Passion to Exceed Precision

For Minebea, competitiveness means ensuring both ultraprecision machining and mass production technologies

Minebea Co., Ltd.
ANNUAL REPORT
2016
Year Ended March 31, 2016

Minebea

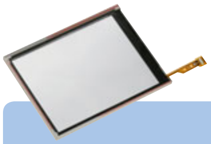
Passion to Exceed Precision

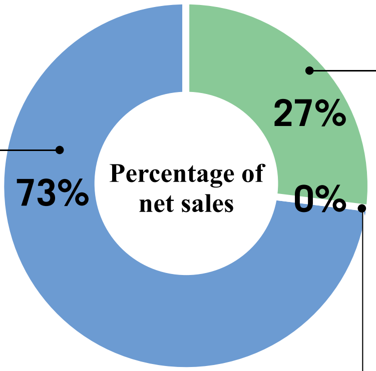
Minebea Co., Ltd. was established in 1951 as Japan's first specialized manufacturer of miniature ball bearings. Today, the Company is the world's leading comprehensive manufacturer of high-precision parts such as machined components and electronic devices and components supplying to customers in IT, telecommunications, aerospace, automotives, home appliances and other industries.

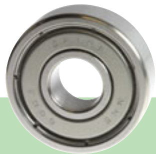
Contents

Disclaimer Regarding Future Projections

In this annual report, all statements that are not historical facts are future projections made based on certain assumptions and our management's judgement drawn from currently available information. Accordingly, when evaluating our performance or value as a going concern, these projections should not be relied on entirely. Please note that actual performance may vary significantly from any particular projection, owing to various factors, including: (i) changes in economic indicators surrounding us, or in demand trends; (ii) fluctuation of foreign exchange rates or interest rates; and (iii) our ability to continue R&D, manufacturing and marketing in a timely manner in the electronics business sector, where technological innovations are rapid and new products are launched continuously. Please note, however, this is not a complete list of the factors affecting actual performance.







Electronic Devices and Components

	2016	2015
Net sales	**¥445.5 billion**	¥344.7 billion

Major Products

- LED backlights
- EMS (Electro Mechanics Solutions)
- Stepping motors
- Brushless DC motors
- Brush DC motors
- Fan motors
- Hard disc drive (HDD) spindle motors
- Precision motors
- Measuring components

Machined Components

	2016	2015
Net sales	**¥163.8 billion**	¥155.8 billion

Major Products

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

Other

	2016	2015
Net sales	**¥0.5 billion**	¥0.2 billion

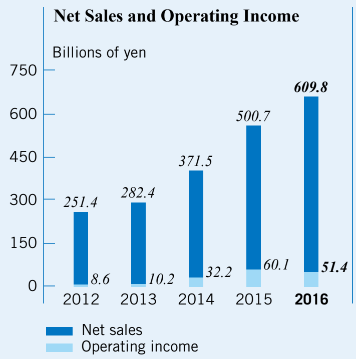
Major Products

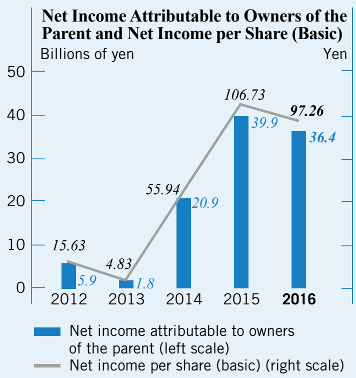
Machine made in-house

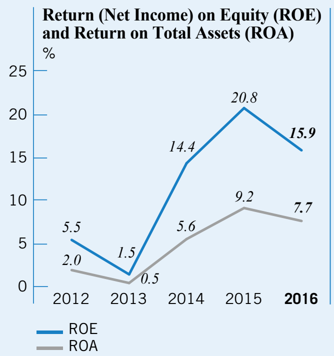
Consolidated Financial Highlights

Years ended March 31

	2016	2015	2016/2015
	Millions of yen		*Percentage change*
Net sales	**¥609,814**	¥500,676	21.8%
Operating income	**51,438**	60,101	(14.4)
Net income attributable to owners of the parent	**36,386**	39,887	(8.8)
Total net assets	**237,973**	233,679	1.8
Total assets	**459,428**	490,043	(6.2)
Return (net income) on equity	**15.9%**	20.8%	
	Yen		*Percentage change*
Per Share Data:			
Net income			
Basic	**¥ 97.26**	¥106.73	(8.9)%
Diluted	**92.35**	101.32	(8.9)
Net assets	**616.43**	604.83	1.9
Cash dividends applicable to the year	**20.00**	12.00	66.7







Growth of the global economy was expected initially for the fiscal year ended March 2016, but the sense of uncertainty over the future strengthened in the second half of the term due to the deceleration of the emerging economies centered on China, a significant decline in resource prices and also the rapid progress of yen appreciation. Minebea has focused on thoroughgoing cost-cutting, the development of high value-added products and new technologies, and activities to expand sales in order to realize the further improvement of our earning power. As a result, net sales for the period finished at 609.8 billion yen, exceeding 600 billion yen for the first time since the company's founding. Profits were lower this term, with operating income of 51.4 billion yen and net income of 36.4 billion yen.

Representative Director, President and Chief Executive Officer
Yoshihisa Kainuma

Key Strategies in the Fiscal Year Ended March 2016

During the period ended March 2016, we advanced the expansion of external sales volumes of ball bearings and achieved our highest ever figures on a monthly base. In addition, improvement of the profitability of the motor business progressed and in the area of measuring components, now called sensing devices, the acquisition of Sartorius Mechatronics T&H ('Sartorius MTH') group and existing business produced effects with certainty so we achieved excellent results. Meanwhile, LED backlights did not achieve their planned results due to the slowdown in the smart phone market and production adjustments by major customers.

In the machined components area, the monthly average external sales volume of ball bearings, the major product of the group, continued to grow year-on-year for the 14th consecutive quarter so we are continuing to have strong sales. We also increased sales of rod end bearings, which are used in aircraft, and are planning positive investments to expand production capacities in Japan and Thailand significantly from this term on. We advanced improvements in the production efficiency of pivot assemblies for hard disk drive units (HDD) so we are working on raising our global share further.

In the area of parts for electronics devices, we applied the light guide plates technology and resin molding technology cultivated in LED backlights to develop the SALIOT (Smart Adjustable Light for the Internet Of Things), the world's first LED lighting equipment that can vary the light distribution angle automatically, and have started mass production and sales. Furthermore, we increased our capital participation ratio in the Swiss firm PARADOX ENGINEERING SA ('PARADOX'), which we initiated capital participation in 2014, to make it a wholly-owned subsidiary. We are combining the wireless technology and network technology of PARADOX with the company's lighting technology to work on the development of highly efficient LED street lights.

The company has been selected under the Japanese Ministry of the Environment's "Financing Programme for Joint Crediting Mechanism Model Projects" as the company that will introduce these highly efficient LED street lights, and we are promoting the "Smart City Project in Phnom Penh" using wireless control technology in the capital city of Cambodia.

In the motor area, sales increased centered on products for automobiles, and the improvement of profitability progressed. Sales quantities in the HDD market are falling, but even within that trend, demand for high-end products is increasing steadily. The company's HDD spindle motors also specialize in the high-end so we will continue to supply high quality products in response to market needs.

Looking Back on Fiscal Year Ended March 2016

At the start of the period, high growth was expected for the Japanese economy against the backdrop of a weak yen, high stock prices and low crude oil prices. However, from early spring into summer, personal consumption, capital investment and exports were sluggish, etc., and the economy appeared stagnant. In the second half, the sense of uncertainty over the future strengthened due to the deceleration of the emerging economies centered on China, a significant decline in resource prices and also the rapid progress of yen appreciation. The US economy trended firmly centered on the service industries, and economic expansion continued centered on the household sector against the backdrop of improvement in the employment environment. In the European economy, decreases were apparent in exports outside of the region, but the mild economic recovery continued led by intraregional consumption. With regard to the Asian economy on the other hand, with the actual state of production overcapacity and the slowdown of investment in real estate development faced by China becoming gradually clear, the sense of uncertainty over the future of the Asian economy expanded. Because the ASEAN countries have a high degree of dependence on China, their exports to China struggled to grow. However, supported by policies including public investment and the stimulation of consumption, their mild recovery continued.

In this economic environment, the group focused on thoroughgoing cost reductions, the development of high value-added products and new technologies, and activities to expand sales in order to realize the further improvement of our earning power.

Presenting results by segment gives the following. It should be noted that we have changed the company's organization from this consolidated fiscal year, such as including in-house manufacturing divisions in Electronic Device & Component Manufacturing Headquarters, so we have changed segment information in accordance with this. In the machined components segment, apart from ball bearings, which are the group's main products, there were mainly mechanical parts such as rod end bearings for use in aircraft and pivot assemblies for HHDs, as well as screws for use in automobiles and aircraft. Demand for ball bearings, our main products, trended favorably in all major markets, and both sales and profits increased. Sales of rod end bearings used in aircraft increased centered on products for civil aircraft, where demand for energy saving is strong. Pivot assemblies were affected by the contraction in scale of the HDD market and sales decreased very slightly. However, improvements in production efficiency advanced and operating profit increased.

In the electronics devices segment, electronics devices (LCD backlights and measuring components, etc.), HDD spindle motors, stepping motors, DC motors, fan motors, precision motors and special components are the main products. As for LCD backlights, while consumer intentions for high grade smart phones advanced, unit sales prices increased due to the expansion of demand for company products with excellent thin-model technology and increased purchased parts. But, in the second half of the term, a greater than expected divergence occurred between the quantities initially demanded by major customers and actual sales quantities. As a result, although sales increased greatly compared to the previous consolidated accounting year, they were below the initial forecast and profits were also down greatly compared to the previous consolidated accounting year. In measuring components, both sales and profits increased greatly, due also to the contribution of the Sartorius MT&H Group, which was acquired in the previous term. HDD spindle motors were affected by the contraction in scale of the HDD market and sales decreased very slightly. In stepping motors, both sales and profits increased centered on products for OA and automobiles.

In other segment, company-made machinery is the main products and revenue increased.

Outlook for Fiscal Year Ending March 2017 (as of May 2016)

It is expected that the Japanese economy during the period ending March 2017 will see domestic and foreign demand trend steadily, but there is a sense of uncertainty over the future of monetary and fiscal policy and there are concerns of an economic slowdown due to rapid yen appreciation. The mild recovery of the US economy is forecast to continue from now on too, supported by personal consumption. On the other hand, in Europe, although the mild recovery led by domestic demand is expected to continue, the sense of uncertainty has increased, including the problems of the sudden increase in refugees and the potential exit of the UK from the EU. In the Asian economy, partly due to the slowing of the growth rate in China, an economic slowdown is forecast.

In such circumstances, although sales of ball bearings and motors, etc., are expected to be good, the group is forecasting conservatively in consideration of the most recent economic environment and exchange rates. For the period ending March 2017, we are expecting net sales of 560 billion yen, operating income of 45 billion yen, ordinary income of 44 billion yen and net income of 31 billion yen. It should be noted that the results forecast above does not incorporate any impacts due to the business integration between the company and Mitsumi Electric Co., Ltd.

In the machined components segment, in accordance with increases in global demand, we will further raise results for ball bearings, our main products, by continuing to advance positive sales expansion in the automobile industry and information communication device-related industries, etc., the input of new products and entries into new markets. In addition, sales expansion is forecast in the higher value-added special bearings area at myonic GmbH, our German subsidiary. With regard to rod end bearings, we will increase production and efficiency on a global scale, strengthen our superiority in delivery and costs, and expand sales for the growing aircraft market.

As for LCD backlights, our main products in the electronics devices business segment, we will make efforts to strengthen our ability to supply high value-added products such as ultra-thin light guide plates for high-end smart phones, and advance positive sales expansion and the input of new products. We forecast that by doing so, we will maintain and improve sales and profits. With regard to measuring components, we will advance the development of new products using sensor functions and sales expansion for the automobile market. We will further improve the quality of stepping motors and HDD spindle motors and reduce their costs, and advance sales expansion of high value-added products for automobiles and servers, etc., to further increase results.

In other segment, we will aim for the improvement of production efficiency in finished product divisions and for further increases in quality by focusing on increasing the precision of company-made machinery parts.

Sales and Operating Income Targets, and New "Five arrows" Strategies

In the fiscal year ended March 2016, net sales exceeded 600 billion yen for the first time ever. The company announced last year the medium to long-term target of achieving either net sales of 1 trillion yen or operating income of 100 billion yen by the fiscal year ending March 2020, whichever comes first. In order to achieve this challenging target, we will work to boost the profitability of our existing lines while developing new high value-added products. That includes leveraging the wealth of experience we have gained in manufacturing, sales, engineering and development as well as the commitment to restructuring our business portfolio, encompassing EMS (Electro Mechanics Solutions) 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 headway on these initiatives and boost our bottom line, we have developed new “Five Arrows” strategies that will guide us through the fiscal year ending March 2018.

New “Five arrows” strategies

[1] Sell 180 million ball bearings externally per month on average.
Bearing sales have steadily grown and the monthly external sales volume has reached 165 million units. We will cultivate new demand in existing product markets and develop new applications to achieve monthly external sales of 180 million units on average.

[2] Develop and boost sales of new “Electro Mechanics Solutions™” to take the EMS business to new heights.
While we have already achieved higher-than-projected EMS sales, we will work to establish the technological capability needed to make EMS more complex and sophisticated with an eye to developing and boosting sales of new products.

[3] Establish a business foundation for lighting devices and parts.
We will combine our optical and ultra-precision machining technologies with the wireless communication technology of PARADOX ENGINEERING SA, our consolidated subsidiary, to move forward with our smart city, new LED lighting device SALIOT (Smart Adjustable Light for the Internet Of Things), and other businesses.

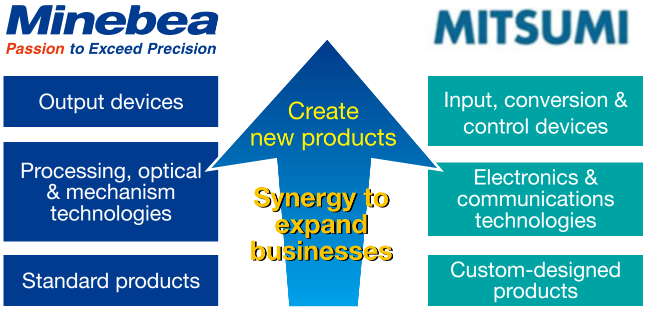
[4] Take sales of measuring components and related products to 50 billion yen..
We have set the annual sales target at 50 billion yen combined with the Sartorius Mechatronics T&H GmbH.

[5] Take aircraft components sales to 70 billion yen.
We will leverage our global presence and maximize synergy with our consolidated subsidiary, CEROBEAR GmbH, to tap new demand in the commercial aircraft market and supply components for new aircraft models with an aim to bringing rod-end bearing and other aircraft component sales to 70 billion yen.

* “Electro Mechanics Solutions” is a registered trademark (in Japan) of Minebea Co., Ltd.

In addition, the company and Mitsumi Electric Co., Ltd. concluded a business integration agreement and share exchange agreement to take effect on March 17, 2017. Both companies had considered business alliance, including integration with other companies, in order to realize further continuous growth and acceleration of development, as well as addressing their respective challenges in their business areas with the aim of enhancing performance and improving corporate value. As a result, both companies came to recognize that despite both operating in a similar industry, they were not competing much against each other but rather had different sources of competitiveness, and that they would be able to generate significant synergies in terms of mass production, sales, procurement and product development through full-scale collaboration. In particular, the companies believe that linking MITSUMI’s various developing technologies and products to Minebea’s in-house manufactured assembly equipment, mold design, manufacturing capacity and mass-production capacity of overseas factories would likely lead to expansion of customer base and sales, reduction of manufacturing cost, the introduction of innovative products, provision of innovative solutions and other benefits. Under such circumstances, both companies came to share a common perception through mutual discussions that, in order to maximize their corporate value, it would be in the best course of action to aim to become a genuine solutions company by combining analog and digital technologies. Both companies’ management teams held discussions and investigations on multiple occasions from the time of conclusion of the basic agreement towards the realization of business integration and came to final agreement with regard to implementing this business integration and share exchange.

Synergy between Minebea’s ultra-precision machining and Mitsumi’s electronics technologies



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

We have produced more products with a large share of niche market through leveraging our advanced technological and product supplying capability with mass production. These efforts have enabled us to move ahead with laying a solid foundation for Minebea's 100th year of operations and achieve our best performance ever in the fiscal year ended March 2016. Aiming even higher, we announced a new medium-term target which we call “1 and/or 100 by 2020.” Those figures mean we are aiming for either one trillion yen in net sales or 100 billion yen in operating income by 2020, whichever comes first. We continue to enjoy the huge market share we have garnered for our anchor product line, miniature and small-sized ball bearings, as well as HDD pivot assemblies, rod-end bearings for aircraft, LED backlights for high-end thin smartphones, etc. All of us at Minebea will continue to work with passion as we steadily build on these products to ensure that when we reach our 100th anniversary, we will still be an indispensable parts manufacturer.

Thank you for your continued cooperation and support for the Minebea Group.

July 2016
Representative Director, President and Chief Executive Officer

Our employees, customers, shareholders, suppliers, communities as well as every individual living on this planet are all vital stakeholders in the Minebea Group. We are continually cultivating open channels of communication with our stakeholders to yield fruitful relationships that will enable us to grow together as we work toward creating a more sustainable way of life.

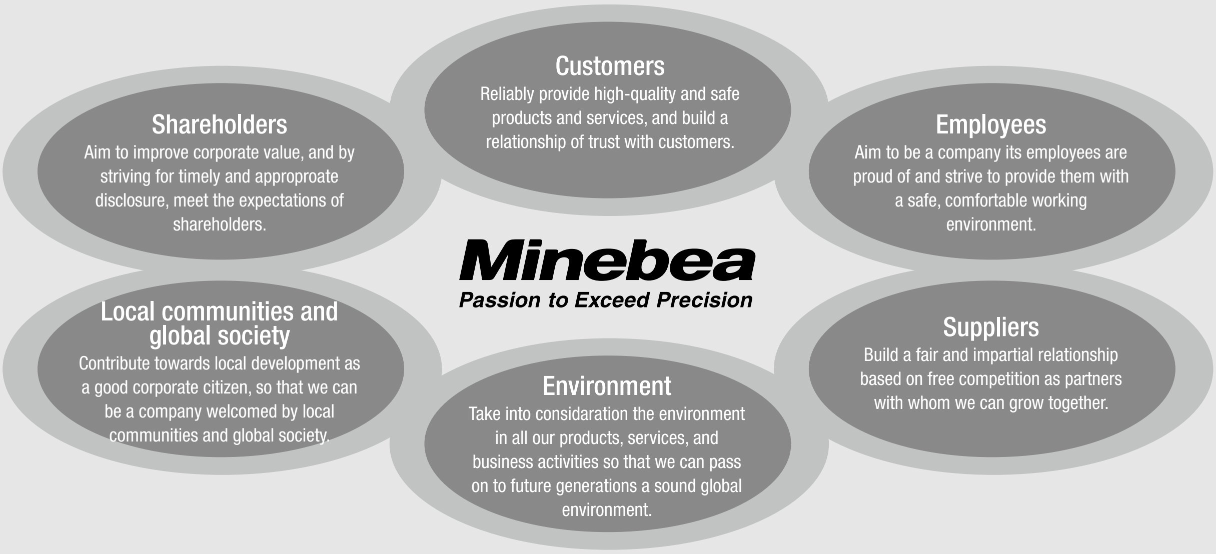
In 1993 Minebea became the first bearing manufacturer to abolish the use of specific chlorofluorocarbons and ethane as cleaning agents in its production processes. That was also the year Minebea articulated its Environmental Philosophy. These corporate milestones focused on various environmental initiatives, such as eliminating or minimizing the use of environmentally hazardous substances, implementing environmental management systems, promoting efficient use of resources as well as green procurement practices. As of June 1, 2012 Minebea renamed its Environmental Philosophy to Minebea Group Environmental Policy, and added its policy to strive to protect the natural environment with the global viewpoint in line with its basic principle to contribute to global society.

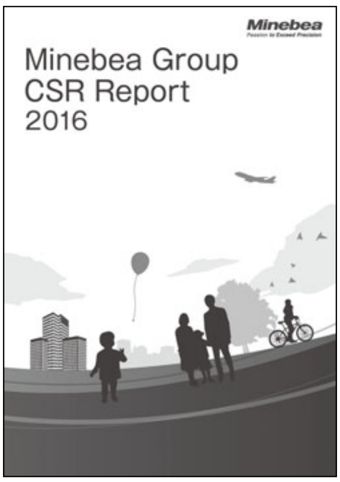
In addition to these initiatives, we adopted the Minebea Group Basic CSR Policy and the Minebea Group's CSR Implementation Principles in 2010 based on “The Five Principles” as our company credo. Today Minebea’s CSR activities encompass a wide range of areas including educational programs, participation in local and national initiatives, promotion of amateur sports, and more. We are deeply committed to engaging in community-based CSR activities at our locations around the world with an eye to building bridges that will connect us with our stakeholders and ensure open access to everyone.

Minebea Group Basic CSR Policy

As a manufacturer of precision products supporting society, the Minebea Group is working toward stable supply and making widely available reliable products with low energy consumption, to contribute to the sustainable development of the global environment and of humanity.

Minebea Group Stakeholders





Minebea Group Environmental Policy

Established August 26, 1983
Revised June 1, 2012

The Minebea Group strives to contribute to the protection of the global environment and sustainable human development. In accordance with the Five Principles of its management policy, the Minebea Group operates its business activities in a responsible manner which respects the environment.

Minebea issued its first environmental report in 2003. Renamed the CSR Report in 2010, the annual publication serves as a vital medium designed to communicate Minebea’s CSR and environmental policies as well as related activities. For more information, visit the Minebea corporate web site at http://www.minebea.co.jp/english/corp/environment/index.html.

Minebea has adopted 'The Five Principles' as our company credo, we must "be a company where our employees are proud to work," "earn and preserve the trust of our valued customers," "respond to our shareholders' expectations," "work in harmony with the local community" and "promote and contribute to global society." Based on these company credos, Minebea's basic management policy is to fulfill its social responsibilities to its various stakeholders – such as shareholders, business partners, local communities, international society and employees, and increase its sustainable corporate value. In accordance with this basic management policy, Minebea has approached the enhancement and reinforcement of corporate governance as a key management theme. Also, to ensure the health of the management of the company and strengthen corporate governance, Minebea is promoting the establishment, maintenance and expansion of an internal control system.

1. Basic Explanation of the Company's Organization

Minebea makes fast and highly strategic business judgments by limiting the Board of Directors to no more than 10 people. At the same time, by introducing an executive officer system, we have delegated significant authority from the Board of Directors to executive officers, and clearly divided the role of management/supervision functions from execution functions.

