1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of MINEBEA MITSUMI Inc. (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 89 affiliated companies (89 consolidated subsidiaries). The Company does not have any equity-method investee. 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, 2017, 1 consolidated subsidiary was established, shares of 5 consolidated subsidiaries were acquired, 20 consolidated subsidiaries were acquired through a share exchange, and 5 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. do not have no significant impact on the consolidated financial statements.

Fiscal year of MINEBEA ELECTRONICS & HI-TECH COMPONENTS (SHANGHAI) LTD., MINEBEA (CAMBODIA) Co., Ltd. and 20 other companies end on December 31, and for these subsidiaries, provisional financial statements as of the Company's balance sheet date are prepared and used.

Previously, financial statements as of December 31 were used for Minebea Intec GmbH and its 19 subsidiaries, and MOATECH CO., LTD. and its 2 subsidiaries, with necessary adjustments being made for significant transactions occurring between the subsidiaries' balance sheet date and the Company's balance sheet date. However, to ensure an even proper disclosure of consolidated financial statements the fiscal year end have been changed to March 31. Due to this change, the financial statements for the 15 months, from January 1, 2016 to March 31, 2017, are included in the consolidated statements of income.

As a result, net sales, operating income, and income before income taxes increased by ¥4,789 million, ¥131 million and ¥51 million, respectively, for the year ended March 31, 2017.

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. 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 stated at the lower of cost or market. Cost is determined primarily by the moving average method.

Inventories as of March 31, 2017 and 2016, comprised the following:

Inventories

	Millions of yen	
	2017	2016
Merchandise and finished goods	**¥ 43,745**	¥ 49,399
Work in process	**32,962**	29,874
Raw materials	**36,167**	18,799
Supplies	**7,567**	4,939
	¥120,441	¥103,011

The amount of losses on devaluation and disposal of inventories included in cost of sales for the years ended March 31, 2017, 2016 and 2015 were ¥6,663 million, ¥172 million, and ¥614 million, respectively.

f) Tangible fixed assets

Tangible fixed assets are stated at acquisition cost. Depreciation of the Company and its consolidated 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. The estimated useful lives of fixed assets are predominantly 5 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.

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 have previously adopted the declining-balance method for the depreciation method of tangible fixed assets other than buildings; however, the straight-line method is adopted from the year ended March 31, 2017.

The Group plans to make investments in Japan and Thailand for the aircraft components business. In the wake of the decision on the investment project, the Group reviewed the depreciation method of tangible fixed assets. As a result, the Group decided to change the depreciation method of tangible fixed assets to the straight-line method, since adopting such method will more accurately and adequately reflect the actual state of economic conditions, given the stable operating situations of facilities and equipment throughout their period of use.

Due to the change, depreciation expense decreased, while operating income and income before income taxes increased by ¥460 million, respectively, in the year ended March 31, 2017.

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 expense decreased, while operating income and income before income taxes increased by ¥353 million, respectively, in the year ended March 31, 2016.

Losses on disposals of fixed assets incurred from buildings and structures, machinery and transportation equipments and other fixed assets, amounting to ¥365 million, ¥981 million and ¥579 million, respectively, for the year ended March 31, 2017.

g) Investment securities

Investment securities consist of equity securities of listed and unlisted companies and government and corporate bonds, etc. Available-for-sale securities held by the Company and its domestic and foreign consolidated subsidiaries with readily determinable fair value are stated at the closing quoted market price on March 31, 2017 and 2016. 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 stated at cost, as determined by the moving average method.

Available-for-sale securities

Millions of yen

	2017			2016		
	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	**¥4,324**	**¥2,837**	**¥1,487**	¥3,002	¥2,344	¥658
Bonds	**—**	**—**	**—**	4,375	4,354	21
Other	**—**	**—**	**—**	—	—	—
Securities for which reported amounts in the balance sheet do not exceed acquisition cost						
Equity securities	**3**	**4**	**(1)**	2	3	(1)
Bonds	**4,416**	**4,420**	**(4)**	—	—	—
Other	**2**	**10**	**(8)**	23	31	(8)
Total	**¥8,745**	**¥7,271**	**¥1,474**	¥7,402	¥6,732	¥670

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, 2017 and 2016 are ¥1,520 million and ¥1,302 million, respectively.

Investments in capital of unlisted company 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 investments in capital of unlisted company as of March 31, 2017 are ¥6 million.

Available-for-sale securities sold during each fiscal year

Millions of yen

	2017			2016			2015		
	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	**¥ 11**	**¥—**	**¥—**	¥ 38	¥—	¥—	¥1,069	¥—	¥—
Bonds	**1,474**	**—**	**—**	1,438	—	—	102	—	—
Other	**29**	**—**	**—**	277	—	—	767	—	—
Total	**¥1,514**	**¥—**	**¥—**	¥1,753	¥—	¥—	¥1,938	¥—	¥—

Notes: 1. Amount of sale in equity securities for 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, 2017, 2016 and 2015, include redemption due to maturity of ¥1,474 million, ¥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 funded and unfunded defined benefit pension plans or defined contribution pension plans.

