changed from the fiscal year ended March 31, 2014, due to organizational changes.

Other







Net sales for the year under review in our other segment, increased ¥71 million (7.7%) year on year to reach ¥996 million. Operating income increased ¥699 million from the previous year to ¥866 million. The operating margin rose 68.8 percentage points year on year to hit 86.9%.

Major Products

Dies	In-house produced parts

Adjustments

Other than the above, ¥11,800 million of corporate expenses, etc. not belonging to any particular segment is shown as adjustments. Adjustments for the previous fiscal year amounted to ¥13,005 million.

*Segment classification has changed from the fiscal year ended March 31, 2014, due to organizational changes.

Research and Development

Research and Development

Minebea Group makes and sells precision machinery components like ball bearings and components incorporating ball bearings; aircraft parts such as rod-end bearings and high-end fasteners; motors and pivot products used in state-of-the-art hard disk drives, and various types of electronic components including motors used in electronic devices and LED backlights. Minebea and its group companies throughout the world work closely together on R&D in each of these areas.

Minebea Group is also dedicated to the development of hybrid component products that integrate the basic technologies that go into making its machined components, electronic devices, and other components.

Minebea has research and development facilities at its Tokyo Head Office, Karuizawa Plant, Hamamatsu Plant, Fujisawa Plant, and Yonago Plant as well as in the United States, Europe, Thailand and China. These bases leverage their individual expertise and work together to speed up the development of new products and pave the way to new business opportunities. The Tokyo Research & Development Center was set up at our Tokyo Head Office in April 2013. Taking full advantage of its prime location in Tokyo, a dynamic hub for human resources and information, the center is working to develop hybrid products for medical and automobile applications. Our facilities in Karuizawa, Hamamatsu, Thailand and China have all been ISO17025 certified and are moving the entire Minebea Group forward in analyzing emissions of hazardous substances targeted by environmental regulations, including those banned by the European Union's Restriction of Hazardous Substances (RoHS) directive as well as conducting product certification tests for electronic components.

In the year under review, our group-wide research and development expenses totaled ¥8,561 million. This amount includes ¥1,853 million in basic research expenses that cannot be allocated to any particular segment, such as analysis conducted at materials science labs in Thailand and China.

What follows is an overview of the R&D activities conducted in each segment during the year under review.

Machined Components

R&D in this segment remained geared toward our mainstay bearing products (i.e. ball bearings, rod-end bearings, and fluid dynamic bearings) with a focus on developing basic tribological technologies for materials and lubricants, etc., as well as on oil fill, electrochemical machining (ECM), diamond-like carbon (DLC) and other processes. We are working with a keen eye to responding to the needs of manufacturers in emerging areas of the IT, home electrical appliances, automobile and aerospace industries. Reliability engineering aimed at minimizing particle generation, increasing heat resistance, extending product life, enhancing electroconductivity, etc. as well as applied engineering are at the heart of our work in this area.

We are also working to make the miniature ball bearings that are the essence of precision machining technology even smaller. HDD pivot assemblies are one of the main applications where these precision ball bearings are used. As a leading manufacturer, we are developing new products for a wide range of applications for the growing data center server and mobile device segments of the HDD market, including everything from large capacity 3.5 inch HDDs to slimmer 2.5 inch HDDs (7 mm/5 mm height).

Recent progress in the area of aerospace industry bearings includes the development and approval of tie-rod mechanical assemblies, trunnion bearings for main landing gear and a wide range of bearings that will go into flight control systems for new models released by U.S. and European aircraft manufacturers. These R&D successes are built on the same technology used in our rod-end bearings.

For the auto industry we developed high-heat-resistant ball bearing units for turbochargers jointly with myonic GmbH, a foreign consolidated subsidiary. The market for turbochargers, which use exhaust gas to supercharge an engine and allow for smaller engines and greater fuel efficiency without compromising power, is expected to reach 60 million units by 2020.

In July 2013, we acquired all shares in CEROBEAR GmbH, a German company boasting more than 20 years of experience in the design, manufacturing and marketing of ceramic bearings as well as hybrid bearings employing high performance steel materials. CEROBEAR GmbH's technological capability, combined with myonic GmbH's technological edge in providing special bearings used in dental and medical equipment as well as the aerospace industry, enables us to develop new products for the aerospace industry that is expected to see booming demand in the near future.

R&D expenses in this segment totaled ¥1,538 million.

Electronic Devices and Components

Motors, one of the principal products of the electronic devices and components business, include information motors (stepping motors, brushless DC motors, brush DC motors, and fan motors) as well as HDD spindle motors. We are enhancing basic technological capabilities including various simulation, analysis, control, and material technologies as well as product development capability so that we can be the first in the market to supply advanced products that meet customer needs for smaller, more efficient (energy-saving), quiet and reliable products required for a wide range of applications.

R&D work on magnetic application products harnesses our expertise in materials technology, core technologies and product-related technologies. Ongoing work in this area continues to yield such outstanding products as rare earth bond magnets and heat-resistant magnets for use in high-performance motors. We developed a hybrid stepping motor that does not use expensive rare earth magnets but works just as well as those that do.

We improved the performance of our HDD spindle motors featuring Minebea's proprietary design, which are optimally engineered for data center applications where high reliability is a must. We also developed ultra-slim motors for mobile devices in anticipation of the market shift for 2.5-inch hard drives from a height of 9.5 mm to 7 mm or even 5 mm.

In the area of optical products, we are developing ultra-thin LED backlight units for mobile devices to support increasingly larger and thinner smartphones. In addition to the ultra-precision machining technologies and precision mold technologies that define the Minebea group, we are also improving our technology for injection molding transparent resin which allows fine optical patterns to be swiftly and precisely transferred to LED backlight guide plates. Using this technology, we have developed ultra-thin guide plates for the world's thinnest (less than 0.3 mm) 5-inch class smartphones. On the manufacturing side, we introduced an ultra-thin light guide plate molding machine, automated backlight assembly machine, appearance tester, etc., which gave us a competitive advantage in mass production. We are also using the optical technologies that we developed in backlights to develop lighting modules that combine an LED lighting circuit with a thin lens for LED lighting. These lighting modules are thinner and use less energy than conventional products because they operate more efficiently.

In electronics-related products, we are developing LED backlight driver circuits, which is a growing market. Shifting from conventional analog to digital control circuits will help shorten design lead times by significantly reducing the number of parts and allowing a higher level of control. In February 2014, we signed a memorandum of understanding with Iwasaki Electric Co., Ltd., a leading player in the outdoor lighting market, and Koizumi Lighting Technology Corp., a leading manufacturer of indoor lighting fixtures, to establish a joint venture. The joint venture will focus on developing highly efficient wirelessly controlled lighting devices for smart buildings and smart cities by incorporating the wireless technology of Paradox Engineering SA, in which we acquired a stake in January 2014.

R&D expenses in this segment totaled ¥4,823 million.

Other

Our other segment mainly includes dies and parts produced in-house.

R&D expenses in this segment totaled ¥347 million.

Outlook for the Fiscal Year Ending March 2015

(as of May 2014)

The Japanese economy is expected to remain robust due to higher employment rates and better wages although the impact of the consumption tax increase remains a concern. The U.S. economy will also continue to gradually rebound as consumer spending increases despite signs of a slowdown in private sector housing investment. While the European economy is expected to move along the path to gradual recovery, it will take more time to solve bad debt and other structural problems as governments continue to tighten their belts in response to the sovereign debt crisis in Greece, Spain, etc. In Asia, strong domestic demand will fuel a moderate economic recovery despite the slowdown in the Chinese economy. Other countries in Asia should also see steady economic growth.

In light of this economic outlook, sales of our LED backlights, one of the Group's main products, are expected to surge while sales of ball bearings, motors, and other products are also projected to be up. Based on a conservative estimate of sales growth, we expect net sales to total ¥400,000 million, operating income ¥36,500 million, and net income ¥24,000 million.

What follows are our full year projections for each segment.

Machined Components

We will continue to work on boosting performance of the ball bearing business, our anchor business line, by aggressively expanding sales and launching new products targeting the automobile, information and telecommunications equipment industries, etc. while branching out into new markets as demand picks up across the globe. At the same time, our German subsidiary, myonic GmbH, will increase sales of higher-value added special bearings. We will also boost production and efficiency in the rod-end bearing business while sharpening our competitive edge in terms of turnaround time and cost with an eye to stepping up sales in the growing aircraft market.

Electronic Devices and Components

In the LED backlight business, we are working to enhance our capability to supply high-value-added products, including ultra-thin light guide plates for high-end smartphones. We expect our initiatives will expand the customer base as our aggressive marketing and new product launch strategies lead to substantial increases in sales and profits. We will also work on developing new lines of measuring components that leverage their sensor function while boosting sales in the automobile market. In information motors, we will continue to work on improving production efficiency as demand is driven up by the global economic recovery. We will also move on with transferring manufacturing operations to our Cambodian plant to cut costs even more. Since demand for HDD spindle motors is expected to remain flat in the PC market, we will continue to focus on marketing high-value-added products for server and other applications to boost profitability.

Other

We will focus on enhancing the accuracy of dies and parts produced in-house in order to improve production efficiency for the departments that produce finished products and bring quality to new heights.

Risk Factors

Minebea Group recognizes a variety of risks and uncertainties that have the potential to affect its operating results and/or financial position. Future risks mentioned in this document are those recognized by Minebea Group as of the end of the fiscal year under review.

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 sudden declines in demand.

2. Foreign exchange risk

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

3. Research & development 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 increase or maintain our market 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.

7. Latent risk related to operations overseas

Minebea Group's manufacturing activities are conducted primarily in Thailand, China, Singapore, Cambodia, and other foreign countries. While considerable time has passed since we established our operations in most of these countries, overseas operations are always subject to the following risks (any of which could 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 qualified human resources, (c) acts of terrorism or war, or other acts that may disrupt social order.

8. Natural disaster risk

If business sites of the Minebea Group and our trading partners suffer from a natural disaster such as earthquake and flood, nuclear power plant accident, or a new type of infectious disease, production and sales activities of the Group could be seriously impaired.

9. Risk related to compliance/internal control

Since Minebea Group operates around the world, it is subject to various laws, regulations, and rules of different countries. Although the Group has established and manages necessary and proper internal control systems for the purpose of complying with laws and regulations, as well as maintaining the adequacy of financial reporting, such efforts cannot guarantee the perfect achievement of this objective. Therefore, there is a possibility that breach of laws and regulations may occur. If laws, regulations, or interpretation of laws and regulations by the competent authority change, we may be unable to comply with such laws and regulations, or have to incur additional costs.

10. Risk related to accrued retirement benefits and pension costs

Because Minebea Group has several defined benefit pension plans, the fair value of the plan assets may decrease due to deteriorated returns on pension assets, or the pension cost may increase due to an increase of retirement benefit obligation resulting from a change of assumptions such as the discount rate.

11. Risk related to environmental issues

Minebea Group is subject to various environmental laws and regulations around the world. Although the Group has paid keen attention to such laws and regulations when conducting business, the Group may suffer losses if environmental pollution occurs or the possibility of pollution is found.

12. Risk related to M&A activities or alliances

Minebea Group has actively conducted M&A and alliance activities. When conducting M&A or alliance activities, it is possible that M&A may not generate a positive effect as we originally expected, or an alliance partner and the Group might not reach an agreement on the strategy or other points and fail to maintain the alliance relationship. If we provide financial support to an alliance partner due to their deterioration of financial condition or other reasons, such support may impair our performance and/or financial position.