Moreover, with the aim of obtaining advice on all aspects of corporate management and strengthening the Board of Directors' functions to supervise organizations responsible for execution of duties, we have included two external members in the Board of Directors.

Furthermore, regarding the Audit & Supervisory Board Members, in order to strengthen and enhance its auditing functions, we have three Outside Audit & Supervisory Board Members (including one Standing Outside Audit & Supervisory Board Member) out of the four Board members.

In addition to holding the Audit & Supervisory Board and attending the Board of Directors' meetings and other important meetings, the Audit & Supervisory Board Members, in conjunction with the Independent Auditors, and the Internal Audit Department, audit domestic offices and Minebea Group companies, to carry out auditing the activities of directors.

2. Summary of Management Decisions, Supervision and Various Functions

(1) Management decision-making and supervision

Minebea's Management decision-making and supervision is done by the 10-member Board of Directors, which makes significant strategic business judgments that can facilitate prompt and highly strategic decision making. We have included two external members in the Board of Directors with the aim of obtaining advice on corporate management and strengthening the Board's functions to supervise the organizations responsible for execution of duties.

In order to clearly defining directors' managerial responsibilities and building a management team that will enable the company to respond swiftly to changes in the business environment. Minebea has set the term of office of Directors to one year.

(2) Execution Function of Management

Minebea is building a system for the execution function of management that will reinforce diligent attendance of each division's operations in accordance with the Company's management policy, and revitalize and enhance the speed of management by introducing an executive officer system and delegating significant authority to corporate officers from the Board of Directors. In addition, in order to further strengthen development technology, the backbone of the company's manufacturing, the company has introduced a Technical Officer System. The Technical Officer will also participate in management.

Same as the term of office of Directors mentioned above, Minebea has also set the term of office of Executive Officers and the Technical Officer to one year.

(3) Monitoring of Management

Minebea has built a monitoring system comprising four corporate auditors, of which three are external. Also, there are no titles or ranks for the Board members in an effort to enhance the monitoring of each Board member.

3. Enhancement of Internal Control System

Based on the "Basic Policy for Internal Control System", Minebea has comprehensively implemented such systems as the compliance system, information storage and management system, risk management system, efficiently performing duties system, group company control system, and auditing system, and is working to further strengthen them.

The Five Principles

Minebea shall...

Be a company where our employees are proud to work

Earn and preserve the trust of our valued customers

Respond to our shareholders' expectations

Work in harmony with the local community

Promote and contribute to global society

4. Basic Policy for the Internal Control System and its Enhancement Situation

The Company's internal control system is necessary to ensure that the Board members' execution of duties conforms to laws and the Articles of Incorporation, and that the other operations of the Company are appropriate for a publicly listed corporate entity. By establishing an internal control system that disciplines business management, we will reinforce corporate governance and strongly fulfill the Company's social responsibilities, as well as further increase corporate value.

For this purpose, to ensure the health of management Minebea resolved the basic policy for the internal control system, based on the Company Law, at a Board of Directors' meeting. The structure of this system is as follows:

Structure of the Internal Control System

(1) Structure to assure that Board members', executive officers' and employees' execution of duties conforms to laws and the Articles of Incorporation (compliance system)
(2) Storage and management of information related to execution of duties by Board members and executive officers (information storage and management system)
(3) Rules for management of loss risk and other structures (risk management system)
(4) Structure that assures that the duties by Board members and executive officers are efficiently executed (system for the efficient performance of duties)
(5) Structure to ensure that the operations of the Company and its affiliated companies are adequate (system for management of Group companies)
(6) Structures to ensure that the Audits by the Audit & Supervisory Board Members are effective (Audit System matters)

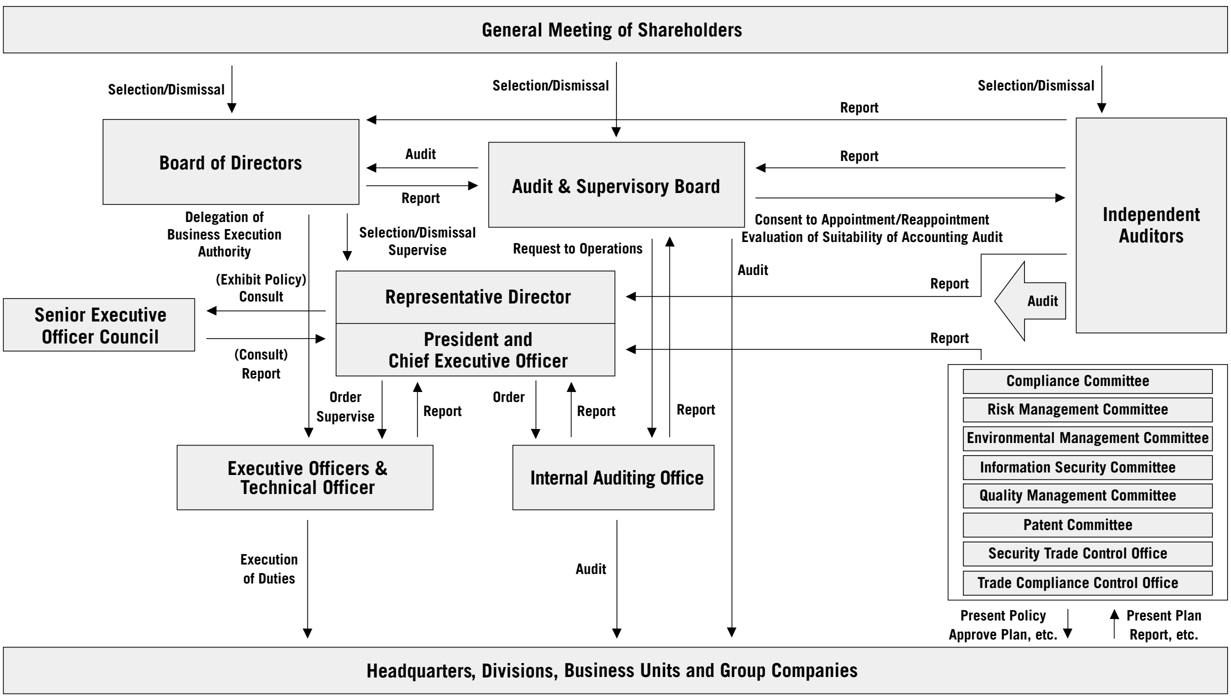
5. Internal Control over Financial Reporting

As part of its internal control system, Minebea has formulated a process for internal control to ensure the reliability of its financial reporting, which it continues to improve. The Company has also established and is implementing a basic framework for internal control over financial reporting that complies with Japan's Financial Instruments and Exchange Law.

In accordance with this framework, management assessed the Company's internal control of financial reporting as of March 31, 2016, and based on the results thereof concluded that the Company's internal control over financial reporting was effective as of that date. Management has published its conclusions in the Report on Internal Control System, which has been audited the Company's independent auditors, KPMG AZSA LLC.

(To see Management's Report on Internal Control System, please turn to page 65. Management's Report on Internal Control System is included within the scope of KPMG AZSA LLC's audit for the annual report, and the Report of Independent Certified Public Accountants on page 66 is thus proof of its conclusion that Management's Report on Internal Control System was appropriate.)

Minebea's Corporate Governance System



1951	7	Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated in Azusawa, Itabashi-ku, Tokyo.
1956	10	The Company relocates its headquarters to Nihonbashi-Kabuto-cho, Chuo-ku, Tokyo, and its factory to Kami Aoki-cho, Kawaguchi, Saitama.
1959	6	A new plant is established at Aoki-cho, Kawaguchi, Saitama, to serve as the Company's integrated headquarters and factory.
1961	8	The Company's stock is listed on the over-the-counter market of the Tokyo Stock Exchange.
	10	With the establishment of the Second Section of the Tokyo Stock Exchange, the company's stock is listed on this section.
1962	11	A representative office is set up in the United States to cultivate the U.S. market.
1963	3	A plant is established in Karuizawa, Nagano. Some operations are relocated to the Karuizawa Plant.
1965	7	The Kawaguchi Factory is closed and its equipment is conveyed to Karuizawa. The Company's headquarter is shifted from Kawaguchi, Saitama, to Miyota-machi, Kitasaku-gun, Nagano.
1967	3	A representative office is set up in London to promote business in Europe.
1968	9	Subsidiary Nippon Miniature Bearing Corporation (the present NMB Technologies Corporation) is established in Los Angeles, California.
1970	10	The Company's stock listing is shifted from the Second Section to the First Section of the Tokyo Stock Exchange.
1971	4	Sales subsidiary NMB (U.K.) Ltd. is established in the United Kingdom.
	5	The Company's stock is listed on the First Sections of the Osaka Securities Exchange and Nagoya Stock Exchange.
	9	The Company acquires the U.S. firm Reed Instrument Corp. (the present Chatsworth Plant of New Hampshire Ball Bearings, Inc.) from SKF, Inc., of Sweden and commences production in the United States.
1972	2	Manufacturing subsidiary NMB Singapore Ltd. is established in Singapore. (Production begins in 1973.)
1974	9	The Company acquires Shinko Communication Industry Co., Ltd., a major strain gage manufacturer listed on the Second Section of the Tokyo Stock Exchange.
1975	1	The Company acquires U.S. company IMC Magnetics Corp., a listed manufacturer of small precision motors.
	7	The Company acquires a leading fastener producer, Tokyo Screw Co., Ltd. (the present Fujisawa Plant), and an electromagnetic clutch manufacturer, Shin Chuo Kogyo Co., Ltd. (the present Omori Plant), both of which are listed on the Second Section of the Tokyo Stock Exchange.
1977	9	The Company acquires Hansen Manufacturing Co., Inc. (the present Hansen Corporation), which is, at the time, the motor manufacturing division of Mallory Corp., a U.S. multinational.
	10	Sales subsidiary Nippon Miniature Bearing GmbH (the present NMB-Minebea-GmbH) is established in Germany.
1980	1	The Company acquires the Singapore factory of Koyo Seiko Co., Ltd., and establishes Pelmec Industries (Pte.) Ltd. to manufacture small-sized ball bearings.
	8	Manufacturing subsidiary NMB Thai Limited (the present NMB-Minebea Thai Ltd.) is established in Thailand. (Production begins in 1982.)
1981	1	The marketing division of the Company is spun off as subsidiary NMB (Japan) Corporation, which is charged with integrating marketing operations for all manufacturing companies in the Minebea Group.
	10	The Company absorbs four of its manufacturing affiliates—Tokyo Screw Co., Ltd., Shinko Communication Industry Co., Ltd., Shin Chuo Kogyo Co., Ltd., and Osaka Motor Wheel Co., Ltd.—and changes its name to Minebea Co., Ltd.
1982	9	Sales subsidiary NMB Italia S.r.l. is established in Italy.
1983	3	The Company acquires a cooling fan manufacturer, Kondo Electric Works Ltd. (the present NMB Electro Precision, Inc.).
1984	8	Two manufacturing subsidiaries, Minebea Thai Limited and Pelmec Thai Ltd. (the present NMB-Minebea Thai Ltd.), are established in Thailand.
1985	3	The Company acquires New Hampshire Ball Bearings, Inc., a listed U.S. ball bearing manufacturer.
	9	The Company acquires the Miami Lakes operations of Harris Corporation, a U.S. manufacturer of switching power supplies.
1986	5	The R&D Center and subsidiary Minebea Electronics Co., Ltd., are established in Asaba-cho, Iwata-gun (the present city of Fukuroi), Shizuoka.
1987	5	Manufacturing joint venture Thai Ferrite Co., Ltd. (the present NMB-Minebea Thai Ltd.), is established in Thailand.
1988	2	The Company acquires Rose Bearings Ltd. (the present NMB-Minebea UK Ltd), a U.K. manufacturer of rod-end and spherical bearings.
	3	Sales subsidiary NMB Technologies, Inc. (the present NMB Technologies Corporation), is established in the United States to coordinate sales and marketing of Minebea's electronic devices.
		Manufacturing joint venture Minebea Electronics (Thailand) Company Limited (the present NMB-Minebea Thai Ltd.) is established.
	12	Manufacturing subsidiaries NMB Hi-Tech Bearings Ltd. and NMB Precision Balls Limited (the present NMB-Minebea Thai Ltd.) are established in Thailand.
1989	1	Marketing subsidiary NMB France S.a.r.l. (the present NMB Minebea S.A.R.L.) is established.
1990	10	Papst-Minebea-Disc-Motor GmbH (the present Precision Motors Deutsche Minebea GmbH), a joint venture with Papst-Motoren GmbH & Co. KG, is established in Germany to manufacture HDD spindle motors.
	11	Rose Bearings Ltd. (the present NMB-Minebea UK Ltd), in the United Kingdom, commences production of ball bearings at its Skegness Plant.
1992	1	The Company absorbs Sorensen Ltd. and reestablishes it as Minebea Electronics (UK) Ltd., a manufacturer of switching power supplies in Scotland.
1993	8	Joint venture agreement with Papst-Motoren GmbH & Co. KG of Germany is cancelled. The Company acquires all outstanding shares in Papst-Minebea-Disc-Motor GmbH and changes the company's name to Precision Motors Deutsche Minebea GmbH (PMDM).
	10	Sales and R&D subsidiary Minebea Trading Pte. Ltd. is established in Singapore.

1994 | 4 Manufacturing subsidiary Minebea Electronics & Hi-Tech Components (Shanghai) Ltd. is established in China.

1996 | 8 A vertically integrated ball bearing production facility—Minebea's largest to date—commences operations in Shanghai.

| 10 U.K. subsidiary NMB (U.K.) Ltd. establishes a new PC keyboard printing plant in Inchinnan, Scotland.

1999 | 3 The Company commences quality evaluation and testing at the NMB Corporation Technical Center in the United States.

| 7 U.S. subsidiaries NMB Corporation and NMB Technologies, Inc., merge to form NMB Technologies Corporation.

2000 | 3 The Company acquires Kuen Dar (M) Sdn. Bhd., a Malaysian speaker box manufacturer.

2002 | 8 Huan Hsin Holdings Ltd., of Singapore, and Sheng Ding Pte. Ltd.—a joint venture between Minebea and Huan Hsin—establishes PC keyboard manufacturing subsidiary Shanghai Shun Ding Technologies Ltd. in China.

Minebea establishes sales company Minebea (Hong Kong) Ltd. in China.

| 9 Minebea establishes sales companies Minebea Trading (Shenzhen) Ltd. and Minebea Trading (Shanghai) Ltd. in China.

2004 | 4 Minebea establishes joint venture Minebea–Matsushita Motor Corporation (the present Minebea Motor Manufacturing Corporation) with Matsushita Electric Industrial Co., Ltd., with the aim of integrating the fan motor, stepping motor, vibration motor and brush DC motor businesses of the two parent companies.

| 7 Subsidiary NMB-Minebea UK Ltd establishes wholly owned subsidiary NMB Minebea Slovakia s.r.o. in the Slovak Republic and later shifts printing of Minebea's European-language PC keyboards to the new company.

2006 | 3 Minebea dissolves joint venture agreement with Huan Hsin Holdings Ltd. of Singapore and purchases all shares in joint venture Sheng Ding Pte. Ltd.

2008 | 4 Minebea amalgamates seven companies in Thailand (NMB Thai Ltd., Pelmec Thai Ltd., Minebea Thai Ltd., NMB Hi-Tech Bearings Ltd., NMB Precision Balls Limited, Minebea Electronics (Thailand) Co., Ltd., and Power Electronics of Minebea Co., Ltd.) under the name NMB-Minebea Thai Ltd.

2009 | 1 Minebea acquires the stepping motor division of FDK Corporation and establishes the Micro Actuator Business Unit.

| 3 Minebea acquires miniature and small-sized ball bearings manufacturer myonic Holding GmbH of Germany and its subsidiaries.

2010 | 4 Minebea Motor Manufacturing Corp. acquires the information motor division in the Motor Company of Panasonic Corporation and established the Brushless Motor Division.

| 8 Minebea acquires Daiichi Seimitsu Sangyo Co.,Ltd., a manufacturer of precision molds for plastic injection molding, from NMC2002 L.P., a private equity fund managed by Nippon Mirai Capital Co.,Ltd.

Minebea establishes a manufacturing company Minebea Electronic Devices (Suzhou) Ltd. in Suzhou(China), and commenced the production of lighting devices for LCDs in April 2011.

| 10 Minebea establishes a manufacturing company Minebea (Cambodia) Co., Ltd. in Cambodia, and commenced the production of small sized motors at a rental plant in Phnom Penh Special Economic Zone in April 2011.

2011 | 10 NMB-Minebea Thai Ltd. commences the 4th ball bearing factory in Bang Pa-in factory. Installs the ball bearings factory which becomes the 4th in Thailand in a Bang Pa-in factory.

| 12 Completed Minebea's own factory in Cambodia's Phnom Penh Special Economic Zone and started the full-fledged production.

2012 | 2 Minebea has resolved to sign a capital and business alliance agreement with the Development Bank of Japan Inc. for joint investments.

| 5 Minebea has acquired the majority shares of Moatech, a Korean stepping motor manufacturer, from the company and its principal shareholders.

| 8 Established "Charitable Trust - Minebea Scholarship Fund for Orphans of the Great East Japan Earthquake" as a project to commemorate 60th anniversary of Minebea's Incorporation.

2013 | 1 Acquired Minebea's own building in Mita, Minato-ku, Tokyo and started operation.

| 2 Dissolved joint venture motor business with Panasonic Corporation.

| 4 Established NMB-Minebea India Private Ltd. a sales subsidiary in India.

| 5 German subsidiary, myonic GmbH, has purchased the assets of APB Service GmbH, an Austrian bearing manufacturer and trading company.

Made an agreement on business and capital alliance with KJ Pretech Co., Ltd. of Korea.

| 7 Acquisition of all shares of German ceramic ball bearing manufacturer, CEROBEAR GmbH, by New Hampshire Ball Bearings, Inc., the US subsidiary.

2014 | 1 Capital Participation in PARADOX ENGINEERING SA of Switzerland (34.71% of the number of shares), a technology Company designing and providing wireless and networking technologies and solutions.

| 6 Hansen Corporation, a subsidiary of Minebea in America was sold.

| 7 JAPAN 3D DEVICES Co., Ltd.(J3DD), a daughter company of Okamoto Glass and manufacturer of high precision 3D molded thin glass, became a Minebea subsidiary.

| 8 Chinese ball bearing manufacturing and sales subsidiary Cixi New MeiPeiLin Precision Bearing Co., Ltd.

| 12 Established Shiono Prescion Co., Ltd., a manufacturer of aircraft and space development device components.

2015 | 2 Acquisition of all shares of German measuring component manufacturer, Sartorius Mechatronics T&H GmbH and its subsidiaries by joint investment with Development Bank of Japan Inc. (DBJ). (Minebea : 51%, DBJ : 49%)

| 7 Acquired 100% interest in PARADOX ENGINEERING SA of Switzerland to make it a wholly-owned subsidiary.

Sales subsidiary NMB-Minebea de Mexico, S. de R.L. de C.V. is established in Mexico.

2016 | 3 Executed of business integration agreement and share exchange agreement in connection with business integration of MITSUMI ELECTRIC CO., LTD.

Representative Director, President and Chief Executive Officer
Yoshihisa Kainuma

Director, Senior Managing Executive Officers
Hirotaka Fujita
Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Business Management Div. at Electronic Device & Component Manufacturing Headquarters

Daishiro Konomi
Officer in charge of Sales Div.

Tamio Uchibori
Chief of Corporate Planning Headquarters

Ryozo Iwaya
Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Electronic Device Div. at Electronic Device & Component Manufacturing Headquarters

Tetsuya Tsuruta
Chief of Machined Component Manufacturing Headquarters, Officer in charge of Spindle Motor Div. at Electronic Device & Component Manufacturing Headquarters, Officer in charge of Production Support Div.

Shigeru None
Deputy Officer in charge of Sales Div.

Hiromi Yoda
Chief of Accounting & Corporate Finance Headquarters

Outside Directors
Kohshi Murakami
Attorney at law

Takashi Matsuoka
Director and Vice President Executive Officer, KEIAISHA Co., Ltd.

Standing Audit & Supervisory Board Member
Kazunari Shimizu

Standing Outside Audit & Supervisory Board Member
Kazuyoshi Tokimaru

Outside Audit & Supervisory Board Member
Hisayoshi Rikuna
Certified Public Tax Accountant

Shinichiro Shibasaki
Attorney at law

Managing Executive Officers
Shuji Uehara
Chief of Business Administration Headquarters

Masayuki Imanaka
General Manager of Regional Affairs for South East Asia

Tatsuo Matsuda
Chief of Personnel & General Affairs Headquarters

Michiya Kagami
Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Officer in charge of Engineering Development Div. at Electronic Device & Component Manufacturing Headquarters

Hiroshi Yoshikawa
Deputy Officer in charge of Electronic Device Div. at Electronic Device & Component Manufacturing Headquarters

Joerg Hoffmann
Deputy Chief of Electronic Device & Component Manufacturing Headquarters, Deputy Officer in charge of Spindle Motor Div. at Electronic Device & Component Manufacturing Headquarters, Head of EMT Business Unit of Automotive & Global Motor Business Div. at Electronic Device & Component Manufacturing Headquarters, General Manager of Regional Affairs for Europe

Executive Officers
Koichiro Kojima
Head of Ball Bearing Business Unit at Machined Component Manufacturing Headquarters, Deputy Officer in charge of Production Support Div.

Haruki Kato
Deputy Officer in charge of Information, Industrial Machinery Motor & Special Device Div. at Electronic Device & Component Manufacturing Headquarters, Head of DC Motor Business Unit of Information, Industrial Machinery Motor & Special Device Div. at Electronic Device & Component Manufacturing Headquarters

Hiroyuki Akatsu
Officer in charge of Engineering Support Div.

Koichi Takeshita
General Manager of Regional Affairs for China

Kazunori Sawayama
Head of Airmover Business Unit of Information, Industrial Machinery Motor & Special Device Div. at Electronic Device & Component Manufacturing Headquarters

Michihiro Tame
Deputy Officer in charge of Procurement & Logistics Div.

Atsushi Shiraishi
NHBB Hi-Tech Senior Production Improvement Director

Shigenori Hoya
General Manager of Engineering Department of Manufacturing Div. of Ball Bearing Business Unit at Machined Component Manufacturing Headquarters

Takaaki Asawa
General Manager of Information Systems Department at Accounting & Corporate Finance Headquarters

Satoshi Yoneda
General Manager of Accounting Department at Accounting & Corporate Finance Headquarters

Katsuhiko Yoshida
Deputy Chief of Business Administration Headquarters, General Manager of Business Administration Department

Daniel J. Lemieux
Head of NHBB/myonic Business Unit at Machined Component Manufacturing Headquarters, General Manager of Regional Affairs for the Americas

Shinichi Yamamura
General Manager of Lighting Device Project Promotion Office of Electronic Device Div. at Electronic Device & Component Manufacturing Headquarters

Shuji Kobayashi
Deputy Officer in charge of Headquarters at Sales Div., General Manager of Rotary Components Sales Management at Sales Div.