The benefit formula basis is used 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, 2017, 2016 and 2015, and the reconciliation of year-end balance and net defined benefit liability as of March 31, 2017, 2016 and 2015, are as follows:

	Millions of yen		
Movement of Projected Benefit Obligations	**2017**	2016	2015
Projected benefit obligations at the beginning of the year	**¥40,815**	¥44,836	¥43,596
Cumulative effects of changes in accounting policies	**—**	—	369
Restated balance at the beginning of the year	**40,815**	44,836	43,965
Service cost	**1,878**	1,624	1,517
Interest cost	**568**	933	1,384
Actuarial loss	**859**	737	4,421
Benefits paid	**(1,730)**	(1,379)	(943)
Past service cost (benefit)	**(12)**	(3)	(7)
(Partial) settlement	**—**	(3,699)	(9,338)
Acquisition	**33,755**	—	1,213
Foreign currency translation adjustments	**(1,281)**	(1,928)	2,799
Others	**(96)**	(306)	(175)
Projected benefit obligations at the end of the year	**¥74,756**	¥40,815	¥44,836

Movement of Plan Assets	2017	2016	2015
			Millions of yen
Plan assets at the beginning of the year	**¥27,568**	¥31,861	¥34,746
Expected return on plan assets	**747**	900	1,483
Actuarial gain (loss)	**187**	(1,167)	1,596
Contributions paid by the employer	**1,654**	1,874	2,593
Benefits paid	**(1,388)**	(1,164)	(858)
(Partial) settlement	**—**	(3,699)	(9,338)
Acquisition	**31,323**	—	—
Foreign currency translation adjustments	**(1,011)**	(730)	1,794
Others	**(8)**	(307)	(155)
Plan assets at the end of the year	**¥59,072**	¥27,568	¥31,861

Net Defined Benefit Liability	2017	2016	2015
			Millions of yen
Funded projected benefit obligations	**¥65,006**	¥32,548	¥36,271
Plan assets	**(59,072)**	(27,568)	(31,861)
	5,934	4,980	4,410
Unfunded projected benefit obligations	**9,750**	8,267	8,565
Total net liability in the consolidated balance sheet	**15,684**	13,247	12,975
Net defined benefit liability	**15,684**	13,247	12,975
Total net liability in the consolidated balance sheet	**¥15,684**	¥13,247	¥12,975

The components of retirement benefit costs for the years ended March 31, 2017, 2016 and 2015 are as follows:

Retirement Benefit Costs	2017	2016	2015
			Millions of yen
Service cost	**¥1,878**	¥1,624	¥1,517
Interest cost	**568**	933	1,384
Expected return on assets	**(747)**	(900)	(1,483)
Amortization of actuarial losses	**1,189**	1,018	672
Amortization of past service costs	**299**	328	324
	3,187	3,003	2,414
Loss on settlement of retirement benefit plan	**—**	1,465	3,115
Retirement benefit costs related to defined benefit plans	**¥3,187**	¥4,468	¥5,529

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, 2017, 2016 and 2015, are as follows (before tax):

Remeasurements of Defined Benefit Plans	2017	2016	2015
			Millions of yen
Past service cost	**¥ 311**	¥ 331	¥ 331
Actuarial (loss) gain	**517**	(886)	(2,153)
Loss on settlement of retirement benefit plan	**—**	1,465	3,115
Foreign currency translation adjustments	**633**	11	(558)
Total	**¥1,461**	¥ 921	¥ 735

The components of remeasurements of defined benefit plans as of March 31, 2017, 2016 and 2015, are as follows (before tax):

Remeasurements of Defined Benefit Plans	2017	2016	2015
			Millions of yen
Unrecognized past service cost	**¥ (351)**	¥ (662)	¥ (993)
Unrecognized actuarial (loss) gain	**(1,698)**	(2,848)	(3,438)
Total	**¥(2,049)**	¥(3,510)	¥(4,431)

The breakdown of plan assets by major categories as of March 31, 2017, 2016 and 2015, are as follows:

Breakdown of Plan Assets	2017	2016	2015
Bonds	**30%**	47%	44%
Equity securities	**21**	18	22
Pooled funds	**7**	17	18
Assets insurance (General account)	**12**	10	8
Insurance products	**11**	—	—
Cash and cash equivalents	**7**	1	1
Other	**12**	7	7
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, 2017, 2016 and 2015, are as follows:

Assumptions Used for Calculation

	2017	2016	2015
Discount rate	**mainly 0.6%–5.9%**	mainly 0.3%–5.5%	mainly 0.9%–5.5%
Expected long-term rate of return on plan assets	**mainly 1.6%–5.1%**	mainly 2.0%–6.5%	mainly 2.0%–6.5%

Defined contribution plans

The amount of contribution to the defined contribution pension plans of the Company and its consolidated subsidiaries for the years ended March 31, 2017, 2016 and 2015 were ¥1,366 million, ¥1,176 million, and ¥1,289 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 fluctuations, etc. can be offset at the inception of hedging and continuously thereafter.

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

(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 accouinting method, aiming at more accurate presentation of the status of foreign currency-denominated receivables and payables as well as derivatives transactions.

This change had 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 was 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, 2017, 2016 and 2015, were ¥1,100 million, ¥970 million and ¥582 million, respectively.

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 year presented herein.

In the consolidated statements of cash flows for the current fiscal year, cash flows from acguisition 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 by ¥304 million, respectively.

