MinebeaMitsumi
Passion to Create Value through Difference

MINEBEA MITSUMI Inc.
ANNUAL REPORT
2017
Year Ended March 31, 2017

MinebeaMitsumi
Passion to Create Value through Difference

Our Electro Mechanics Solutions™*, that integrate control technology with machine and electronic technology, make MinebeaMitsumi a one of a kind manufacturer. We create new value through difference by combining ultra-precision machining technologies such as bearings and motors, sensors, semiconductors and wireless technologies. This allows us to expand the realm of possibility by creating innovative products. We are accelerating the development of solutions that contribute to a fully connected IoT society, as seen in Industry 4.0, smart cities, advanced healthcare, and next generation technologies including automated driving and robotics.

Contents

Disclaimer Regarding Future Projections

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

Note: Information contained herein is the exclusive property of MINEBEA MITSUMI Inc., and may not be reproduced, modified or transmitted in any form or by any means for whatever purpose without MinebeaMitsumi's prior written permission.

*"Electro Mechanics Solutions" is a registered trademark in Japan of MINEBEA MITSUMI Inc. Its registration No. is 5322479.

Electronic Devices and Components

	2017	2016
Net sales	¥441.6 billion	¥445.5 billion

Major Products

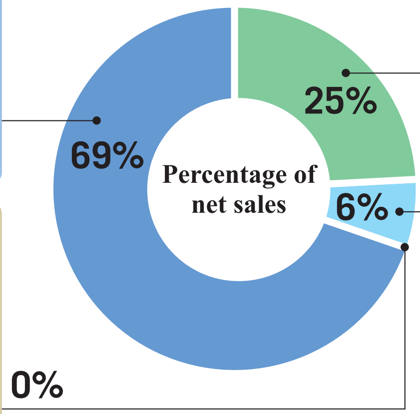
LED backlights
EMS (Electro Mechanics Solutions)
Stepping motors
Brushless DC motors
Brush DC motors
Fan motors
Hard disc drive (HDD) spindle motors
Precision motors
Measuring components

Other

	2017	2016
Net sales	¥0.7 billion	¥0.5 billion

Major Products

Machine made in-house



Machined Components

	2017	2016
Net sales	¥156.3 billion	¥163.8 billion

Major Products

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

MITSUMI business

	2017	2016
Net sales	¥40.3 billion	—

Major Products

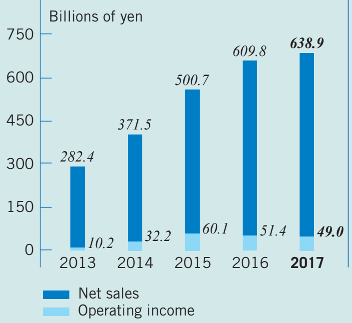
Camera actuators (OIS, VCM)
Mechanism parts
Connectors
Switches
Coils
Power sources
Antennas
Tuners
Semi-conductor devices

Consolidated Financial Highlights

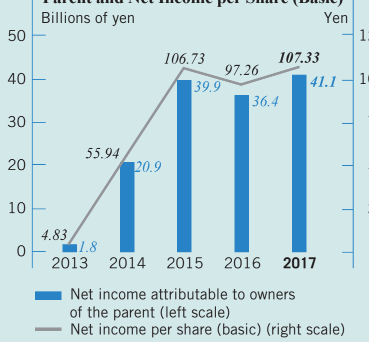
Years ended March 31

	Millions of yen 2017	Millions of yen 2016	Percentage change 2017/2016
Net sales	¥638,927	¥609,814	4.8%
Operating income	49,015	51,438	(4.7)
Net income attributable to owners of the parent	41,146	36,386	13.1
Total net assets	326,218	237,973	37.1
Total assets	643,312	459,428	40.0
Return (net income) on equity	14.9%	15.9%	
	Yen		*Percentage change*
Per Share Data:			
Net income			
Basic	¥107.33	¥ 97.26	10.4%
Diluted	105.64	92.35	14.4
Net assets	759.15	616.43	23.2
Cash dividends applicable to the year	14.00	20.00	(30.0)

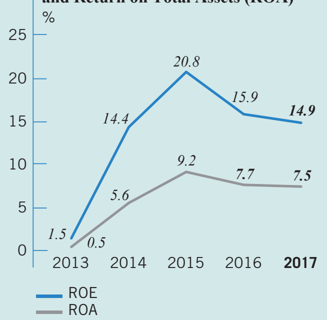
Net Sales and Operating Income



Net Income Attributable to Owners of the Parent and Net Income per Share (Basic)



Return (Net Income) on Equity (ROE) and Return on Total Assets (ROA)



During the period ended March 2017, the world economy overall trended firmly despite high levels of uncertainty about the future economy due to concern about the direction of the UK's Brexit negotiations to leave the European Union and about the policy trends of the new US administration.

On Jan. 27, 2017, Minebea Co., Ltd. and MITSUMI ELECTRIC CO., LTD. conducted a business integration of the two companies, with Minebea Co., Ltd. allocating its shares to MITSUMI ELECTRIC CO., LTD. shareholders at a ratio of 1:0.59 and MITSUMI ELECTRIC CO., LTD. becoming its fully-owned subsidiary. We changed our company name to MINEBEA MITSUMI Inc. and embarked on a new start.

In this economic environment, the group focused on thoroughgoing cost reductions, the development of high value-added products and new technologies, and activities to expand sales in order to realize the further improvement of our earning power. As a result, net sales for the period finished at a record high of 638.9 billion yen. Operating income was lower this term at 49.0 billion yen, but due to the effects of the business integration with MITSUMI ELECTRIC CO., LTD., net income was a new record for profits at 41.1 billion yen.

Representative Director, CEO and COO
Yoshihisa Kainuma

Key Strategies in the Fiscal Year Ended March 2017

During the period ended March 2017, demand for ball bearings was very strong, with our monthly external sales volume reaching up to 180 million units per month. In accordance with this, we also achieved our highest ever figures on a monthly production volume base, recording up to 264 million units per month. Meanwhile, in motors, expansion of sales for the automotive business has progressed and is driving the second column of growth. In LED backlights, while sales volume to our main customers has reduced, we are seeking to improve our share in China and progress in acceleration depreciation of equipment is also contributing to profitability.

In the machined components area, we reviewed the entire process at each plant for ball bearings and rod end bearings and began activities to significantly improve productivity per person, which are already producing positive effects. Even as the market is shrinking in pivot assemblies for hard disk drive units (HDD), we raised our world share to over 80% and increased our sales volume.