13. Risk related to quality issues

Products provided by Minebea Group are used in various industries, especially in the areas that require high accuracy (such as automobiles, medical devices, and finished goods that are potentially fatal to human lives). The Group has recognized its social responsibility and established a high quality assurance system. However, if our product has a serious defect that causes a material accident, suspension of production in our customer's site, or recall, we may have to pay a large amount of expenditures and our reputation may be seriously damaged, which may lead to a large negative impact on our performance and/or financial position.

14. Risk related to information management

Minebea Group may obtain a lot of important information and personal information through business activities. The Group has established an information security policy to prevent the leakage of information outside of the company as well as unauthorized use of such information. However, it is possible that unexpected events may result in information leakage. If such events occur, it may incur a large amount of costs and expose us to the risk of losing social credibility.

Consolidated Balance Sheets

As of March 31, 2014 and 2013

	Millions of yen	
Assets	**2014**	2013
Current Assets:		
Cash and cash equivalents	**¥ 29,031**	¥ 28,223
Time deposits	**9,685**	6,041
Notes and accounts receivable:		
Trade	**74,340**	62,646
Other	**2,065**	1,796
	76,405	64,442
Allowance for doubtful receivables	**(188)**	(141)
Total notes and accounts receivable	**76,217**	64,301
Inventories (Note 2-e)	**63,652**	58,234
Deferred tax assets (Note 9)	**4,199**	5,649
Prepaid expenses and other current assets (Note 2-g)	**6,854**	8,529
Total current assets	**189,638**	170,977
Tangible Fixed Assets (Note 4)**:**		
Land	**24,893**	23,785
Buildings and structures	**132,084**	126,614
Machinery and transportation equipment	**280,367**	273,704
Tools, furniture and fixtures	**50,403**	49,563
Leased assets	**972**	1,211
Construction in progress	**2,812**	8,358
	491,531	483,235
Accumulated depreciation	**(324,631)**	(312,472)
Total tangible fixed assets	**166,900**	170,763
Intangible Fixed Assets:		
Goodwill (Note 2-k)	**2,999**	3,502
Other	**2,531**	1,366
Total intangible fixed assets	**5,530**	4,868
Investments and Other Assets:		
Investments in non-consolidated subsidiaries and affiliates	**2,010**	104
Investment securities (Note 2-g)	**8,938**	7,739
Long-term loans receivable	**368**	122
Deferred tax assets (Note 9)	**5,966**	5,423
Other (Note 2-h)	**2,522**	3,341
	19,804	16,729
Allowance for doubtful receivables (Note 8)	**(631)**	(583)
Total investments and other assets	**19,173**	16,146
Deferred Charges	**37**	51
Total Assets	**¥381,278**	¥362,805

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

Liabilities and Net Assets	Millions of yen 2014	2013
Current Liabilities:		
Short-term debt (Note 3)	**¥ 48,794**	¥ 65,966
Current portion of long-term debt (Note 3)	**15,250**	19,237
Notes and accounts payable:		
Trade	**29,898**	20,398
Other	**8,014**	6,160
Total notes and accounts payable	**37,912**	26,558
Income taxes payable (Note 9)	**3,189**	822
Lease obligations (Note 3)	**201**	245
Accrued expenses and other current liabilities (Note 9)	**15,591**	15,656
Total current liabilities	**120,937**	128,484
Long-term Liabilities:		
Long-term debt (Note 3)	**84,454**	85,209
Lease obligations (Note 3)	**255**	346
Net defined benefit liability (Note 2-h)	**8,850**	—
Other (Notes 2-h and 9)	**3,319**	10,908
Total long-term liabilities	**96,878**	96,463
Total liabilities	**217,815**	224,947
Contingent Liabilities (Note 20)		
Net Assets (Note 14):		
Shareholders' equity:		
Common stock		
Authorized: 1,000,000,000 shares		
Issued: March 31, 2014—399,167,695 shares		
March 31, 2013—399,167,695 shares	**68,259**	68,259
Capital surplus	**94,875**	94,757
Retained earnings	**59,190**	40,925
Treasury stock	**(9,505)**	(9,522)
Total shareholders' equity	**212,819**	194,419
Accumulated other comprehensive income:		
Differences on revaluation of available-for-sale securities	**1,154**	1,089
Deferred gains or losses on hedges	**(7)**	(6)
Foreign currency translation adjustments	**(52,366)**	(61,643)
Unfunded retirement benefit obligations of foreign subsidiaries	**—**	(2,532)
Remeasurements of defined benefit plans (Note 2-h)	**(3,737)**	—
Total accumulated other comprehensive income	**(54,956)**	(63,092)
Stock acquisition rights (Note 15)	**117**	52
Minority interests in consolidated subsidiaries	**5,483**	6,479
Total net assets	**163,463**	137,858
Total Liabilities and Net Assets	**¥381,278**	¥362,805

Consolidated Statements of Income

Years ended March 31, 2014, 2013 and 2012

			Millions of yen
	2014	2013	2012
Net Sales	**¥371,543**	¥282,409	¥251,358
Cost of Sales (Note 13)	**285,768**	225,114	198,506
Gross profit	**85,775**	57,295	52,852
Selling, General and Administrative Expenses (Notes 2-k and 13)	**53,576**	47,126	44,253
Operating income	**32,199**	10,169	8,599
Other Income (Expenses):			
Interest income	**554**	426	447
Equity in net loss of affiliates	**(777)**	(2)	—
Interest expenses	**(2,139)**	(2,651)	(2,321)
Investigation related expenses	**(774)**	(176)	—
Foreign currency exchange losses	**(432)**	(83)	(20)
Gains (losses) on sales and disposals of fixed assets	**(154)**	4,399	112
Gains on sales of investment securities (Note 2-g)	**54**	—	28
Losses on revaluation of investment securities (Note 2-g)	**—**	—	(831)
Gains on sales of investments in subsidiaries and affiliates	**1,230**	—	—
Insurance income	**329**	2,572	9,614
Impairment losses (Note 4)	**(976)**	(1,948)	(291)
Amortization of goodwill (Note 2-k)	**(300)**	(621)	—
Losses on disaster (Note 5)	**(548)**	(1,981)	(7,844)
Loss for after-care of products	**(75)**	—	(91)
Provision for environmental remediation expenses	**(63)**	(236)	(42)
Business restructuring losses (Notes 4 and 6)	**(750)**	(2,627)	(1,603)
Losses on settlement of retirement benefit plan (Note 7)	**—**	(1,642)	—
Provision of allowance for doubtful receivables (Note 8)	**—**	(573)	—
Bad debts written off (Note 8)	**—**	(135)	—
Other—net	**(567)**	(9)	(206)
	(5,388)	(5,287)	(3,048)
Income before Income Taxes and Minority Interests	**26,811**	4,882	5,551
Income Taxes (Note 9)**:**			
Current (including enterprise tax)	**4,609**	4,058	2,621
Deferred	**1,825**	(408)	(1,363)
	6,434	3,650	1,258
Income before Minority Interests	**20,377**	1,232	4,293
Minority Interests	**(501)**	(572)	(1,629)
Net Income	**¥ 20,878**	¥ 1,804	¥ 5,922

			Yen
Per Share Data (Note 17)**:**			
Net income:			
Basic	**¥55.94**	¥4.83	¥15.63
Diluted	**53.14**	4.65	15.54
Cash dividends applicable to the year	**8.00**	7.00	7.00

Consolidated Statements of Comprehensive Income

Years ended March 31, 2014, 2013 and 2012

			Millions of yen
	2014	2013	2012
Income before Minority Interests	**¥20,377**	¥ 1,232	¥4,293
Other Comprehensive Income (Note 16)**:**			
Differences on revaluation of available-for-sale securities	**65**	999	587
Deferred gains or losses on hedges	**(1)**	(0)	(6)
Foreign currency translation adjustments	**10,341**	24,692	(793)
Unfunded retirement benefit obligations of foreign subsidiaries	**1,040**	(214)	(35)
Share of other comprehensive income of associates accounted for using equity method	**152**	—	—
Total other comprehensive income	**11,597**	25,477	(247)
Total Comprehensive Income	**¥31,974**	¥26,709	¥4,046
Comprehensive income attributable to:			
Comprehensive income attributable to owners of the parent	**31,261**	26,341	5,711
Comprehensive income attributable to minority interests	**713**	368	(1,665)

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

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2014, 2013 and 2012

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2011	¥68,259	¥94,823	¥38,536	¥(6,281)	¥195,337
Changes during the period					
Cash dividend from retained earnings	—	—	(2,665)	—	(2,665)
Net income	—	—	5,922	—	5,922
Purchase of treasury stock	—	—	—	(2,011)	(2,011)
Disposal of treasury stock	—	(69)	—	509	440
Transfer of loss on disposal of treasury stock	—	3	(3)	—	—
Changes (net) in non-shareholder' equity items	—	—	—	—	—
Total changes during the period	—	(66)	3,254	(1,502)	1,686
Balance at March 31, 2012	¥68,259	¥94,757	¥41,790	¥(7,783)	¥197,023

	Accumulated other comprehensive income						
	Differences on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Unfunded retirement benefit obligations of foreign subsidiaries	Total accumulated other comprehensive income	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2011	¥(497)	¥ 0	¥(84,639)	¥(2,283)	¥(87,419)	¥2,049	¥109,967
Changes during the period							
Cash dividend from retained earnings	—	—	—	—	—	—	(2,665)
Net income	—	—	—	—	—	—	5,922
Purchase of treasury stock	—	—	—	—	—	—	(2,011)
Disposal of treasury stock	—	—	—	—	—	—	440
Transfer of loss on disposal of treasury stock	—	—	—	—	—	—	—
Changes (net) in non-shareholder' equity items	587	(6)	(757)	(35)	(211)	(1,665)	(1,876)
Total changes during the period	587	(6)	(757)	(35)	(211)	(1,665)	(190)
Balance at March 31, 2012	¥ 90	¥(6)	¥(85,396)	¥(2,318)	¥(87,630)	¥ 384	¥109,777

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2012	¥68,259	¥94,757	¥41,790	¥(7,783)	¥197,023
Changes during the period					
Cash dividend from retained earnings	—	—	(2,634)	—	(2,634)
Net income	—	—	1,804	—	1,804
Purchase of treasury stock	—	—	—	(2,156)	(2,156)
Disposal of treasury stock	—	(35)	—	417	382
Transfer of loss on disposal of treasury stock	—	35	(35)	—	—
Changes (net) in non-shareholder' equity items	—	—	—	—	—
Total changes during the period	—	—	(865)	(1,739)	(2,604)
Balance at March 31, 2013	¥68,259	¥94,757	¥40,925	¥(9,522)	¥194,419

	Accumulated other comprehensive income							
	Differences on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Unfunded retirement benefit obligations of foreign subsidiaries	Total accumulated other comprehensive income	Subscription right to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2012	¥ 90	¥(6)	¥(85,396)	¥(2,318)	¥(87,630)	¥—	¥ 384	¥109,777
Changes during the period								
Cash dividend from retained earnings	—	—	—	—	—		—	(2,634)
Net income	—	—	—	—	—		—	1,804
Purchase of treasury stock	—	—	—	—	—		—	(2,156)
Disposal of treasury stock	—	—	—	—	—		—	382
Transfer of loss on disposal of treasury stock	—	—	—	—	—		—	—
Changes (net) in non-shareholder' equity items	999	(0)	23,753	(214)	24,538	52	6,095	30,685
Total changes during the period	999	(0)	23,753	(214)	24,538	52	6,095	28,081
Balance at March 31, 2013	¥1,089	¥(6)	¥(61,643)	¥(2,532)	¥(63,092)	¥52	¥6,479	¥137,858