In addition, net income per share and diluted net income per share for the year ended March 31, 2016 decreased by ¥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) Class action suit filed in Canada in relation to competition authorities' investigations

As previously disclosed, certain consolidated subsidiaries have been investigated by competition authorities for the alleged infringement of competition laws related to the trading of small-sized ball bearing products, etc.

The investigations have been completed, however, a class action suit was filed in Canada against the Company and its subsidiaries in relation to these investigations.

Depending on the outcome of the above-mentioned lawsuit, the Company may incur losses from compensation for damages. However, the Company can neither reasonably project the amount of said losses at this time nor predict whether they will affect the Company's operating performance or financial position.

B) Adoption of revised implementation guidance on recoverability of deferred tax assets

Revised "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, revised on March 28, 2016) has been applied effective from the year ended March 31, 2017.

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, 2017 and 2016 are 0.45% and 0.72%, respectively.

Short-term debt as of March 31, 2017 and 2016, consists of the following:

	Millions of yen	
	2017	2016
Short-term loans	**¥49,660**	¥66,166
Total	**¥49,660**	¥66,166

Long-term debt as of March 31, 2017 and 2016, consists of the following:

	Millions of yen	
	2017	2016
0.68% unsecured bonds payable in Japanese yen due December 2016	**¥ —**	¥10,000
0.35% unsecured bonds payable in Japanese yen due January 2027	**15,000**	—
0.60% convertible bond-type unsecured bonds payable in Japanese yen with stock acquisition rights due February 2017	**—**	7,700
Convertible bond-type unsecured bonds payable in Euro-Japanese yen with stock acquisition rights due August 2022	**20,501**	—
Loans from banks, etc. Years ended March 31 2017—0.32% to 2.65% 2016—0.41% to 6.00%	**78,851**	53,245
Lease obligations	**154**	110
	114,506	71,055
Less: current portion	**17,986**	31,244
	¥ 96,520	¥39,811

The aggregate annual maturities of long-term debt outstanding as of March 31, 2017, are as follows:

	Millions of yen
2018	**¥ 17,986**
2019	**20,710**
2020	**4,574**
2021	**208**
2022 and thereafter	**71,028**
	¥114,506

Pledged assets and liabilities

Assets pledged as collateral as of March 31, 2017 and 2016 are as follows:

	Millions of yen	
	2017	2016
Buildings and structures	**¥661**	¥661

The above assets are pledged for the following liabilities as of March 31, 2017 and 2016:

	Millions of yen	
	2017	2016
Current portion of long-term debt	**¥179**	¥134
Long-term debt	**537**	716

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, 2017, 2016 and 2015, are as follows:

Overview of asset groups for which impairment losses were recognized

			Millions of yen		
Use	*Business/location*	*Type of assets*	**2017**	2016	2015
Idle assets	2 facilities, which are former Ichinoseki Plant and former Kanegasaki Plant (Ichinoseki City, Iwate Prefecture and others)	Land	**¥ —**	¥ 6	¥ 11
		Total	**—**	6	11
Welfare assets	Company houses and dormitories (Ota Ward, Tokyo)	Buildings and structures	**—**	—	67
		Tools, furniture and fixtures	**—**	—	0
		Total	**—**	—	67
Operational assets	Lighting device business (Thailand)	Buildings and structures	**3,241**	—	—
		Total	**3,241**	—	—
	Lighting device business (Suzhou, China)	Machinery and transportation equipment	**548**	—	—
		Tools, furniture and fixtures	**57**	—	—
		Total	**605**	—	—
	Small motor business (Philippines, etc.)	Machinery and transportation equipment	**76**	—	—
		Software	**—**	15	31
		Total	**76**	15	31
Total			**¥3,922**	¥21	¥109

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

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."

The idle assets (land) for which impairment losses were recognized for the years ended March 31, 2016 and 2015 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.

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. Buildings and structures of lighting device business are expected to have a short remaining useful lives, and therefore discounting was not considered as the impact is insignificant. Machinery and transportation equipment, and tools, furniture and fixtures of lighting device business are calculated by discounting the future cash flow by 14.0%. The entire book value was recorded as impairment losses for small-sized motor business since it was not expected that future cash flow will occur.

7. Loss on liquidation of affiliates

In the year ended March 31, 2017, losses resulting from liquidation of business in subsidiaries located in Thailand and China were recorded, amounting to ¥267 million and ¥1,003 million, respectively.

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.

9. Loss on redemption of bonds

In the year ended March 31, 2017, loss related to the redemption of Minebea Co., Ltd. Series I Unsecured Subordinated Convertible Bonds with Stock Acquisition Rights was recognized, which were repurchased from the Development Bank of Japan Inc. in June 2016.

10. 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 30.9% for the year ended March 31, 2017, 33.1% for the year ended March 31, 2016 and 35.6% for the year ended March 31, 2015.