Koichiro Komiya
Deputy Officer in charge of Headquarters at Sales Div., General Manager of Bearing Product Sales Management at Sales Div.

Kazuo Misumi
Deputy Chief of Accounting & Corporate Finance Headquarters, General Manager of SAP Introduction Promotion Office

Takuya Sato
Head of Electronic Device Parts Business Unit of Electronic Device Div. at Electronic Device & Component Manufacturing Headquarters, General Manager of LD Parts Engineering Div.

Osamu Nakamura
Officer in charge of Information, Industrial Machinery Motor & Special Device Div. at Electronic Device & Component Manufacturing Headquarters, Head of Stepping Motor Business Unit of Information, Industrial Machinery Motor & Special Device Div. at Electronic Device & Component Manufacturing Headquarters

Junichi Mochizuki
Officer in charge of Procurement & Logistics Div.

Technical Officer
Shingo Suzuki
Deputy Officer in charge of Engineering Development Div. at Electronic Device & Component Manufacturing Headquarters

Executive Officers
Katsumasa Yamashina
Head of Mechanical Assembly Business Unit at Machined Component Manufacturing Headquarters

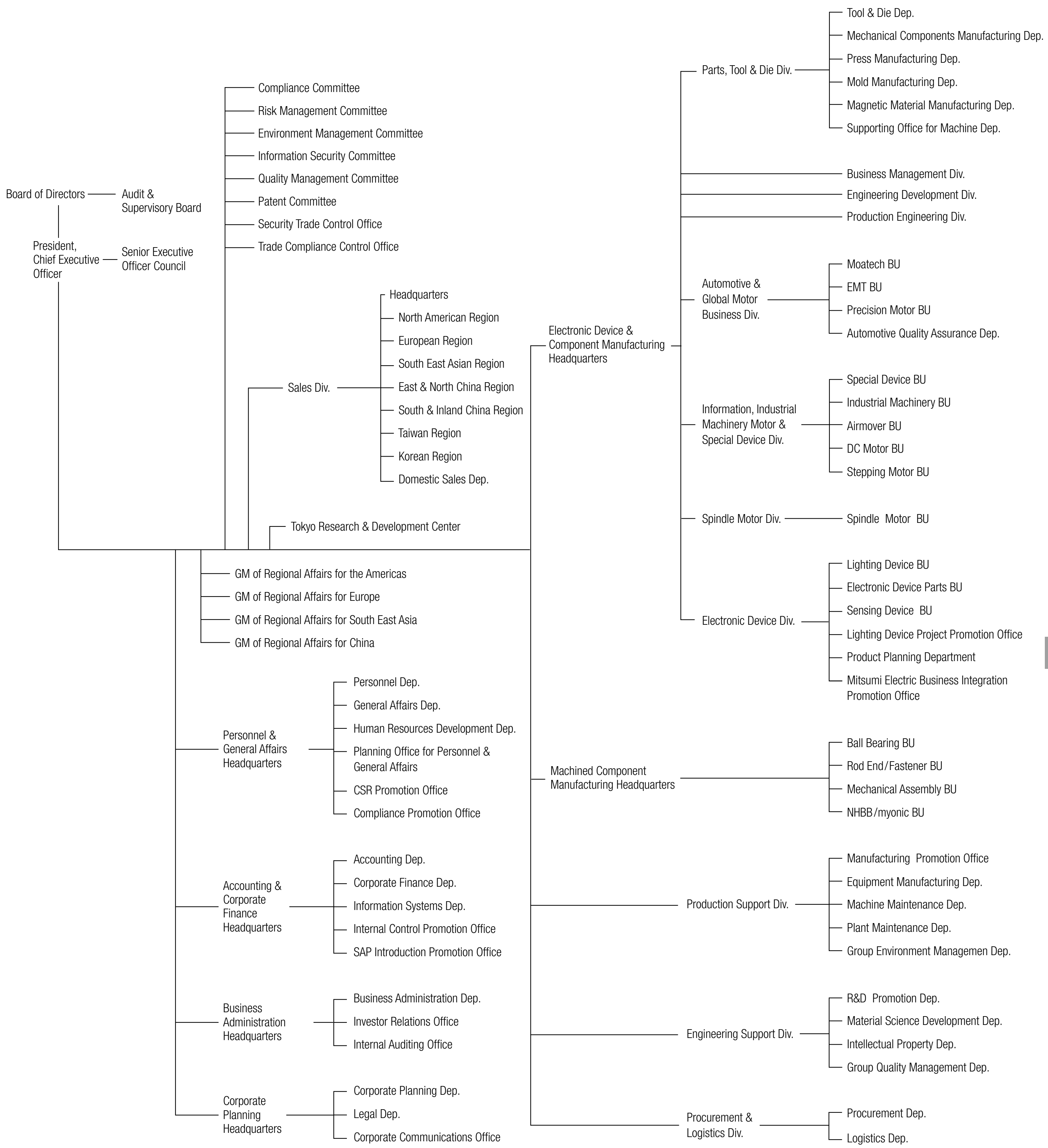
Keitaro Kanzaki
Deputy Chief of Corporate Planning Headquarters, General Manager of Legal Department at Corporate Planning Headquarters

Hideo Asakawa
Head of Sensing Device Business Unit of Electronic Device Div. at Electronic Device & Component Manufacturing Headquarters

Satoshi Mizuma
Deputy Head of Ball Bearing Business Unit at Machined Component Manufacturing Headquarters

Note: Messrs. Kohshi Murakami and Takashi Matsuoka are independent directors as required under Article 2, Paragraph 15, of the Company Law. Messrs. Kazuaki Tanahashi, Shinichiro Shibasaki and Hisayoshi Rikuna are external Auditors as required under Article 2, Paragraph 16, of the Company Law.

Organization



(As of June 29, 2016)

Eleven-Year Summary

	2016	2015	2014	2013
Statement of Income • Statement of Comprehensive Income Data:				
Net sales:	**¥609,814**	¥500,676	¥371,543	¥282,409
Machined components	**163,811**	155,785	140,033	—
Percentage of net sales	**27%**	31%	38%	—
Electronic devices and components	**445,467**	344,725	231,333	—
Percentage of net sales	**73%**	69%	62%	—
Other	**536**	166	177	—
Percentage of net sales	**0%**	0%	0%	—
Former segment (fiscal 2013)				
Machined components	**—**	—	—	113,573
Percentage of net sales	**—**	—	—	40%
Electronic devices and components	**—**	—	—	167,911
Percentage of net sales	**—**	—	—	60%
Other	**—**	—	—	925
Percentage of net sales	**—**	—	—	0%
Former segment (from fiscal 2010 to 2012)				
Machined components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Rotary components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Electronic devices and components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Other	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Former segment (before fiscal 2009)				
Machined components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Electronic devices and components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Gross profit	**¥123,143**	¥120,091	¥ 85,775	¥ 57,295
Percentage of net sales	**20.2%**	24.0%	23.1%	20.3%
Operating income	**51,438**	60,101	32,199	10,169
Percentage of net sales	**8.4%**	12.0%	8.7%	3.6%
Net income attributable to owners of the parent	**36,386**	39,887	20,878	1,804
Percentage of net sales	**6.0%**	8.0%	5.6%	0.6%
Comprehensive income	**9,596**	72,380	31,974	26,709
Percentage of net sales	**1.6%**	14.5%	8.6%	9.5%
Balance Sheet Data:				
Total assets	**¥459,428**	¥490,043	¥381,278	¥362,805
Total current assets	**249,820**	265,185	189,638	170,977
Total current liabilities	**165,424**	167,620	120,937	128,484
Short-term debt and current portion of long-term debt	**97,345**	66,757	64,044	85,203
Long-term debt	**39,766**	71,706	84,454	85,209
Working capital	**84,396**	97,565	68,701	42,493
Total net assets	**237,973**	233,679	163,463	137,858
Equity ratio	**50.2%**	46.1%	41.4%	36.2%
Per Share Data:				
Net income:				
Basic	**¥ 97.26**	¥106.73	¥ 55.94	¥ 4.83
Diluted	**92.35**	101.32	53.14	4.65
Net assets	**616.43**	604.83	422.62	351.65
Cash dividends	**20.00**	12.00	8.00	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	**15.9%**	20.8%	14.4%	1.5%
Return on total assets	**7.7%**	9.2%	5.6%	0.5%
Interest expense	**¥ 1,169**	¥ 1,504	¥ 2,139	¥ 2,651
Net cash provided by operating activities	**43,582**	59,863	49,173	22,990
Net cash used in investing activities	**(44,642)**	(35,326)	(24,957)	(37,813)
Free cash flows	**(1,060)**	24,537	24,216	(14,823)
Purchase of tangible fixed assets	**40,136**	34,979	18,343	42,963
Depreciation and amortization	**34,788**	28,776	23,740	22,569
Number of employees	**62,480**	63,967	54,768	53,327

Notes: 1. Effective from fiscal 2016, the Company has made some organizational changes, including incorporating its in-house manufacturing division into the Electronic devices and components manufacturing headquarters. Due to these changes, the segment information has been adjusted accordingly. Figures before fiscal 2013 are based on the former segments.
2. Effective from fiscal 2016, the presentation method of net income, etc. was amended due to the changes in accounting policy.
3. 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.
4 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.

Millions of yen

2012	2011	2010	2009	2008	2007	2006
¥251,358	¥269,139	¥228,446	¥256,163	¥334,431	¥331,022	¥318,446
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—	—	—	—	—	—	—
—	—	—	—	—	—	—
107,038	107,841	99,291	—	—	—	—
43%	40%	44%	—	—	—	—
91,364	101,139	74,185	—	—	—	—
36%	38%	32%	—	—	—	—
37,887	40,502	35,780	—	—	—	—
15%	15%	16%	—	—	—	—
15,069	19,657	19,190	—	—	—	—
6%	7%	8%	—	—	—	—
—	—	—	115,872	144,034	137,662	129,595
—	—	—	45%	43%	42%	41%
—	—	—	140,291	190,397	193,360	188,851
—	—	—	55%	57%	58%	59%
¥ 52,852	¥ 66,994	¥ 53,160	¥ 59,025	¥ 80,721	¥ 73,378	¥ 68,511
21.0%	24.9%	23.3%	23.0%	24.1%	22.2%	21.5%
8,599	22,163	12,059	13,406	30,762	26,265	19,269
3.4%	8.2%	5.3%	5.2%	9.2%	8.0%	6.0%
5,922	12,465	6,662	2,441	16,303	12,862	4,257
2.4%	4.6%	2.9%	1.0%	4.9%	3.9%	1.3%
4,046	4,009	6,255	—	—	—	—
1.6%	1.5%	2.7%	—	—	—	—
¥306,772	¥291,092	¥277,967	¥285,396	¥320,544	¥354,784	¥349,862
157,787	144,178	130,004	121,699	148,117	156,059	153,564
115,713	116,863	102,961	112,312	118,321	131,155	150,886
68,607	76,370	64,755	80,990	65,352	71,761	91,772
73,937	56,843	58,645	56,900	67,500	78,500	79,500
42,074	27,315	27,043	9,387	29,796	24,905	2,678
109,777	109,967	108,381	106,762	131,730	142,558	118,209
35.7%	37.1%	38.5%	37.1%	40.7%	40.1%	33.6%

Yen

¥ 15.63	¥ 32.61	¥ 17.20	¥ 6.18	¥ 40.86	¥ 32.23	¥ 10.67
15.54	—	—	—	—	—	—
288.74	282.03	279.87	271.93	327.25	356.75	294.65
7.00	7.00	7.00	7.00	10.00	10.00	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

5.5%	11.6%	6.3%	2.1%	11.9%	9.9%	3.9%
2.0%	4.4%	2.4%	0.8%	4.8%	3.7%	1.2%
¥ 2,321	¥ 1,833	¥ 1,898	¥ 2,646	¥ 4,402	¥ 5,224	¥ 4,771
20,233	24,439	30,408	37,064	46,893	37,902	28,237
(29,018)	(28,631)	(12,733)	(24,554)	(23,461)	(15,180)	(19,120)
(8,785)	(4,192)	17,675	12,510	23,432	22,722	9,117
25,961	26,517	10,495	18,429	24,888	16,969	21,897
20,920	22,127	22,492	25,027	27,502	25,727	25,045
51,406	53,827	49,091	48,443	50,549	49,563	47,526

5. 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.
6. Effective from fiscal 2011, the Company applied the "Accounting Standard for Presentation of Comprehensive Income."
7. 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.
8. 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.

Overview

Outline of Operations

Minebea's operations are divided into the following segments. The machined components segment (accounting for 26.9% 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 73.0% of net sales) primarily makes light-emitting diode (LED) backlights for liquid crystal displays (LCDs), spindle motors for hard disk drives (HDDs), stepping motors, brushless DC motors, brush DC motors, fan motors, and other types of motors, as well as measuring components. The other segment (accounting for 0.1% of net sales) focuses on machine made 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 58.7% of our consolidated-basis output in the year under review while China, which is our next biggest manufacturing base, accounted for 16.3%. Asian locations outside of Japan accounted for 85.5% of our production, and manufacturing at all overseas locations accounted for 95.2% of total output.

The key outlets for our products include the markets for office automation and telecommunication equipment (41.2% of net sales in the year under review), PCs and peripherals (18.0%), automotive products (11.1%), aerospace products (7.5%) and household electrical appliances (6.6%).

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 in China (including Hong Kong), accounting for 30.2% of net sales in the year under review, were the highest. Our second-largest geographic market is the United States, which accounted for 25.8% of net sales. The third largest, Japan, accounted for 13.1% with the remainder of sales coming from Europe, Thailand, and elsewhere.

Outline of Strategy

We will work to boost the profitability of our existing lines while developing new high-value-added products. That includes leveraging the wealth of experience we have gained in manufacturing, sales, engineering and development as well as the commitment to restructuring our business portfolio, encompassing EMS (Electro Mechanics Solutions) 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. We have developed our new "Five Arrows" strategies, described in the following, which will guide us with a view to moving ahead with the aforementioned initiatives specifically and further boosting our bottom line:

1. Sell 180 million ball bearings externally per month on average.
   Bearing sales have steadily grown and the monthly external sales volume has reached 165 million units. We will cultivate new demand in existing product markets and develop new applications to achieve monthly external sales of 180 million units on average.
2. Develop and boost sales of new "Electro Mechanics Solutions™" to take the EMS business to new heights.
   While we have already achieved higher-than-projected EMS sales, we will work to establish the technological capability needed to make EMS more complex and sophisticated with an eye to developing and boosting sales of new products.
3. Establish a business foundation for lighting devices and parts.
   We will combine our optical and ultra-precision machining technologies with the wireless communication technology of PARADOX ENGINEERING SA, our consolidated subsidiary, to move forward with our smart city, new LED lighting SALIOT (Smart Adjustable Light for the Internet Of Things), and other businesses.
4. Take sales of measuring components and related products to 50 billion yen.
   We have raised the annual sales target to 50 billion yen as a result of the acquisition of the Sartorius Mechatronics T&H GmbH.
5. Take aircraft components sales to 70 billion yen.
   We will leverage our global presence and maximize synergy with our subsidiary, CEROBEAR GmbH, to tap new demand in the commercial aircraft market and supply components for new aircraft models with an aim to bringing rod-end bearing and other aircraft component sales to 70 billion yen.

Financial Data by Segment

Millions of yen

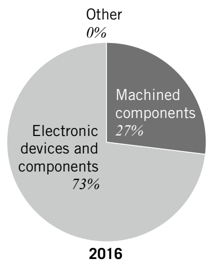
Years ended March 31	**2016**	2015	2014	2013	2012
Sales by reportable segment					
Machined components	**¥163,811**	¥155,785	¥140,033	¥ —	¥ —
Electronic devices and components	**445,467**	344,725	231,333	—	—
Reportable segments Total	**¥609,278**	¥500,510	¥371,366	¥ —	¥ —
Other	**536**	166	177	—	—
Total	**¥609,814**	¥500,676	¥371,543	¥ —	¥ —
Adjustment	**—**	—	—	—	—
Consolidated financial statements amount	**¥609,814**	¥500,676	¥371,543	¥ —	¥ —
Income (loss) by reportable segment					
Machined components	**¥ 40,855**	¥ 39,723	¥ 33,551	¥ —	¥ —
Electronic devices and components	**22,336**	30,748	10,621	—	—
Reportable segments Total	**¥ 63,191**	¥ 70,471	¥ 44,172	¥ —	¥ —
Other	**(125)**	(29)	140	—	—
Total	**¥ 63,066**	¥ 70,442	¥ 44,312	¥ —	¥ —
Adjustment	**(11,628)**	(10,341)	(12,113)	—	—
Consolidated financial statements amount	**¥ 51,438**	¥ 60,101	¥ 32,199	¥ —	¥ —
Assets by reportable segment					
Machined components	**¥105,255**	¥120,228	¥ 99,300	¥ —	¥ —
Electronic devices and components	**189,748**	190,913	126,305	—	—
Reportable segments Total	**¥295,003**	¥311,141	¥225,605	¥ —	¥ —
Other	**2,167**	4,088	545	—	—
Total	**¥297,170**	¥315,229	¥226,150	¥ —	¥ —
Adjustment	**162,258**	174,814	155,128	—	—
Consolidated financial statements amount	**¥459,428**	¥490,043	¥381,278	¥ —	¥ —
Depreciation and amortization by reportable segment					
Machined components	**¥ 9,296**	¥ 9,622	¥ 9,378	¥ —	¥ —
Electronic devices and components	**20,807**	15,154	9,941	—	—
Reportable segments Total	**¥ 30,103**	¥ 24,776	¥ 19,319	¥ —	¥ —
Other	**335**	76	61	—	—
Total	**¥ 30,438**	¥ 24,852	¥ 19,380	¥ —	¥ —
Adjustment	**4,350**	3,924	4,360	—	—
Consolidated financial statements amount	**¥ 34,788**	¥ 28,776	¥ 23,740	¥ —	¥ —
Increase in tangible and intangible fixed assets by reportable segment					
Machined components	**¥ 7,735**	¥ 7,499	¥ 3,867	¥ —	¥ —
Electronic devices and components	**29,012**	19,215	10,011	—	—
Reportable segments Total	**¥ 36,747**	¥ 26,714	¥ 13,878	¥ —	¥ —
Other	**178**	2,487	29	—	—
Total	**¥ 36,925**	¥ 29,201	¥ 13,907	¥ —	¥ —
Adjustment	**6,953**	8,356	6,772	—	—
Consolidated financial statements amount	**¥ 43,878**	¥ 37,557	¥ 20,679	¥ —	¥ —

Note: Effective from fiscal 2016, the Company has made some organizational changes, including incorporating its in-house manufacturing division into the Electronic Device and Component Manufacturing Headquarters. Due to these changes, the figures of fiscal 2015 and 2014 have been changed retrospectively.
However, for the segment information before fiscal 2013, the Company has not disclosed the information as it is practically difficult to retrospectively extract the necessary financial date.

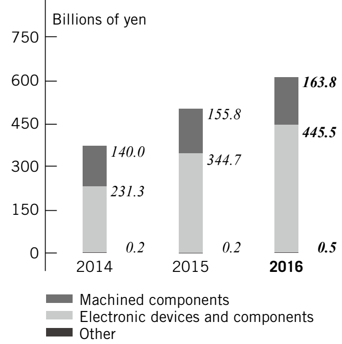
Financial Review

Results of Operations

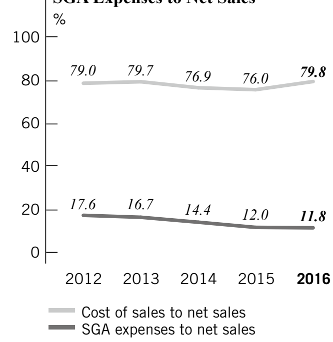
Ratio of Net Sales by Segment



Net Sales by Segment



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



Net Sales

The weak yen, high share prices, and low oil prices were initially expected to fuel Japan's economy during the year under review. However, consumer spending, capital expenditures, and exports remained stagnant from spring to summer, and slowdown in China and other emerging economies, falling resource prices, and a rising yen during the second half of the year have casted a dark shadow over the economy. The U.S. economy continued to grow mainly in the household sector due to the robust performance of the service industry and a better job market. Despite declining exports to non-EU countries, local consumption kept the European economy moving forward on a moderate upward trend. Excess production capacity and slowing investment in real estate development in China has gradually unveiled a picture of economic uncertainty in Asia. Although ASEAN countries, whose economies rely largely on China, did not see exports to China grow, they enjoyed moderate economic recoveries due partly to public investments, measures to stimulate consumption, and other initiatives.

Working against this backdrop, Minebea Group has been concentrating on cutting costs, creating high-value-added products, developing new technologies, and enhancing its marketing approach to improve profitability even further.

As a result, net sales increased by ¥109,138 million (21.8%) year on year to total ¥609,814 million, reaching ¥600 billion for the first time ever.

Cost of Sales

Cost of sales was up by ¥106,086 million (27.9%) from the previous fiscal year to total ¥486,671 million in the year under review due to an increase in externally purchased parts, mainly in LED backlights for LCDs. Cost of sales as a percentage of net sales increased by 3.8 percentage points year on year to reach 79.8%.

SGA Expenses

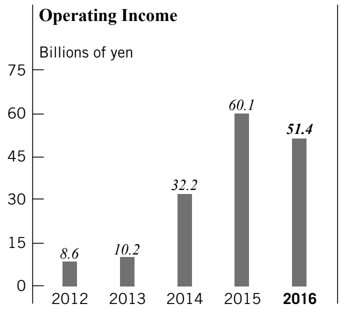
SGA expenses increased by ¥11,715 million (19.5%) from the previous fiscal year to total ¥71,705 million in the year under review due to increased sales and the effect of consolidating Sartorius Mechatronics T&H Group. SGA expenses as a percentage of net sales dropped by 0.2 percentage points from the previous year to hit 11.8% in the year under review.

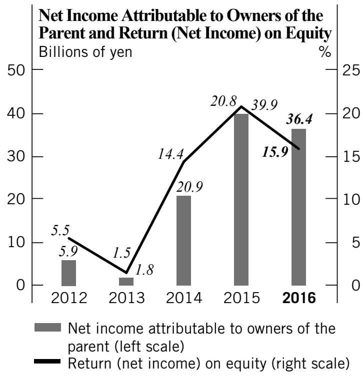
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2016**	2015	2014	2013	2012
Net sales	**¥609,814**	¥500,676	¥371,543	¥282,409	¥251,358
Cost of sales	**486,671**	380,585	285,768	225,114	198,506
Cost of sales to net sales	**79.8%**	76.0%	76.9%	79.7%	79.0%
Gross profit	**123,143**	120,091	85,775	57,295	52,852
SGA expenses	**71,705**	59,990	53,576	47,126	44,253
SGA expenses to net sales	**11.8%**	12.0%	14.4%	16.7%	17.6%

*Segment classification has changed from the fiscal year ended March 31, 2016, due to organizational changes.