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2013	**¥68,259**	**¥94,757**	**¥40,925**	**¥(9,522)**	**¥194,419**
Changes during the period					
Cash dividend from retained earnings	**—**	**—**	**(2,613)**	**—**	**(2,613)**
Net income	**—**	**—**	**20,878**	**—**	**20,878**
Purchase of treasury stock	**—**	**—**	**—**	**(262)**	**(262)**
Disposal of treasury stock	**—**	**118**	**—**	**279**	**397**
Changes (net) in non-shareholder' equity items	**—**	**—**	**—**	**—**	**—**
Total changes during the period	**—**	**118**	**18,265**	**17**	**18,400**
Balance at March 31, 2014	**¥68,259**	**¥94,875**	**¥59,190**	**¥(9,505)**	**¥212,819**

	Accumulated other comprehensive income								
	Differences on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Unfunded retirement benefit obligations of foreign subsidiaries	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription right to shares	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2013	**¥1,089**	**¥(6)**	**¥(61,643)**	**¥(2,532)**	**¥ —**	**¥(63,092)**	**¥ 52**	**¥6,479**	**¥137,858**
Changes during the period									
Cash dividend from retained earnings	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(2,613)**
Net income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**20,878**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(262)**
Disposal of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**397**
Changes (net) in non-shareholder' equity items	**65**	**(1)**	**9,277**	**2,532**	**(3,737)**	**8,136**	**65**	**(996)**	**7,205**
Total changes during the period	**65**	**(1)**	**9,277**	**2,532**	**(3,737)**	**8,136**	**65**	**(996)**	**25,605**
Balance at March 31, 2014	**¥1,154**	**¥(7)**	**¥(52,366)**	**¥ —**	**¥(3,737)**	**¥(54,956)**	**¥117**	**¥5,483**	**¥163,463**

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

Consolidated Statements of Cash Flows

Years ended March 31, 2014, 2013 and 2012

	Millions of yen		
	2014	2013	2012
Cash Flows from Operating Activities:			
Income before income taxes and minority interests	**¥26,811**	¥ 4,882	¥ 5,551
Depreciation and amortization	**23,740**	20,800	19,588
Impairment losses (Note 4)	**1,108**	2,901	775
Amortization of goodwill (Note 2-k)	**918**	1,769	1,332
Losses on disaster (Note 5)	**—**	—	2,239
Equity in net loss of affiliates	**777**	2	—
Losses on settlement of retirement benefit plan (Note 7)	**—**	1,642	—
Insurance income	**(329)**	(2,572)	(9,614)
Interest and dividend income	**(748)**	(588)	(605)
Interest expense	**2,139**	2,651	2,321
(Gains) losses on sales and disposals of fixed assets	**154**	(4,399)	(112)
Gains on sales of investment securities (Note 2-g)	**(54)**	—	(28)
Losses on revaluation of investment securities (Note 2-g)	**—**	—	831
Gains on sales of investments in subsidiaries and affiliates	**(1,230)**	—	—
(Increase) decrease in notes and accounts receivables–trade	**(8,039)**	4,692	(3,651)
(Increase) decrease in inventories	**(1,140)**	78	(5,539)
Increase (decrease) in notes and accounts payable–trade	**9,425**	(6,499)	4,929
Decrease in provision for after-care of products	**—**	(16)	(20)
(Decrease) increase in provision for business restructuring losses	**(221)**	342	(14)
Other	**(1,008)**	(4,280)	1,489
Subtotal	**52,303**	21,405	19,472
Interest and dividends received	**725**	572	605
Interest paid	**(2,122)**	(2,594)	(2,321)
Income taxes paid	**(2,758)**	(3,871)	(3,960)
Income tax refund	**612**	88	1,101
Proceeds from insurance income	**413**	7,390	5,336
Net cash provided by operating activities	**49,173**	22,990	20,233
Cash Flows from Investing Activities:			
Transfers to time deposits	**(15,637)**	(7,701)	(7,677)
Proceeds from withdrawals from time deposits	**12,737**	7,889	4,870
Payments for purchases of securities	**(459)**	(544)	—
Proceeds from sales of securities	**283**	610	—
Payments for purchases of tangible fixed assets	**(18,343)**	(42,963)	(25,961)
Proceeds from sales of tangible fixed assets	**952**	5,845	510
Payments for purchases of intangible fixed assets	**(860)**	(893)	(383)
Payments for purchases of investment securities	**(604)**	(206)	(244)
Proceeds from sales of investment securities	**162**	155	31
Payments for acquisition of shares in subsidiaries	**—**	(150)	(85)
(Payments for) proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 18)	**(1,888)**	356	—
Payments for acquisition of shares in affiliates	**(615)**	—	—
Payments for loans provided	**(328)**	(29)	(732)
Proceeds from collection of loans receivables	**94**	49	684
Other	**(451)**	(231)	(31)
Net cash used in investing activities	**(24,957)**	(37,813)	(29,018)
Cash Flows from Financing Activities:			
Net (decrease) increase in short-term debt	**(17,568)**	6,888	1,328
Proceeds from long-term debt	**15,000**	30,670	32,630
Repayment of long-term debt	**(19,912)**	(15,522)	(24,581)
Cash dividends paid	**(2,613)**	(2,634)	(2,665)
Payments for purchases of treasury stock	**(262)**	(2,156)	(2,011)
Proceeds from disposals of treasury stock	**392**	382	440
Proceeds from stock issuances to minority shareholders	**—**	77	—
Repayment of lease obligations	**(270)**	(296)	(380)
Other	**0**	—	—
Net cash (used in) provided by financing activities	**(25,233)**	17,409	4,761
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**2,123**	2,158	(232)
Net Increase (Decrease) in Cash and Cash Equivalents	**1,106**	4,744	(4,256)
Cash and Cash Equivalents at Beginning of Year	**28,223**	23,366	27,622
Decrease in Cash and Cash Equivalents from Change in Scope of Consolidation	**(298)**	—	—
Increase in Cash and Cash Equivalents from Consolidation of Previously Non-consolidated Subsidiaries	**—**	113	—
Cash and Cash Equivalents at End of Year	**¥29,031**	¥28,223	¥23,366

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

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of Minebea Co., Ltd. (the “Company”), and its consolidated domestic and foreign subsidiaries are stated in Japanese yen. The accounts of the Company and its consolidated domestic and foreign 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 foreign 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 54 affiliated companies (49 consolidated subsidiaries, 1 equity method non-consolidated subsidiary, 4 equity method affiliates). All significant intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation. The Company also has 1 non-consolidated subsidiary and 1 non-equity method affiliate.

During the year ended March 31, 2014, one consolidated subsidiary was established, shares of one consolidated subsidiary was acquired, one consolidated subsidiary was merged, one consolidated subsidiary was liquidated, and two consolidated subsidiaries were excluded from the scope of consolidation although equity method is applied. 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. do not have a significant impact on 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. However, for certain consolidated subsidiaries, financial statements as of the subsidiaries’ balance sheet date are used. In this case, necessary adjustments are made for significant transactions between the subsidiary’s balance sheet date and the Company’s balance sheet date.

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 foreign 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 an original maturity of 3 months or less are considered to be “cash equivalents.”

d) Allowance for doubtful receivables

An 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. An allowance for doubtful receivables of consolidated foreign subsidiaries is provided for estimated uncollectible receivables.

An allowance for doubtful receivables provided for consolidated subsidiaries’ intercompany 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 foreign subsidiaries are stated at the lower of cost or market. Cost is determined primarily by the moving average method.

Inventories as of March 31, 2014 and 2013, comprised the following:

Inventories

Millions of yen

	2014	2013
Merchandise and finished goods	¥30,867	¥27,142
Work in process	17,157	15,715
Raw materials	11,046	11,354
Supplies	4,582	4,023
	¥63,652	¥58,234

f) Tangible fixed assets

Tangible fixed assets are stated at acquisition cost. Depreciation of the Company and its consolidated domestic subsidiaries is computed primarily 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 foreign 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 when incurred, while significant renewals and improvements are capitalized.

(Change of accounting policy)
As a result of the revision of the Corporation Tax Law effective from the year ended March 31, 2013, the Company and its consolidated domestic subsidiaries adopted the depreciation method based on the revised Corporation Tax Law for tangible fixed assets acquired on or after April 1, 2012.

This resulted in a decrease of ¥106 million in depreciation and increase of ¥106 million in operating income and income before income taxes and minority interest.

g) Investment securities

Investment securities consist of equity securities of listed and unlisted companies and government and corporate bonds, etc. Available-for-sale securities held by the Company and its domestic and foreign consolidated subsidiaries with readily determinable fair value are stated at the closing quoted market price on March 31, 2014 and 2013. Resulting valuation gains and losses are included, net of deferred taxes, 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

	2014			2013		
	Reported amount in balance sheet	*Acquisition cost*	*Difference*	*Reported amount in balance sheet*	*Acquisition cost*	*Difference*
Securities for which reported amounts in the balance sheet exceed acquisition cost						
Equity securities	¥3,723	¥2,342	¥1,381	¥3,654	¥2,453	¥1,201
Bonds	3,841	3,831	10	3,112	3,104	8
Securities for which reported amounts in the balance sheet do not exceed acquisition cost						
Equity securities	303	377	(74)	—	—	—
Bonds	53	60	(7)	5	8	(3)
Total	¥7,920	¥6,610	¥1,310	¥6,771	¥5,565	¥1,206

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, 2014 and 2013 are ¥2,302 million and ¥2,302 million, respectively.

Available-for-sale securities sold during each fiscal year

Millions of yen

	2014			2013			2012		
	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	**¥ 162**	**¥54**	**¥—**	¥ —	¥—	¥—	¥31	¥28	¥—
Bonds	**—**	**—**	**—**	237	—	—	—	—	—
Other	**1,095**	**—**	**—**	528	—	—	—	—	—
Total	**¥1,257**	**¥54**	**¥—**	¥765	¥—	¥—	¥31	¥28	¥—

Impaired securities

In the year ended March 31, 2012, the Company recorded ¥831 million of impairment losses on securities (¥831 million of available-for-sale securities).

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

h) Accounting for retirement benefits

To provide for the payment of retirement benefit to employees, the Company and its consolidated domestic subsidiaries sponsor funded and unfunded defined benefit pension plans and defined contribution pension plans.

Defined benefit pension plans (funded) provide lump-sum payments or annuity based on salary and length of service.

Certain consolidated foreign subsidiaries sponsor funded and unfunded defined benefit pension plans or defined contribution pension plans.

To calculate the retirement benefit obligations, the Company and consolidated domestic subsidiaries use the straight-line attribution method to attribute expected retirement benefits to March 31, 2014 and 2013. To calculate the retirement benefit obligations, consolidated foreign subsidiaries use the benefit formula to attribute expected retirement benefits to March 31, 2014 and 2013.

Past 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.

Unrecognized actuarial gains and losses and unrecognized past service costs are recognized as remeasurements of defined benefit plans in total accumulated other comprehensive income within the net assets section, after adjusting for tax effects.

(Change of accounting policy)

From the year ended March 31, 2014, the Company applied the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and the "Guidance on Accounting Standard for the Retirement Benefits" (ASBJ Guidance No. 25, issued on May 17, 2012), except for the provisions prescribed in the body of Paragraph 35 of the "Accounting Standard for Retirement Benefits" and the body of Paragraph 67 of the "Guidance on the Accounting Standard for Retirement Benefits." As a result of this change, the amount calculated by deducting plan assets from retirement benefit obligations is recorded as net defined benefit liability, and unrecognized actuarial gains and losses and unrecognized past service costs is recorded as net defined benefit liability.