In the area of parts for electronics devices, we are proceeding steadily with development of narrow frame LCD displays able to contend with organic EL. In LED backlights, we plan to shift significantly from the conventional smartphone market toward the automotive market, which still has room for further expansion. Operation of our new plant in Slovakia is planned for January 2018. This plant will be our production base for automotive motors for the European market, but in response to strong customer requests for LED backlights too, we intend to produce them in Slovakia at some point. SALIOT LED lighting equipment has obtained US safety certification and will now go on sale in the US. We have established a SALIOT showroom close to our Tokyo head office building and are proceeding with preparations for its opening in August 2017. Customer response has been positive and we are actively conducting sales promotion activities. In Smart Cities, we are currently engaging in efforts for the world-top class Smart City project in Cambodia's Phnom Penh which should take form during this term and trying to gain the involvement of various Japanese companies. In bed sensors, the sales launch is planned soon and we recently concluded a joint business development contract with Ricoh Co., Ltd. We plan to use this as a platform for our group's healthcare business.

In the MITSUMI business segment, in addition to a new games console contributing to profitability, increasing demand for OIS for smartphone cameras is expected to continue and with improvements in productivity, significant increases in sales and profits are planned.

Looking Back on the Fiscal Year Ended March 2017

In the Japanese economy, moderate recovery of personal consumption is evident in light of improvements in employment and income situation, and signs of recovery in corporate production and exports have increased but due to concern about the policy trends of the new US administration, uncertainty has been high in the second half of the term. The US economy has continued to show moderate economic expansion amid increasing expectations for fiscal stimulus and tax cuts advocated by the new administration, in addition to recovery of domestic and overseas demand. In the European economy, Europe overall has trended firmly centered on domestic demand, despite the overhanging uncertainty about the direction of the UK's Brexit negotiations to leave the EU. Meanwhile, with regard to the Asian economy, recovery from economic slowdown is expected for the Chinese economy, underpinned by public investment, but uncertainty about the future still cannot be dispelled.

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

Moreover, on Jan. 27, 2017, the group conducted a business integration by share exchange with MITSUMI ELECTRIC CO., LTD., incorporating it into our group's consolidated targets from that date.

Presenting results by segment gives the following. It should be noted that from this fiscal year, in accordance with our business integration with MITSUMI ELECTRIC CO., LTD., we newly disclose MITSUMI's business in our reportable segments. In the machined components segment, apart from ball bearings, which are the group's main products, there were mainly mechanical parts such as rod end bearings for use in aircraft and pivot assemblies for HDDs, as well as screws for use in automobiles and aircraft. Due to increased demand for ball bearings, our main products, based on expanded needs for energy-saving and safety devices for the automotive market, we recorded a new highest record for external sales volume but sales fell due to the effects of exchange rates, etc. Meanwhile, sales fell for rod end bearings due to the effects of exchange rates and the fall in production of large aircraft in the commercial aircraft market. Although pivot assemblies were affected by the contraction of the HDD market, the sales quantity still increased, but sales fell due to the impact of exchange rates.

In the electronics devices segment, electronics devices (LCD backlights and sensing devices (measuring components), etc.), HDD spindle motors, stepping motors, DC motors, air movers (fan motors), precision motors and special components are the main products. As for LCD backlights, demand remained strong for our group's products with superior thin technology for the smartphone market. Motors performed well, centered on products for automobiles such as stepping motors. However, sales fell due to the impact of exchange rates.

The MITSUMI business segment primarily makes products such as semi-conductors, optical devices, mechanical parts, high-frequency components, power source parts. Products such as camera actuators, switches, and battery protection ICs for smartphones have shown steady consumption in North America and China. In addition, sales have grown in automotive products such as antennas, communication modules and connectors.

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

Outlook for Fiscal Year Ending March 2018 (as of May 2017)

The Japanese economy during the period ending March 2018, moderate recovery is evident due to robust domestic and overseas demand and improvements in corporate profits, etc., but concern remains about exchange rates due to heightened global geopolitical risk. The US economy is expected to remain steady as the employment and income environment are steadily improving, despite growing concerns about the new administration's policy implementation capabilities. The European economy is expected to continue its internal demand-led firm economic growth despite the existence of major factors of uncertainty such as the UK's Brexit negotiations to leave the EU and political trends after the elections in France and Germany, etc. The Chinese economy is anticipated to remain steady due to expansion of infrastructure investment, etc., despite concerns about the direction of future trade negotiations with the US.

In such circumstances, the group is forecasting full-year consolidated results with net sales of 750 billion yen, operating income of 56 billion yen, ordinary income of 55 billion yen and net income attributable to owners of the parent of 41.5 billion yen.

In the machined components segment, in accordance with increases in global demand, we will further raise results for ball bearings, our main products, by continuing to advance positive sales expansion in the automobile industry and information communication device-related industries, etc., and making further significant improvements in production. With regard to rod end bearings, we are improving production efficiency by reviewing production methods from the fundamentals, and we are seeking to expand sales in the small and medium-sized aircraft markets where further growth is anticipated.

As for LCD backlights in the electronics devices segment, we will continue to supply high value-added products such as ultrathin light guide plates for high-end smartphones, and advance sales for automotive products where future expansion is expected. We will further improve the quality of motors such as stepping motors and reduce their costs and advance sales expansion of high value-added products for automobiles and servers, etc., to further improve results.

In the MITSUMI business segment's smartphone-related products such as camera actuators and switches, we are seeking to further expand sales by improving productivity and maintaining quality, as increasingly high-functioning models emerge. In automotive products such as antennas, communication modules and connectors, we are seeking to improve results by establishing a global production and supply regime, as well as expanding our line-up. In addition, we are enhancing our competitiveness by creating significant synergy effects using the scale of our entire group to expand sales, reduce costs of materials and physical distribution costs, and for new product development.