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 ¥12,683 million and ¥10,763 million as of March 31, 2017 and 2016, respectively, are included in the accompanying consolidated balance sheets and are composed of the following:

		Millions of yen
Deferred Tax Assets	**2017**	2016
Excess of allowed limit chargeable to accrued bonuses	**¥ 1,749**	¥ 1,261
Net defined benefit liability	**3,094**	2,626
Loss on revaluation of investment securities	**753**	495
Inventory provision	**3,103**	232
Unrealized gains on sales of inventories	**1,125**	1,198
Unrealized gains on sales of fixed assets	**465**	442
Excess of allowed limit chargeable to depreciation	**5,819**	3,838
Impairment losses	**4,864**	126
Tax loss carryforwards	**21,159**	4,365
Research credit carryforwards	**1,153**	1,000
Other	**3,529**	3,542
Subtotal	**46,813**	19,125
Valuation allowance	**(27,557)**	(5,704)
Total deferred tax assets	**¥19,256**	¥13,421

Deferred Tax Liabilities	Millions of yen 2017	2016
Depreciation allowed to foreign subsidiaries	**¥ 1,070**	¥ 1,134
Differences on revaluation of available-for-sale securities	**231**	52
Reserve for reduction entry	**1,117**	991
Undistributed profit in subsidiaries	**1,869**	448
Fair value adjustment upon acquisition	**2,018**	—
Other	**268**	33
Total deferred tax liabilities	**6,573**	2,658
Net deferred tax assets	**¥12,683**	¥10,763

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

	Millions of yen 2017	2016
Current assets—Deferred tax assets	**¥ 5,847**	¥ 4,016
Fixed assets—Deferred tax assets	**9,249**	7,644
Current liabilities—Other	**(142)**	(5)
Long-term liabilities—Other	**(2,271)**	(892)
Net deferred tax assets	**¥12,683**	¥10,763

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, 2017, 2016 and 2015, is shown below:

	2017	2016	2015
Statutory tax rate in Japan	**30.9%**	33.1%	35.6%
Adjustments:			
Amortization of goodwill	**0.7**	0.7	0.4
Difference of tax rates applied to foreign subsidiaries	**(9.6)**	(9.6)	(13.2)
Valuation allowance	**(0.2)**	(2.4)	(1.3)
Effect of dividend income eliminated for consolidation	**5.9**	2.9	3.6
Dividend income and other items not included for tax purposes	**(5.6)**	(2.8)	(3.5)
Entertainment cost and other items not deducted for tax purposes	**0.2**	0.3	0.3
Adjustments in year-end deferred tax assets due to tax rate changes	**—**	0.3	0.2
Compensation adjustments from mutual consultation	**—**	0.7	—
Loss related to Anti-Monopoly Act	**—**	—	1.5
Income taxes for prior periods	**2.8**	—	—
Gain on bargain purchase	**(9.3)**	—	—
Other	**(1.4)**	(1.1)	0.1
Effective income tax rate	**14.4%**	22.1%	23.7%

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.

11. Leases

Outstanding future lease payments for non-cancellable operating leases as of March 31, 2017 and 2016, are as follows:

	Millions of yen	
	2017	2016
Due within 1 year	**¥1,059**	¥ 951
Due after 1 year	**5,579**	5,873
Total	**¥6,638**	¥6,824

12. 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 10 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 inherited by the Company as a result of the business integration with MITSUMI ELECTRIC CO., LTD., and their redemption date is August 3, 2022.

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 Accounting & Corporate Finance Headquarters.

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, they are based on 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
"13. Derivatives" do not, in themselves, represent the market risks for the derivative transactions.

Concentration of credit risk
The outstanding trade receivables from one specific customer represented 10.2% of the Group's total trade receivables as of March 31, 2017.

b) Fair values of financial instruments
The reported amounts in the consolidated balance sheet, fair values and their differences as of March 31, 2017 and 2016 are as follows, which does not contain items whose fair value was extremely difficult to measure.

Millions of yen

	2017			2016		
	Reported amount in balance sheet	*Fair value*	*Difference*	*Reported amount in balance sheet*	*Fair value*	*Difference*
Cash and cash equivalents	**¥ 78,832**	**¥ 78,832**	**¥ —**	¥ 29,142	¥ 29,142	¥ —
Time deposits	**14,294**	**14,294**	**—**	10,453	10,453	—
Notes and accounts receivable—trade	**171,191**	**171,191**	**—**	92,275	92,275	—
Securities and investment securities	**8,745**	**8,745**	**—**	8,507	8,477	(30)
Long-term loans receivable	**300**	**295**	**(5)**	241	235	(6)
Total assets	**¥273,362**	**¥273,357**	**¥ (5)**	¥140,618	¥140,582	¥(36)
Notes and accounts payable—trade	**86,571**	**86,571**	**—**	35,807	35,807	—
Short-term debt	**49,660**	**49,660**	**—**	66,166	66,166	—
Current portion of long-term debt	**17,917**	**18,012**	**95**	31,179	31,347	168
Long-term debt	**96,435**	**97,893**	**1,458**	39,766	40,234	468
Total liabilities	**¥250,583**	**¥252,136**	**¥1,553**	¥172,918	¥173,554	¥636
Derivative transactions*	**¥ 1,627**	**¥ 1,627**	**¥ —**	¥ 304	¥ 304	¥ —

* 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 "13. Derivatives."