Operating Income

Operating income decreased by ¥8,663 million (14.4%) compared to the previous fiscal year to ¥51,438 million. The factors behind this decline include a drop in shipments of LED backlights for LCDs, which were affected by the reduced production of customers in the smart phone market. The operating margin fell 3.6 percentage points year on year to 8.4%. 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 ¥4,475 million, which was ¥3,853 million lower than in the previous fiscal year. The main items recorded were ¥3,337 million from the receipt of insurance benefits mainly related to the great flooding that occurred in Thailand in 2011, exchanges losses of ¥3,113 million, and a loss of ¥1,465 million due to the settlement of retirement benefit plan at our consolidated subsidiary in the U.S.

Income before Income Taxes

All of the above-mentioned factors brought income before income taxes for the year under review to decrease by ¥4,810 million (9.3%) year on year to total ¥46,963 million.

Income Taxes

Income taxes decreased by ¥1,927 million from the previous year to total ¥10,365 million. Income taxes included current income taxes (i.e. corporate, inhabitant, and business taxes) totaling ¥12,757 million and deferred income taxes (benefit) of ¥2,392 million. The effective income tax rate dropped to 22.1% from 23.7% in the previous fiscal year. This decline was due to the reduction of the statutory income tax rate in Japan.

Net Income Attributable to Owners of Parent

As a consequence of the aforementioned factors, net income attributable to owners of parent fell ¥3,501 million year on year to ¥36,386 million. Basic net income per share was ¥97.26, a ¥9.47 decrease from the ¥106.73 for the previous fiscal year.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests increased by ¥618 million from the previous fiscal year to ¥212 million.

Income

Millions of yen

Years ended March 31	**2016**	2015	2014	2013	2012
Operating income	**¥51,438**	¥60,101	¥32,199	¥10,169	¥8,599
Operating margin	**8.4%**	12.0%	8.7%	3.6%	3.4%
Net balance of other income (expenses)	**(4,475)**	(8,328)	(5,388)	(5,287)	(3,048)
Net income attributable to owners of the parent	**36,386**	39,887	20,878	1,804	5,922
Net income to net sales	**6.0%**	8.0%	5.6%	0.6%	2.4%
Net income per share (yen):					
Basic	**97.26**	106.73	55.94	4.83	15.63
Diluted	**92.35**	101.32	53.14	4.65	15.54
Return (net income) on equity	**15.9%**	20.8%	14.4%	1.5%	5.5%
Return on total assets	**7.7%**	9.2%	5.6%	0.5%	2.0%

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.

Debt Ratings

As of December 2015	*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

Capital investments totaled ¥43,878 million for the year under review. This amount includes ¥7,735 million for the machined components segment, ¥29,012 million for the electronic devices and components segment, ¥178 million for the other segment, and ¥6,953 million for unallocated corporate capital investments.

Investments in the machined components segment were mainly for bearing-related equipment and mechanical parts-related equipment in Thailand. Investments in the electronic devices and components segment focused on equipment in Thailand related to LED backlights for LCDs and components. Investments in the corporate were primarily for factory expansion in Cambodia.

The capital investment includes ¥2,311 million in intangible fixed assets and a ¥62 million increase in assets associated with new finance lease agreements.

For the next fiscal year we plan to spend ¥29.2 billion on capital investments.

Dividends

Our basic dividend policy gives priority to enhancing equity efficiency and improving returns to our shareholders. Dividends reflect performance in light of the overall business environment and are determined with an eye to maintaining a stable and continuous distribution of profits.

Pursuant to the above policy, our dividend for the year under review is 20 yen per share, which includes an interim dividend of 10 yen per share. The resulting consolidated basis dividend payout ratio for the year under review is 20.6%.

We intend to use our retained earnings to expand globally. At the same time we will focus on getting even more cost-competitive as we strengthen our technology and manufacturingdevelopment platform. This will enable us to meet customer needs and adapt to any changes in the market that may occur.

Our policy is to distribute dividends from the surplus twice a year in the form of an interim dividend and a year-end dividend. We have established provisions in the Articles of Incorporation allowing the Board of Directors to decide on the distribution of the surplus based on the provisions of Article 459(1) of the Companies Act.

Free Cash Flow

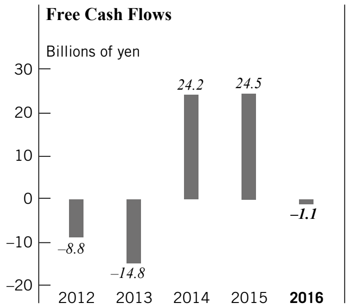
Free cash flows (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled an outflow of ¥1,060 million. That is an decrease of ¥25,597 million from the previous fiscal year.

Cash Flows from Operating Activities

Net cash provided by operating activities were drop by 27.2% from the previous fiscal year to ¥43,582 million. Inflows mainly consisted of income before income taxes totaling ¥46,963 million, depreciation and amortization costs totaling ¥34,788 million, and ¥11,176 million decrease in notes and accounts payable–trade. Outflows included ¥21,119 million increase in inventories, ¥19,019 million decrease in notes and accounts receivable–trade, and income taxes paid amounting to ¥15,764 million.

Cash Flows from Investing Activities

Net cash used in investment activities rose by 26.4% year on year to ¥44,642 million. This mainly included an outflow of ¥40,136 million in payments for purchases of tangible fixed assets, as well as an outflow of ¥2,244 million in payments for purchases of intangible fixed assets.

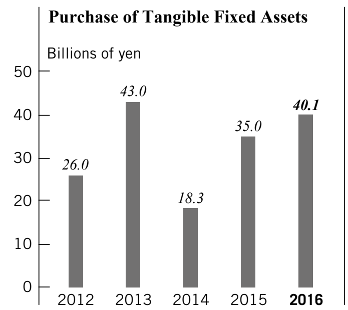


Cash Flows from Financing Activities

Net cash used in financing activities fell by 78.6% year on year to ¥4,200 million. Major cash outflows included ¥5,984 million for the payment of dividends.

Cash and Cash Equivalents

The balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥29,142 million. That is a decrease by ¥6,996 million compared to the end of the previous fiscal year.



Free Cash Flows

Millions of yen

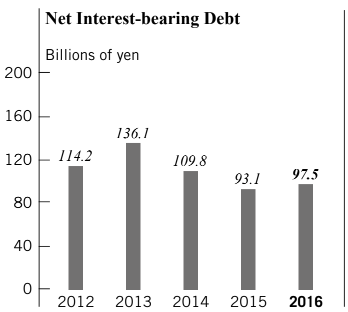
Years ended March 31	**2016**	2015	2014	2013	2012
Net cash provided by operating activities	**¥43,582**	¥59,863	¥49,173	¥22,990	¥20,233
Net cash used in investing activities	**(44,642)**	(35,326)	(24,957)	(37,813)	(29,018)
Thereof used in purchase of tangible fixed assets	**(40,136)**	(34,979)	(18,343)	(42,963)	(25,961)
Free cash flows	**(1,060)**	24,537	24,216	(14,823)	(8,785)

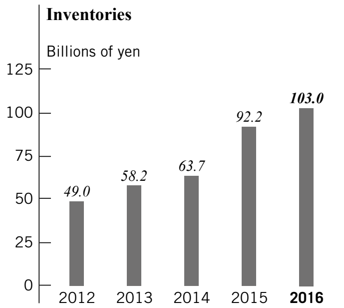
Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year under review amounted to ¥459,428 million, which is 6.2%, or ¥30,615 million less than at the end of the previous fiscal year. This includes a ¥41,832 million decrease due to foreign currency fluctuations.

Net assets totaled ¥237,973 million and shareholders' equity totaled ¥230,785 million, resulting in a shareholders' equity ratio of 50.2%, up 4.1 points from the previous fiscal year.

Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) rose ¥4,381 million (4.7%) compared to the end of the previous fiscal year to total ¥97,516 million. The net debt-to-equity ratio was the same as the end of the previous fiscal year at 0.4 times.





Assets

Cash and cash equivalents fell ¥6,996 million below the previous year-end's total to reach ¥29,142 million. Time deposits increased by ¥1,263 million from the end of the previous fiscal year to total ¥10,453 million. Notes and accounts receivable–trade were down by ¥18,244 million compared to the end of previous fiscal year to ¥92,275 million due to a decrease in net sales during the 4th quarter and other factors. Inventories increased by ¥10,849 million from the previous year-end to ¥103,011 million, mainly from LED backlights for LCDs. Deferred tax assets (short-term) rose by ¥384 million from the previous year-end to hit ¥4,016 million. Other current assets amounted to ¥8,328 million, down ¥2,113 million from the end of the previous fiscal year.

As a result of the above-mentioned performance, total current assets fell by ¥15,365 million (5.8%) over the previous year-end total to total ¥249,820 million.

Tangible fixed assets fell by ¥14,605 million (7.6%) from the previous fiscal year-end to ¥177,993 million. Purchases of tangible fixed assets for the year under review ¥40,136 million while depreciation and amortization costs amounted to ¥34,788 million.

Intangible fixed assets increased by ¥753 million (6.2%) from the previous year-end to ¥12,905 million.

Investments and other assets were down by ¥1,383 million (6.9%) from the previous year-end to ¥18,701 million. Factors behind this downturn include a ¥1,556 million decrease in investment securities while on the other hand, there was an increase of ¥978 million in deferred tax assets (long-term), etc.

Consequently, total fixed assets amounted to ¥209,599 million, ¥15,235 million (6.8%) decrease from the end of the previous year.

Liabilities

Notes and accounts payable–trade came to ¥35,807 million, ¥24,099 million below the previous fiscal year-end's total, mainly due to fewer purchases. Short-term debt increased ¥19,509 million from the end of the previous fiscal year to reach ¥66,166 million and the current portion of long-term debt increased by ¥11,079 million to ¥31,179 million. Income taxes payable decreased by ¥2,835 million to ¥5,385 million. Accrued expenses and other current liabilities decreased by ¥4,220 million to total ¥17,767 million. As a result of the factors above, total current liabilities declined ¥2,196 million (1.3%) from the previous year-end to ¥165,424 million.

Long-term debt dropped by ¥31,940 million from the previous year-end to total ¥39,766 million. Consequently, total fixed liabilities were down by ¥32,714 million (36.9%) from the previous year-end to ¥56,030 million.

Net Assets

Total net assets at year-end went up by ¥4,294 million (1.8%) from the previous year-end to ¥237,973 million. This increase was due to a ¥30,402 million jump in retained earnings while the foreign currency translation adjustments decreased by ¥26,245 million. Non-controlling interests decreased by ¥355 million from the end of the previous fiscal year to ¥7,058 million.

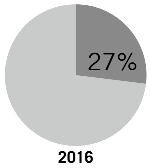
Financial Position

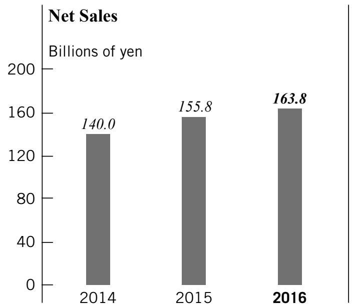
Millions of yen

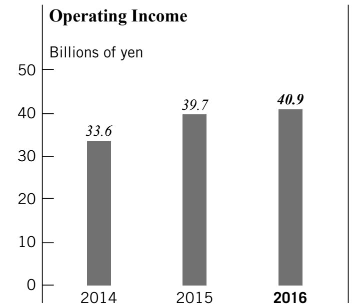
As of March 31	**2016**	2015	2014	2013	2012
Total assets	**¥459,428**	¥490,043	¥381,278	¥362,805	¥306,772
Cash and cash equivalents	**29,142**	36,138	29,031	28,223	23,366
Time deposits	**10,453**	9,190	9,685	6,041	4,964
Total current assets	**249,820**	265,185	189,638	170,977	157,787
Inventories	**103,011**	92,162	63,652	58,234	49,025
Total current liabilities	**165,424**	167,620	120,937	128,484	115,713
Working capital	**84,396**	97,565	68,701	42,493	42,074
Interest-bearing debt	**137,111**	138,463	148,498	170,412	142,544
Net interest-bearing debt	**97,516**	93,135	109,782	136,148	114,214
Total net assets	**237,973**	233,679	163,463	137,858	109,777
Equity ratio	**50.2%**	46.1%	41.4%	36.2%	35.7%
Debt-to-equity ratio (times)	**0.6**	0.6	0.9	1.2	1.3
Net debt-to-equity ratio (times)	**0.4**	0.4	0.7	1.0	1.0
Net assets per share (yen)	**616.43**	604.83	422.62	351.65	288.74

Machined Components

Percentage of net sales







Net sales in the machined components segment increased by ¥8,026 million (5.2%) year on year to ¥163,811 million. Operating income rose by ¥1,132 million (2.9%) year on year to reach ¥40,855 million, and operating margin was 24.9%, down 0.6 percentage points year on year.

Demand for our anchor product line, miniature and small-sized ball bearings, remained upbeat across a wide range of markets, mainly on high-grade consumer goods including automobiles and fan motors, with external sales volumes at a monthly average of 155 million units, up 7% year on year. Profits also increased.

Sales of rod-end bearings and spherical bearings increased, but profits remained largely unchanged as civil aircraft production was stable.

Sales of pivot assemblies went down, affected by the contraction of the HDD market, but improvements in production efficiency advanced and operating profit increased.

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	approximately 60%
Rod-end and spherical bearings	Aircraft	approximately 50%
Fasteners	Aircraft, automobiles	—
Pivot assemblies	Hard disk drives	approximately 70%

*Global market share figures are based on volume, with the exception of the figure for rod-end and spherical bearings, which is based on sales value. Minebea estimates market shares using information it collects on its own and through independent market research firms.

Future Initiatives

We are continuing our efforts to reduce costs in the ball bearings business by improving yields and streamlining production. While we see the strengthening of operations as a return to our manufacturing roots, we are also focusing on reinforcing basic technological development. As we move forward, we will work to expand sales in order to quickly achieve the monthly average external sales volume target of 180 million units outlined in the first arrow of our new Five Arrows strategy we announced in May 2015.

The rod-end fastener business received active demand for mechanical parts related to aircraft. Along with increasing parts production capabilities significantly in Japan and Thailand, we will strengthen cooperation with manufacturing and sales bases on a global basis. We will also leverage the strengths of CEROBEAR, which we acquired in July 2013, to enhance research and development of ceramic bearing aircraft parts.

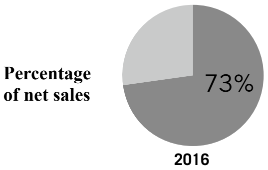
In the pivot assembly business, we have been implementing ongoing cost cutting measures such as improving yields. It is forecast that the stagnation of PC demand and the contraction of the HDD market will continue, but as we utilize the synergy created by our significant market share for pivot assemblies and miniature ball bearings, our major component parts, we will stay competitive in the market for high-value-added products used for servers, etc. with an eye to maintaining a healthy bottom line.

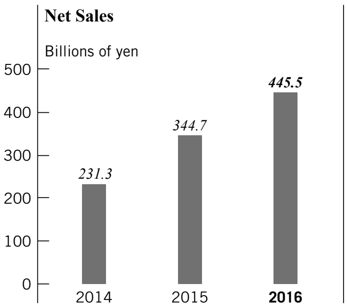
Major Products

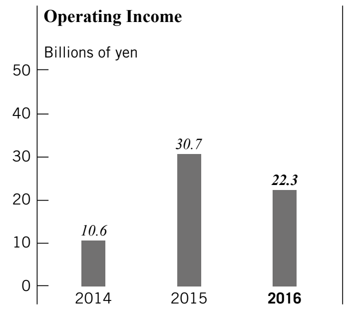
Ball bearings Rod-end bearings Spherical bearings Roller bearings Bushings Pivot assemblies
Mechanical assemblies Aerospace fasteners Automotive fasteners

*Segment classification has changed from the fiscal year ended March 31, 2016, due to organizational changes.

Electronic Devices and Components







In the year under review, net sales significantly increased ¥100,742 million (29.2%) from the previous year to ¥445,467 million. Operating income fell ¥8,412 million (27.4%) year on year to ¥22,336 million, while operating margin also fell 3.9 percentage points year on year to 5.0%.

The LED backlight business enjoyed revenue growth thanks largely to rising unit selling prices on the back of increased external purchases of parts for existing customers' new smartphone models. However, profits decreased, partly because of lower shipments affected by customers' declining production in the smartphone market.

The profitability of the motor business improved due to growing demand in the automobile market which drove sales up and also as a result of the measures we have implemented so far to reduce fixed costs.

In addition to the effects of the acquisition of Sartorius Mechatronics T&H Group, sales of measuring components rose steadily for automotive applications, leading to increases in both sales and profits.

Principal Products and Applications and Minebea's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share**
LED backlights	Middle-range and high-end smartphones, mobile phones, automobiles, digital cameras, portable digital information terminals	approximately 25%
Motors (stepping motors, HDD spindle motors, brushless DC motors, brush DC motors, fan motors, precision motors)	PCs and servers, HDDs, information and telecommunications equipment, household electrical appliances, automobiles, industrial machinery, office automation equipment	approximately 2-70%, depending on the product
Measuring components	Industrial machinery, automobiles, PCs	—

*Global market share figures are based on volume. Minebea estimates market shares using information it collects on its own and through independent market research firms.

Future Initiatives

The LED backlight business is seeing consumer intentions turn towards high-end smartphones so we are promoting positive sales and the input of new products, notably the ultra-thin, highly efficient LED backlights needed to produce high-definition, lightweight smartphones with large battery capacity. The investment to significantly beef up production capacity at our Thai and Cambodian facilities has already been completed and we aim to generate overwhelming production capacity and productivity. We are currently working on developing new products that integrate our basic technologies like light guide plates and wireless communications. These new products include smart city LED streetlights being used in Cambodia, SALIOT, a new type of LED lighting device, and outdoor LED lights for tunnels, and more. We will work to expand sales of lighting device-related products as outlined in the third arrow of our new Five Arrows strategy.

The motor business will continue to focus on cost reduction and reorganization with an eye to driving profitability up.

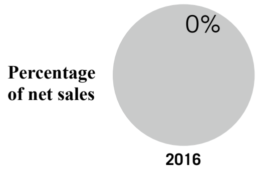
We will implement a business strategy for measuring components that spotlights their sensor function over their use as mere gauges to expand into new markets including medicine and nursing care along with areas related to robotics as well as bridges and other infrastructure. In addition to that we will focus on maximizing the synergy created by the acquisition of Sartorius Mechatronics T&H Group, which we brought into the fold with an eye to bringing annual sales up to ¥50 billion.

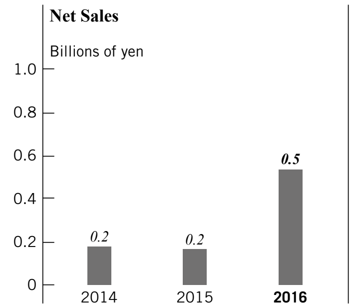
Major Products

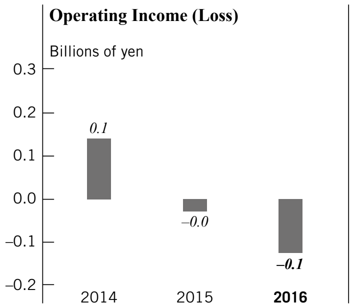
LED backlights　EMS (Electro Mechanics Solutions)　Stepping motors　Brushless DC motors
Brush DC motors　Fan motors　HDD spindle motors　Precision motors　Measuring components

*Segment classification has changed from the fiscal year ended March 31, 2016, due to organizational changes.

Other







Net sales for the year under review increased by ¥370 million (222.5%) year on year to ¥536 million. The segment showed an operating loss of ¥125 million, adding up to a year-on-year loss of ¥96 million.

Major Products

Machine made in-house

Adjustments

In addition to the above figures, ¥11,628 million in corporate expenses, etc. not belonging to any particular segment is shown as adjustments. Adjustments for the previous fiscal year amounted to ¥10,341 million.

*Segment classification has changed from the fiscal year ended March 31, 2016, due to organizational changes.

Research and Development

Research and Development

The Minebea Group manufactures and sells precision machinery components like ball bearings and components incorporating ball bearings, aircraft parts, like rod-end bearings and high-end fasteners, as well as motors and pivot products employed in state-of-the-art hard disk drives (HDDs). Minebea's lines of products also include various types of electronic components such as motors used in electronic devices, LED backlights, lighting equipment, strain gauges and the load cells and sensors that use them, as well as EMS (Electro Mechanics Solutions) and products that integrate all of these basic technologies. Minebea has research and development facilities at its Tokyo Head Office, its Karuizawa, Hamamatsu, Fujisawa, Matsuida, and Yonago Plants as well as in the United States, Europe, Thailand, and China. These bases leverage their individual areas of expertise while working with each other to speed up the development of new products and create new business opportunities.

The Tokyo Research & Development Center, which was set up at our Tokyo Head Office in 2013, takes full advantage of its prime location in Tokyo, a dynamic hub for human resources and information. Work is currently underway at the Center to develop EMS products for medical and in-vehicle applications.

Our facilities in Karuizawa and Hamamatsu, as well as the Material Science Laboratories in Thailand and China have implemented an ISO 17025-compliant management system 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.

During the year under review, our group-wide R&D expenses totaled ¥9,681 million. This amount includes ¥880 million in basic research expenses that cannot be allocated to any particular segment, such as analysis conducted at our Materials Science Laboratories in Thailand and China.

Here is an overview of the R&D activities conducted by 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, etc.) with a focus on developing basic tribological technologies for materials and lubricants, as well as ultra-low wear self-lubricating liners (Mineron™), etc. (*registered in Japan). We are working with a keen eye aimed at responding to the needs of manufacturers in emerging areas of the IT, home electrical appliances, automobile, aerospace, and medical equipment industries. Reliability engineering focused on 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.

The miniature ball bearings that are so essential to precision machining technology can be found hard at work in HDD pivot assemblies. As a leading manufacturer in this area, we are developing new products for a wide range of applications in the HDD market’s growing data center server, nearline, and mobile device segments, as well as highly reliable grease for pivot assemblies.

Recent progress in the area of aircraft bearings includes the development and approval of mechanical assemblies, trunnion bearings for main landing gear, and a wide range of bearings that will go into flight control systems for U.S. and European aircraft manufacturers. These R&D successes incorporate the same technology found in our rod-end bearings.