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

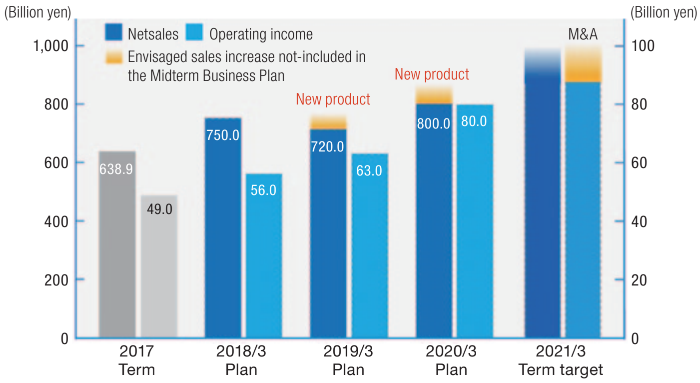
New Midterm Business Plan and MinebeaMitsumi's "Seven Spears" Strategy

In the fiscal year ended March 2017, net sales were a new record high of 638.9 billion yen. The company announced last year the medium to long-term target of achieving either net sales of 1 trillion yen or operating income of 100 billion yen by the fiscal year ending March 2021, whichever comes first. In order to achieve this challenging target, we will work to boost the profitability of our existing lines while developing new high value-added products. That includes leveraging the wealth of experience we have gained in manufacturing, sales, engineering and development as well as the commitment to restructuring our business portfolio, encompassing EMS (Electro Mechanics Solutions) business that is driven by our combined technological strengths in electronic devices and components as well as machined components, in order to provide flexible prices and meet the needs of our customers. Moreover, we will work on expanding large-scale overseas mass-production plants and improving research and development system while performing regional risk management. We will also actively work on restructuring our business portfolio and increasing corporate value via M&As and alliances. In order to make substantial headway on these initiatives and boost our bottom line, we have formulated a New Midterm Business Plan, indicated below.

New Midterm Business Plan : Numerical Targets

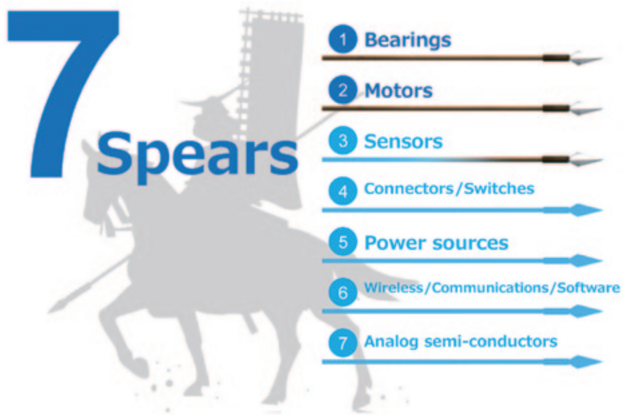
Formulating a New Midterm Business Plan of Checkpoints going forward to FY2020

New Midterm Business Plan Performance Targets



In addition, we have presented to all our employees the MinebeaMitsumi "Seven Spears." These Seven Spears are products which were selected based on the following three criteria, when we were considering business areas to focus on for growth in the mid- to long-term from among all the various businesses in our portfolio. The first criterion is that the market scale is large. The second criterion is that within this large market scale there is a niche area where we can use our core competency in ultra-precision machining technology to realize our presence. The third criterion is that the corresponding product has permanence and will not easily disappear. For example, bearings are a staple product with a large market, much like the "rice" of industry, which are not likely to easily disappear even as technology progresses. In addition, in the overall bearings market, we compete particularly in miniature and small-diameter size ball bearings with an outside diameter of 22mm or less. We believe that we should approach other products in a similar way in the future, such as sensors, connectors/switches, power sources, wireless, and analog semi-conductors. This is our vision for our group, based on our thinking about how to use our group's various technologies and business management resources in the future to demonstrate our competitiveness. However, producing ample profit from investment in all these areas will not be something that happens today or tomorrow, but will be a matter for the long stretch.

MinebeaMitsumi's Seven Spears



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

We have produced more products with a large share of niche market through leveraging our advanced technological and product supplying capability with mass production. These efforts have enabled us to move ahead with laying a solid foundation for MinebeaMitsumi's 100th year of operations and achieve our best performance ever in the fiscal year ended March 2017. We forecast an even better performance of 750 billion ten in net sales this fiscal year, while we anticipate net sales of 720 billion next fiscal year, in light of the anticipated fall in LED backlights.

The significant profitability of MITSUMI's business is expected to significantly contribute to profits and we aim to realize net sales of 800 billion yen and operating profit of 80 billion yen in the third year.

We continue to enjoy the huge market share we have garnered for our anchor product line, miniature and small-sized ball bearings, as well as HDD pivot assemblies, rod-end bearings for aircraft, LED backlights for high-end thin smartphones, etc. All of us at MinebeaMitsumi will continue to work with passion as we steadily build on these products to ensure that when we reach our 100th anniversary, we will still be an indispensable parts manufacturer.

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

July 2017
Representative Director, CEO and COO

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

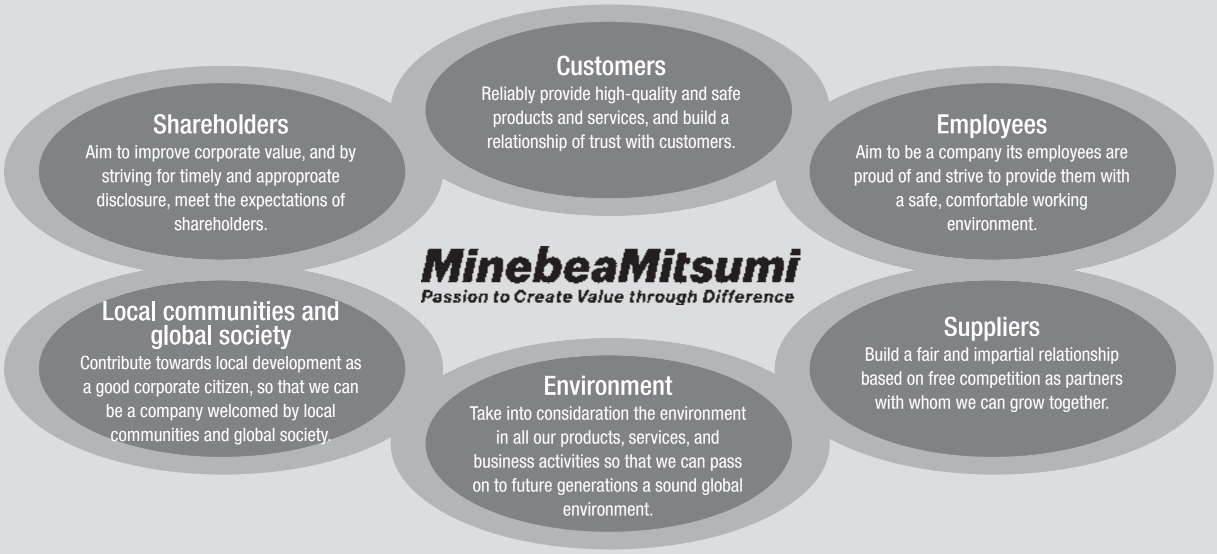
In 1993 MinebeaMitsumi became the first bearing manufacturer to abolish the use of specific chlorofluorocarbons and ethane as cleaning agents in its production processes. That was also the year MinebeaMitsumi articulated its Environmental Philosophy. These corporate milestones focused on various environmental initiatives, such as eliminating or minimizing the use of environmentally hazardous substances, implementing environmental management systems, promoting efficient use of resources as well as green procurement practices. As of April 1,2017 MinebeaMitsumi renamed its Minebea Group Environmental Policy to MinebeaMitsumi Group Environmental Policy.