Financial instruments whose fair value is deemed extremely difficult to measure

	Millions of yen	
	2017	2016
	Reported amount in balance sheet	*Reported amount in balance sheet*
Unlisted stocks	**¥1,520**	¥1,302
Investments in subsidiaries	**455**	406
Investments in affiliates	**—**	6
Investments in capital of unlisted company	**6**	—
Investments in capital of subsidiaries	**85**	85
Total	**¥2,066**	¥1,799

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			
	2017			
	Within 1 year	*Over 1 year Within 5 years*	*Over 5 years Within 10 years*	*Over 10 years*
Cash and cash equivalents	**¥ 78,832**	**¥ —**	**¥—**	**¥—**
Time deposits	**14,294**	**—**	**—**	**—**
Notes and accounts receivable–trade	**171,191**	**—**	**—**	**—**
Securities and investment securities				
Available-for-sale securities with maturities	**1,841**	**2,578**	**—**	**—**
Long-term loans receivable	**—**	**281**	**19**	**—**
Total	**¥266,158**	**¥2,859**	**¥19**	**¥—**

	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	¥—

Expected repayment and redemption for debt

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

13. Derivatives

Derivative transactions which hedge accounting is not applied as of March 31, 2017 and 2016, are as follows:

Currency related

Off market trading

	Millions of yen			
	2017			
Type of transactions	*Contracted amount*	*Contracted amount exceeding 1 year*	*Fair value*	*Valuation gains and losses*
Forward exchange transaction				
Sell				
U.S. dollars	**¥53,495**	**¥—**	**¥724**	**¥724**
Euro	**4,141**	**—**	**47**	**47**
Sterling pounds	**49**	**—**	**(0)**	**(0)**
Japanese yen	**1,247**	**—**	**(7)**	**(7)**
Forward exchange transaction				
Buy				
U.S. dollars	**10,493**	**—**	**(165)**	**(165)**
Euro	**256**	**—**	**(1)**	**(1)**
Sterling pounds	**21**	**—**	**(0)**	**(0)**
Singapore dollars	**1,064**	**—**	**6**	**6**
Swiss fran	**1**	**—**	**(0)**	**(0)**
Hong Kong dollars	**77**	**—**	**(0)**	**(0)**
Chinese yuan	**75**	**—**	**(0)**	**(0)**
Japanese yen	**508**	**—**	**(1)**	**(1)**

	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)

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

Instruments related

Off market trading

Type of transactions	Contracted amount	Contracted amount exceeding 1 year	Fair value	Valuation gains and losses
	Millions of yen			
	2017			
Commodity derivatives (copper)				
Floating/fixed rate cash flow	**¥284**	**¥—**	**¥(4)**	**¥(4)**

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

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, 2017 and 2016, are as follows:

Currency related

Deferred hedge accounting

Type of transactions	Major hedged items	Contracted amount	Contracted amount exceeding 1 year	Fair value
		Millions of yen		
		2017		
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		**¥39,222**	**¥3,532**	**¥1,029**
Euro		**1,612**	**—**	**(0)**
Japanese yen		**117**	**—**	**(1)**
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
Singapore dollars		**160**	**—**	**(0)**
Japanese yen		**33**	**—**	**(0)**

Type of transactions	Major hedged items	Contracted amount	Contracted amount exceeding 1 year	Fair value
		Millions of yen		
		2016		
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
Singapore dollars		36	—	0
Japanese yen		143	—	(0)

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

Interest rate related

Special accounting for interest rate swaps

		Millions of yen		
		2017		
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	**¥27,850**	**¥16,450**	**¥(181)**

		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)

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.

14. 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, 2017, 2016 and 2015, amounted to ¥12,347 million, ¥9,681 million and ¥8,973 million, respectively.

15. 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, 2017, retained earnings included year-end dividends of ¥2,963 million or ¥7 per share, which was approved at the ordinary general meeting of shareholders held on June 29, 2017.

16. 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, 2017, 2016 and 2015, are as follows:

	Millions of yen		
	2017	2016	2015
Selling, general and administrative expenses (Share-based compensation expenses)	**¥—**	¥8	¥31

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, 2017 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	**10,000**	**10,000**	**6,000**
Lapsed	—	—	—
Not exercised	**15,000**	**25,000**	**15,000**

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)	685	685	685
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.

17. Other Comprehensive Income

The amounts of reclassification adjustments and related tax effects included in other comprehensive income for the years ended March 31, 2017, 2016 and 2015, are as follows:

Millions of yen

	2017	2016	2015
Differences on revaluation of available-for-sale securities:			
Incurred in the current year	**¥ 778**	¥ (1,380)	¥ 740
Reclassification adjustment	**—**	—	—
Amount before tax effect adjustment	**778**	(1,380)	740
Amount of tax effect	**(165)**	332	(225)
Differences on revaluation of available-for-sale securities	**613**	(1,048)	515
Deferred gains or losses on hedges:			
Incurred in the current year	**2,619**	285	(9)
Reclassification adjustment	**(1,813)**	53	15
Amount before tax effect adjustment	**806**	338	6
Amount of tax effect	**(57)**	(53)	(1)
Deferred gains or losses on hedges	**749**	285	5
Foreign currency translation adjustments:			
Incurred in the current year	**(3,898)**	(26,760)	30,588
Reclassification adjustment	**1,270**	(87)	1,046
Amount before tax effect adjustment	**(2,628)**	(26,847)	31,634
Amount of tax effect	**(407)**	143	265
Foreign currency translation adjustments	**(3,035)**	(26,704)	31,899
Remeasurements of defined benefit plans:			
Incurred in the current year	**(27)**	(1,890)	(3,376)
Reclassification adjustment	**1,488**	2,811	4,111
Amount before tax effect adjustment	**1,461**	921	735
Amount of tax effect	**(504)**	(319)	(211)
Remeasurements of defined benefit plans	**957**	602	524
Shares of other comprehensive income of associates accounted for using equity method:			
Incurred in the current year	**(251)**	(159)	105
Reclassification adjustment	**79**	22	(149)
Shares of other comprehensive income of associates accounted for using equity method	**(172)**	(137)	(44)
Total other comprehensive income	**¥ (888)**	¥(27,002)	¥32,899