The application of the Accounting Standard and Guidance for Retirement Benefits are in accordance with the transitional treatment stipulated in Paragraph 37 of the "Accounting Standard for Retirement Benefits." As of March 31, 2014, remeasurements of defined benefit plans in total accumulated other comprehensive income were adjusted for the impact of this change.

Consequently, ¥5,943 million was posted as "Net defined benefit liability" and total accumulated other comprehensive income decreased by ¥2,246 million as of March 31, 2014.

Net assets per share decreased by ¥6.01.

Retirement benefit plans

Projected benefit obligations and the components thereof as of March 31, 2013 are as follows:

Projected Benefit Obligations	Millions of yen 2013
Projected benefit obligations	¥(40,853)
Plan assets at fair value	28,752
Unfunded projected benefit obligations	(12,101)
Unrecognized past service costs	1,654
Unrecognized actuarial losses	3,331
Net amount recognized in the consolidated balance sheets	(7,116)
Prepaid pension costs	1,031
Accrued retirement benefits	¥ (8,147)

The components of retirement benefit costs for the years ended March 31, 2013 and 2012, are as follows:

Retirement Benefit Costs	Millions of yen 2013	2012
Service cost	¥1,256	¥1,371
Interest cost	1,354	1,195
Expected return on plan assets	(1,207)	(989)
Amortization of past service costs	330	332
Amortization of actuarial losses	2,096	1,479
Retirement benefit costs	3,829	3,388
Losses on settlement of retirement benefit plan	1,642	—
Contributions to defined contribution pension plans	192	187
Total	¥5,663	¥3,575

Assumptions used for calculation for the years ended March 31, 2013 and 2012, are as follows:

Assumptions Used for Calculation	2013	2012
Discount rate	mainly 1.1%	mainly 2.0%
Expected rate of return on plan assets	mainly 2.0%	mainly 2.0%

The movements of projected benefit obligations and plan assets for the year ended March 31, 2014, and the reconciliation of year-end balance and net defined benefit liability as of March 31, 2014, are as follows:

Movement of Projected Benefit Obligations	Millions of yen **2014**
Projected benefit obligations at the beginning of the year	**¥40,853**
Service cost	**1,397**
Interest cost	**1,243**
Actuarial loss (gain)	**(764)**
Benefits paid	**(1,242)**
Past service cost (benefit)	**(15)**
Foreign currency translation adjustments	**2,399**
Others	**(275)**
Projected benefit obligations at the end of the year	**¥43,596**

Movement of Plan Assets	Millions of yen **2014**
Plan assets at the beginning of the year	**¥28,752**
Expected return on plan assets	**1,209**
Actuarial gain (loss)	**1,135**
Contributions paid by the employer	**3,204**
Benefits paid	**(1,119)**
Foreign currency translation adjustments	**1,776**
Others	**(211)**
Plan assets at the end of the year	**¥34,746**

Net Defined Benefit Liability	*Millions of yen* 2014
Funded projected benefit obligations	¥37,736
Plan assets	(34,746)
	2,990
Unfunded projected benefit obligations	5,860
Total net liability in the consolidated balance sheet	8,850
Net defined benefit liability	8,850
Total net liability in the consolidated balance sheet	¥ 8,850

The components of retirement benefit costs for the year ended March 31, 2014, are as follows:

Retirement Benefit Costs	*Millions of yen* 2014
Service cost	¥1,397
Interest cost	1,243
Expected return on assets	(1,209)
Amortization of actuarial losses	1,433
Amortization of past service costs	340
Retirement benefit costs	3,204
Contributions to defined contribution pension plans	233
Total	¥3,437

The components of remeasurements of defined benefit plans as of March 31, 2014 (before tax), are as follows:

Remeasurements of Defined Benefit Plans	*Millions of yen* 2014
Unrecognized past service cost	¥1,324
Unrecognized actuarial loss (gain)	3,842
Total	¥5,166

The breakdown of plan assets by major categories as of March 31, 2014, is as follows:

Breakdown of Plan Assets	2014
Bonds	44%
Equity securities	27
Pooled funds	15
Assets insurance (General account)	7
Cash and cash equivalents	1
Other	6
Total	100%

In determining the expected long-term rate of return on plan assets, the Company considers the current and projected asset allocations, as well as the current and expected long-term rate of return from various categories of the plan assets.

Assumptions used for calculation for the year ended March 31, 2014, are as follows:

Assumptions Used for Calculation	2014
Discount rate	mainly 1.1%–4.4%
Expected long-term rate of return on plan assets	mainly 2.0%–6.8%

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 adopts the deferred hedge method. The Company, however, adopts the allocation method to account for the forward exchange contracts for foreign currency-denominated receivables and payables if the requirements for the allocation method are met. The Company also adopts the special method to account for the interest rate swaps, which meet the requirements of 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 Corporate Finance Department, the Company enters into 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 enters into 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 conforms critical terms of such contracts to those of foreign currency-denominated receivables and payables upon closing of forward exchange contracts in accordance with the risk management policy, and confirms that exchange rate fluctuations, etc. can be offset at the inception of hedging and continuously thereafter.

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

k) Goodwill

Excess of the purchase price over net assets acquired in business acquisitions for the Company and its consolidated subsidiaries is amortized on a straight-line basis over a period of 10 years. Amortization for the years ended March 31, 2014, 2013 and 2012, were ¥618 million, ¥1,148 million and ¥1,332 million, respectively.

In the year ended March 31, 2014, other expenses included amortization of goodwill of ¥300 million, resulting from the revaluation of investments in Daiichi Seimitsu Sangyo Co., Ltd., a consolidated subsidiary of the Company. Furthermore, in the year ended March 31, 2013, other expenses included amortization of goodwill of ¥621 million, resulting from the revaluation of investments in Minebea Motor Manufacturing Corporation and NMB Mechatronics Co., Ltd., consolidated subsidiaries of the Company.

l) Accounting standard for accounting changes and error corrections

For 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).

m) Reclassifications

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

n) Accounting standards, etc. that are not applied herein

(Accounting standard for retirement benefits, etc.)

“Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, issued on May 17, 2012)

“Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, issued on May 17, 2012)

Outline
Accounting procedures have been changed for unrecognized actuarial gains or losses and unrecognized past service costs. Revisions were also made to the calculation method, scope of disclosure, etc. for retirement benefit obligations and service costs.

Effective dates
Revisions relating to the calculation of retirement benefit obligations and service costs will become effective from the beginning of the year ending March 31, 2015.

No retrospective application to financial statements in prior periods will be made due to the fact that transitional measures are allowed in the application of these accounting standards.

Effect of application of these accounting standards
Due to the revision of calculation method for retirement benefit obligations and service costs, retained earnings as of April 1, 2014 will decrease by ¥237 million.

(Accounting standard for business combinations, etc.)
"Accounting Standard for Business Combinations"
(ASBJ Statement No. 21, revised on September 13, 2013)
"Accounting Standard for Consolidated Financial Statements"
(ASBJ Statement No. 22, revised on September 13, 2013)
"Accounting Standard for Business Divestitures"
(ASBJ Statement No. 7, revised on September 13, 2013)
"Accounting Standard for Earnings Per Share"
(ASBJ Statement No. 2, revised on September 13, 2013)
"Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, revised on September 13, 2013)
"Guidance on Accounting Standard for Earnings Per Share"
(ASBJ Guidance No. 4, revised on September 13, 2013)

Outline
Revisions to these accounting standards and guidelines were made primarily concerning (1) treatment of a parent company's interest after additional acquisition of shares in a subsidiary that does not result in change of control; (2) treatment of acquisition-related expenses; (3) change in presentation of net income as well as a change from minority interest to non-controlling interest; and (4) treatment of provisional accounting treatment.

Effective dates
These revisions will become effective from the beginning of the year ending March 31, 2016.

Treatment of provisional accounting treatment will become applicable for business combinations after the beginning of the year ending March 31, 2016.

Effect of application of these accounting standards
The effect of the revisions are under assessment at the time of the preparation of the consolidated financial statements.

o) Investigations by Korean, Singaporean and the U.S. competition authorities
Certain consolidated subsidiaries are primarily responding to investigations made by Korean, Singaporean and the U.S. competition authorities on suspicion of attempted violation of relevant competition laws in those countries in relation to the dealing in the miniature ball baring products. It is difficult to predict whether or not there would be a material impact on the operating results etc. of the Group at this point in time.

3. 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 interest rates of short-term loans as of March 31, 2014 and 2013 are 0.77% and 1.25%, respectively.

Short-term debt as of March 31, 2014 and 2013, consists of the following:

	Millions of yen	
	2014	2013
Short-term loans	**¥48,794**	¥65,966
Total	**¥48,794**	¥65,966

Long-term debt as of March 31, 2014 and 2013, consists of the following:

	Millions of yen	
	2014	2013
0.68% unsecured bonds payable in Japanese yen due December 2016	**¥ 10,000**	¥ 10,000
0.60% convertible bond-type unsecured bonds payable in Japanese yen with stock acquisition rights due February 2017	**7,700**	7,700
5.00% bonds with subscription rights to shares due November 2015	**—**	204
Loans from banks, etc.		
Years ended March 31		
2014—0.42% to 6.00%		
2013—0.42% to 1.91%	**82,004**	86,542
Lease obligations	**456**	591
	100,160	105,037
Less: current portion	**15,451**	19,482
	¥ 84,709	¥ 85,555

The aggregate annual maturities of long-term debt outstanding as of March 31, 2014, are as follows:

	Millions of yen
2015	**¥ 15,451**
2016	**20,238**
2017	**28,995**
2018	**16,015**
2019 and thereafter	**19,461**
	¥100,160

4. Impairment of Fixed Assets

The asset groups for which the Company and its consolidated subsidiaries recognized impairment losses for the years ended March 31, 2014, 2013 and 2012, are as follows:

Overview of asset groups for which impairment losses were recognized

			Millions of yen		
Use	*Business/location*	*Type of assets*	**2014**	2013	2012
Idle assets	2 facilities, which are former Ichinoseki Plant and former Kanegasaki Plant (Ichinoseki City, Iwate Prefecture and others)	Land	**¥ 12**	¥ 12	¥ 14
		Total	**12**	12	14
Operational assets	Fan motor business (Shanghai, China and others)	Machinery and transportation equipment	**964**	104	—
		Tools, furniture and fixtures	**—**	26	—
		Total	**964**	130	—
	Inverter business (Lopburi, Thailand)	Buildings and structures	**0**	—	—
		Machinery and transportation equipment	**93**	—	—
		Tools, furniture and fixtures	**0**	—	—
		Total	**93**	—	—
	Small motor business (South Korea and others)	Machinery and transportation equipment	**32**	—	—
		Tools, furniture and fixtures	**5**	—	—
		Total	**37**	—	—
	Speaker business (Taiwan and others)	Buildings and structures	**1**	1	—
		Machinery and transportation equipment	**—**	20	—
		Tools, furniture and fixtures	**—**	11	—
		Software	**1**	—	—
		Total	**2**	32	—
	HDD Spindle motor business (Ayutthaya, Thailand)	Buildings and structures	**—**	423	—
		Machinery and transportation equipment	**—**	993	—
		Tools, furniture and fixtures	**—**	520	—
		Total	**—**	1,936	—
	Vibration motor business (Zhuhai, China and others)	Buildings and structures	**—**	—	2
		Machinery and transportation equipment	**—**	79	166
		Tools, furniture and fixtures	**—**	209	62
		Total	**—**	288	230
	In-house motor parts production business (Malaysia and others)	Buildings and structures	**—**	18	—
		Machinery and transportation equipment	**—**	355	—
		Tools, furniture and fixtures	**—**	130	—
		Total	**—**	503	—
	Keyboard business (Shanghai, China)	Buildings and structures	**—**	—	2
		Machinery and transportation equipment	**—**	—	255
		Tools, furniture and fixtures	**—**	—	20
		Total	**—**	—	277
	In-house raw material production business (Ayutthaya, Thailand)	Buildings and structures	**—**	—	12
		Machinery and transportation equipment	**—**	—	237
		Tools, furniture and fixtures	**—**	—	5
		Total	**—**	—	254
Total			**¥1,108**	¥2,901	¥775

Asset grouping method

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

Reason for impairment losses having been recognized

The idle assets (land) for which impairment losses were recognized for the years ended March 31, 2014, 2013 and 2012 do not have an effective utilization plan, and their land prices dropped significantly.