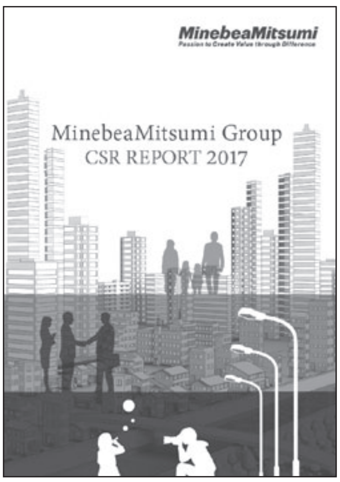
In addition to these initiatives, we adopted the Basic CSR Policy and the CSR Implementation Principles in 2010 based on “The Five Principles” as our company credo. Today MinebeaMitsumi’s CSR activities encompass a wide range of areas including educational programs, participation in local and national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

MinebeaMitsumi Group Basic CSR Policy

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

MinebeaMitsumi Group Stakeholders





MinebeaMitsumi Group Environmental Policy

Established August 26, 1993
Revised April 1, 2017

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

Renamed the CSR Report in 2010, the annual publication serves as a vital medium designed to communicate MinebeaMitsumi’s CSR and environmental policies as well as related activities. For more information, visit the MinebeaMitsumi corporate web site at http://www.minebeamitsumi.com/english/corp/environment/

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

1. Basic Explanation of the Company's Organization

MinebeaMitsumi makes fast and highly strategic business judgments by limiting the Board of Directors to no more than 12 people. At the same time, by introducing an executive officer system, we have delegated significant authority from the Board of Directors to executive officers, and clearly divided the role of management/supervision functions from execution functions.

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

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

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

2. Summary of Management Decisions, Supervision and Various Functions

(1) Management decision-making and supervision

MinebeaMitsumi's management decision-making and supervision is done by the 12-member Board of Directors, which makes significant strategic business judgments that can facilitate prompt and highly strategic decision making. We have included two external members in the Board of Directors with the aim of obtaining advice on corporate management and strengthening the Board's functions to supervise the organizations responsible for execution of duties.

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

(2) Execution Function of Management

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

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

(3) Monitoring of Management

MinebeaMitsumi has built a monitoring system comprising four Audit & Supervisory Board Members, of which three are external. Also, there are no titles for the Board of Directors in an effort to enhance the monitoring of each Board member.

3. Enhancement of Internal Control System

Based on the "Basic Policy for Internal Control System", MinebeaMitsumi has comprehensively implemented such systems as the compliance system, information storage and management system, risk management system, system for the efficient performance of duties, system for management of Group companies, and auditing system, and is working to further strengthen them.

The Five Principles

MinebeaMitsumi shall...

Be a company where our employees are proud to work

Earn and preserve the trust of our valued customers

Respond to our shareholders' expectations

Work in harmony with the local community

Promote and contribute to global society

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

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

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

Structure of the Internal Control System

(1) Structure to assure that Board members', executive officers', technical officers' and employees' execution of duties conforms to laws and the Articles of Incorporation (compliance system)

(2) Storage and management of information related to execution of duties by Board members, executive officers and technical officers (information storage and management system)

(3) Rules for management of loss risk and other structures (risk management system)

(4) Structure that assures that the duties by Board members, executive officers and technical officers are efficiently executed (system for the efficient performance of duties)

(5) Structure to ensure that the operations of the Company and its subsidiaries are adequate (system for management of Group companies)

(6) Structures to ensure that the Audits by the Audit & Supervisory Board Members are effective (Auditing System)

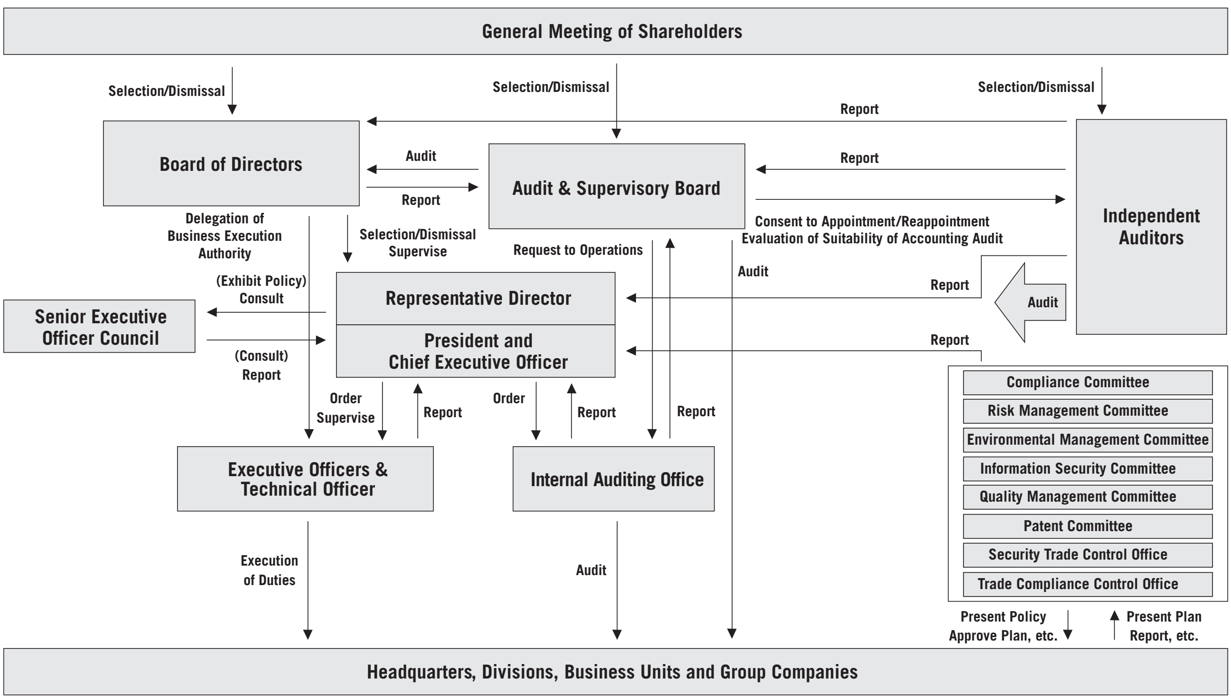
5. Internal Control over Financial Reporting

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

In accordance with this framework, management assessed the Company's internal control of financial reporting as of March 31, 2017, and based on the results thereof concluded that the Company's internal control over financial reporting was effective as of that date. Management has published its conclusions in the Report on Internal Control System, which has been audited by the Company's statutory auditor, KPMG AZSA LLC.