Our overseas consolidated subsidiary, myonic GmbH, developed high-heat-resistant ball bearing units for automobile engine turbochargers. Used to boost the output of engines that are made smaller to meet environmental regulations, turbochargers have been garnering a lot of attention in recent years. Applications have expanded to include not only general vehicles but also eco-friendly cars.

In 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 and hybrid bearings employing high performance steel materials. CEROBEAR’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 are expected to be in great demand while maximizing synergy between the two companies.

In addition, we launched the Wavy Nozzle. This new product now sold in the machine tool market is a coolant sprayer born from improvements we made to our own manufacturing operations.

R&D expenses in this segment totaled ¥1,885 million.

Electronic Devices and Components

Motors, one of the principal product lines of the electronic devices and components business, includes stepping motors, HDD spindle motors, brushless DC motors, brush DC motors, fan motors as well as precision motors. We are currently working to enhance 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 meeting customer needs for smaller, more efficient (energy-saving), quiet, and reliable products required for a wide range of applications.

We are also harnessing our expertise in materials and manufacturing technology to develop magnetic products. 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.

Our HDD spindle motors, featuring Minebea’s proprietary fluid bearing design, have been carefully engineered for data center applications where high reliability is a must. Work in the area of optical products, includes the development of our ultra-thin LED backlight units for mobile devices that are making larger and thinner smartphones possible. In addition to Minebea’s signature ultra-precision machining and precision mold technologies, we are also improving the technology for injection molding of transparent resin that allows fine optical patterns to be quickly and precisely transferred to LED backlight guide plates. Using this technology, we have developed ultra-thin guide plates for 5-inch class smartphones. Measuring less than 0.3 mm in thickness, these guide plates are the thinnest in the industry. On the manufacturing end, we have introduced an automated LED backlight assembly machine, appearance tester, and more, all employing our own technologies that have given us a leg up in mass production. We are also putting the optical technologies that we developed for LED backlight products to work in developing LED lighting products that combine LED lighting circuits with thin LED lighting lenses. Thinner and more efficient than conventional products, these LED lighting products are extremely energy efficient. We are working to develop technologies to make them even more efficient.

We are developing wirelessly controlled LED lighting devices for smart buildings and smart cities that incorporate the wireless technology of PARADOX ENGINEERING SA, our consolidated subsidiary. Rolling out the results of this development, we are using the Joint Crediting Mechanism for the reduction of greenhouse gases, to promote the installation of highly efficient, wirelessly controlled LED street lighting in Cambodia.

In the LED lighting business, we have developed and started marketing of SALIOT, which can manage and control a light distribution angle and brightness both horizontally and vertically with ease by smartphone or tablet, utilizing our motor and wireless technology.

We launched a joint research project by using measuring components applying strain gages in collaboration with Chiba University Graduate School of Medicine, Chiba University Hospital and IBM Japan, Ltd. having its sights set on the development of biological information monitoring system. Based on this joint research project, we plan to develop and commercialize such products within a year.

In July 2014 we acquired a stake in Japan 3D Devices Co., Ltd., a subsidiary of Okamoto Glass Co., Ltd. and a maker of concave mirrors (reflectors) for automotive head-up displays and other high precision 3D molded thin glasses. The acquisition has enabled us to step up our efforts to develop basic and applied head-up display technologies.

R&D expenses in this segment totaled ¥6,176 million.

Other

Our other segment mainly includes machine made in-house.

R&D expenses in this segment totaled ¥740 million.

Outlook for Fiscal Year Ending March 2017 and Risk Factors

Outlook for the Fiscal Year Ending March 2017

(as of May 2016)

While demand is expected to remain strong across the globe, concerns over monetary and fiscal policies as well as quick appreciation of the yen may put a damper on the Japanese economy. Fueled by consumer spending, the U.S. economy will continue to gradually rebound. In Europe, although domestic demand is expected to keep the economy moving forward on a moderate upward trajectory, the economic outlook is clouded by the surging influx of refugees, Britain's exit issue from the EU, and other problems as well. The Asian economy meanwhile is expected to lose steam due in part to China's slowing growth rate.

Working against this backdrop, the Minebea Group expects to see booming sales of ball bearings, motors, etc. Based on conservative estimates as well as in light of recent economic conditions and exchange rates, sales are projected to total ¥560,000 million, operating income ¥45,000 million, and net income attributable to owners of the parent company ¥31,000 million.

Note that the effect of the integration of Minebea and MITSUMI ELECTRIC CO., LTD. is not factored into the above forecast figures.

Outlook by segment for the full year is as follows:

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 boosting sales in the growing aircraft market.

Electronic Devices and Components

We are focusing on beefing up our capability to supply high value-added LED backlights for LCDs featuring ultra-thin light guide plates to the smartphone market. On top of that we will make aggressive efforts to expand sales and launch new products, which are expected to keep sales and profits at the current level or take them higher. We will also work on developing new lines of measuring components that leverage their sensor function while driving sales up in the automobile market. Working with an eye to enhancing the performance of our stepping motor and HDD spindle motor businesses, we will zero in on enhancing quality and cutting costs as we work to increase sales of high value-added products for automobile, server, and other applications.

Other businesses

We will concentrate on enhancing the accuracy of machine made in-house in order to improve production efficiency for the departments that produce finished products and bring quality to new heights.

Risk Factors

The 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 the Minebea Group as of the end of the current fiscal year.

1. Market risk

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

2. Foreign exchange risk

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

3. R&D risk

While we focus on R&D to introduce a constant stream of new, high-quality products, we may not reap a financial reward from our R&D investments. There are no guarantees that our 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 in relation to Minebea Group operations in Japan and/or overseas. We are subject to the risk that lawsuits or other actions with the potential to affect our operating results and/or financial position may be brought against us in the future.

5. Risk related to price negotiations

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

6. Risk related to raw materials and logistics costs

We purchase a variety of materials from external suppliers. While we work with an eye to maintaining optimal inventory volumes along with access to a steady supply of materials at stable prices, rising material prices could affect our operating results and/or financial position.

7. Latent risk related to operations overseas

The Minebea Group's manufacturing activities are conducted primarily in Thailand, China, Singapore and Cambodia. While we have been operating in these countries for quite some time, 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 occurrences that could disrupt social order.

8. Risk related to natural and other disasters

If an earthquake, flood, or other natural disaster, as well as nuclear plant accident, or outbreak of a new type of infectious disease were to affect the operational bases of the Minebea Group or its suppliers, it could have a significant impact on our production and sales activities.

9. Risk related to compliance and internal controls

We engage in a wide range of businesses all around the world and are subject to the laws and regulations that are in effect in each region. We have established and operate appropriate internal control systems needed to achieve our objectives. While these systems provide reasonable assurance that the methods used to prepare our financial statements are appropriate and in compliance with relevant laws, they cannot provide an absolute guarantee that all our objectives will be met. They are also not a guarantee that all potential risks we may face in the future, including legal violations, will be avoided. Changes in laws and regulations, including the interpretation or enforcement thereof, may make compliance more complex and could even incur higher costs related to compliance.

10. Losses related to Anti-Monopoly Acts

In November 2014, the Korea Fair Trade Commission (KFTC) issued an order for corrective action to Minebea and its Korean subsidiary for violating the Monopoly Regulation and Fair Trade Act (an Anti-Monopoly Act) in relation to the trading of small-sized ball bearings in Korea. Minebea was fined a total of 4,912 million won (¥527 million) and paid the full amount in the current fiscal year. In relation to the handling by the KTFC, Minebea and its Korean subsidiary were charged with violating the Monopoly Regulation and Fair Trade Act by the Seoul Central District Public Prosecutors Office on September 11, 2015. On October 30, 2015, judgment was handed down in the Seoul Central District Court against Minebea and its Korean subsidiary, and we were fined the sums of 100 million won (¥10 million) and 70 million won (¥7 million) respectively. We have paid the full amounts of these fines. In February 2015, Minebea made an agreement with the U.S. Department of Justice to plead guilty to violating U.S. antitrust laws concerning the sale of certain small-sized ball bearing products and pay fines totaling $13.5 million (¥1,610 million). We paid the full amount in the current fiscal year.

A class action suit in relation to the investigations of these cases has been brought in Canada against Minebea and its subsidiary. Depending on the outcome of the above-mentioned lawsuits and investigations, we may incur losses from fines, etc. However, we can neither reasonably estimate the amount of said losses at this time nor determine whether they will affect our operating results or financial position, etc.

Please refer to note "23. Subsequent Events" with regard to investigations by competition authorities in Singapore into Minebea and some of its subsidiaries.

11. Risk related to accrued post-retirement benefit and pension costs

Although the Minebea Group maintains multiple defined benefit pension plans, the fair value of pension assets may decrease due to a low rate of return on a pension fund, or pension costs may increase due to an increase in the pension obligation and a decline in the funded status following a change in preconditions such as the discount rate.

12. Environmental risk

Our business is subject to various environmental laws and regulations that are in effect in the regions where we operate. Although we pay due attention to ensuring compliance with all such laws and regulations, we could be subject to losses in the event that an incident involving environmental contamination were to occur or in the event that the possibility of such an incident were to arise.

13. Risk related to M&As and alliances

While we are continually seeking M&A and alliance opportunities, M&As and alliances may not produce the results initially expected or an alliance may not be maintained due to a conflict of interest with respect to strategies, etc. We may provide an alliance partner with financial support if its financial health deteriorates or for other reasons which in turn could adversely affect our business performance and financial condition.

It should be noted that the management integration with Mitsumi Electric Co., Ltd. that has already been announced is conditional on obtaining the approval of a General Meeting of Shareholders of Mitsumi Electric Co., Ltd. and of related regulatory authorities in Japan and overseas, including the Japan Fair Trade Commission. It is possible that this management integration will not be implemented due to the state of fulfilment of these conditions, or that the timing of implementation will be delayed beyond the scheduled date of March 17, 2017.

14. Quality risk

Our products are used across a wide range of industries, especially for applications that require a high degree of precision (including end products that could affect human health and safety such as automobiles, aircraft, medical devices, etc.). We recognize the social responsibility we bear and have a system in place to ensure our products are of the highest quality. However, if any of our products were found to be defective and resulted in a serious accident, the suspension of our customers' manufacturing operations, or a product recall, we could incur significant expenses, or lose public confidence, any of which could result in a material adverse effect on our operating results and financial status.

15. Information management risk

Through the course of our business operations, we obtain large amounts of important information, including personal information. While we maintain information security policies that prevent the undesired disclosure as well as unintended use of information, a security breach could occur due to unforeseen circumstances. Addressing such an incident could incur huge losses and expose us to the risk of losing public confidence.

Consolidated Balance Sheets

As of March 31, 2016 and 2015

Assets	2016	2015
	Millions of yen	
Current Assets:		
Cash and cash equivalents	¥ 29,142	¥ 36,138
Time deposits	10,453	9,190
Notes and accounts receivable:		
Trade	92,275	110,519
Other	2,775	3,279
	95,050	113,798
Allowance for doubtful receivables	(180)	(176)
Total notes and accounts receivable	94,870	113,622
Inventories (Note 2-e)	103,011	92,162
Deferred tax assets (Note 9)	4,016	3,632
Prepaid expenses and other current assets (Note 2-g)	8,328	10,441
Total current assets	249,820	265,185
Tangible Fixed Assets (Note 6)**:**		
Land	25,573	26,586
Buildings and structures (Note 4)	146,447	149,865
Machinery and transportation equipment	312,226	329,877
Tools, furniture and fixtures	51,198	55,742
Leased assets	367	882
Construction in progress	6,250	9,036
	542,061	571,988
Accumulated depreciation	(364,068)	(379,390)
Total tangible fixed assets	177,993	192,598
Intangible Fixed Assets:		
Goodwill (Note 2-k)	5,721	6,539
Other	7,184	5,613
Total intangible fixed assets	12,905	12,152
Investments and Other Assets:		
Investments in non-consolidated subsidiaries and affiliates	1,602	2,215
Investment securities (Note 2-g)	7,159	8,715
Long-term loans receivable	241	330
Deferred tax assets (Note 9)	7,644	6,666
Other	2,077	2,893
	18,723	20,819
Allowance for doubtful receivables	(22)	(735)
Total investments and other assets	18,701	20,084
Deferred Charges	9	24
Total Assets	¥ 459,428	¥ 490,043

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

Liabilities and Net Assets	**2016**	2015
	Millions of yen	
Current Liabilities:		
Short-term debt (Note 4)	**¥ 66,166**	¥ 46,657
Current portion of long-term debt (Note 4)	**31,179**	20,100
Notes and accounts payable:		
Trade	**35,807**	59,906
Other	**9,056**	10,578
Total notes and accounts payable	**44,863**	70,484
Income taxes payable (Note 9)	**5,385**	8,220
Lease obligations (Note 4)	**65**	172
Accrued expenses and other current liabilities (Note 9)	**17,767**	21,987
Total current liabilities	**165,425**	167,620
Long-term Liabilities:		
Long-term debt (Note 4)	**39,766**	71,706
Lease obligations (Note 4)	**45**	205
Net defined benefit liability (Note 2-h)	**13,247**	12,975
Other (Note 9)	**2,972**	3,858
Total long-term liabilities	**56,030**	88,744
Total liabilities	**221,455**	256,364
Contingent Liabilities (Note 20)		
Net Assets (Note 14)**:**		
Shareholders' equity:		
Common stock		
Authorized: 1,000,000,000 shares		
Issued: March 31, 2016—399,167,695 shares		
March 31, 2015—399,167,695 shares	**68,259**	68,259
Capital surplus	**95,772**	95,238
Retained earnings	**125,133**	94,731
Treasury stock	**(9,250)**	(9,407)
Total shareholders' equity	**279,914**	248,821
Accumulated other comprehensive income:		
Differences on revaluation of available-for-sale securities	**589**	1,677
Deferred gains or losses on hedges	**283**	(2)
Foreign currency translation adjustments	**(47,390)**	(21,145)
Remeasurements of defined benefit plans (Note 2-h)	**(2,611)**	(3,213)
Total accumulated other comprehensive income	**(49,129)**	(22,683)
Stock acquisition rights (Note 15)	**130**	128
Non-controlling interests	**7,058**	7,413
Total net assets	**237,973**	233,679
Total Liabilities and Net Assets	**¥459,428**	¥490,043

Consolidated Statements of Income

Years ended March 31, 2016, 2015 and 2014

			Millions of yen
	2016	2015	2014
Net Sales	**¥609,814**	¥500,676	¥371,543
Cost of Sales (Note 13)	**486,671**	380,585	285,768
Gross profit	**123,143**	120,091	85,775
Selling, General and Administrative Expenses (Notes 2-k and 13)	**71,705**	59,990	53,576
Operating income	**51,438**	60,101	32,199
Other Income (Expenses):			
Interest income	**533**	576	554
Equity in net income (loss) of affiliates	**(21)**	15	(777)
Interest expenses	**(1,169)**	(1,504)	(2,139)
Investigation related expenses	**(179)**	(549)	(774)
Foreign currency exchange gains (losses)	**(3,113)**	1,076	(432)
Gains (losses) on sales and disposals of fixed assets	**(100)**	(392)	(154)
Gains on sales of investment securities (Note 2-g)	**—**	—	54
Gains (losses) on sales of investments in subsidiaries and affiliates	**—**	(1,097)	1,230
Gains on liquidation of affiliates	**84**	—	—
Insurance income (Note 5)	**3,337**	50	329
Impairment losses (Note 6)	**(6)**	(78)	(976)
Amortization of goodwill (Note 2-k)	**—**	—	(300)
Losses on disaster (Note 7)	**(137)**	(5)	(548)
Loss for after-care of products	**(356)**	(398)	(75)
Provision for environmental remediation expenses	**(568)**	(82)	(63)
Business restructuring losses (Notes 6 and 8)	**(515)**	(1,111)	(750)
Losses on settlement of retirement benefit plan (Note 2-h)	**(1,465)**	(3,115)	—
Loss related to Anti-Monopoly Act (Note 3)	**(18)**	(2,137)	—
Other—net	**(782)**	423	(567)
	(4,475)	(8,328)	(5,388)
Income before Income Taxes	**46,963**	51,773	26,811
Income Taxes (Note 9)**:**			
Current (including enterprise tax)	**12,757**	11,977	4,609
Deferred	**(2,392)**	315	1,825
	10,365	12,292	6,434
Net Income	**¥ 36,598**	¥ 39,481	¥ 20,377
Net income attributable to:			
Owners of the parent	**36,386**	39,887	20,878
Non-controlling interests	**212**	(406)	(501)

			Yen
Per Share Data (Note 17)**:**			
Net income:			
Basic	**¥97.26**	¥106.73	¥55.94
Diluted	**92.35**	101.32	53.14
Cash dividends applicable to the year	**20.00**	12.00	8.00

Consolidated Statements of Comprehensive Income

Years ended March 31, 2016, 2015 and 2014

			Millions of yen
	2016	2015	2014
Net Income	**¥ 36,598**	¥39,481	¥20,377
Other Comprehensive Income (Note 16)**:**			
Differences on revaluation of available-for-sale securities	**(1,048)**	515	65
Deferred gains or losses on hedges	**285**	5	(1)
Foreign currency translation adjustments	**(26,704)**	31,899	10,341
Unfunded retirement benefit obligations of foreign subsidiaries	**—**	—	1,040
Remeasurements of defined benefit plans (Note 2-h)	**602**	524	—
Share of other comprehensive income of associates accounted for using equity method	**(137)**	(44)	152
Total other comprehensive income	**(27,002)**	32,899	11,597
Total Comprehensive Income	**¥ 9,596**	¥72,380	¥31,974
Comprehensive income attributable to:			
Owners of the parent	**9,940**	72,161	31,261
Non-controlling interests	**(344)**	219	713

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, 2016, 2015 and 2014

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 attributable to owners of the parent	—	—	20,878	—	20,878
Purchase of treasury stock	—	—	—	(262)	(262)
Disposal of treasury stock	—	118	—	279	397
Changes (net) in non-shareholders' 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	Non-controlling interests	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 attributable to owners of the parent	—	—	—	—	—	—	—	—	20,878
Purchase of treasury stock	—	—	—	—	—	—	—	—	(262)
Disposal of treasury stock	—	—	—	—	—	—	—	—	397
Changes (net) in non-shareholders' 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

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2014	¥68,259	¥94,875	¥59,190	¥(9,505)	¥212,819
Cumulative effects of changes in accounting policies	—	—	(237)	—	(237)
Restated balance at April 1, 2014	68,259	94,875	58,953	(9,505)	212,582
Changes during the period					
Cash dividend from retained earnings	—	—	(4,109)	—	(4,109)
Net income attributable to owners of the parent	—	—	39,887	—	39,887
Purchase of treasury stock	—	—	—	(22)	(22)
Disposal of treasury stock	—	363	—	120	483
Changes (net) in non-shareholders' equity items	—	—	—	—	—
Total changes during the period	—	363	35,778	98	36,239
Balance at March 31, 2015	¥68,259	¥95,238	¥94,731	¥(9,407)	¥248,821

	Accumulated other comprehensive income							
	Differences on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription right to shares	Non-controlling interests	Total net assets
Balance at April 1, 2014	¥1,154	¥(7)	¥(52,366)	¥(3,737)	¥(54,956)	¥117	¥5,483	¥163,463
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	(237)
Restated balance at April 1, 2014	1,154	(7)	(52,366)	(3,737)	(54,956)	117	5,483	163,226
Changes during the period								
Cash dividend from retained earnings	—	—	—	—	—	—	—	(4,109)
Net income attributable to owners of the parent	—	—	—	—	—	—	—	39,887
Purchase of treasury stock	—	—	—	—	—	—	—	(22)
Disposal of treasury stock	—	—	—	—	—	—	—	483
Changes (net) in non-shareholders' equity items	523	5	31,221	524	32,273	11	1,930	34,214
Total changes during the period	523	5	31,221	524	32,273	11	1,930	70,453
Balance at March 31, 2015	¥1,677	¥(2)	¥(21,145)	¥(3,213)	¥(22,683)	¥128	¥7,413	¥233,679

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2015	**¥68,259**	**¥95,238**	**¥ 94,731**	**¥(9,407)**	**¥248,821**
Changes during the period					
Cash dividend from retained earnings	**—**	**—**	**(5,984)**	**—**	**(5,984)**
Net income attributable to owners of the parent	**—**	**—**	**36,386**	**—**	**36,386**
Purchase of treasury stock	**—**	**—**	**—**	**(9)**	**(9)**
Disposal of treasury stock	**—**	**534**	**—**	**166**	**700**
Changes (net) in non-shareholders' equity items	**—**	**—**	**—**	**—**	**—**
Total changes during the period	**—**	**534**	**30,402**	**157**	**31,093**
Balance at March 31, 2016	**¥68,259**	**¥95,772**	**¥125,133**	**¥(9,250)**	**¥279,914**

	Accumulated other comprehensive income							
	Differences on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription right to shares	Non-controlling interests	Total net assets
Balance at April 1, 2015	**¥ 1,677**	**¥ (2)**	**¥(21,145)**	**¥(3,213)**	**¥(22,683)**	**¥128**	**¥7,413**	**¥233,679**
Changes during the period								
Cash dividend from retained earnings	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(5,984)**
Net income attributable to owners of the parent	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**36,386**
Purchase of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(9)**
Disposal of treasury stock	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**700**
Changes (net) in non-shareholders' equity items	**(1,088)**	**285**	**(26,245)**	**602**	**(26,446)**	**2**	**(355)**	**(26,799)**
Total changes during the period	**(1,088)**	**285**	**(26,245)**	**602**	**(26,446)**	**2**	**(355)**	**4,294**
Balance at March 31, 2016	**¥ 589**	**¥283**	**¥(47,390)**	**¥(2,611)**	**¥(49,129)**	**¥130**	**¥7,058**	**¥237,973**