Regarding operational assets (buildings and structures, machinery and equipment, tools, furniture and fixtures, and software), impairment losses were recognized, as their future cash flows were below book values of the asset groups, due to decreases in profitability, downsizing of business, or decreases in utilization resulting from deterioration in business environment, etc., and reduced to their recoverable amounts based on value in use.

In the year ended March 31, 2014, ¥132 million (of which ¥93 million for the inverter business, ¥37 million for the small motor business and ¥2 million for the speaker business) was included in “Business restructuring losses.”

In the year ended March 31, 2013, ¥953 million (of which ¥130 million for the fan motor business, ¥288 million for the vibration motor business, ¥503 million for the in-house motor parts production business and ¥32 million for the speaker business) was included in “Business restructuring losses.”

In the year ended March 31, 2012, ¥484 million (of which ¥230 million for the vibration motor business and ¥253 million for the in-house motor parts production business) was included in “Business restructuring losses.”

Calculation method of recoverable amounts

Idle assets are measured at net realizable value, based on real estate appraisal standards.

Certain operational assets are measured at net realizable value, based on appraisal value by a third party.

Other operational assets are measured at value in use, and the future cash flows of fan motor business for the year ended March 31, 2014 were discounted by 14.0%. The entire book value was recorded as impairment losses for other businesses in the year ended March 31, 2014, and for the years ended March 31, 2013 and 2012, as no positive future cash flows were expected.

5. Losses on disaster

In the year ended March 31, 2014, fixed costs during the low operation period of ¥220 million, and losses on disposal of inventories of ¥328 million due to the factory explosion at a consolidated subsidiary in the U.S. were recognized.

In the year ended March 31, 2013, due to the large scale flooding in Thailand, fixed costs during the low operation period of ¥1,715 million, and costs for disaster measures of ¥266 million were recognized.

In the year ended March 31, 2012, due to the large scale flooding in Thailand, fixed costs during the low operation period of ¥2,969 million, losses on disposal of fixed assets of ¥2,239 million, losses on disposal of inventories of ¥418 million, and costs for disaster measures of ¥2,218 million were recognized.

6. Business restructuring losses

In the year ended March 31, 2014, losses of ¥215 million related to the withdrawal from the inverter business, losses of ¥174 million related to the personnel cutbacks at a consolidated subsidiary in the U.S., losses of ¥158 million related to the withdrawal from the membrane business, and other losses of ¥203 million were recognized.

In the year ended March 31, 2013, losses of ¥1,255 million related to the closure of the coreless vibration motor business, losses of ¥568 million related to the rationalization of in-house motor parts production business, losses of ¥246 million related to the closure of the speaker business, and other losses of ¥558 million were recognized.

In the year ended March 31, 2012, losses of ¥893 million related to the downsizing of the keyboard business, losses of ¥427 million related to the deterioration of profitability in the vibration motor business, and losses of ¥283 million related to the partial closure of the raw material in-house production business were recognized.

7. Losses on settlement of retirement benefit plan

In the year ended March 31, 2013, settlement losses for partial settlement of a retirement benefit plan of consolidated subsidiaries in the U.S. were recognized.

8. Provision of allowance for doubtful receivables/bad debts written off

In the year ended March 31, 2013, estimated uncollectible receivables of ¥573 million and write-off of bad debts of ¥135 million were recognized, due to the fact that customer of Minebea Technologies Taiwan Co., Ltd., a consolidated subsidiary in Taiwan, has become substantially bankrupt.

9. 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 38.0% for the years ended March 31, 2014 and 2013, and 39.0% for the year ended March 31, 2012.

The income taxes of consolidated foreign 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 ¥8,988 million and ¥10,413 million as of March 31, 2014 and 2013, respectively, are included in the accompanying consolidated balance sheets and are composed of the following:

	Millions of yen	
Deferred Tax Assets	**2014**	2013
Excess of allowed limit chargeable to accrued bonuses	**¥ 1,187**	¥ 1,024
Excess of allowed limit chargeable to accrued retirement benefits	**—**	1,798
Net defined benefit liability	**2,392**	—
Loss on revaluation of investment securities	**603**	618
Unrealized gains on sales of inventories	**1,084**	785
Unrealized gains on sales of fixed assets	**476**	535
Excess of allowed limit chargeable to depreciation	**2,323**	1,662
Impairment losses	**375**	403
Tax loss carryforwards	**8,070**	12,312
Foreign tax credit carryforwards	**—**	994
Other	**1,417**	2,493
Subtotal	**17,927**	22,624
Valuation allowance	**(6,466)**	(9,849)
Total deferred tax assets	**¥11,461**	¥12,775

	Millions of yen	
Deferred Tax Liabilities	**2014**	2013
Depreciation allowed to foreign subsidiaries	**¥ 504**	¥ 546
Differences on revaluation of available-for-sale securities	**314**	116
Reserve for reduction entry	**1,127**	1,127
Prepaid pension costs	**—**	387
Other	**528**	186
Total deferred tax liabilities	**2,473**	2,362
Net deferred tax assets	**¥8,988**	¥10,413

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

	Millions of yen	
	2014	2013
Current assets—Deferred tax assets	**¥4,199**	¥ 5,649
Fixed assets—Deferred tax assets	**5,966**	5,423
Current liabilities—Other	**(9)**	(6)
Long-term liabilities—Other	**(1,168)**	(653)
Net deferred tax assets	**¥8,988**	¥10,413

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, 2014, 2013 and 2012, is shown below:

	2014	2013	2012
Statutory tax rate in Japan	**38.0%**	38.0%	39.0%
Adjustments:			
Amortization of goodwill	**1.3**	13.8	9.4
Difference of tax rates applied to foreign subsidiaries	**(16.2)**	(28.7)	(48.7)
Foreign tax credit carryforwards	**3.7**	(5.2)	0.1
Valuation allowance	**(3.5)**	37.3	(0.6)
Effect of dividend income eliminated for consolidation	**6.0**	48.7	21.9
Dividend income and other items not included for tax purposes	**(5.8)**	(47.0)	(21.0)
Entertainment cost and other items not deducted for tax purposes	**0.5**	1.0	1.3
Withholding income taxes	**0.4**	21.3	12.8
Adjustments in year-end deferred tax assets due to tax rate changes	**0.8**	0.8	7.7
Differences in tax rates on special income tax for reconstruction	**0.5**	(1.4)	—
Other	**(1.7)**	(3.8)	0.8
Effective income tax rate	**24.0%**	74.8%	22.7%

Adjustment of deferred tax assets and deferred tax liabilities due to the change in corporate tax rate

"The Act for Partial Revision of the Income Tax Act, etc." (Act No. 10 of 2014) was promulgated on March 31, 2014. With this revision, the reconstruction corporate tax, a surtax for reconstruction funding after the Great East Japan Earthquake, will no longer be levied from the year beginning on or after April 1, 2014. In conjunction with this, for temporary differences expected to be reversed in the year beginning on April 1, 2014, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from the previous rate of 38.0% to 35.6%.

As a result of this tax rate change, the amount of deferred tax assets (net of deferred tax liabilities) as of March 31, 2014 has decreased by ¥204 million, while income taxes-deferred has increased by the same amount.

"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 was lowered and a reconstruction corporate tax was 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 to 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 in the amount of deferred tax assets (after deducting deferred tax liabilities) as of March 31, 2012 by ¥130 million, while increasing income taxes-deferred and differences on revaluation of available-for-sale securities by ¥131 million and ¥1 million, respectively.

On October 11, 2011, Thailand Cabinet approved a reduction of the corporate tax rate from 30% to 23% in the year 2012, and to 20% in the year 2013. Accordingly, the 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 in the amount of deferred tax assets (after deducting deferred tax liabilities) as of March 31, 2012 by ¥295 million, while increasing income taxes-deferred by the same amount.

10. Leases

Outstanding future lease payments for non-cancellable operating leases as of March 31, 2014 and 2013, are as follows:

	Millions of yen	
	2014	2013
Due within 1 year	**¥ 358**	¥ 252
Due after 1 year	**3,927**	1,713
Total	**¥4,285**	¥1,965

11. 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 the credit risk of clients. On the other hand, trade receivables in foreign currencies produced in foreign business operations are subject to the risk of exchange rate fluctuations, although they are basically 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 fluctuations. Long-term loans are generally provided to clients.

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 related to finance lease transactions primarily serve the purpose of financing for capital investment, and the redemption date is up to 5 years and 7 months from the balance sheet date. A portion 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 are forward exchange contracts executed for the purpose of hedging exchange rate fluctuation risk associated with trade receivables and payables in foreign currencies, interest rate swaps executed for the purpose of hedging interest rate fluctuation risk associated with bank loans, and copper price swaps to hedge price fluctuation risks for sale and purchase contracts of raw materials. With respect to hedging vehicles and hedged items, hedge policy and method of assessing hedge effectiveness, please refer to note “2. Summary of Significant Accounting Policies j) Hedge accounting.”

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 amounts per client each month, as well as revises 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, these are U.S. Treasury securities held and corporate bonds held by the Korean subsidiary. The credit risks for U.S. Treasury securities are not considered significant and the value of the corporate bonds, etc. held by the Korean subsidiary is minor.

Derivative transactions are deemed to have only a remote credit risk since the Company limits such transactions to be only with counterparties it considers to be 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 currencies. The Company also enters into forward exchange contracts for foreign currency-denominated receivables and payables that are certain to arise from anticipated export transactions. The Company enters into 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 condition 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 and Compliance Promotion Division.

Consolidated subsidiaries are also managed pursuant to the Company's market 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 are based on market prices, and when market prices are not available, reasonably calculated amounts. Fluctuating factors are incorporated upon calculation of such amounts, therefore the amounts may vary when different assumptions are applied. The contracted amounts for derivative transactions mentioned in note "12. Derivatives" do 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, 2014 and 2013 are as follows, which does not contain items whose fair value was extremely difficult to measure.

Millions of yen

	2014			2013		
	Reported amount in balance sheet	*Fair value*	*Difference*	*Reported amount in balance sheet*	*Fair value*	*Difference*
Cash and cash equivalents	**¥ 29,031**	**¥ 29,031**	**¥ —**	¥ 28,223	¥ 28,223	¥ —
Time deposits	**9,685**	**9,685**	**—**	6,041	6,041	—
Notes and accounts receivable—trade	**74,340**	**74,340**	**—**	62,646	62,646	—
Securities and investment securities	**9,121**	**9,605**	**484**	6,771	6,771	—
Long-term loans receivable	**368**	**358**	**(10)**	122	122	—
Total assets	**¥122,545**	**¥123,019**	**¥474**	¥103,803	¥103,803	¥ —
Notes and accounts payable—trade	**29,898**	**29,898**	**—**	20,398	20,398	—
Short-term debt	**48,794**	**48,794**	**—**	65,966	65,966	—
Current portion of long-term debt	**15,250**	**15,357**	**107**	19,237	19,347	110
Long-term debt	**84,454**	**85,072**	**618**	85,209	86,014	805
Total liabilities	**¥178,396**	**¥179,121**	**¥725**	¥190,810	¥191,725	¥915
Derivative transactions*	**¥ (46)**	**¥ (46)**	**¥ —**	¥ (18)	¥ (18)	¥ —

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

Calculation of fair values 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 sum of the principal and interest are discounted using the rate assumed when a similar loan is provided. Book values are applied for immaterial loans.