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

MinebeaMitsumi's Corporate Governance System



1951 | 7 Nippon Miniature Bearing Co., Ltd., Japan's first specialized manufacturer of miniature ball bearings, is incorporated in Azusawa, Itabashi-ku, Tokyo.

1956 | 10 The Company relocates its headquarters to Nihonbashi-Kabuto-cho, Chuo-ku, Tokyo, and its factory to Kami Aoki-cho, Kawaguchi, Saitama.

1959 | 6 A new plant is established at Aoki-cho, Kawaguchi, Saitama, to serve as the Company's integrated headquarters and factory.

1961 | 8 The Company's stock is listed on the over-the-counter market of the Tokyo Stock Exchange.

| 10 With the establishment of the Second Section of the Tokyo Stock Exchange, the company's stock is listed on this section.

1962 | 11 A representative office is set up in the United States to cultivate the U.S. market.

1963 | 3 A plant is established in Karuizawa, Nagano. Some operations are relocated to the Karuizawa Plant.

1965 | 7 The Kawaguchi Factory is closed and its equipment is conveyed to Karuizawa. The Company's headquarter is shifted from Kawaguchi, Saitama, to Miyota-machi, Kitasaku-gun, Nagano.

1967 | 3 A representative office is set up in London to promote business in Europe.

1968 | 9 Subsidiary Nippon Miniature Bearing Corporation (the present NMB Technologies Corporation) is established in Los Angeles, California.

1970 | 10 The Company's stock listing is shifted from the Second Section to the First Section of the Tokyo Stock Exchange.

1971 | 4 Sales subsidiary NMB (U.K.) Ltd. is established in the United Kingdom.

| 5 The Company's stock is listed on the First Sections of the Osaka Securities Exchange and Nagoya Stock Exchange.

| 9 The Company acquires the U.S. firm Reed Instrument Corp. (the present Chatsworth Plant of New Hampshire Ball Bearings, Inc.) from SKF, Inc., of Sweden and commences production in the United States.

1972 | 2 Manufacturing subsidiary NMB Singapore Ltd. is established in Singapore. (Production begins in 1973.)

1974 | 9 The Company acquires Shinko Communication Industry Co., Ltd. (the present Sensing Device BU), a major strain gage manufacturer listed on the Second Section of the Tokyo Stock Exchange.

1975 | 1 The Company acquires U.S. company IMC Magnetics Corp., a listed manufacturer of small precision motors.

| 7 The Company acquires a leading fastener producer, Tokyo Screw Co., Ltd. (the present Rod End/Fastener BU Fastener MFG Div.), and an electromagnetic clutch manufacturer, Shin Chuo Kogyo Co., Ltd. (the present Special Device BU), both of which are listed on the Second Section of the Tokyo Stock Exchange.

1977 | 9 The Company acquires Hansen Manufacturing Co., Inc. (later Hansen Corporation), which is, at the time, the motor manufacturing division of Mallory Corp., a U.S. multinational.

| 10 Sales subsidiary Nippon Miniature Bearing GmbH (the present NMB-Minebea-GmbH) is established in Germany.

1980 | 1 The Company acquires the Singapore factory of Koyo Seiko Co., Ltd., and establishes Pelmec Industries (Pte.) Ltd. (the present NMB Singapore Ltd.) to manufacture small-sized ball bearings.

| 8 Manufacturing subsidiary NMB Thai Limited (the present NMB-Minebea Thai Ltd.) is established in Thailand. (Production begins in 1982.)

1981 | 1 The marketing division of the Company is spun off as subsidiary NMB (Japan) Corporation, which is charged with integrating marketing operations for all manufacturing companies in the Minebea Group.

| 10 The Company absorbs four of its manufacturing affiliates—Tokyo Screw Co., Ltd., Shinko Communication Industry Co., Ltd., Shin Chuo Kogyo Co., Ltd., and Osaka Motor Wheel Co., Ltd.—and changes its name to Minebea Co., Ltd.

1982 | 9 Sales subsidiary NMB Italia S.r.l. is established in Italy.

1983 | 3 The Company acquires a cooling fan manufacturer, Kondo Electric Works Ltd. (the present Industrial Machinery BU).

1984 | 8 Two manufacturing subsidiaries, Minebea Thai Limited and Pelmec Thai Ltd. (the present NMB-Minebea Thai Ltd.), are established in Thailand.

1985 | 3 The Company acquires New Hampshire Ball Bearings, Inc., a listed U.S. ball bearing manufacturer.

| 9 The Company acquires the Miami Lakes operations of Harris Corporation, a U.S. manufacturer of switching power supplies.

1986 | 5 The R&D Center and subsidiary Minebea Electronics Co., Ltd., are established in Asaba-cho, Iwata-gun (the present city of Fukuroi), Shizuoka.

1987 | 5 Manufacturing joint venture Thai Ferrite Co., Ltd. (the present NMB-Minebea Thai Ltd.), is established in Thailand.

1988 | 2 The Company acquires Rose Bearings Ltd. (the present NMB-Minebea UK Ltd), a U.K. manufacturer of rod-end and spherical bearings.

| 3 Sales subsidiary NMB Technologies, Inc. (the present NMB Technologies Corporation), is established in the United States to coordinate sales and marketing of Minebea's electronic devices.

Manufacturing joint venture Minebea Electronics (Thailand) Company Limited (the present NMB-Minebea Thai Ltd.) is established.

| 12 Manufacturing subsidiaries NMB Hi-Tech Bearings Ltd. and NMB Precision Balls Limited (the present NMB-Minebea Thai Ltd.) are established in Thailand.

1989 | 1 Marketing subsidiary NMB France S.a.r.l. (the present NMB Minebea S.A.R.L.) is established.

1990 | 10 Papst-Minebea-Disc-Motor GmbH (the present Precision Motors Deutsche Minebea GmbH), a joint venture with Papst-Motoren GmbH & Co. KG, is established in Germany to manufacture HDD spindle motors.

| 11 Rose Bearings Ltd. (the present NMB-Minebea UK Ltd), in the United Kingdom, commences production of ball bearings at its Skegness Plant.