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

Consolidated Statements of Cash Flows

Years ended March 31, 2016, 2015 and 2014

			Millions of yen
	2016	2015	2014
Cash Flows from Operating Activities:			
Income before income taxes	**¥ 46,963**	¥ 51,773	¥ 26,811
Depreciation and amortization	**34,788**	28,776	23,740
Impairment losses (Note 6)	**21**	109	1,108
Amortization of goodwill (Note 2-k)	**970**	583	918
Losses on disaster (Note 7)	**137**	5	—
Equity in net (gains) losses of affiliates	**21**	(15)	777
Losses on settlement of retirement benefit plan (Note 2-h)	**1,465**	3,115	—
Loss related to Anti-Monopoly Act (Note 3)	**18**	2,137	—
Insurance income (Note 5)	**(3,337)**	(50)	(329)
Interest and dividend income	**(708)**	(779)	(748)
Interest expense	**1,169**	1,504	2,139
Losses on sales and disposals of fixed assets	**100**	392	154
Gains on sales of investment securities (Note 2-g)	**—**	—	(54)
(Gains) losses on sales of investments in subsidiaries and affiliates	**—**	1,097	(1,230)
Gains on liquidation of affliates	**(84)**	—	—
(Increase) decrease in notes and accounts receivables–trade	**11,176**	(24,322)	(8,039)
(Increase) decrease in inventories	**(21,119)**	(18,431)	(1,140)
Increase (decrease) in notes and accounts payable–trade	**(19,019)**	23,979	9,425
Increase (decrease) in warranty provision	**(43)**	346	—
Increase (decrease) in provision for business restructuring losses	**(360)**	247	(221)
Other	**6,699**	(2,087)	(1,008)
Subtotal	**58,857**	68,379	52,303
Interest and dividends received	**684**	756	725
Interest paid	**(1,158)**	(1,499)	(2,122)
Income taxes paid	**(15,764)**	(7,801)	(2,758)
Income tax refund	**223**	28	612
Payments related to Anti-Monopoly Act	**(2,164)**	—	—
Proceeds from insurance income	**2,904**	—	413
Net cash provided by operating activities	**43,582**	59,863	49,173
Cash Flows from Investing Activities:			
Transfers to time deposits	**(16,419)**	(10,227)	(15,637)
Proceeds from withdrawals from time deposits	**14,019**	11,691	12,737
Payments for purchases of securities	**—**	(100)	(459)
Proceeds from sales of securities	**34**	204	283
Payments for purchases of tangible fixed assets	**(40,136)**	(34,979)	(18,343)
Proceeds from sales of tangible fixed assets	**665**	600	952
Payments for purchases of intangible fixed assets	**(2,244)**	(2,577)	(860)
Payments for purchases of investment securities	**(1,650)**	(454)	(604)
Proceeds from sales of investment securities	**38**	69	162
Proceeds from redemption of investment securities	**1,438**	1,102	—
Payments for purchase of investments in subsidiaries resultimg in change in scope of consolidation (Note 18)	**(258)**	(2,171)	(1,888)
Proceeds from sales of investments in shares of subsidiaries resulting in change in scope of consolidation (Note 18)	**—**	1,262	—
Payments for acquisition of shares in subsidiaries	**—**	(400)	—
Payments for acquisition of shares in affiliates	**—**	(393)	(615)
Proceeds from sales of shares in affiliates	**—**	1,315	—
Payments for loans provided	**(216)**	(125)	(328)
Proceeds from collection of loans receivables	**116**	198	94
Other	**(29)**	(341)	(451)
Net cash used in investing activities	**(44,642)**	(35,326)	(24,957)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term debt	**22,109**	(7,843)	(17,568)
Proceeds from long-term debt	**—**	7,850	15,000
Repayment of long-term debt	**(20,897)**	(15,765)	(19,912)
Cash dividends paid	**(5,984)**	(4,109)	(2,613)
Payments for purchases of treasury stock	**(9)**	(22)	(262)
Proceeds from disposals of treasury stock	**700**	474	392
Repayment of lease obligations	**(119)**	(212)	(270)
Other	**—**	0	0
Net cash used in financing activities	**(4,200)**	(19,627)	(25,233)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,736)**	2,197	2,123
Net (Decrease) Increase in Cash and Cash Equivalents	**(6,996)**	7,107	1,106
Cash and Cash Equivalents at Beginning of Year	**36,138**	29,031	28,223
Decrease in Cash and Cash Equivalents from Change in Scope of Consolidation	**—**	—	(298)
Cash and Cash Equivalents at End of Year	**¥ 29,142**	¥ 36,138	¥ 29,031

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 70 affiliated companies (68 consolidated subsidiaries, 2 equity method affiliates). All significant intercompany balances, intercompany transactions and unrealized profits have been eliminated in consolidation. The Company also has 7 non-consolidated subsidiaries.

During the year ended March 31, 2016, two consolidated subsidiaries were established, additional shares of one consolidated subsidiary was acquired, one non-consolidated subsidiary was included in the scope of consolidation and two consolidated subsidiaries were liquidated.

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 the consolidated financial statements. shares), etc. have no 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 non-controlling 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 measured at the lower of cost or market. Cost is determined primarily by the moving average method.

Inventories as of March 31, 2016 and 2015, comprised the following:

Inventories

	Millions of yen	
	2016	2015
Merchandise and finished goods	**¥ 49,399**	¥46,998
Work in process	**29,874**	22,620
Raw materials	**18,799**	17,381
Supplies	**4,939**	5,163
	¥103,011	¥92,162

f) Tangible fixed assets

Tangible fixed assets are measured 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. For the depreciation of buildings, however, the straight-line method is adopted. 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. The declining-balance method is adopted for certain machinery and equipment used for the manufacture of LED backlights for LCDs.

Maintenance and normal repair expenses are charged against income when incurred, while significant renewals and improvements are capitalized.

(Change in accounting policy which is difficult to distinguish from the change in accounting estimates)

The Company and its consolidated domestic subsidiaries adopted the declining balance method primarily for the depreciation method of buildings; however the straight-line method is adopted from the year ended March 31, 2016.

Having reviewed the depreciation method on recent occasions such as acquisition of the Headquarters building, and construction of the Matsuida Plant as well as the Kashiwazaki Plant, the Company concluded that such buildings are to be used stably for a long-period of time, irrespective of the profitability and operational situation of the facilities so that the benefits of utilization shall be realized in proportion to the lapse of time, therefore the straight-line method better reflects the current economic situation of the Company.

Due to the change, depreciation decreased, while operating income and income before income taxes increased ¥353 million, respectively, in the year ended March 31, 2016.

(Change in accounting estimates)

After a comprehensive review seeking to better reflect the product life cycle of certain machinery used for manufacturing LED backlights for LCDs products, certain consolidated subsidiaries changed their useful lives from 5 to 10 years to 2 years from the year ended March 31, 2015.

This resulted in an increase in depreciation and decrease of ¥2,013 million in operating income and income before income taxes, respectively, in the year ended March 31, 2015.

g) Investment securities

Investment securities mainly consist of equity securities of listed and unlisted companies and government and corporate bonds. Available-for-sale securities held by the Company and its domestic and foreign consolidated subsidiaries with readily determinable fair value are measured at the closing quoted market price on March 31, 2016 and 2015. Resulting valuation gains and loss are included, net of deferred taxes, in net assets in the consolidated balance sheets.The costs for securities sold is calculated using the moving average method. Those securities for which fair value is not readily determinable are measured at cost, as determined by the moving average method.

Available-for-sale securities

Millions of yen

	2016			2015		
	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	**¥3,002**	**¥2,344**	**¥658**	¥4,381	¥2,343	¥2,038
Bonds	**4,375**	**4,354**	**21**	4,457	4,439	18
Other	**—**	**—**	**—**	34	33	1
Securities for which reported amounts in the balance sheet do not exceed acquisition cost						
Equity securities	**2**	**3**	**(1)**	2	3	(1)
Other	**23**	**31**	**(8)**	26	33	(7)
Total	**¥7,402**	**¥6,732**	**¥670**	¥8,900	¥6,851	¥2,049

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, 2016 and 2015 are ¥1,302 million and ¥1,302 million, respectively.

Available-for-sale securities sold during each fiscal year

Millions of yen

	2016			2015			2014		
	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	**¥ 38**	**¥—**	**¥—**	¥1,069	¥—	¥—	¥ 162	¥54	¥—
Bonds	**1,438**	**—**	**—**	102	—	—	—	—	—
Other	**277**	**—**	**—**	767	—	—	1,095	—	—
Total	**¥1,753**	**¥—**	**¥—**	¥1,938	¥—	¥—	¥1,257	¥54	¥—

Notes: 1. Amount of sale in equity securities for the year ended March 31, 2015 include redemption of preferred shares of ¥1,000 million.
2. Amount of sale in bonds for years ended March 31, 2016 and 2015, include redemption due to maturity of ¥1,438 million, and ¥102 million, respectively.

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 funed and unfunded defined benefit pension plans or defined contribution pension plans.

In the years ended March 31, 2016 and 2015, the benefit formula basis is used to attribute expected retirement benefits to each period.

In the year ended March 31, 2014, the straight-line basis is used by the Company and consolidated domestic subsidiaries, and the benefit formula is used by consolidated foreign subsidiaries to attribute expected retirement benefits to each period.

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, after adjusting for tax effects.

(Change of accounting policy)
From the year ended March 31, 2015, the Company adopted the provisions set forth in paragraph 35 of the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, issued on May 17, 2012) and paragraph 67 of the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, revised on March 26, 2015). Accordingly, the method used to calculate retirement benefit obligations and service costs has been revised, and the method to attribute expected retirement benefits to each period has been changed from the straight-line basis to the benefit formula basis. Additionally the method for determining the discount rate has been changed from a single discount rate based on the average number of years approximating the residual terms of all employees, to multiple discount rates based on the expected benefit payments attributed to periods of service of relevant employees.

In accordance with the transitional accounting as stipulated in paragraph 37 of the "Accounting Standard for Retirement Benefits," the effect of the changes in accounting policies arising from the revision of liabilities for retirement benefits and service costs is recognized as retained earnings at the beginning of the year ended March 31, 2015.

As a result of these adjustments, net defined benefit liability increased by ¥369 million, and retained earnings decreased by ¥237 million at the beginning of the year ended March 31, 2015. The effect of these adjustments on operating income and income before income taxes for the year ended March 31, 2015 is immaterial.

Net assets per share declined by ¥0.64. Impact on net income per share and diluted net income per share is immaterial.

Defined benefit plans

The movements of projected benefit obligations and plan assets for the years ended March 31, 2016, 2015 and 2014, and the reconciliation of year-end balance and net defined benefit liability as of March 31, 2016, 2015 and 2014, are as follows:

			Millions of yen
Movement of Projected Benefit Obligations	**2016**	2015	2014
Projected benefit obligations at the beginning of the year	**¥44,836**	¥43,596	¥40,853
Cumulative effects of changes in accounting policies	**—**	369	—
Restated balance at the beginning of the year	**44,836**	43,965	40,853
Service cost	**1,624**	1,517	1,397
Interest cost	**933**	1,384	1,243
Actuarial loss (gain)	**737**	4,421	(764)
Benefits paid	**(1,379)**	(943)	(1,242)
Past service cost (benefit)	**(3)**	(7)	(15)
(Partial) settlement	**(3,699)**	(9,338)	—
Acquisition	**—**	1,213	—
Foreign currency translation adjustments	**(1,928)**	2,799	2,399
Others	**(306)**	(175)	(275)
Projected benefit obligations at the end of the year	**¥40,815**	¥44,836	¥43,596

			Millions of yen
Movement of Plan Assets	**2016**	2015	2014
Plan assets at the beginning of the year	**¥31,861**	¥34,746	¥28,752
Expected return on plan assets	**900**	1,483	1,209
Actuarial gain (loss)	**(1,167)**	1,596	1,135
Contributions paid by the employer	**1,874**	2,593	3,204
Benefits paid	**(1,164)**	(858)	(1,119)
(Partial) settlement	**(3,699)**	(9,338)	—
Foreign currency translation adjustments	**(730)**	1,794	1,776
Others	**(307)**	(155)	(211)
Plan assets at the end of the year	**¥27,568**	¥31,861	¥34,746

Net Defined Benefit Liability	**2016**	2015	2014
			Millions of yen
Funded projected benefit obligations	**¥32,548**	¥36,271	¥37,736
Plan assets	**(27,568)**	(31,861)	(34,746)
	4,980	4,410	2,990
Unfunded projected benefit obligations	**8,267**	8,565	5,860
Total net liability in the consolidated balance sheet	**13,247**	12,975	8,850
Net defined benefit liability	**13,247**	12,975	8,850
Total net liability in the consolidated balance sheet	**¥13,247**	¥12,975	¥ 8,850

The components of retirement benefit costs for the years ended March 31, 2016, 2015 and 2014 are as follows:

Retirement Benefit Costs	**2016**	2015	2014
			Millions of yen
Service cost	**¥1,624**	¥1,517	¥1,397
Interest cost	**933**	1,384	1,243
Expected return on assets	**(900)**	(1,483)	(1,209)
Amortization of actuarial losses	**1,018**	672	1,433
Amortization of past service costs	**328**	324	340
	3,003	2,414	3,204
Loss on settlement of retirement benefit plan	**1,465**	3,115	—
Retirement benefit costs related to defined benefit plans	**¥4,468**	¥5,529	¥3,204

In the years ended March 31, 2016 and 2015, settlement losses for settlement of a retirement benefit plan of consolidated subsidiaries in the U.S. were recognized.

The components of remeasurements of defined benefit plans for the years ended March 31, 2016 and 2015, (before tax) are as follows:

Remeasurements of Defined Benefit Plans	**2016**	2015
		Millions of yen
Past service cost	**¥ 331**	¥ 331
Actuarial (loss) gain	**(886)**	(2,153)
Loss on settlement of retirement benefit plan	**1,465**	3,115
Foreign currrency translation adjustments	**11**	(558)
Total	**¥ 921**	¥ 735

The components of remeasurements of defined benefit plans as of March 31, 2016, 2015 and 2014, (before tax) are as follows:

Remeasurements of Defined Benefit Plans	**2016**	2015	2014
			Millions of yen
Unrecognized past service cost	**¥ (662)**	¥ (993)	¥(1,324)
Unrecognized actuarial (loss) gain	**(2,848)**	(3,438)	(3,842)
Total	**¥(3,510)**	¥(4,431)	¥(5,166)

The breakdown of plan assets by major categories as of March 31, 2016, 2015 and 2014, are as follows:

Breakdown of Plan Assets	**2016**	2015	2014
Bonds	**47%**	44%	44%
Equity securities	**18**	22	27
Pooled funds	**17**	18	15
Assets insurance (General account)	**10**	8	7
Cash and cash equivalents	**1**	1	1
Other	**7**	7	6
Total	**100%**	100%	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 of the plan assets.

Assumptions used for calculation for the years ended March 31, 2016, 2015 and 2014, are as follows:

Assumptions Used for Calculation

	2016	2015	2014
Discount rate	**mainly 0.3%–5.5%**	mainly 0.9%–5.5%	mainly 1.1%–4.4%
Expected long-term rate of return on plan assets	**mainly 2.0%–6.5%**	mainly 2.0%–6.5%	mainly 2.0%–6.8%

Defined contribution plans
The amount of contribution to the defined contribution pension plans of the Company and its consolidated subsidiaries for the years end March 31, 2016, 2015 and 2014 were ¥1,176 million, ¥1,289 million, and ¥1,146 million, respectively.

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 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)
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. 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 anticipated transaction upon closing of forward exchange contracts in accordance with the risk management policy, and confirms that exchange rate and other fluctuations 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.

(Change in accounting policy)
The Company has previously adopted the allocation method to account for the forward exchange contracts for foreign currency-denominated receivables and payables. Following the change in the hedge policy, etc. adopted by the Company, the accounting method of hedge transactions has been changed to the general accounting method, aiming at more accurate presentation of the status of foreign currency-denominated receivables and payables as well as derivatives transactions.

This change has an insignificant effect on the financial results of the past accounting periods, and as such, no restatements have been made for the past accounting periods.

In addition, the effect of the change on the profit and loss for the year ended March 31, 2016 is insignificant.

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, 2016, 2015 and 2014, were ¥970 million, ¥582 million and ¥618 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.

l) Adoption of 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) and others have been applied effective from the year ended March 31, 2016. As a result, any change resulting from the Company's ownership interests in its subsidiary when the Company retains control over the subsidiary is accounted for as capital surplus, and acquisition related costs are expensed in the year in which the costs are incurred. For any business combinations on or after the beginning of the year ended March 31, 2016, subsequent measurement of the provisional amount recognized based on the purchase price allocation due to the completion of accounting for the business combination are reflected in the consolidated financial statements for the fiscal year to which the date of that business combination occurs. In addition, the presentation method of net income was amended as well as "minority interests" to "non-controlling interests." To reflect these changes in presentation, adjustments have been made to the consolidated financial statements for the previous years presented herein.

In the consolidated statements of cash flows for the current fiscal year, cash flows from acquisition related costs of investments in subsidiaries resulting in change in scope of consolidation are included in cash flows from operating activities.

The aforementioned accounting standards are adopted as of April 1, 2015 and thereafter, according to the transitional treatment provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Consolidated Accounting Standard and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, operating income and income before income taxes for the year ended March 31, 2016 decreased ¥304 million, respectively.

In addition, net income per share and diluted net income per share for the year ended March 31, 2016 decreased ¥0.81 and ¥0.77, respectively.

m) Reclassifications

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

3. Additional Information

a) Investigations by Korean, U.S. and Singaporean competition authorities

As it has been reported earlier, some of our consolidated subsidiaries have been investigated by Korean, U.S., and Singapore competition authorities for the alleged infringement of competition laws in the respective countries related to the trading of small-sized ball bearing products, etc.

In Korea, the Korea Fair Trade Commission (KFTC) issued an order for corrective action to the Company and its Korean subsidiary in November 2014 for violating the Monopoly Regulation and Fair Trade Act (a competition law) in connection with the trading of small-sized ball bearings in Korea. KFTC imposed a surcharge amounting to 4,912 million won (¥527 million) on the Company, and the Company has fully paid the surcharge in the year ended March 31, 2016.

In relation to the order issued by KFTC, the Seoul Central District Prosecutor's Office brought a charge as of September 11, 2015 against the two companies concerning the violation of the Korea Fair Trade Law (competition law). The Seoul Central District Court issued the ruling on October 30, 2015 that the Company and its Korean subsidiary were sentenced to a fine of 100 million won (¥10 million) and a fine of 70 million won (¥7 million), respectively. The amount of fines has been paid in full.

In the U. S., the Company reached an agreement in February 2015 with the U.S. Department of Justice and pleaded guilty to violating U.S. antitrust laws concerning the sale of certain small-sized ball bearing products. The fine had totalled $13.5 million (¥1,610 million), and as a result, the Company has paid the said amount in full in the year ended March 31, 2016.

A class action suit in relation to the investigations of these cases has been brought in Canada against the Company and its subsidiaries.

However, the Company can neither reasonably project the amount of said losses arising from surcharges, etc. depending on the outcome of the lawsuit mentioned above at this time nor predict whether they will affect the Company's operating performance or financial position.

Please refer to note "23. Subsequent Events" in regards to the investigations made by competition authority in Singapore against the Company and its subsidiary.

b) Execution of business integration agreement and share exchange agreement in connection with business integration of the Company and MITSUMI ELECTRIC CO., LTD.

The Company concluded an agreement for business integration (the "Business Integration") and an agreement for share exchange (the "Share Exchange") with MITSUMI ELECTRIC CO., LTD. ("MITSUMI," the Company and MITSUMI hereinafter collectively the "Two Companies") based the resolution of the Meeting of the Board of Directors of the Company held on March 30, 2016.

Purpose of the Business Integration

Through the Business Integration, the Two Companies will aim to become a genuine solutions company by realizing synergies of integration described below, and will further improve their corporate value as an electro mechanics solutions company.

(i) Growth and evolution of business portfolio
(ii) Enhancement of cost competitiveness and capacity to generate cash flow by optimizing manufacturing structure and bases
(iii) Enhancement of development capabilities and provision of solutions

Method of the Business Integration

Share exchange with the Company becoming as the wholly-owning parent company and MITSUMI as the wholly-owned subsidiary

Outline of the Share Exchange

(i) Schedule of the Share Exchange

Execution of the Business Integration agreement and the Share Exchange agreement (Two Companies)	March 30, 2016
Extraordinary general meeting of shareholders to approve the Share Exchange agreement (MITSUMI)	December 27, 2016 (planned)
Effective date of the Share Exchange	March 17, 2017 (planned)

The above schedule is currently anticipated. If there is any change to the schedule due to filings with the Fair Trade Commission or other relevant Japanese or foreign authorities, obtaining of permits and approvals, or other reasons during the course of procedures and discussions over the Business Integration, the Two Companies will announce such change promptly. The Share Exchange is a short-form share exchange for the Company and is expected to be conducted without obtaining the approval of shareholders of The Company at its general meeting of shareholders.

(ii) Details of allotment in the Share Exchange

	The Company	MITSUMI
The share exchange ratio for the Share Exchange	1	0.59
Number of shares to be delivered in the Share Exchange	Common stock of the Company: 47,913,630 shares (planned)	

Notes: 1. Share allotment ratio
0.59 shares of common stock of the Company will be allotted and delivered for each share of MITSUMI common stock.
2. Number of shares to be delivered through the Share Exchange
Common stock of the Company: 47,913,630 shares (planned)
The above number of shares of common stock has been calculated based on the total number of issued and outstanding shares (87,498,119 shares) of common stock and the number of treasury stock (6,288,575 shares) of MITSUMI as of December 31, 2015.
The shares to be delivered will comprise treasury stock held by The Company and newly issued shares.

(iii) Treatment of bonds with stock acquisition rights in connection with the Share Exchange

With respect to the stock acquisition rights accompanying the Euro-Yen Denominated Convertible Bonds with Stock Acquisition Rights due 2022 issued by MITSUMI, the Company will allot and deliver to the holders of such stock acquisition rights the stock acquisition rights of the Company to replace the stock acquisition rights of MITSUMI according to the terms of the stock acquisition rights and the share exchange ratio, and the Company will assume and succeed to all of MITSUMI's obligations under the bonds with stock acquisition rights.

Basis for the share exchange ratio for the Share Exchange

In the calculation of the share exchange ratio, the Company appointed Nomura Securities Co., Ltd. ("Nomura Securities") as a third-party calculation institution and Mori Hamada & Matsumoto as a legal advisor, and MITSUMI appointed Daiwa Securities Co., Ltd. ("Daiwa Securities") as a third-party calculation institution and Anderson Mōri & Tomotsune as a legal advisor.

Nomura Securities conducted an analysis using an average market price analysis, a comparable company analysis and the discount cash flow analysis (the "DCF Analysis") with regard to the Company and using an average market price analysis and the DCF Analysis with regard to MITSUMI, and calculated the share exchange ratio, comprehensively taking into account results of the analysis.

Daiwa Securities conducted an analysis using a market price analysis, a comparable company analysis and the DCF Analysis with regard to the both companies, and calculated the share exchange ratio, comprehensively taking into account results of the analysis.

The share exchange ratio was determined through discussions between the parties and by reference to the results of calculation and the legal advice of their legal advisors.

4. Short-Term and Long-Term Debt

Short-term debt consists of short-term loans from banks, principally due in 30 to 180 days. The weighted average interest rates of short-term loans as of March 31, 2016 and 2015 are 0.72% and 0.85%, respectively.