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, convertible-bond-type bonds payable with stock acquisition rights, and bonds with subscription rights to shares 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 “12. Derivatives.”

Financial instruments whose fair value is deemed extremely difficult to measure

	Millions of yen	
	2014	2013
	Reported amount in balance sheet	*Reported amount in balance sheet*
Unlisted stocks	**¥2,302**	¥2,302
Investments in subsidiaries	**19**	19
Investments in affiliates	**606**	—
Investments in capital of subsidiaries	**85**	85
Total	**¥3,012**	¥2,406

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 maturities

	Millions of yen			
	2014			
	Within 1 year	*Over 1 year Within 5 years*	*Over 5 years Within 10 years*	*Over 10 years*
Cash and cash equivalents	**¥ 29,031**	**¥ —**	**¥—**	**¥—**
Time deposits	**9,685**	**—**	**—**	**—**
Notes and accounts receivable–trade	**74,340**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities with maturities	**1,184**	**2,610**	**—**	**—**
Long-term loans receivable	**—**	**347**	**21**	**0**
Total	**¥114,240**	**¥2,957**	**¥21**	**¥ 0**

	Millions of yen			
	2013			
	Within 1 year	*Over 1 year Within 5 years*	*Over 5 years Within 10 years*	*Over 10 years*
Cash and cash equivalents	¥28,223	¥ —	¥—	¥—
Time deposits	6,041	—	—	—
Notes and accounts receivable–trade	62,646	—	—	—
Securities and investment securities				
Available-for-sale securities with maturities	1,334	1,779	5	—
Long-term loans receivable	—	113	8	0
Total	¥98,244	¥1,892	¥13	¥ 0

Expected repayment and redemption for debt

Please refer to note “3. Short-Term and Long-Term Debt.”

12. Derivatives

Derivative transactions for which hedge accounting is not applied as of March 31, 2014 are as follows:

Currency related

Off market trading

Type of transactions	*Contracted amount* (2014)	*Contracted amount exceeding 1 year* (2014)	*Fair value* (2014)	*Valuation gains and losses* (2014)
				Millions of yen
Forward exchange transaction				
Sell				
U.S. dollars	**¥4,972**	**—**	**¥(6)**	**¥(6)**
Japanese yen	**939**	**—**	**(8)**	**(8)**
Forward exchange transaction				
Buy				
Chinese yuan	**264**	**—**	**(0)**	**(0)**

Note: Calculation of fair values
Fair values are calculated based on the prices provided by financial institutions.

Instruments related

Off market trading

Type of transactions	*Contracted amount* (2014)	*Contracted amount exceeding 1 year* (2014)	*Fair value* (2014)	*Valuation gains and losses* (2014)
				Millions of yen
Swap transaction of copper prices				
Floating/fixed rate cash flow	**¥96**	**¥—**	**¥(10)**	**¥(10)**

Note: Calculation of fair values
Fair values are calculated based on the prices provided by financial institutions.

Derivative transactions for which hedge accounting is applied as of March 31, 2014 and 2013, are as follows:

Currency related

Allocation method of forward exchange contracts

Type of transactions	*Major hedged items*	*Contracted amount* (2014)	*Contracted amount exceeding 1 year* (2014)	*Fair value* (2014)
				Millions of yen
Forward exchange transaction	Short-term loans receivable			
Sell				
U.S. dollars		**¥ 5,912**	**¥—**	**¥ (35)**
Forward exchange transaction	Short-term loans payable			
Buy				
Japanese yen		**23,694**	**—**	**(234)**
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**3,479**	**—**	**(19)**
Euro		**558**	**—**	**(5)**
Sterling pounds		**24**	**—**	**(0)**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**1,019**	**—**	**10**

Allocation method of forward exchange contracts

Type of transactions	Major hedged items	Contracted amount (Millions of yen, 2013)	Contracted amount exceeding 1 year (Millions of yen, 2013)	Fair value (Millions of yen, 2013)
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		¥ 5,819	¥ —	¥ (78)
Japanese yen		33,412	—	(1,897)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		12,588	—	95
Euro		2,054	—	93
Sterling pounds		43	—	(0)
Japanese yen		692	—	21
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		2,061	—	(13)
Euro		75	—	(3)
Thai baht		273	—	(4)
Japanese yen		420	—	(22)

General accounting method

Type of transactions	Major hedged items	Contracted amount (Millions of yen, **2014**)	Contracted amount exceeding 1 year (Millions of yen, **2014**)	Fair value (Millions of yen, **2014**)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		**¥16,540**	**¥—**	**¥9**
Euro		**2,862**	**—**	**2**
Sterling pounds		**57**	**—**	**0**
Japanese yen		**906**	**—**	**0**
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		**8,142**	**—**	**(42)**
Euro		**81**	**—**	**(1)**
Sterling pounds		**27**	**—**	**0**
Singapore dollars		**788**	**—**	**5**
Hong Kong dollars		**133**	**—**	**(0)**
Chinese yuan		**55**	**—**	**(0)**
Thai baht		**0**	**—**	**0**
Japanese yen		**657**	**—**	**(11)**

General accounting method

Type of transactions	Major hedged items	Contracted amount (Millions of yen, 2013)	Contracted amount exceeding 1 year (Millions of yen, 2013)	Fair value (Millions of yen, 2013)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		¥2,210	¥—	¥(23)
Euro		540	—	14
Sterling pounds		12	—	(0)
Japanese yen		387	—	4
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		874	—	0
Euro		58	—	(0)
Singapore dollars		610	—	(4)
Thai baht		0	—	0
Japanese yen		60	—	(1)

Millions of yen

Deferred hedge accounting

Type of transactions	Major hedged items	2014 Contracted amount	2014 Contracted amount exceeding 1 year	2014 Fair value
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		**¥7,949**	**¥—**	**¥(6)**
Euro		**1,147**	**—**	**(3)**
Sterling pounds		**53**	**—**	**(0)**
Japanese yen		**65**	**—**	**(0)**
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		**755**	**—**	**1**
Sterling pounds		**21**	**—**	**(0)**
Singapore dollars		**515**	**—**	**(0)**
Japanese yen		**475**	**—**	**0**

Millions of yen

Deferred hedge accounting

Type of transactions	Major hedged items	2013 Contracted amount	2013 Contracted amount exceeding 1 year	2013 Fair value
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		¥6,990	¥—	¥(5)
Euro		1,017	—	(2)
Sterling pounds		33	—	(0)
Japanese yen		182	—	(0)
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		459	—	0
Sterling pounds		2	—	(0)
Singapore dollars		363	—	0
Hong Kong dollars		66	—	(0)
Chinese yuan		51	—	(1)
Japanese yen		199	—	(0)

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 receivable, 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

		Millions of yen		
		2014		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	**¥60,600**	**¥52,850**	**¥(523)**

Special accounting for interest rate swaps

		Millions of yen		
		2013		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Interest rate swap transaction Floating/fixed rate cash flow	Long-term loans payable	¥64,763	¥46,600	¥(651)

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.

13. 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 expenses for the years ended March 31, 2014, 2013 and 2012, amounted to ¥8,561 million, ¥7,743 million and ¥7,490 million, respectively.

14. Shareholders' Equity

The Companies Act of Japan requires that an amount equivalent to 10% of cash dividends 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, 2014, retained earnings included year-end dividends of ¥1,868 million or ¥5 per share, which was approved at the ordinary general meeting of shareholders held on June 27, 2014.

15. Stock Options, etc.

a) Amounts expensed and account related to stock options

The amounts expensed and account related to stock options for the years ended March 31, 2014, 2013 and 2012, are as follows:

	Millions of yen		
	2014	2013	2012
Selling, general and administrative expenses (Share-based compensation expenses)	**¥9**	¥9	¥—

b) Contents, scale and changes in stock options
Contents of the stock options

	1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012
Classification and number of people to which stock acquisition rights were granted	Eight directors of the Company
Number of stock options by type of stock (Note)	47,000 shares of common stock
Grant date	July 17, 2012
Vesting conditions	No vesting conditions have been prescribed.
Service period	—
Exercise period	From July 18, 2012 to July 16, 2042

Note: Numbers indicated are converted into number of shares.

	2nd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2013
Classification and number of people to which stock acquisition rights were granted	Seven directors of the Company
Number of stock options by type of stock (Note)	42,000 shares of common stock
Grant date	July 16, 2013
Vesting conditions	No vesting conditions have been prescribed.
Service period	—
Exercise period	From July 17, 2013 to July 15, 2043

Note: Numbers indicated are converted into number of shares.

Scale and changes in stock options

Stock options outstanding during the year ended March 31, 2014 are covered, and the number of stock options are converted into number of shares.

①Number of stock option

	1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012	2nd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2013
Before vesting (shares)		
At the end of previous fiscal year	—	**—**
Granted	—	**42,000**
Lapsed	—	**—**
Vested	—	**42,000**
Not vested	—	**—**
Vested (shares)		
At the end of previous fiscal year	47,000	**—**
Vested	—	**42,000**
Exercised	15,000	**—**
Lapsed	—	**—**
Not exercised	32,000	**42,000**

②Unit price information

	1st Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2012	2nd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2013
Exercise price (Yen)	1	**1**
Average stock price at the time of exercise (Yen)	367	**—**
Fair value as of the grant date (Yen)	251	**366**

c) Evaluation method of fair value per unit of stock options

Fair value per unit of the 2nd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2013 that were granted during the year ended March 31, 2014, was evaluated as follows:

①Appraisal method used: Black-Scholes model

②Major underlying figures and estimates

	2nd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2013
Volatility (Note 1)	**38.075%**
Expected residual period (Note 2)	**4.6 years**
Expected dividends (Note 3)	**¥7 per share**
Risk-free interest rate (Note 4)	**0.264%**

Notes: 1. Calculated based on the stock price performance in 4.6 years (from December 9, 2008 to July 16, 2013).
2. Estimate is based on the average expected length of service from the grant date to the retirement date as prescribed by the internal rules.
3. Based on the dividend paid for the year ended March 31, 2013.
4. Based on the transaction statistics of long-term interest-bearing government bonds announced by the Japan Securities Dealers Association, adopting the average of compound interest yields of issuances with redemption dates within three months before or after the expected residual period.

d) Method of estimating the number of vested stock options

As it is difficult to reasonably estimate the number of stock options forfeited in the future, the Company adopts the method that reflects the actual number of forfeitures.