1992 | 1 The Company absorbs Sorensen Ltd. and reestablishes it as Minebea Electronics (UK) Ltd., a manufacturer of switching power supplies in Scotland.

1993 | 8 Joint venture agreement with Papst-Motoren GmbH & Co. KG of Germany is cancelled. The Company acquires all outstanding shares in Papst-Minebea-Disc-Motor GmbH and changes the company's name to Precision Motors Deutsche Minebea GmbH (PMDM).

| 10 Sales and R&D subsidiary Minebea Trading Pte. Ltd. is established in Singapore.

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

1996 | 8 A vertically integrated ball bearing production facility commences operations in Shanghai.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

| 2 Dissolved joint venture motor business with Panasonic Corporation.

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

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

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

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

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

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

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

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

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

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

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

2016 | 2 Sales subsidiary NMB-Minebea de Mexico, S. de R.L. de C.V. is established in Mexico.

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

| 5 German subsidiary, Minebea Intec GmbH, acquired all shares of French industrial mea-suring instruments manufacturing and sales company, A à Z Pesage S.A.S. and Centre Pesage S.A.S.

2017 | 1 The Company name became MINEBEA MITSUMI Inc. by having the business integration with MITSUMI ELECTRIC CO., LTD. through a share exchange and MITSUMI ELECTRIC CO., LTD. became a wholly owned subsidiary.

Representative Director, Chairman & President (CEO&COO)

Yoshihisa Kainuma

Director of MITSUMI ELECTRIC CO., LTD.

Representative Director, Vice Chairman

Shigeru Moribe

Director, Chairman of the Board of Directors of MITSUMI ELECTRIC CO., LTD.

Director, Senior Managing Executive Officers

Ryozo Iwaya

Chief of Electronic Device & Component Manufacturing Headquarters
Chief of MITSUMI Business Headquarters
Representative Director, President and Chief Executive Officer of MITSUMI ELECTRIC CO., LTD.

Tamio Uchibori

Chief of Corporate Planning Headquarters

Tetsuya Tsuruta

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

Shigeru None

Officer in charge of Sales Div.
Officer in charge of Headquarters at Sales Div.

Hiromi Yoda

Chief of Accounting & Corporate Finance Headquarters

Shuji Uehara

Chief of Business Administration Headquarters
Officer in charge of Business Management Div. at MITSUMI Business Headquarters
Director, Vice President Executive Officer of MITSUMI ELECTRIC CO., LTD.

Director, Managing Executive Officers

Michiya Kagami

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

Hiroshi Aso

Deputy Chief of Engineering Headquarters
Deputy Chief of MITSUMI Business Headquarters
Officer in charge of Engineering Development Div.
Officer in charge of Semiconductor Business Div. at MITSUMI Business Headquarters
Director, Managing Executive Officer of MITSUMI ELECTRIC CO., LTD.

Outside Directors

Kohshi Murakami
Takashi Matsuoka

Standing Audit&Supervisory Board Member

Kazunari Shimizu

Standing Outside Audit&Supervisory Board Member

Kazuyoshi Tokimaru

Outside Audit&Supervisory Board Member

Hisayoshi Rikuna
Shinichiro Shibasaki

Managing Executive Officers

Masayuki Imanaka

General Manager of Regional Affairs for South East Asia

Tatsuo Matsuda

Chief of Personnel & General Affairs Headquarters

Hiroshi Yoshikawa

Deputy Chief of Electronic Device & Component Manufacturing Headquarters (in charge of Manufacturing)
Deputy Chief of MITSUMI Business Headquarters (in charge of Manufacturing)

Joerg Hoffmann

Deputy Chief of Electronic Device & Component Manufacturing Headquarters (in charge of Engineering)
Deputy Officer in charge of Spindle Motor Div.
at Electronic Device & Component Manufacturing Headquarters
General Manager of Regional Affairs for Europe

Haruki Kato

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

Kazunori Sawayama

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

Katsuhiko Yoshida

Deputy Chief of Business Administration Headquarters
General Manager of Business Administration Department
General Manager of Investor Relations Office at Business Administration Headquarters

Takuya Sato

Deputy Chief of Electronic Device & Component Manufacturing Headquarters (in charge of Parts)
Deputy Chief of MITSUMI Business Headquarters (in charge of Parts)

Executive Officers

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

Hiroyuki Akatsu
Officer in charge of Intellectual Property Div. at Engineering Headquarters

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

Koichi Takeshita
General Manager of Regional Affairs for China

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

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

Atsushi Shiraishi
Head of Rod End/Fastener Business Unit
at Machined Component Manufacturing Headquarters

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

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

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

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

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

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

Junichi Mochizuki
Officer in charge of Procurement & Logistics Div.

Technical Officer

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

Executive Officers

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

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

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

Satoshi Mizuma
Deputy Head of Ball Bearing Business Unit
at Machined Component Manufacturing Headquarters
General Manager of Quality Control Department
of Ball Bearing Business Unit at Machined Component Manufacturing Headquarters

Tadashi Adachi
Officer in charge of Component Devices Business Div.
at MITSUMI Business Headquarters
Executive Officer of MITSUMI ELECTRIC CO., LTD.

Katsuyuki Iwakuma
Head of MITSUMI Parts Business Unit at MITSUMI Business Headquarters
Executive Officer of MITSUMI ELECTRIC CO., LTD.

Shinichi Yamamura
Deputy Officer in charge of Lighting Products Business Promotion Department of Business Promotion Div.