Short-term debt as of March 31, 2016 and 2015, consists of the following:

	Millions of yen	
	2016	2015
Short-term loans	**¥66,166**	¥46,657
Total	**¥66,166**	¥46,657

Long-term debt as of March 31, 2016 and 2015, consists of the following:

	Millions of yen	
	2016	2015
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
Loans from banks, etc.		
Years ended March 31		
2016—0.41% to 6.00%		
2015—0.42% to 6.00%	**53,245**	74,106
Lease obligations	**110**	377
	71,055	92,183
Less: current portion	**31,244**	20,272
	¥39,811	¥71,911

The aggregate annual maturities of long-term debt outstanding as of March 31, 2016, are as follows:

	Millions of yen
2017	**¥31,244**
2018	**14,807**
2019	**20,294**
2020	**4,531**
2021 and thereafter	**179**
	¥71,055

Pledged assets and liabilities

Assets pledged as collateral as of March 31, 2016 and 2015 are as follows:

	Millions of yen	
	2016	2015
Buildings and structures	**¥661**	¥696

The above assets are pledged for the following liabilities as of March 31, 2016 and 2015:

	Millions of yen	
	2016	2015
Current portion of long-term debt	**¥134**	¥ —
Long-term debt	**716**	850

5. Insurance income

In the year ended March 31, 2016, insurance payments received totaling ¥2,803 million, carried by the insurance policies that cover the damages and costs including lost earnings caused by the large-scale floods which occurred in Thailand in October 2011, and insurance payments money received totaling ¥534 million, due to the determination of the insurance amount paid to cover the damages and losses associated with the factory explosion at our consolidated subsidiary in the U.S. in February 2014, were recognized.

6. Impairment of Fixed Assets

The asset groups for which the Company and its consolidated subsidiaries recognized impairment losses for the years ended March 31, 2016, 2015 and 2014, are as follows:

Overview of asset groups for which impairment losses were recognized

			Millions of yen		
Use	*Business/location*	*Type of assets*	**2016**	2015	2014
Idle assets	2 facilities, which are former Ichinoseki Plant and former Kanegasaki Plant (Ichinoseki City, Iwate Prefecture and others)	Land	**¥ 6**	¥ 11	¥ 12
		Total	**6**	11	12
Welfare assets	Company houses and dormitories (Ota Ward, Tokyo)	Buildings and structures	**—**	67	—
		Tools, furniture and fixtures	**—**	0	—
		Total	**—**	67	—
Operational assets	Fan motor business (Shanghai, China and others)	Machinery and transportation equipment	**—**	—	964
		Total	**—**	—	964
	Inverter business (Lopburi, Thailand)	Buildings and structures	**—**	—	0
		Machinery and transportation equipment	**—**	—	93
		Tools, furniture and fixtures	**—**	—	0
		Total	**—**	—	93
	Small-sized motor business (South Korea and others)	Machinery and transportation equipment	**—**	—	32
		Tools, furniture and fixtures	**—**	—	5
		Software	**15**	31	—
		Total	**15**	31	37
	Speaker business (Taiwan and others)	Buildings and structures	**—**	—	1
		Software	**—**	—	1
		Total	**—**	—	2
Total			**¥21**	¥109	¥1,108

Asset grouping method

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

Reason for impairment loses having been recognized

The idle assets (land) for which impairment losses were recognized for the years ended March 31, 2016, 2015 and 2014 do not have an effective utilization plan, and their land prices dropped significantly.

In the year ended March 31, 2015, impairment losses were recognized for welfare assets (buildings and structures, tools, furniture and fixtures) as it was desided to rebuild the building.

Regarding operational assets (buildings and structures, machinery and equipment, and tools, furniture and fixtures, and software), impairment losses were recognized, as they were no longer expected to be used, or their future cash flows were below book values of the asset groups, due to decreases in profit-ability, downsizing of business, or decrease in utilization resulting from deterioration in business environment, etc., and reduced to their recoverable amount based on value in use.

In the year ended March 31, 2016, ¥15 million (for the small motor business) was included in “Business restructuring losses.”

In the year ended March 31, 2015, ¥31 million (for the small motor business) was included in “Business restructuring losses.”

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.”

Calculation method of recoverable amounts

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

The entire book value of the welfare assets are recorded as an impairment loss since it was decided to demolish the existing facilities.

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 since it is no expected to use the assets in the future, or as no positive future cash flows were expected.

7. 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.

8. Business restructuring losses

In the year ended March 31, 2016, losses of ¥264 million incurred by the personnel reduction in the consolidated subsidiaries in the U.S., losses of ¥205 million incurred by the rationalization of small-sized motor business, and other losses totaling ¥46 million were recognized.

In the year ended March 31, 2015, losses of ¥603 million incurred by the personnel reduction in the consolidated subsidiaries in the U.S., losses of ¥496 million incurred by the rationalization of small-sized motor business, and other losses totaling ¥12 million were recognized.

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 reduction at the 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.

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 33.1% for the year ended March 31, 2016, 35.6% for the year ended March 31, 2015, and 38.0% for the year ended March 31, 2014.

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 ¥10,763 million and ¥8,686 million as of March 31, 2016 and 2015, respectively, are included in the accompanying consolidated balance sheets and are composed of the following:

	Millions of yen	
Deferred Tax Assets	**2016**	2015
Excess of allowed limit chargeable to accrued bonuses	**¥ 1,261**	¥ 1,413
Net defined benefit liability	**2,626**	2,596
Loss on revaluation of investment securities	**495**	550
Unrealized gains on sales of inventories	**1,198**	1,170
Unrealized gains on sales of fixed assets	**442**	470
Excess of allowed limit chargeable to depreciation	**3,838**	3,270
Impairment losses	**126**	147
Tax loss carryforwards	**4,365**	5,530
Research credit carryforwards	**1,000**	689
Other	**3,774**	3,048
Subtotal	**19,125**	18,883
Valuation allowance	**(5,704)**	(6,839)
Total deferred tax assets	**¥13,421**	¥12,044

	Millions of yen	
Deferred Tax Liabilities	**2016**	2015
Depreciation allowed to foreign subsidiaries	**¥ 1,134**	¥1,319
Differences on revaluation of available-for-sale securities	**52**	384
Reserve for reduction entry	**991**	1,046
Other	**481**	609
Total deferred tax liabilities	**2,658**	3,358
Net deferred tax assets	**¥10,763**	¥8,686

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

	Millions of yen	
	2016	2015
Current assets—Deferred tax assets	**¥ 4,016**	¥3,632
Fixed assets—Deferred tax assets	**7,644**	6,666
Current liabilities—Other	**(5)**	(7)
Long-term liabilities—Other	**(892)**	(1,605)
Net deferred tax assets	**¥10,763**	¥8,686

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, 2016, 2015 and 2014, is shown below:

	2016	2015	2014
Statutory tax rate in Japan	**33.1%**	35.6%	38.0%
Adjustments:			
Amortization of goodwill	**0.7**	0.4	1.3
Difference of tax rates applied to foreign subsidiaries	**(9.6)**	(13.2)	(16.2)
Foreign tax credit carryforwards	**—**	—	3.7
Valuation allowance	**(2.4)**	(1.3)	(3.5)
Effect of dividend income eliminated for consolidation	**2.9**	3.6	6.0
Dividend income and other items not included for tax purposes	**(2.8)**	(3.5)	(5.8)
Entertainment cost and other items not deducted for tax purposes	**0.3**	0.3	0.5
Adjustments in year-end deferred tax assets due to tax rate changes	**0.3**	0.2	0.8
Differences in tax rates on special income tax for reconstruction	**—**	—	0.5
Compensation adjustments from mutual consultation	**0.7**	—	—
Loss related to Anti-Monopoly Act	**—**	1.5	—
Other	**(1.1)**	0.1	(1.3)
Effective income tax rate	**22.1%**	23.7%	24.0%

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

"The Act for Partial Revision of the Income Tax Act, etc." (Act No. 15 of 2016) and the Act on Partial Revision of the Local Tax Act, etc. (Act No. 13 of 2016) were enacted by the Diet on March 29, 2016, resulting in a reduction of the rates for income taxes used to calculate deferred tax assets and liabilities from the year beginning on or after April 1, 2016. With this revision, the effective statutory tax rate is changed from the previous rate of 33.1% or 32.3% to 30.9% for temporary differences expected to be reversed in the year beginning on April 1, 2016 and 2017, and to 30.6% for temporary difference expected to be reversed in the year beginning on April 1, 2018.

Consequently, the amount of deferred tax assets (net of deferred tax liabilities) as of March 31, 2016 has decreased by ¥159 million, while income taxes-deferred and difference on revaluation of available-for-sale securities have increased by ¥156 million and ¥2 million, respectively.

"The Act for Partial Revision of the Income Tax Act, etc." (Act No. 9 of 2015) and "The Act on Partial Revision of the Local Tax Act, etc."(Act No. 2 of 2015) were promulgated on March 31, 2015, resulting in a reduction of the rates for income taxes used to calculate deferred tax assets and liabilities from the year beginning on or after April 1, 2015. With this revision, the effective statutory tax rate is changed from the previous rate of 35.6% to 33.1% for temporary differences expected to be reversed in the year beginning on April 1, 2015 and to 32.3% for temporary difference expected to be reversed in the year beginning on April 1, 2016.

Consequently, the amount of deferred tax assets (net of deferred tax liabilities) as of March 31,2015 has decreased by ¥123 million, while income taxes-deferred has increased by the same amount.

10. Leases

Outstanding future lease payments for non-cancellable operating leases as of March 31, 2016 and 2015, are as follows:

	Millions of yen	
	2016	2015
Due within 1 year	**¥ 951**	¥ 687
Due after 1 year	**5,873**	5,467
Total	**¥6,824**	¥6,154

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 receivable are generally provided to clients.

Notes and accounts payable, which are trade payables, are mainly 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 from the balance sheet date. A part of these are exposed to the risk of interest rate fluctuations, but are hedged by derivative transactions (interest rate swap transactions).

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

Derivative transactions 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 (e.g. fluctuation risks in exchange rates and interest rates.)
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 wrap 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, 2016 and 2015 are as follows, which does not contain items whose fair value was extremely difficult to measure.

Millions of yen

	2016			2015		
	Reported amount in balance sheet	*Fair value*	*Difference*	*Reported amount in balance sheet*	*Fair value*	*Difference*
Cash and cash equivalents	**¥ 29,142**	**¥ 29,142**	**¥ —**	¥ 36,138	¥ 36,138	¥ —
Time deposits	**10,453**	**10,453**	**—**	9,190	9,190	—
Notes and accounts receivable—trade	**92,275**	**92,275**	**—**	110,519	110,519	—
Securities and investment securities	**8,507**	**8,477**	**(30)**	10,042	9,997	(45)
Long-term loans receivable	**241**	**235**	**(6)**	330	326	(4)
Total assets	**¥140,618**	**¥140,582**	**¥ (36)**	¥166,219	¥166,170	¥ (49)
Notes and accounts payable—trade	**35,807**	**35,807**	**—**	59,906	59,906	—
Short-term debt	**66,166**	**66,166**	**—**	46,657	46,657	—
Current portion of long-term debt	**31,179**	**31,347**	**168**	20,100	20,263	163
Long-term debt	**39,766**	**40,234**	**468**	71,706	72,104	398
Total liabilities	**¥172,918**	**¥173,554**	**¥636**	¥198,369	¥198,930	¥561
Derivative transactions*	**¥ 304**	**¥ 304**	**¥ —**	¥ 256	¥ 256	¥ —

* 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 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 and convertible-bond-type bonds payable with stock acquisition rights 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	
	2016	2015
	Reported amount in balance sheet	*Reported amount in balance sheet*
Unlisted stocks	**¥1,302**	¥1,302
Investments in subsidiaries	**406**	409
Investments in affiliates	**6**	579
Investments in capital of subsidiaries	**85**	85
Total	**¥1,799**	¥2,375

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			
	2016			
	Within 1 year	*Over 1 year Within 5 years*	*Over 5 years Within 10 years*	*Over 10 years*
Cash and cash equivalents	**¥ 29,142**	**¥ —**	**¥—**	**¥—**
Time deposits	**10,453**	**—**	**—**	**—**
Notes and accounts receivable–trade	**92,275**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities with maturities	**1,545**	**2,853**	**—**	**—**
Long-term loans receivable	**—**	**178**	**63**	**—**
Total	**¥133,415**	**¥3,031**	**¥63**	**¥—**

				Millions of yen
	2015			
	Within 1 year	*Over 1 year Within 5 years*	*Over 5 years Within 10 years*	*Over 10 years*
Cash and cash equivalents	¥ 36,138	¥ —	¥—	¥—
Time deposits	9,190	—	—	—
Notes and accounts receivable–trade	110,519	—	—	—
Securities and investment securities				
Available-for-sale securities with maturities	1,487	3,030	—	—
Long-term loans receivable	—	216	114	—
Total	¥157,334	¥3,246	¥114	¥—

Expected repayment and redemption for debt
Please refer to note “4. Short-Term and Long-Term Debt.”

12. Derivatives

Derivative transactions which hedge accounting is not applied as of March 31, 2016 and 2015, are as follows:

Currency related

Off market trading

				Millions of yen
	2016			
Type of transactions	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*	*Valuation gains and losses*
Forward exchange transaction				
Sell				
U.S. dollars	**¥46,801**	**¥—**	**¥272**	**¥272**
Euro	**3,972**	**—**	**(81)**	**(81)**
Sterling pounds	**59**	**—**	**(0)**	**(0)**
Japanese yen	**1,107**	**—**	**(17)**	**(17)**
Forward exchange transaction				
Buy				
U.S. dollars	**13,427**	**—**	**(226)**	**(226)**
Euro	**30**	**—**	**0**	**0**
Sterling pounds	**1**	**—**	**(0)**	**(0)**
Singapore dollars	**1,115**	**—**	**35**	**35**
Thai baht	**0**	**—**	**0**	**0**
Swiss fran	**1**	**—**	**(0)**	**(0)**
Chinese yuan	**69**	**—**	**(0)**	**(0)**
Japanese yen	**12,627**	**—**	**(6)**	**(6)**

Off market trading

				Millions of yen
	2015			
Type of transactions	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*	*Valuation gains and losses*
Forward exchange transaction				
Sell				
U.S. dollars	¥18,188	¥—	¥265	¥265
Euro	2,394	—	42	42
Japanese yen	1,420	—	8	8
Forward exchange transaction				
Buy				
Chinese yuan	380	—	0	0

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

Instruments related

Off market trading	Millions of yen 2016			
Type of transactions	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*	*Valuation gains and losses*
Swap transaction of copper prices				
Floating/fixed rate cash flow	**¥171**	**¥—**	**¥(5)**	**¥(5)**

Off market trading	Millions of yen 2015			
Type of transactions	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*	*Valuation gains and losses*
Swap transaction of copper prices				
Floating/fixed rate cash flow	¥305	¥—	¥(1)	¥(1)

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, 2016 and 2015, are as follows:

Currency related

Deferred hedge accounting		Millions of yen 2016		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		**¥27,112**	**¥8,110**	**¥339**
Euro		**1,729**	**—**	**(7)**
Japanese yen		**265**	**—**	**(0)**
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		**866**	**—**	**0**
Sterling pounds		**36**	**—**	**0**
Japanese yen		**143**	**—**	**(0)**

Deferred hedge accounting		Millions of yen 2015		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		¥8,434	¥—	¥(1)
Euro		791	—	(1)
Japanese yen		35	—	(0)
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		1,305	—	0
Euro		4	—	0
Singapore dollars		165	—	(0)
Japanese yen		1,216	—	(0)

Allocation method of forward exchange contracts

		Millions of yen		
		2015		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Short-term loans receivable			
Sell				
U.S. dollars		¥9,525	¥—	¥ (60)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		8,267	—	(104)
Euro		558	—	4
Sterling pounds		18	—	0
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		6,194	—	48

General accounting method

		Millions of yen		
		2015		
Type of transactions	*Major hedged items*	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*
Forward exchange transaction	Short-term loans receivable			
Sell				
Euro		¥ 251	¥—	¥ 1
Forward exchange transaction	Short-term loans payable			
Buy				
U.S. dollars		6,967	—	(39)
Japanese yen		13,746	—	(217)
Forward exchange transaction	Accounts receivable–trade			
Sell				
U.S. dollars		19,695	—	50
Euro		3,343	—	159
Sterling pounds		62	—	1
Japanese yen		861	—	18
Forward exchange transaction	Accounts payable–trade			
Buy				
U.S. dollars		5,826	—	(11)
Euro		106	—	(1)
Sterling pounds		14	—	0
Singapore dollars		1,041	—	(12)
Hong Kong dollars		108	—	(0)
Chinese yuan		35	—	(0)
Thai baht		0	—	0
Swiss franc		0	—	0
Japanese yen		1,212	—	(5)

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		
		2016		
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	**¥34,250**	**¥27,850**	**¥(437)**

Special accounting for interest rate swaps

		Millions of yen		
		2015		
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	¥52,850	¥34,250	¥(415)

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, 2016, 2015 and 2014, amounted to ¥9,681 million, ¥8,973 million and ¥8,561 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, 2016, retained earnings included year-end dividends of ¥3,744 million or ¥10 per share, which was approved at the ordinary general meeting of shareholders held on June 29, 2016.

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, 2016, 2015 and 2014, are as follows:

	Millions of yen		
	2016	2015	2014
Selling, general and administrative expenses (Share-based compensation expenses)	**¥8**	¥31	¥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.

	3rd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2014
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)	25,200 shares of common stock
Grant date	July 18, 2014
Vesting conditions	No vesting conditions have been prescribed.
Service period	—
Exercise period	From July 19, 2014 to July 17, 2044

Note: Numbers indicated are converted into number of shares.

Scale and changes in stock options

Stock options outstanding during the year ended March 31, 2016 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	3rd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2014
Before vesting (shares)			
At the end of previous year	—	—	**—**
Granted	—	—	**—**
Lapsed	—	—	**—**
Vested	—	—	**—**
Not vested	—	—	**—**
Vested (shares)			
At the end of previous year	25,000	35,000	**21,000**
Vested	—	—	**—**
Exercised	—	—	**—**
Lapsed	—	—	**—**
Not exercised	25,000	35,000	**21,000**

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	3rd Stock Acquisition Rights Issued by Minebea Co., Ltd. in 2014
Exercise price (yen)	1	1	**1**
Average stock price at the time of exercise (yen)	—	—	**—**
Fair value as of the grant date (yen)	251	366	**1,173**

c) 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, 2016, 2015 and 2014, are as follows:

			Millions of yen
	2016	2015	2014
Differences on revaluation of available-for-sale securities:			
Incurred in the current year	**¥ (1,380)**	¥ 740	¥ 161
Reclassification adjustment	**—**	—	(54)
Amount before tax effect adjustment	**(1,380)**	740	107
Amount of tax effect	**332**	(225)	(42)
Differences on revaluation of available-for-sale securities	**(1,048)**	515	65
Deferred gains or losses on hedges:			
Incurred in the current year	**285**	(9)	(22)
Reclassification adjustment	**53**	15	21
Amount before tax effect adjustment	**338**	6	(1)
Amount of tax effect	**(53)**	(1)	0
Deferred gains or losses on hedges	**285**	5	(1)
Foreign currency translation adjustments:			
Incurred in the current year	**(26,760)**	30,588	9,954
Reclassification adjustment	**(87)**	1,046	—
Amount before tax effect adjustment	**(26,847)**	31,634	9,954
Amount of tax effect	**143**	265	387
Foreign currency translation adjustments	**(26,704)**	31,899	10,341
Unfunded retirement benefit obligations of foreign subsidiaries:			
Incurred in the current year	**—**	—	1,455
Reclassification adjustment	**—**	—	—
Amount before tax effect adjustment	**—**	—	1,455
Amount of tax effect	**—**	—	(415)
Unfunded retirement benefit obligations of foreign subsidiaries	**—**	—	1,040
Remeasurements of defined benefit plans:			
Incurred in the current year	**(1,890)**	(3,376)	—
Reclassification adjustment	**2,811**	4,111	—
Amount before tax effect adjustment	**921**	735	—
Amount of tax effect	**(319)**	(211)	—
Remeasurements of defined benefit plans	**602**	524	—
Shares of other comprehensive income of associates accounted for using equity method:			
Incurred in the current year	**(159)**	105	152
Reclassification adjustment	**22**	(149)	—
Shares of other comprehensive income of associates accounted for using equity method	**(137)**	(44)	152
Total other comprehensive income	**¥(27,002)**	¥32,899	¥11,597

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, 2016, 2015 and 2014, is as follows:

	Thousands of shares		
	2016	2015	2014
Basic	**374,106**	373,727	373,226
Diluted	**394,344**	393,972	393,448

18. Cash Flow Information

In the year ended March 31, 2015, Sartorius Mechatronics T&H GmbH and its 16 consolidated subsidiaries were 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
	2015
Current assets	¥7,420
Fixed assets	1,647
Goodwill	4,016
Current liabilities	(6,817)
Long-term liabilities	(1,308)
Non-controlling interests	(462)
Acquisition cost of Sartorius Mechatronics T&H GmbH	4,496
Cash and cash equivalents of Sartorius Mechatronics T&H GmbH	2,299
Less: payments for acquisition of Sartorius Mechatronics T&H GmbH	¥2,197

In the year ended March 31, 2015, Hansen Corporation was excluded from the scope of consolidation. The composition of assets and liabilities at sales, and the relation between sales value and proceeds from acquisition are as follows:

	Millions of yen
	2015
Current assets	¥1,325
Fixed assets	488
Current liabilities	(319)
Long-term liabilities	—
Foreign currency translation adjustments	1,046
Losses on sales of investments in subsidiaries and affiliates	(1,261)
Sales value of Hansen Corporation	1,279
Cash and cash equivalents of Hansen Corporation	17
Less: proceeds from sales of Hansen Corporation	¥1,262

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

19. Litigation

As of March 31, 2016, NMB-Minebea Thai Ltd., our consolidated subsidiary company 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; (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), (2), (3) and (4), following the petition to the Revenue Department, the Company took the cases to the Tax Court of Thailand on August 25, 2009 for the case (1) and on November 16, 2015 for the cases (2), (3) and (4). Regarding items (5) and (6), the Company has petitioned the Revenue Department for redress.

Regarding item (1), the Company has won the case as a result of the decision at the Tax Court of the Kingdom of Thailand on October 13, 2010, but 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.

Please refer to note “23. Subsequent Events” regarding the progress of situation after March 31, 2016.

20. Contingent Liabilities

Other than mentioned in note “19. Litigation,” the Company and its consolidated subsidiaries had no material contingent liabilities as of March 31, 2016 and March 31, 2015.

21. Business Combination, etc.

Divestitures

The Company entered into the share transfer agreement with ElectroCraft, Inc. as of June 30, 2014, to transfer all the shares held by the Company in its consolidated subsidiary, Hansen Corporation, to ElectroCraft, Inc. and concluded the transfer.

1. Outline of the divestiture

(1) Name of the company to be divested and its business activities

ElectroCraft, Inc.