18. 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, 2017, 2016 and 2015, is as follows:

	Thousands of shares		
	2017	2016	2015
Basic	**383,378**	374,106	373,727
Diluted	**389,443**	394,344	393,972

19. Cash Flow Information

In the year ended March 31, 2017, MITSUMI ELECTRIC CO., LTD. and its 19 consolidated subsidiaries were included in the scope of consolidation through the share exchange. The composition of assets and liabilities at acquisition are as follows.

Current assets include ¥32,472 million of cash and cash equivalents held upon consolidation, which was included in "Increase in cash and cash equivalents from newly consolidated subsidiaries."

	Millions of yen
	2017
Current assets	**¥142,381**
Fixed assets	**33,803**
Total assets	**176,184**
Current liabilities	**101,250**
Long-term liabilities	**4,100**
Total liabilities	**105,350**

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 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

Payments for purchases of securities

In the year ended March 31, 2017, the Company repurchased the convertible bond-type bonds with stock acquisition rights issued by its own in June 2016, and redeemed upon maturity in February 2017.

20. Litigation

NMB-Minebea Thai Ltd., the 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, NMB-Minebea Thai Ltd. 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), NMB-Minebea Thai Ltd. has petitioned the Revenue Department for redress.

With regard to case (1), the Supreme Court of the Kingdom of Thailand made its judgment on May 16, 2016 which dismissed the claims made by NMB-Minebea Thai Ltd. As a result of this court decision, NMB-Minebea Thai Ltd. recorded a total of 251 million baht (¥735 million) as income taxes for prior periods in its consolidated statement of income for the year ended March 31, 2017.

Regarding the cases (2), (3) and (4), NMB-Minebea Thai Ltd. withdrew from the respective suits and made a payment of 98 million baht (¥288 million), derived from a initial revised assessment of income tax liability in the amount of 295 million baht (¥865 million) deducted by 197 million baht (¥577 million) of surcharges to be exempted, and with regard to cases (5) and (6), NMB-Minebea Thai Ltd. dropped a petition for redress and recorded, as income taxes for prior periods, 123 million baht (¥360 million), derived from a initial revised assessment of income tax liability in the amount of 380 million baht (¥1,115 million) deducted by 257 million baht (¥755 million) of surcharges to be exempted, which are recorded as income taxes for prior periods in its consolidated statement of income for the year ended March 31, 2017.

The amount of tax refunds related to the revised tax return from the lawsuit has been deducted from income taxes for prior periods.

21. Contingent Liabilities

Other than mentioned in note "20. Litigation," the Company and its consolidated subsidiaries had no material contingent liabilities as of March 31, 2017 and March 31, 2016.

22. Business Combination, etc.

Business Combination through Acquisitions

Business combination through acquisitions in the year ended March 31, 2017, are as follows:

1. Outline of the business combination
   (1) Name of the acquired company and its business activities
   Name of the acquired company: MITSUMI ELECTRIC CO., LTD.
   Business activities: Manufacture and sales of components for electronic and telecommunications industry

   (2) Major reasons for the business combination
   The Company has carried out this business combination aiming at becoming a genuine solutions company by realizing synergies of integration as described below where the combined entity would strive to materialize the further improvement of its corporate value as the Electro Mechanics Solutions™ (Electro Mechanics Solutions is the registered trademark in Japan of the Company) company.
   1. Growth and evolution of business portfolio
   2. Enhancement of cost competitiveness and capacity to generate cash flow by optimizing manufacturing structure and bases
   3. Enhancement of development capabilities and provision of solutions

   (3) Effective date of the business combination
   January 27, 2017

   (4) Legal form of business combination
   By way of share exchange in which the Company is the parent company and MITSUMI ELECTRIC CO., LTD. (MITSUMI) is the wholly owned subsidiary.

   (5) Name of the company subsequent to the business combination
   MITSUMI ELECTRIC CO., LTD.

   (6) Percentage of voting rights acquired

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

   (7) Primary basis for determining the acquirer
   Due to the acquisition of all the shares of MITSUMI by the Company through the share exchange

2. Period of business performances of the acquired company to be included in the consolidated financial statements
   From January 27, 2017 to March 31, 2017

3. Matters relating to the calculation of the acquisition cost, etc.
   (1) Acquisition cost of the acquired company and breakdown by type of consideration

	Millions of yen
Consideration for the acquisition	
Common shares (appropriation of treasury shares)	**¥22,960**
Common shares (issuance of new shares)	**32,044**
Succession of convertible bonds	**20,517**
Loans provided	**(20,000)**
Acquisition cost	**¥55,521**

   (2) Details of allotment in the share exchange

	The Company	MITSUMI
Share exchange ratio of the share exchange	1	0.59
Number of shares to be delivered through the share exchange	Number of common stock of the Company: 47,912,911 shares	

Notes: 1. Share allotment ratio
0.59 shares of common stock of the Company have been allotted and delivered for each share of MITSUMI common stock.
2. Number of shares delivered through the share exchange
Common stock of the Company: 47,912,911 shares
Treasury stock of 20,000,000 shares held by the Company and newly issued shares of 27,912,911 shares have been delivered.