Kenji Fukunaga
Officer in charge of Automotive & Global Motor Business Div.
at Electronic Device & Component Manufacturing Headquarters
General Manager of Automotive Quality Assurance Department
of Automotive & Global Motor Business Div.
at Electronic Device & Component Manufacturing Headquarters

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

Eleven-Year Summary

	2017	2016	2015	2014
Statement of Income • Statement of Comprehensive Income Data:				
Net sales:	**¥638,927**	¥609,814	¥500,676	¥371,543
Machined components	**156,310**	163,811	155,785	140,033
Percentage of net sales	**25%**	27%	31%	38%
Electronic devices and components	**441,615**	445,467	344,725	231,333
Percentage of net sales	**69%**	73%	69%	62%
MITSUMI business	**40,343**	—	—	—
Percentage of net sales	**6%**	—	—	—
Other	**659**	536	166	177
Percentage of net sales	**0%**	0%	0%	0%
Former segment (fiscal 2013)				
Machined components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Electronic devices and components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Other	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Former segment (from fiscal 2010 to 2012)				
Machined components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Rotary components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Electronic devices and components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Other	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Former segment (before fiscal 2009)				
Machined components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Electronic devices and components	**—**	—	—	—
Percentage of net sales	**—**	—	—	—
Gross profit	**¥125,849**	¥123,143	¥120,091	¥ 85,775
Percentage of net sales	**19.7%**	20.2%	24.0%	23.1%
Operating income	**49,015**	51,438	60,101	32,199
Percentage of net sales	**7.7%**	8.4%	12.0%	8.7%
Net income attributable to owners of the parent	**41,146**	36,386	39,887	20,878
Percentage of net sales	**6.4%**	6.0%	8.0%	5.6%
Comprehensive income	**40,612**	9,596	72,380	31,974
Percentage of net sales	**6.4%**	1.6%	14.5%	8.6%
Balance Sheet Data:				
Total assets	**¥643,312**	¥459,428	¥490,043	¥381,278
Total current assets	**405,575**	249,820	265,185	189,638
Total current liabilities	**200,128**	165,425	167,620	120,937
Short-term debt and current portion of long-term debt	**67,577**	97,345	66,757	64,044
Long-term debt	**96,435**	39,766	71,706	84,454
Working capital	**205,447**	84,395	97,565	68,701
Total net assets	**326,218**	237,973	233,679	163,463
Equity ratio	**50.0%**	50.2%	46.1%	41.4%
Per Share Data:				
Net income:				
Basic	**¥107.33**	¥ 97.26	¥106.73	¥ 55.94
Diluted	**105.64**	92.35	101.32	53.14
Net assets	**759.15**	616.43	604.83	422.62
Cash dividends	**14.00**	20.00	12.00	8.00
Number of shares outstanding	**427,080,606**	399,167,695	399,167,695	399,167,695
Other Data:				
Return (net income) on equity	**14.9%**	15.9%	20.8%	14.4%
Return on total assets	**7.5%**	7.7%	9.2%	5.6%
Interest expense	**¥ 879**	¥ 1,169	¥ 1,504	¥ 2,139
Net cash provided by operating activities	**83,125**	43,582	59,863	49,173
Net cash used in investing activities	**(46,800)**	(44,642)	(35,326)	(24,957)
Free cash flows	**36,325**	(1,060)	24,537	24,216
Purchase of tangible fixed assets	**29,217**	40,136	34,979	18,343
Depreciation and amortization	**28,165**	34,788	28,776	23,740
Number of employees	**78,957**	62,480	63,967	54,768

Notes: 1. Effective from fiscal 2017, "MITSUMI business" is disclosed as a new reportable segment following the acquisition of MITSUMI ELECTRIC CO., LTD.

2. Effective from fiscal 2016, the Company has made some organizational changes, including incorporating its in-house manufacturing division into the Electronic devices and components manufacturing headquarters. Due to these changes, the segment information has been adjusted accordingly. Figures before fiscal 2013 are based on the former segments.

3. Effective from fiscal 2016, the presentation method of net income, etc. was amended due to the changes in accounting policy.

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

Millions of yen

2013	2012	2011	2010	2009	2008	2007
¥282,409	¥251,358	¥269,139	¥228,446	¥256,163	¥334,431	¥331,022
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
—	—	—	—	—	—	—
113,573	—	—	—	—	—	—
40%	—	—	—	—	—	—
167,911	—	—	—	—	—	—
60%	—	—	—	—	—	—
925	—	—	—	—	—	—
0%	—	—	—	—	—	—
—	107,038	107,841	99,291	—	—	—
—	43%	40%	44%	—	—	—
—	91,364	101,139	74,185	—	—	—
—	36%	38%	32%	—	—	—
—	37,887	40,502	35,780	—	—	—
—	15%	15%	16%	—	—	—
—	15,069	19,657	19,190	—	—	—
—	6%	7%	8%	—	—	—
—	—	—	—	115,872	144,034	137,662
—	—	—	—	45%	43%	42%
—	—	—	—	140,291	190,397	193,360
—	—	—	—	55%	57%	58%
¥ 57,295	¥ 52,852	¥ 66,994	¥ 53,160	¥ 59,025	¥ 80,721	¥ 73,378
20.3%	21.0%	24.9%	23.3%	23.0%	24.1%	22.2%
10,169	8,599	22,163	12,059	13,406	30,762	26,265
3.6%	3.4%	8.2%	5.3%	5.2%	9.2%	8.0%
1,804	5,922	12,465	6,662	2,441	16,303	12,862
0.6%	2.4%	4.6%	2.9%	1.0%	4.9%	3.9%
26,709	4,046	4,009	6,255	—	—	—
9.5%	1.6%	1.5%	2.7%	—	—	—
¥362,805	¥306,772	¥291,092	¥277,967	¥285,396	¥320,544	¥354,784
170,977	157,787	144,178	130,004	121,699	148,117	156,059
128,484	115,713	116,863	102,961	112,312	118,321	131,155
85,203	68,607	76,370	64,755	80,990	65,352	71,761
85,209	73,937	56,843	58,645	56,900	67,500	78,500
42,493	42,074	27,315	27,043	9,387	29,796	24,905
137,858	109,777	109,967	108,381	106,762	131,730	142,558
36.2%	35.7%	37.1%	38.5%	37.1%	40.7%	40.1%
						Yen
¥ 4.83	¥ 15.63	¥ 32.61	¥ 17.20	¥ 6.18	¥ 40.86	¥ 32.23
4.65	15.54	—	—	—	—	—
351.65	288.74	282.03	279.87	271.93	327.25	356.75
7.00	7.00	7.00	7.00	7.00	10.00	10.00
399,167,695	399,167,695	399,167,695	399,167,695	399,167,695	399,167,695	399,167,695
						Millions of yen
1.5%	5.5%	11.6%	6.3%	2.1%	11.9%	9.9%
0.5%	2.0%	4.4%	2.4%	0.8%	4.8%	3.7%
¥ 2,651	¥ 2,321	¥ 1,833	¥ 1,898	¥ 2,646	¥ 4,402	¥ 5,224
22,990	20,233	24,439	30,408	37,064	46,893	37,902
(37,813)	(29,018)	(28,631)	(12,733)	(24,554)	(23,461)	(15,180)
(14,823)	(8,785)	(4,192)	17,675	12,510	23,432	22,722
42,963	25,961	26,517	10,495	18,429	24,888	16,969
22,569	20,920	22,127	22,492	25,027	27,502	25,727
53,327	51,406	53,827	49,091	48,443	50,549	49,563

5. In fiscal 2013, the Company posted other expenses of ¥4,905 million for the restructuring and associated impairment charges of the rotary components segment, ¥1,642 million in expenses associated with the partial settlement of a defined benefit pension plan at U.S. subsidiaries, and ¥955 million for the restructuring and the associated provision for doubtful receivables of the speaker business.
6. Effective from fiscal 2011, the Company applied the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" and the "Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information." Figures before fiscal 2009 are based on the former segments.
7. Effective from fiscal 2011, the Company applied the "Accounting Standard for Presentation of Comprehensive Income."