16. Other Comprehensive Income

The amounts of reclassification adjustments and related tax effects included in other comprehensive income for the years ended March 31, 2014, 2013 and 2012, are as follows:

	Millions of yen		
	2014	2013	2012
Differences on revaluation of available-for-sale securities:			
Incurred in the current year	**¥ 161**	¥ 1,097	¥ (2)
Reclassification adjustment	**(54)**	—	600
Amount before tax effect adjustment	**107**	1,097	598
Amount of tax effect	**(42)**	(98)	(11)
Differences on revaluation of available-for-sale securities	**65**	999	587
Deferred gains or losses on hedges:			
Incurred in the current year	**(22)**	(20)	(4)
Reclassification adjustment	**21**	20	(4)
Amount before tax effect adjustment	**(1)**	(0)	(8)
Amount of tax effect	**0**	(0)	2
Deferred gains or losses on hedges	**(1)**	(0)	(6)
Foreign currency translation adjustments:			
Incurred in the current year	**9,954**	24,692	(793)
Reclassification adjustment	**—**	—	—
Amount before tax effect adjustment	**9,954**	24,692	(793)
Amount of tax effect	**387**	—	—
Foreign currency translation adjustments	**10,341**	24,692	(793)
Unfunded retirement benefit obligations of foreign subsidiaries:			
Incurred in the current year	**1,455**	(1,970)	(54)
Reclassification adjustment	**—**	1,642	—
Amount before tax effect adjustment	**1,455**	(328)	(54)
Amount of tax effect	**(415)**	114	19
Unfunded retirement benefit obligations of foreign subsidiaries	**1,040**	(214)	(35)
Shares of other comprehensive income of associates accounted for using equity method			
Incurred in the current year	**152**	—	—
Total other comprehensive income	**¥11,597**	¥25,477	¥(247)

17. 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 in number of shares outstanding assuming that all the outstanding convertible bond-type bonds payable with stock acquisition rights and stock acquisition rights that have dilutive effects on net income per share are converted into common stock. When calculating diluted net income per share, net income is adjusted by the bond interest after deducting corporate income taxes.

The number of shares used in calculating net income per share for the years ended March 31, 2014, 2013 and 2012, is as follows:

	Thousands of shares		
	2014	2013	2012
Basic	**373,226**	373,699	379,014
Diluted	**393,448**	393,890	381,272

18. Cash Flow Information

In the year ended March 31, 2014, CEROBEAR GmbH was included in the scope of consolidation. The composition of assets and liabilities at acquisition, and the relation between acquisition cost and payments for/proceeds from acquisition are as follows:

	Millions of yen
	2014
Current Assets	**¥ 825**
Fixed Assets	**1,575**
Goodwill	**396**
Current Liabilities	**(424)**
Long-term Liabilities	**(464)**
Acquisition cost of CEROBEAR GmbH	**1,908**
Cash and cash equivalents of CEROBEAR GmbH	**20**
Less: payments for acquisition of CEROBEAR GmbH	**¥1,888**

In the year ended March 31, 2013, Moatech Co., Ltd. and its 7 consolidated subsidiaries were included in the scope of consolidation. The composition of assets and liabilities at acquisition, and the relation between acquisition cost and proceeds from acquisition are as follows:

	Millions of yen
	2013
Current Assets	¥ 9,354
Fixed Assets	3,620
Goodwill	10
Current Liabilities	(2,334)
Long-term Liabilities	(406)
Stock acquisition rights	(45)
Minority interests in consolidated subsidiaries	(5,730)
Acquisition cost of Moatech Co., Ltd.	4,469
Cash and cash equivalents of Moatech Co., Ltd.	4,825
Less: proceeds from acquisition of Moatech Co., Ltd.	¥ 356

19. Litigation

As of March 31, 2014, NMB-Minebea Thai Ltd., consolidated subsidiary located in Thailand, received (1) a revised assessment of income tax liability in the amount of 502 million baht on August 25, 2008; (2) another revised assessment of income tax liability in the amount of 125 million baht on August 25, 2010; (3) a third revised assessment of income tax liability in the amount of 101 million baht on August 11 and 22, 2011; (4) a fourth revised assessment of income tax liability in the amount of 71 million baht on July 2, August 8 and 17, 2012; (5) a fifth revised assessment of income tax liability in the amount of 366 million baht on April 5, 2013; and (6) a sixth revised assessment of income tax liability in the amount of 14 million baht on August 26, 2013 from the Revenue Department of the Kingdom of Thailand. The Company has not accepted these revised assessments, believing them to be unjust and without legal grounds, and regarding item (1), the Company took the case to the Tax Court of Thailand on August 25, 2009 following the petition to the Revenue Department, and regarding items (2), (3), (4), (5) and (6), the Company has petitioned the Revenue Department for redress.

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

Payment of these amounts was made in subrogation on (1) September 22, 2008, (2) September 23, 2010, (3) August 16, 2011, (4) August 23, 2012, (5) April 26, 2013 and (6) September 16, 2013, respectively, using a surety bond from a bank with which the Company does business.

20. Contingent Liabilities

The Company and its consolidated subsidiaries had no material contingent liabilities as of March 31, 2014 and March 31, 2013.

21. Business Combination, etc.

Business Combination through Acquisitions

1. Outline of the business combination
   (1) Name of the acquired company and its business activities

Name of the acquired company:	CEROBEAR GmbH ("CEROBEAR")
Business activities:	Manufacture and sales of ceramic bearings and hybrid bearings for use in the aerospace industries, medical equipment, semiconductor manufacturing equipment and machine tools, etc.

   (2) Major reasons for the business combination

A renowned world leader in the design, manufacturing and marketing of ceramic bearings incorporating highly advanced ceramic material technology and hybrid bearings employing high performance steel materials, CEROBEAR has gained a wealth of experience during the more than two decades it has been in business. CEROBEAR manufactures and markets special ceramic bearings and hybrid bearings in a host of sizes ranging from internal diameters of 5 mm to external diameters of 420 mm. Boasting outstanding high-speed, low-friction, and advanced anti-corrosive performance, these bearings have what it takes to excel under the toughest circumstances such as high temperatures and arid conditions. They can be found in everything from applications for the U.S., and European aerospace industries, medical equipment, semiconductor manufacturing equipment, machine tools, as well as food and beverage packaging devices to motorsport vehicles.

Like CEROBEAR, New Hampshire Ball Bearings, Inc., a consolidated subsidiary in the U.S., has a unique advantage in supplying bearing products to the aerospace and medical industries while the European subsidiary, myonic GmbH, enjoys a competitive edge in providing special bearings used in dental and medical equipment as well as the aerospace industry. Once CEROBEAR's innovative ceramic technologies are put to work on the production line, the Company will be able to create new products targeted to the aerospace industry and broaden its product line-up. The Company is forging ahead with further development of its signature miniature and small-sized bearings as well as bearings designed especially for the aerospace industry with an eye to supplying products that will provide customers with the perfect solution while sharpening the Company's competitive edge.

Since booming market demand is expected to fuel the growth of the U.S. and European aerospace industries, the Company decided to execute the business combination in order to enhance profitability as sales of the Company's aerospace products rise.

   (3) Effective date of the business combination
   July 1, 2013

   (4) Legal structure of the business combination
   Stock acquisition with cash consideration

   (5) Name of the company subsequent to the business combination
   CEROBEAR GmbH

   (6) Percentage of voting rights acquired

Percentage of voting rights immediately before the stock acquisition	—%
Percentage of voting rights to be acquired on the effective date of the business combination	100.0%
Percentage of voting rights subsequent to the stock acquisition	100.0%

   (7) Primary basis for determining the acquirer
   Due to the fact that the consolidated subsidiary, New Hampshire Ball Bearings, Inc., has acquired all of the voting rights of the acquired company through stock acquisition with cash considerations.

2. Period of result of operations of the acquired company to be included in the consolidated financial statements
   The result of operations from July 1, 2013 through March 31, 2014 have been included in the consolidated financial statements.

3. Acquisition cost of the acquired company and its details

	Millions of yen
Consideration for the acquisition	
Purchase price of shares (cash)	**¥1,908**
Acquisition cost	**¥1,908**

4. Amount of goodwill, source, amortization method and period
   (1) Amount of goodwill
       ¥396 million
   (2) Source of goodwill
       Primarily due to the excess earning power to be expected on account of the development capability of CEROBEAR.
   (3) Method and period of amortization
       Goodwill is equally amortized over a period of 10 years.

5. Amount of assets and liabilities received at the effective date of business combination and its details

	Millions of yen
Current Assets	**¥ 825**
Fixed Assets	**1,575**
Goodwill	**396**
Total assets	**¥2,796**
Current Liabilities	**¥ 424**
Long-term Liabilities	**464**
Total liabilities	**¥ 888**

6. Pro-forma information of effects on the consolidated statement of income assuming the business combination had been completed at the beginning of the current fiscal year, and the calculation method

	Millions of yen
Net sales	**¥478**
Operating income	**29**
Income before income taxes and minority interests	**30**

(Method for calculating pro-forma information)
The pro-forma information of effects on the consolidated statement of income was calculated as differences between net sales and income assuming the business combination had been completed as of the beginning of the current fiscal year, and net sales and income included in the consolidated statement of income. Pro-forma information is unaudited.

Transaction under common control, etc.

1. Outline of transactions, including details on the combining company and its lines of business, the business combination date, the legal form of business combination, the trade name of the combined company, and the purpose of the transactions

   (1) Combining company
       Minebea Motor Manufacturing Corporation
   (2) Lines of business activities
       Development, manufacturing, and sales of small motors for electrical appliances and information communication devices, and applied equipment and components
   (3) Business combination date
       April 2, 2013
   (4) Legal form of business combination
       Minebea Motor Manufacturing Corporation was dissolved in an absorption-type merger in which the Company became the surviving company.
   (5) Name of the company
       Minebea Co.,Ltd.

(6) Outline of transactions including the purpose of transactions
Minebea Motor Manufacturing Corporation was founded as a joint venture between the Company and Panasonic Corporation ("Panasonic") in the information motor business in April 2004, with 60% equity held by the Company and 40% equity held by Panasonic. When the joint venture terminated in February 2013, Minebea Motor Manufacturing Corporation became a wholly-owned subsidiary of the Company. The Company effected the absorption-type merger with a view to improving the efficient allocation of management resources and enhancing business efficiency in order to establish more robust management bases and further expanding businesses.

As the absorption-type merger was carried out for a wholly owned subsidiary of the Company, no new shares were issued and no common stock was added.

The size of the combining business as of March 31, 2013 is as follows.

	Millions of yen
Net sales	¥50,181
Net loss	(2,733)
Capital stock	11,500
Net assets	347
Total assets	13,183

2. Outline of accounting treatment

The Company accounted for the transaction as a transaction under common control in accordance with the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, revised on December 26, 2008) and the "Guidance on the Accounting Standard for Business Combinations and the Accounting Standard for Business Divestures" (ASBJ Guidance No.10, revised on December 26, 2008).

22. Segment Information, etc.

a) Segment information

Outline of reportable segments

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

The Company establishes business divisions by product in key business centers, therein Machined Component Manufacturing Headquarters supervises the production of machined components, while Electronic Device and Component Manufacturing Headquarters oversees the manufacture of small-sized motors, electronic devices and components and optical products, etc. Each of such manufacturing headquarters formulates comprehensive domestic and overseas strategies regarding products in order to deploy its business activities. Therefore, the Company identifies two reportable segments consisting of "Machined components segment" and "Electronic devices and components segment."

Our core products in the "Machined components segment" are mechanical parts, such as ball bearings, rod-end bearings, pivot assemblies of HDDs, fasteners for automobile and aircraft, etc. The "Electronic devices and components segment" includes electronic devices and components (LCD backlights and measuring instruments, etc.) and a wide variety of motors such as spindle motors for HDDs, information motors (stepping motors, DC brushless motors, DC brush motors and fan motors), and precision motors as well as special components, etc. From the year ended March 31, 2014, due to organizational changes aimed at enhancing management efficiency and improving the speed of business judgment, our reportable segments consist of two segments including "Machined components segment" and "Electronic devices and components segment", in place of three segments consisting of "Machined components segment", "Rotary components segment" and "Electronic devices and components segment."

For the segment information for the year ended March 31, 2013, the Company has disclosed such information based on the reportable segments subsequent to the organizational changes mentioned above.