(3) Calculation basis for the details of share allocation of the share exchange
For 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 adviser, while MITSUMI appointed Daiwa Securities Co. Ltd. (Daiwa Securities) as a third-party calculation institution and Anderson Mori & Tomotsune as a legal advisor.

Nomura Securities used an average market price analysis, a comparable company analysis and the DCF Analysis (discount cash flow method) for the calculation with regard to the shares of the Company and used an average market price analysis and the DCF Analysis (discount cash flow method) regarding the calculation of MITSUMI shares. The share exchange ratio has been calculated and determined by taking into consideration all such analyses described above comprehensively.

Daiwa Securities used an average market price analysis, a comparable company analysis and the DCF Analysis (discount cash flow method) for the calculation of shares of both the Company and MITSUMI and calculated and determined the share exchange ratio through the comprehensive consideration of all such analyses.

Based on the results of the calculations detailed above and by taking into account the advice of the legal advisers, all the parties concerned discussed the matter and decided on the share exchange ratio.

4. Amount of acquisition-related expenses and its details
Advisory expenses, etc. ¥609 million

5. Amount of gain on bargain purchase and the source
(1) Amount of gain on bargain purchase
¥14,620 million

(2) Source of gain on bargain purchase
Primarily because the carrying value of net assets was higher than the acquisition cost at the time of the business combination.

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

	Millions of yen
Current assets	**¥142,381**
Fixed assets	**33,803**
Total assets	**¥176,184**
Current liabilities	**¥101,250**
Long-term liabilities	**4,100**
Total liabilities	**¥105,350**

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, 2017, and the calculation method

	Millions of yen
Net sales	**¥137,626**
Operating income	**(12,873)***1
Income before income taxes	**(33,569)***2
Income attributable to owners of the parent	**(30,300)**

*1 ¥12,336 million of loss from inventory revaluation is included.
*2 ¥18,677 million of impairment losses of fixed assets is included.

(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, 2017, 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, 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 acquisition	—%
Percentage of voting rights acquired on the effective date of the business combination	51.0%
Percentage of voting rights subsequent to the 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.

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 divested and its business activities

ElectroCraft, Inc.

(2) Outline of the business 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 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

23. 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 established business divisions by product in key business centers, therein Machined Component Manufacturing Headquarters supervises the production of machined components, Electronic Device and Component Manufacturing Headquarters oversees the manufacture of small-sized motors, electronic devices and components, and optical products, etc. and Mitsumi Business Headquarters is responsible for the production of semiconductor devices, optical devices, mechanical components, etc. and formulates comprehensive business strategies to be implemented for both domestic and foreign operations. Therefore, the Company identifies three reportable segments consisting of "Machined components," "Electronic devices and components" and "MITSUMI business."

The core products in the "Machined components" are mechanical parts, such as ball bearings, rod-end bearings, pivot assemblies of HDDs, fastener for automobiles and aircraft, etc. The "Electronic devices and components" includes electronic devices (LED backlights for LCDs, sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors, and special devices. The staple products of "MITSUMI business" include semiconductor devices, optical devices, mechanical parts, high frequency components, power supply components, etc.

"MITSUMI business" is disclosed as a new reportable segment from the year ended March 31, 2017, following the acquisition of MITSUMI ELECTRIC CO., LTD.

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. Segment information for the year ended March 31, 2015 is based on the reportable segments subsequent to the organizational changes.

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 its consolidated domestic subsidiaries have previously adopted the declining-balance method for the depreciation method of tangible fixed assets other than buildings; however, the straight-line method is adopted from the year ended March 31, 2017.

The Group plans to make investments in Japan and Thailand for the aircraft components business. In the wake of the decision on the investment project, the Group reviewed the depreciation method of tangible fixed assets. As a result, the Group decided to change the depreciation method of tangible fixed assets to the straight-line method, since adopting such method will more accurately and adequately reflect the actual state of economic conditions, given the stable operating situations of facilities and equipment throughout their period of use.

Due to this change, depreciation expense for the year ended March 31, 2017 decreased, while the segment income for "Machined components," "Electronic devices and components," "Other" and "Adjustment (corporate)" segments increased by ¥123 million, ¥174 million, ¥111 million, and ¥50 million, respectively.

The Company and its 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," "Electronic devices and components" and "Adjustment (corporate)" segments increased by ¥29 million, ¥101 million, and ¥222 million, respectively.