(2) Outline of the business to be transferred

Manufacture and sales of small-sized motors

(3) Major reasons for the divestiture

Hansen Corporation (“Hansen”), with its production base located in Indiana, the U.S., exclusively focuses on manufacture and sales of motors and became a Minebea Group company in 1977.

Hansen’s major product line includes permanent magnet synchronous motors primarily used in residential air conditioning system, etc. Even though a constant demand for synchronous motors going forward is anticipated, due to the fact that the demand for synchronous motors has shifted from the U.S. to Europe in recent years and that the motor itself is a motor of an old structure so that the Company do not expect desirable synergetic effects to be generated with its product lines. As such, the Company have decided to transfer the business to ElectroCraft, Inc., one of the global leaders in the manufacture of fractional-horsepower motors for use in motion control solutions, with its head office located in the U.S. as well.

(4) Effective date of the divestiture

June 30, 2014

Hansen’s business performances from April 1, 2014 through June 30, 2014 (the end of the first quarter) have been included it the consolidated financial statements.

(5) Legal structure of the divestiture
Method of legally transferring the business
By way of the share transfer agreement
The number of shares to be transferred
100 shares
Transfer cost of shares
¥1,279 million ($12,619 thousand)

2. Outline of the accounting method to be implemented
(1) The amount of transfer gains and losses
Loss on sales of investments in subsidiaries and affiliates
¥1,261 million

(2) Book values of assets and liabilities of the transferred business and their details

	Millions of yen
Current assets	¥1,325
Fixed assets	488
Total assets	¥1,813
Current liabilities	¥ 319
Long-term liabilities	—
Total liabilities	¥ 319

3. Reportable segment in which the divested business was included
Electronic devices and components segment

4. Approximate estimates of profits and losses related to the divested business included in the consolidated statements of income in the year ended March 31, 2015.

	Millions of yen
Net sales	¥757
Operating income	27

Business Combination through Acquisitions

Business combination through acquisitions in the year ended March 31, 2015, are as follows:

1. Outline of the business combination
(1) Name of the acquired company and its business activities
Name of the acquired company: Sartorius Mechatronics T&H GmbH
Business activities: Manufacturing tank and hopper, industrial scales, inspection equipment
Providing modifications and adjustments, repair, and process optimization services

(2) Major reasons for the business combination
With production facilities in Germany, India and China, advanced measurement technologies and highly reliable detection technologies within the high growth potential industrial measurement instruments market, Sartorius Mechatronics T&H GmbH (Sartorius' Industrial Technologies Division, hereinafter "Sartorius MTH") is a manufacturer of industrial measuring instruments and process inspection equipment which includes product lines from load cell, industrial scale, and process instrument to detection device etc., as well as an aftermarket business providing modifications and adjustments, repair, and process optimization services worldwide.
The Company has decided to acquire Sartorius MTH through acquisition of shares with the intention of combining its own leading industrial strengths in the automobile, consumer electronics, healthcare and industrial products with Sartorius MTH's leading position in the food, beverage, chemical and pharmaceutical industries, thereby increasing its product line-up significantly and being able to develop the combined companies into a more efficient business across the globe.

(3) Effective date of the business combination
February 6, 2015

(4) Legal form of business combination
Stock acquisition with cash considerations

(5) Name of the company subsequent to the business combination
Sartorius Mechatronics T&H 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	51.0%
Percentage of voting rights subsequent to the stock acquisition	51.0%

(7) Primary basis for determining the acquirer
Due to the fact that the Company has acquired 51.0% of the voting rights of the acquired company through stock acquisition with cash considerations.

2. Period of business performances of the acquired company to be included in the consolidated financial statements
Fiscal year end of the acquired company is December 31. Since the effective date of the business combination is February 6, 2015, none of the business performance of the acquired company is included in the consolidated financial statements for the year ended March 31, 2015.

3. Acquisition cost of the acquired company and its details

	Millions of yen
Consideration for the acquisition	
Purchase price of shares (cash)	¥4,196
Cost directly related to the acquisition	
Advisory cost, etc.	300
Acquisition cost	¥4,496

4. Amount of goodwill, source, amortization method and period
(1) Amount of goodwill
¥4,016 million

(2) Source of goodwill
Primarily due to Sartorius MTH's product development capability and sales and marketing ability as well as the expected excess earning power resulting therefrom.

(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	¥ 7,420
Fixed assets	1,647
Goodwill	4,016
Total assets	¥13,083
Current liabilities	¥ 6,817
Long-term liabilities	1,308
Total liabilities	¥ 8,125

6. Allocation of acquisition costs
The evaluation of the identifiable assets and liabilities and the calculation of their fair values associated with the acquisition on the effective date of the business combination have not been determined as of March 31, 2015 and the allocation of the acquisition costs has not been concluded. Therefore, the Company has provisionally accounted for based on available reasonable information for the year ended March. 31, 2015.

However, the Company has completed the allocation of the acquisition related costs during the year ended March 31, 2016.

There are no material changes relating to the completion of the allocation of acquisition related costs for the year ended March 31, 2016.

7. Pro-forma information of effects on the consolidated statement of income assuming the business combination had been completed at the beginning of the year ended March 31, 2015, and the calculation method

	Millions of yen
Net sales	¥14,411
Operating income	886
Income before income taxes	761

(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 year ended March 31, 2015, and net sales and income included in the consolidated statement of income. Pro-forma information is unaudited.

Business combination through acquisitions in the year ended March 31, 2014, are as follows:

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 bearing 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 bearing 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 year ended March 31, 2014, and the calculation method

	Millions of yen
Net sales	¥478
Operating income	29
Income before income taxes	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 year ended March 31, 2014, 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 a 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 merge 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 business" 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 business" includes electronic devices and components (LED backlights for LCDs and measuring components, etc.) and a wide variety of motors such as spindle motors for HDDs, stepping motors, DC motors, fan motors, and precision motors as well as special components.

From the year ended March 31, 2016, the Company has made some organizational changes, including incorporating its in-house manufacturing division into the Electronic devices and components manufacturing headquarters. Due to these changes, the segment information has also been changed.

For the segment information for the year ended March 31, 2015 and 2014, the Company has disclosed such information based on the reportable segments subsequent to the organizational changes mentioned above.

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.

(Change in accounting policy which is difficult to distinguish from the change in accounting estimates)

The Company and consolidated domestic subsidiaries adopted the declining balance method primarily for the depreciation method of buildings; however, the Company has adopted the straight-line method from the year ended March 31, 2016.

Having reviewed the depreciation method on recent occasions such as acquisition of the Headquarters building, and construction of the Matsuida Plant as well as the Kashiwazaki Plant the Company concluded that such buildings are to be used stably for a long-period of time, irrespective of the profitability and operational situation of the facilities so that the benefits of utilization shall be realized in proportion to the lapse of time, therefore the straight-line method better reflects the current economic situation of the Company.

Due to this change, depreciation and amortization costs for the year ended March 31, 2016 decreased, while the segment income for "Machined components," that for "Electronic devices and components" and that for "Adjustment (corporate)" segment rose ¥29 million, ¥101 million, and ¥222 million, respectively.

(Change in accounting estimates)

After a comprehensive review seeking to better reflect the product life cycle of certain machinery used for manufacturing LED backlights for LCDs products, certain consolidated subsidiaries changed their useful lives from 5 to 10 years to 2 years from the year ended March 31, 2015.

This resulted in an increase in depreciation and decrease of ¥2,013 million in segment income of "Electronic devices and components" segment.

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, 2016, 2015 and 2014, and for the years then ended are as follows:

Millions of yen

	Reportable segments						
Year ended March 31, 2016	*Machined components*	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	**¥163,811**	**¥445,467**	**¥609,278**	**¥ 536**	**¥609,814**	**¥ —**	**¥609,814**
Internal sales	**4,409**	**4,319**	**8,728**	**1,252**	**9,980**	**(9,980)**	**—**
Total sales	**168,220**	**449,786**	**618,006**	**1,788**	**619,794**	**(9,980)**	**609,814**
Segment income (loss)	**40,855**	**22,336**	**63,191**	**(125)**	**63,066**	**(11,628)**	**51,438**
Segment assets	**105,255**	**189,748**	**295,003**	**2,167**	**297,170**	**162,258**	**459,428**
Other items							
Depreciation and amortization	**9,296**	**20,807**	**30,103**	**335**	**30,438**	**4,350**	**34,788**
Increase in tangible and intangible fixed assets	**7,735**	**29,012**	**36,747**	**178**	**36,925**	**6,953**	**43,878**

Millions of yen

Year ended March 31, 2015	*Reportable segments*						
	Machined components	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	¥155,785	¥344,725	¥500,510	¥166	¥500,676	¥ —	¥500,676
Internal sales	3,929	5,089	9,018	1,275	10,293	(10,293)	—
Total sales	159,714	349,814	509,528	1,441	510,969	(10,293)	500,676
Segment income (loss)	39,723	30,748	70,471	(29)	70,442	(10,341)	60,101
Segment assets	120,228	190,913	311,141	4,088	315,229	174,814	490,043
Other items							
Depreciation and amortization	9,622	15,154	24,776	76	24,852	3,924	28,776
Increase in tangible and intangible fixed assets	7,499	19,215	26,714	2,487	29,201	8,356	37,557

Millions of yen

Year ended March 31, 2014	*Reportable segments*						
	Machined components	*Electronic devices and components*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	¥140,033	¥231,333	¥371,366	¥177	¥371,543	¥ —	¥371,543
Internal sales	3,635	3,764	7,399	656	8,055	(8,055)	—
Total sales	143,668	235,097	378,765	833	379,598	(8,055)	371,543
Segment income	33,551	10,621	44,172	140	44,312	(12,113)	32,199
Segment assets	99,300	126,305	225,605	545	226,150	155,128	381,278
Other items							
Depreciation and amortization	9,378	9,941	19,319	61	19,380	4,360	23,740
Increase in tangible and intangible fixed assets	3,867	10,011	13,878	29	13,907	6,772	20,679

Notes: 1. 1.The classification of "Other" is the business segment, which is not included in the reportable segments, and its products are mainly machine made in-house.

2. The contents of the adjustments are as follows:
   (i) Adjustments to segment income or loss are amortization of goodwill (–¥970 million for the year ended March 31, 2016, –¥582 million for the year ended March 31, 2015, –¥618 million for the year ended March 31, 2014), and corporate expenses such as general & administrative expenses and research and development expenses that do not belong to the reportable segments (–¥10,658 million for the year ended March 31, 2016, –¥9,759 million for the year ended March 31, 2015, –¥11,495 million for the year ended March 31 2014).
   (ii) Adjustments to segment assets are unamortized goodwill (¥5,721 million as of March 31, 2016, ¥6,539 million as of March 31, 2015, ¥2,999 million as of March 31, 2014), and assets related to administrative divisions that do not belong to the reportable segments (¥156,537 million as of March 31, 2016, ¥168,275 million as of March 31, 2015, ¥152,129 million as of March 31, 2014).
   (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 consolidated financial statements.

b) Related information

Information by geographical area

Year ended March 31, 2016	China	Japan	Thailand	Europe	U.S.A.	Others	Total
							Millions of yen
Net sales	**¥184,074**	**¥80,079**	**¥58,241**	**¥61,626**	**¥157,248**	**¥68,546**	**¥609,814**

Year ended March 31, 2015	China	Japan	Thailand	Europe	U.S.A.	Others	Total
							Millions of yen
Net sales	¥164,641	¥108,040	¥70,735	¥47,222	¥42,528	¥67,510	¥500,676

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

As of March 31, 2016	Thailand	Japan	China	Others	Total
					Millions of yen
Tangible fixed assets	**¥88,140**	**¥43,153**	**¥15,779**	**¥30,921**	**¥177,993**

As of March 31, 2015	Thailand	Japan	China	Others	Total
					Millions of yen
Tangible fixed assets	¥100,029	¥42,399	¥18,932	¥31,238	¥192,598

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

Information by major customer

Year ended March 31, 2016 — *Millions of yen*

Customer	Net sales	Related reportable segment
Apple Group	**¥108,324**	Electronic devices and components

Year ended March 31, 2015 — *Millions of yen*

Customer	Net sales	Related reportable segment
Japan Display Group	¥63,098	Electronic devices and components

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

Millions of yen

	Reportable segments					
Year ended March 31, 2016	Machined components	Electronic devices and components	Total	Other	Corporate	Total
Impairment losses	**¥—**	**¥15**	**¥15**	**¥—**	**¥6**	**¥21**

Millions of yen

	Reportable segments					
Year ended March 31, 2015	Machined components	Electronic devices and components	Total	Other	Corporate	Total
Impairment losses	¥—	¥31	¥31	¥—	¥78	¥109

Millions of yen

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

23. Subsequent Events

a) Investigations by Singaporean competition authorities
Full cooperation has been made upon investigations made by competition authorities in Singapore against the Company and its subsidiary. The Company received a notice dated as of May 4, 2016 from the Singaporean competition authorities that the investigations had been completed. There shall be no impact expected on the consolidated earnings.

b) Litigation
Regarding the legal case (1) described in note "19. Litigation," the Supreme Court of the Kingdom of Thailand handed down a decision on the case, on May 16, 2016, by dismissing the claims made by NMB-Minebea Thai Ltd.

Based on this court decision, the Company is expected to pay 502 million baht for the payment of corporate tax, as well as approximately 150 million baht of corporate tax payment with regard to the cases of (2) and later.

c) Announcement of Purchase of the Convertible Bonds with Stock Acquisition Rights
The Board of Directors of the Company has resolved on June 14, 2016, to purchase all of Minebea Co., Ltd. Series I Unsecured Subordinated Convertible Bonds with Stock Acquisition Rights, the total amount of which is ¥7,700 million, from the Development Bank of Japan Inc. ("DBJ").

(1) Name of the Bonds:
Minebea Co., Ltd. Series I Unsecured Subordinated Convertible Bonds with Stock Acquisition Rights

(2) Date of Purchase:
June 17, 2016

(3) The Principal Amount of the Bonds:
¥7,700 million

(4) Total Amount of Purchase:
¥13,896 million

If the Company cancels the Bonds with Stock Acquisition Rights, there will be a loss from cancellation in the amount of ¥6,196 million (the difference between the purchase price and the principal amount). The cancellation of the bonds is not determined yet.

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, 2016, 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 an entity-level standpoint. This assessment was carried out at all of our business locations excluding 31 consolidated subsidiaries and 2 equity method affiliates which were determined quantitatively and qualitatively insignificant.

For the scope of assessment for process-level internal control, 10 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, 2016, 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 29, 2016

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, 2016 and 2015, 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, 2016 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, 2016 and 2015, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2016 in accordance with accounting principles generally accepted in Japan.

KPMG

Emphasis of Matter
Without qualifying our opinion, we draw attention to note 3 to the consolidated financial statements. On March 30, 2016, the Company concluded an agreement for business integration and an agreement for share exchange between MITSUMI ELECTRIC CO., LTD.

We also draw attention to Note 23 to the consolidated financial statements. On May 16, 2016, the Supreme Court of the Kingdom of Thailand decided to dismiss the claims made by NMB-Minebea Thai Ltd. Furthermore, on June 17, 2016, the Company repurchased the Convertible Bonds with Stock Acquisition Rights.

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, 2016 ("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, 2016, 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 6, 2016
Tokyo, Japan

Major Subsidiaries

Company Name	Business Activities	Shareholding Ratio
Japan		
NMB Sales Co., Ltd.	Sale of machined components and electronic devices and components	100.0%
Daiichi Seimitsu Sangyo Co., Ltd.	Manufacture and sale of molds and related products	100.0
Thailand		
NMB-Minebea Thai Ltd.	Manufacture and sale of machined components and electronic devices and components	100.0
China		
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	Manufacture and sale of bearings and fan motors, etc.	100.0
Minebea (Hong Kong) Limited	Sale of bearings and electronic devices and components	100.0
Minebea Electronics Motor (Zhuhai) Co., Ltd.	Manufacture of electronic devices and components	100.0
Minebea Electronics Devices (Suzhou) Ltd.	Manufacture of electronic devices and components	100.0
Singapore		
NMB Singapore Ltd.	Manufacture and sale of bearings and electronic devices and components	100.0
Malaysia		
Minebea Electronics Motor (Malaysia) Sdn. Bhd.	Manufacture and sale of electronic devices and components	100.0
Cambodia		
Minebea (Cambodia) Co., Ltd.	Manufacture of electronic devices and components	100.0
Korea		
NMB Korea Co., Ltd.	Sale of bearings and electronic devices and components	100.0
Moatech Co., Ltd.	Manufacture and sale of electronic devices and components	50.9
United States		
New Hampshire Ball Bearings, Inc.	Manufacture and sale of bearings	100.0
NMB Technologies Corporation	Sale of bearings and electronic devices and components	100.0
United Kingdom		
NMB-Minebea UK Ltd	Manufacture and sale of rod-end bearings	100.0
Germany		
Precision Motors Deutsche Minebea GmbH	Development, manufacture and sale of HDD spindle motors	100.0
NMB-Minebea-GmbH	Sale of bearings and electronic devices and components	100.0
myonic GmbH	Manufacture and sale of bearings and components	100.0
Sartorius Mechatronics T&H GmbH	Manufacture and sale of eletronic devices and components	51.0
Sartorius Mechatronics C&D GmbH & Co. KG	Manufacture and sale of eletronic devices and components	51.0
Sartorius Industrial Scales GmbH & Co. KG	Manufacture and sale of eletronic devices and components	51.0
Italy		
NMB Italia S.r.l.	Sale of bearings and electronic devices and components	100.0
France		
NMB Minebea S.A.R.L.	Sale of bearings and electronic devices and components	100.0

Minebea Co., Ltd.

Corporate Information (As of June 2016)

Tokyo Headquarters
3-9-6, Mita, Minato-ku,
Tokyo 108-8330, Japan
Tel: 81-3-6758-6711
Fax: 81-3-6758-6700
URL: http://www.minebea.co.jp/english/

Registered Head Office
4106-73, Oaza Miyota,
Miyota-machi, Kitasaku-gun,
Nagano 389-0293, Japan
Tel: 81-267-32-2200
Fax: 81-267-31-1350

Established
July 16, 1951

Independent Auditors
KPMG AZSA LLC

Investor Information (As of March 31, 2016)

Common Stock

Authorized:	1,000,000,000 shares
Issued:	399,167,695 shares
Capital:	¥68,259 million
Shares per unit:	1,000

* The number of shares per share unit changed from 1,000 shares to 100 shares from May 1, 2016.

Common Stock Listings
Tokyo and Nagoya

American Depositary Receipts
Ratio (ADR : ORD): 1 : 2
Exchange: Over-the-Counter (OTC)
Symbol: MNBEY
CUSIP: 602725301
Depositary: The Bank of New York Mellon
101 Barclay Street, New York,
NY 10286, U.S.A.
Tel: 1-201-680-6825
U.S. toll-free: 888-269-2377
(888-BNY-ADRS)
URL: http://www.adrbnymellon.com/

Agent to Manage Shareholders' Registry
Sumitomo Mitsui Trust Bank, Limited
Tel: 81-120-782-031
http://www.smtb.jp/personal/agency/index.html

Major Shareholders

Classification by Ownership of Shares

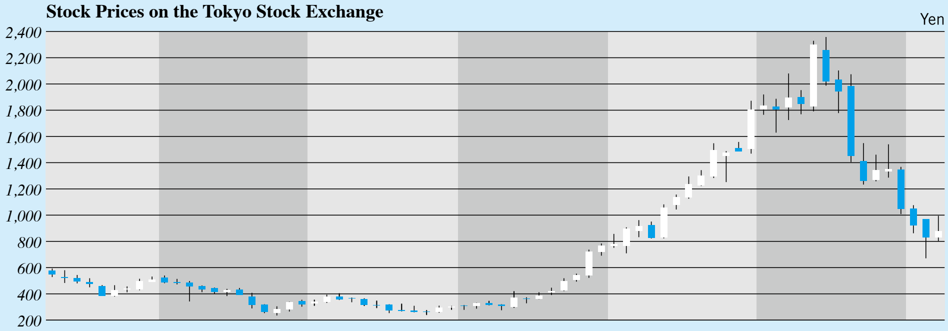
	Number of shareholders	Percentage of shareholders (%)	Number of shares held (Thousand shares)	Percentage of shares outstanding (%)
Japanese financial institutions	155	0.6	183,502	46.0
Overseas institutions	475	1.9	96,632	24.2
Other Japanese corporations	367	1.5	32,960	8.2
Individuals and others	21,106	86.6	85,450	21.4
Subtotal	22,103	90.6	398,544	99.8
Others	2,282	9.4	623	0.2
Total	24,385	100.0	399,167	100.0

Top Ten Major Shareholders

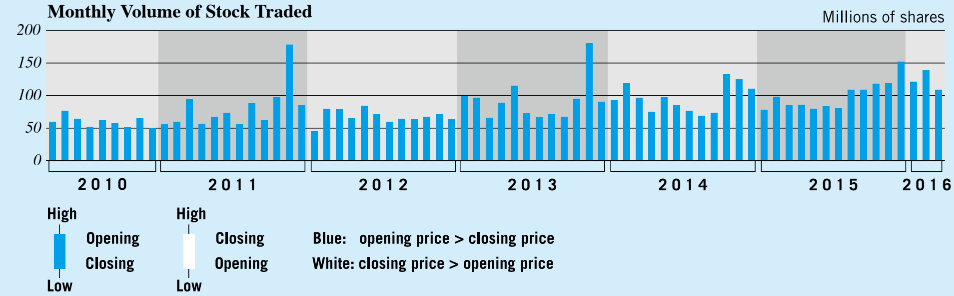
	Number of shares (Shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	23,649,000	6.25
Japan Trustee Services Bank, Ltd. (Trust account)	18,677,000	4.94
Takahashi Industrial and Economic Research Foundation	15,447,330	4.09
Sumitomo Mitsui Trust Bank, Limited	15,349,000	4.06
Japan Trustee Services Bank, Ltd. (Trust account 4)	13,623,000	3.60
Zenkyoren (National Mutual Insurance Federation of Agricultural Cooperatives)	10,380,000	2.74
KEIAISHA Co., Ltd.	10,100,000	2.67
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,057,839	2.66
Sumitomo Mitsui Banking Corporation	10,000,475	2.64
The Dai-ichi Life Insurance Company, Limited	5,062,333	1.34

Notes: 1. The Company holds 21,021,093 shares of treasury stock, which are excluded from the major shareholders.
2. Shareholding ratio is calculated exclusive of treasury stock.

Stock Prices on the Tokyo Stock Exchange



Monthly Volume of Stock Traded



For further information please contact:

Investor Relations Office
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Fax: 81-3-6758-6710

Minebea

Passion to Exceed Precision

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Tel: 81-3-6758-6711
Fax: 81-3-6758-6700
URL:http://www.minebea.co.jp

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

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

Product purchasing and catalog requests:
Sales Headquarters
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