However, for the segment information for the year ended March 31, 2012, the Company has not disclosed the information based on the reportable segments subsequent to the organizational changes, as it is practically difficult to retrospectively extract the necessary financial data. Furthermore, for the segment information for the year ended March 31, 2014, the Company has not disclosed the information based on the reportable segments prior to the organizational changes, as it is practically difficult to extract the necessary financial data.

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

The accounting method for the reportable segments is basically the same as those in note "2. Summary of Significant Accounting Policies."

Income of each 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 segment

Information related to the reportable segments of the Company and its consolidated subsidiaries as of March 31, 2014 and 2013, and for the years then ended are as follows:

Millions of yen

	Reportable segments						
Year ended March 31, 2014	*Machined components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	**¥140,033**	**¥230,514**	**¥370,547**	**¥ 996**	**¥371,543**	**¥ —**	**¥371,543**
Internal sales	**3,635**	**1,471**	**5,106**	**23,831**	**28,937**	**(28,937)**	**—**
Total sales	**143,668**	**231,985**	**375,653**	**24,827**	**400,480**	**(28,937)**	**371,543**
Segment income	**33,551**	**9,582**	**43,133**	**866**	**43,999**	**(11,800)**	**32,199**
Segment assets	**99,300**	**118,118**	**217,418**	**8,081**	**225,499**	**155,779**	**381,278**
Other items							
Depreciation and amortization	**9,378**	**8,070**	**17,448**	**2,090**	**19,538**	**4,202**	**23,740**
Increase in tangible and intangible fixed assets	**3,867**	**8,646**	**12,513**	**1,393**	**13,906**	**6,773**	**20,679**

Millions of yen

	Reportable segments						
Year ended March 31, 2013	*Machined components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	¥113,573	¥167,911	¥281,484	¥ 925	¥282,409	¥ —	¥282,409
Internal sales	2,565	635	3,200	19,327	22,527	(22,527)	—
Total sales	116,138	168,546	284,684	20,252	304,936	(22,527)	282,409
Segment income (loss)	25,459	(2,452)	23,007	167	23,174	(13,005)	10,169
Segment assets	97,632	106,008	203,640	8,556	212,196	150,609	362,805
Other items							
Depreciation and amortization	8,020	7,468	15,488	1,910	17,398	3,402	20,800
Increase in tangible and intangible fixed assets	9,100	13,580	22,680	1,272	23,952	19,735	43,687

Notes: 1. The classification of "Others" is the business segment, which is not included in the reportable segments, and its products are mainly dies and parts produced in-house.

2. The contents of the adjustments are as follows:
   (i) Adjustments to segment income or loss are amortization of goodwill (–¥618 million for the year ended March 31, 2014, –¥1,148 million for the year ended March 31, 2013), and corporate expenses such as general & administrative expenses and research and development expenses that do not belong to the reportable segments (–¥11,182 million for the year ended March 31, 2014, –¥11,857 million for the year ended March 31 2013).
   (ii) Adjustments to segment assets are unamortized goodwill (¥2,999 million as of March 31, 2014, ¥3,502 million as of March 31, 2013), and assets related to administrative divisions that do not belong to the reportable segments (¥152,780 million as of March 31, 2014, ¥147,107 million as of March 31, 2013).
   (iii) The primary 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 primary 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 reconciled to operating income in the consolidated financial statements.

Information related to the reportable segments (prior to the change) of the Company and its consolidated subsidiaries as of March 31, 2012, and for the year 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*	*Adjustments*	*Consolidated financial statement amounts*
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 amortization	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

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 special devices.
2. The contents of the adjustments are as follows:
(i) The primary adjustments to segment income or loss are amortization of goodwill –¥1,332 million, and corporate expenses such as general & administrative expenses and research and development expenses that do not belong to the reportable segments –¥10,221 million.
(ii) Adjustments to segment assets are unamortized goodwill ¥4,223 million, and assets related to administrative divisions that do not belong to the reportable segments ¥116,626 million.
(iii) The primary 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 primary 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 reconciled to operating income in the consolidated financial statements.

b) Related information
Information by geographical area

Year ended March 31, 2014	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total* (*Millions of yen*)
Net sales	**¥119,829**	**¥69,798**	**¥48,048**	**¥40,258**	**¥37,014**	**¥56,596**	**¥371,543**

Year ended March 31, 2013	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total* (*Millions of yen*)
Net sales	¥81,999	¥56,854	¥36,413	¥28,688	¥28,542	¥49,913	¥282,409

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

As of March 31, 2014	*Thailand*	*Japan*	*China*	*Others*	*Total* (*Millions of yen*)
Tangible fixed assets	**¥83,768**	**¥40,090**	**¥16,095**	**¥26,947**	**¥166,900**

As of March 31, 2013	*Thailand*	*Japan*	*China*	*Others*	*Total* (*Millions of yen*)
Tangible fixed assets	¥90,007	¥37,889	¥17,404	¥25,463	¥170,763

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

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

Millions of yen

Year ended March 31, 2014	Reportable segments: Machined components	Reportable segments: Electronic devices and components	Reportable segments: Total	Other	Corporate	Total
Impairment losses	**¥—**	**¥1,096**	**¥1,096**	**¥—**	**¥12**	**¥1,108**

Millions of yen

Year ended March 31, 2013	Reportable segments: Machined components	Reportable segments: Electronic devices and components	Reportable segments: Total	Other	Corporate	Total
Impairment losses	¥—	¥2,386	¥2,386	¥503	¥12	¥2,901

Millions of yen

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

23. Subsequent Events

There were no significant events subsequent to March 31, 2014.

Internal Control Report

1. Framework of Internal Control Over Financial Reporting

The management of Minebea Co., Ltd., is responsible for the design and operation of the internal control over financial reporting ("ICOFR") that is performed by Minebea Co., Ltd. as well as that performed by its consolidated subsidiaries and companies accounted for under the equity method (collectively "Minebea Group"). Therefore, in accordance with the report "On the Revision of the Standards and Practice Standards for Management Assessments and Audit Concerning Internal Control Over Financial Reporting (Council Opinions)" (revised by the Business Accounting Council on March 30, 2011), management ensures that processes include basic internal control elements and are designed and operated appropriately in compliance with the basic framework of internal control, and also that the information contained in financial reports prepared by the Minebea Group is both appropriate and reliable.

However, internal control may not function effectively in cases where errors in judgment are made, there is carelessness or when a group of employees conspire to thwart said control. Furthermore, internal control may not apply in the event of unforeseeable changes to internal or external environments or for irregular transactions. For these reasons internal control over financial reporting is not absolutely effective in achieving its purposes and may not always be able to prevent or discover material misstatements contained in financial reports.

2. Assessment Scope, Timing and Procedures

Basis of Presenting Internal Control Report

The report on ICOFR of the consolidated financial statements of Minebea Co., Ltd. ("Internal Control Report") is prepared on the basis of generally accepted assessment standards of internal control over financial reporting in Japan ("Assessment Standards") and is compiled from the Internal Control Report prepared by Minebea Co., Ltd. as required by the Financial Instruments and Exchange Act of Japan ("Act").

The Assessment Standards require management to assess the ICOFR, which consists of the internal control over the consolidated/parent-only financial statements included in the Annual Securities Report filed under the Act and the internal control over disclosure information and others included in the Annual Securities Report that materially affects the reliability of the financial statements.

The scope of management's assessment of ICOFR in this annual report is different from the scope required by the Assessment Standards. Management assessment of ICOFR for this annual report covers the ICOFR with respect to the accompanying consolidated financial statements only. In addition, as explained in Note 1 to the consolidated financial statements, the accompanying consolidated financial statements are reclassified and additional information are provided from the consolidated financial statements prepared for the purpose of the Act. The process of making reclassifications and the addition of certain information is for the convenience of readers outside Japan. Management voluntarily includes the process in its assessment of ICOFR, even though it is outside the scope of the Assessment Standards.

Scope of Assessment

The reference date for the assessment of ICOFR was March 31, 2014, the end of the current fiscal year, and the assessment of the Minebea Group was carried out based on the Assessment Standards.

The basic assessment procedures consisted of providing relevant personnel with questionnaire sheets and checklists after analyzing and understanding the details of both internal control with a significant impact on all consolidated financial reporting ("entity-level internal control") and internal control over accounting and financial reporting process; collecting their replies; making further inquiries to relevant personnel based on the answers to the questionnaires and checklists; inspecting relevant documents and verifying related records; and then selecting internal control incorporated into process in order to be performed simultaneously with the implementation of said process ("process-level internal control") to be assessed based on those results.

In order to assess the effectiveness of the process-level internal control described above, the details of the processes subject to assessment were first examined for the purpose of proper understanding and analysis. Key controls that were considered to have significant influence to the reliability of financial reporting were then identified and the design and operation statuses of those key controls were assessed accordingly.

For the scope of evaluation for ICOFR, assessment was carried out on entity-level internal control and internal control over accounting and financial reporting process which have a significant effect on the Minebea Group's consolidated financial reporting and for which it was considered appropriate to carry out assessment of design and operation status from a entity-level standpoint. This assessment was carried out at all of our business locations excluding 14 consolidated subsidiaries and 4 equity method affiliates which were determined quantitatively and qualitatively insignificant.

For the scope of assessment for process-level internal control, 8 of our business locations were identified as significant business locations by using the accumulated data of each companies prior to consolidation elimination of the previous fiscal year and setting "total assets", "net assets", "sales" and "income before income taxes and minority interests" as selection indicators which showed that these 10 business locations made up approximately 70% or greater of the above accumulated data for the selection indicators. Then, processes which affect sales, accounts receivables and inventories, which are the accounts closely associated with Minebea Group's business objectives, were assessed for these 10 business locations.

In addition, by considering the impact to the consolidated financial reporting, other significant processes were also included in the assessment.

3.Results of Assessment

Management concluded that as of March 31, 2014, ICOFR of the Minebea Group was effective.

4.Supplementary Information

Not applicable.

5.Other

Not applicable.

Yoshihisa Kainuma
Representative Director, President and Chief Executive Officer
June 27, 2014

KPMG

Independent Auditor's Report

To the Board of Directors of
Minebea Co., Ltd.:

Report on the Consolidated Financial Statements
We have audited the accompanying consolidated financial statements of Minebea Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2014 and 2013, the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2014, and the notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Minebea Co., Ltd. and its consolidated subsidiaries as at March 31, 2014 and 2013, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2014, in accordance with accounting principles generally accepted in Japan.

KPMG

Report on the Internal Control Report

We also have audited the accompanying report on internal control over financial reporting of the consolidated financial statements of Minebea Co., Ltd. as at March 31, 2014 ("Internal Control Report").

Management's Responsibility for the Internal Control Report

Management is responsible for the design and operation of internal control over financial reporting and the preparation and fair presentation of the Internal Control Report in conformity with assessment standards for internal control over financial reporting generally accepted in Japan. Internal control over financial reporting may not completely prevent or detect financial statement misstatements.

Auditor's Responsibility

Our responsibility is to express an opinion on the Internal Control Report based on our internal control audit. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Internal Control Report is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the assessment of internal control over financial reporting in the Internal Control Report. The procedures selected depend on the auditor's judgement, including significance of effect on the reliability of financial reporting. Also, an internal control audit includes evaluating the appropriateness of the scope, procedures and result of the assessment determined and presented by management, and the overall Internal Control Report presentation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion, the Internal Control Report, in which Minebea Co., Ltd. states that internal control over financial reporting was effective as at March 31, 2014, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

KPMG AZSA LLC

July 7, 2014
Tokyo, Japan