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

Informations related to the reportable segments of the Company and its consolidated subsidiaries as of March 31, 2017, 2016 and 2015, and for the years then ended are as follows:

Millions of yen

	Reportable segments							
Year ended March 31, 2017	*Machined components*	*Electronic devices and components*	*MITSUMI business*	*Total*	*Other*	*Total*	*Adjustments*	*Consolidated financial statement amounts*
Sales to external customers	**¥156,310**	**¥441,615**	**¥ 40,343**	**¥638,268**	**¥ 659**	**¥638,927**	**¥ —**	**¥638,927**
Internal sales	**3,831**	**3,872**	**—**	**7,703**	**1,005**	**8,708**	**(8,708)**	**—**
Total sales	**160,141**	**445,487**	**40,343**	**645,971**	**1,664**	**647,635**	**(8,708)**	**638,927**
Segment income (loss)	**39,147**	**21,898**	**2,315**	**63,360**	**(121)**	**63,239**	**(14,224)**	**49,015**
Segment assets	**106,116**	**181,944**	**168,648**	**456,708**	**3,168**	**459,876**	**183,436**	**643,312**
Other items								
Depreciation and amortization	**7,991**	**15,639**	**475**	**24,105**	**207**	**24,312**	**3,853**	**28,165**
Increase in tangible and intangible fixed assets	**5,870**	**16,846**	**2,945**	**25,661**	**171**	**25,832**	**6,016**	**31,848**

Millions of yen

	Reportable segments							
Year ended March 31, 2016	*Machined components*	*Electronic devices and components*	*MITSUMI business*	*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

	Reportable segments							
Year ended March 31, 2015	*Machined components*	*Electronic devices and components*	*MITSUMI business*	*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

Notes: 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 (–¥1,100 million for the year ended March 31, 2017, –¥970 million for the year ended March 31, 2016, –¥582 million for the year ended March 31, 2015), and corporate expenses such as general & administrative expenses and research and development expenses that do not belong to the reportable segments (–¥13,124 million for the year ended March 31, 2017, –¥10,658 million for the year ended March 31, 2016, –¥9,759 million for the year ended March 31, 2015).

(ii) Adjustments to segment assets are unamortized goodwill (¥4,714 million as of March 31, 2017, ¥5,721 million as of March 31, 2016, ¥6,539 million as of March 31, 2015), and assets related to administrative divisions that do not belong to the reportable segments (¥178,722 million as of March 31, 2017, ¥156,537 million as of March 31, 2016, ¥168,275 million as of March 31, 2015).

(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.

4. Information related to changes reportable segments, etc.
As stated in "2. Summary of Significant Accounting Policies a) Principles of consolidation", for certain consolidated subsidiaries with fiscal years ending on December 31, the financial statements as of December 31 were used, with necessary adjustments being made for significant transactions occurring between the subsidiaries' balance sheet date and the Company's balance sheet date. However, from the year ended March 31, 2017, closing date has been changed to March 31 to ensure an even proper disclosure of consolidated financial statements. Due to this change, the financial statements for the 15 months, from January 1, 2016 until March 31, 2017, are included in the consolidated statement of income for the year ended March 31, 2017.
As a result, net sales and segment income of "Electronic devices and components" segment increased by ¥4,789 million and ¥131 million, respectively.

b) Related information
Information by products and services

Millions of yen

Year ended March 31, 2017	*Ball bearings*	*Rod-end bearings/ Fasteners*	*Pivot assemblies*	*Motors*	*Electronic devices*	*Sensing devices*	*MITSUMI products*	*Others*	*Total*
Net sales	**¥94,081**	**¥29,640**	**¥32,589**	**¥158,219**	**¥240,955**	**¥38,340**	**¥40,343**	**¥4,760**	**¥638,927**

Millions of yen

Year ended March 31, 2016	*Ball bearings*	*Rod-end bearings/ Fasteners*	*Pivot assemblies*	*Motors*	*Electronic devices*	*Sensing devices*	*MITSUMI products*	*Others*	*Total*
Net sales	¥97,385	¥32,144	¥34,283	¥161,971	¥244,002	¥35,889	¥—	¥4,140	¥609,814

Millions of yen

Year ended March 31, 2015	*Ball bearings*	*Rod-end bearings/ Fasteners*	*Pivot assemblies*	*Motors*	*Electronic devices*	*Sensing devices*	*MITSUMI products*	*Others*	*Total*
Net sales	¥87,539	¥30,381	¥37,865	¥155,985	¥170,152	¥13,383	¥—	¥5,371	¥500,676

Information by geographical area

Millions of yen

Year ended March 31, 2017	*China*	*Japan*	*Thailand*	*Europe*	*U.S.A.*	*Others*	*Total*
Net sales	**¥207,684**	**¥93,003**	**¥29,419**	**¥64,271**	**¥175,210**	**¥69,340**	**¥638,927**

Millions of yen

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

Millions of yen

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

As of March 31, 2017	Thailand	Japan	China	Others	Total
					Millions of yen
Tangible fixed assets	**¥78,022**	**¥59,255**	**¥18,320**	**¥43,988**	**¥199,585**

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

Information by major customer

Year ended March 31, 2017 — *Millions of yen*

Customer	Net sales	Related reportable segment
Apple Group	**¥124,904**	Electronic devices and components MITSUMI business
LG Group	**65,684**	Electronic devices and components MITSUMI business

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, 2017	Machined components	Electronic devices and components	MITSUMI business	Total	Other	Corporate	Total
Impairment losses	**¥—**	**¥3,922**	**¥—**	**¥3,922**	**¥—**	**¥—**	**¥3,922**

Millions of yen

	Reportable segments						
Year ended March 31, 2016	Machined components	Electronic devices and components	MITSUMI business	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	MITSUMI business	Total	Other	Corporate	Total
Impairment losses	¥—	¥31	¥—	¥31	¥—	¥78	¥109

24. Subsequent Events

There were no significant events subsequent to March 31, 2017.