Overview

Outline of Operations

MinebeaMitsumi's operations are divided into the following segments: the machined components segment (accounting for 24.5% of net sales in the year under review) primarily manufactures miniature and small-sized ball bearings, rod-end and spherical bearings, as well as fasteners and pivot assemblies. The electronic devices and components segment (accounting for 69.1% of net sales) primarily makes light-emitting diode (LED) backlights for LCDs, spindle motors for hard disk drives (HDDs), stepping motors, brushless DC motors, brush DC motors, fan motors, and other types of motors, as well as sensing devices. The MITSUMI business segment (accounting for 6.3% of net sales) primarily makes camera actuators for smartphones, mechanical parts, connectors, switches, power supply components, antennas, tuners and semi-conductor devices. The other segment (accounting for 0.1% of net sales) focuses on machines made in-house.

On January 27, 2017, we conducted a business integration and share exchange with MITSUMI ELECTRIC CO., LTD., consolidating MITSUMI ELECTRIC CO., LTD. from the date of the business integration, and newly disclosing MITSUMI business as our reportable segments.

Product development takes place mainly in Japan, Germany, Thailand and the United States. Manufacturing takes place mainly in Japan, Thailand, China, the United States, Singapore, Malaysia, Cambodia, the Philippines, Germany, the Czech Republic, and the United Kingdom. Thailand, where our largest manufacturing base is located at, accounted for 59.2% of our consolidated-basis output in the year under review while China, where our next biggest manufacturing base is located at, accounted for 17.4%. Asian locations outside of Japan accounted for 86.8% of our production, and manufacturing at all overseas locations accounted for 95.7% of total output.

The key outlets for our products include the markets for office automation and telecommunication equipment (40.5% of net sales in the year under review), PCs and peripherals (15.6%), automotive products (12.7%), aerospace products (7.3%) and household electrical appliances (6.7%). Many of our customers, who are manufacturers of these products, are expanding their production bases beyond Japan, Europe, and the Americas. This expansion has been directed particularly toward China and other parts of Asia, which explains why sales in China (including Hong Kong), accounted for 32.5% of net sales in the year under review, were the highest. Our second-largest geographic market is the United States, which accounted for 27.4% of net sales. The third largest, Japan, accounted for 14.6% of net sales, and remaining net sales coming from Europe, Thailand, and other countries.

Outline of Strategy

We will thoroughly review productivity to boost the profitability of our existing lines. We will also expand our EMS (Electro Mechanics Solutions) business which is driven by MITSUMI ELECTRIC CO., LTD. and our group's combined technological strengths in electronic devices and components as well as machined components. We will leverage the combined wealth of experience we have gained in manufacturing, sales, engineering and development to provide flexible prices and meet the needs of our customers. We will actively work on improving our profitability and increasing corporate value via M&As and alliances. At the same time, we will focus on establishing large-scale overseas mass production facilities as well as global R&D capabilities in light of regional risk assessment findings, while aiming to achieve either net sales of ¥1 trillion or operating income of ¥100 billion by the fiscal year ending March 2021.

We have developed the following policy to guide us in concrete terms as we move ahead with the aforementioned initiatives:

1. We will work to restructure our business portfolio by categorizing products and businesses into core, sub-core and non-core businesses.
   (i) Our core businesses are defined as businesses and products which have absolute permanence, much like the "rice" of industry, in which our group can particularly demonstrate its competitiveness and secure competitive advantage, and these are positioned as the key pillars of our future growth strategy. More specifically, bearings, motors, sensors, connectors/switches, power supply components, wireless/communications/software, and analog semi-conductors are positioned as MinebeaMitsumi's "Seven Spears". We will actively invest management resources such as people, money and goods into these core businesses.
   (ii) Our sub-core businesses are businesses and products which are not permanent but from which significant profits can be anticipated, such as smartphones, games, and HDD products. In these business areas, we will work to thoroughly improve productivity and develop new components in order to enhance our competitiveness, while taking measures to prepare for the eventual shrinking of the market.
   (iii) Non-core businesses will be targets for bold choice and selection.
2. In addition to existing businesses, we will accelerate the development and commercialization of the "+IoT business" as high value-added solutions that combine products and technologies held by MITSUMI ELECTRIC CO., LTD.

   More specifically, we will develop and provide new solutions such as Smart Cities, bed sensors, and sensory devices (haptics) by combining input equipment (such as strain gages, MEMS sensors, camera modules, antennas, etc.) with conversion and control equipment (such as wireless, switching power supply components, battery protection ICs, power supply ICs, driver circuits, inverter circuits, etc.), and our output equipment (such as bearings, lighting equipment, LED backlights, sensory devices, actuators, motors, etc.).

Financial Data by Segment

Years ended March 31	**2017**	2016	2015	2014	2013
					Millions of yen
Sales by reportable segment					
Machined components	**¥156,310**	¥163,811	¥155,785	¥140,033	¥ —
Electronic devices and components	**441,615**	445,467	344,725	231,333	—
MITSUMI business	**40,343**	—	—	—	—
Reportable segments Total	**¥638,268**	¥609,278	¥500,510	¥371,366	¥ —
Other	**659**	536	166	177	—
Total	**¥638,927**	¥609,814	¥500,676	¥371,543	¥ —
Adjustment	**—**	—	—	—	—
Consolidated financial statements amount	**¥638,927**	¥609,814	¥500,676	¥371,543	¥ —
Income (loss) by reportable segment					
Machined components	**¥ 39,147**	¥ 40,855	¥ 39,723	¥ 33,551	¥ —
Electronic devices and components	**21,898**	22,336	30,748	10,621	—
MITSUMI business	**2,315**	—	—	—	—
Reportable segments Total	**¥ 63,360**	¥ 63,191	¥ 70,471	¥ 44,172	¥ —
Other	**(121)**	(125)	(29)	140	—
Total	**¥ 63,239**	¥ 63,066	¥ 70,442	¥ 44,312	¥ —
Adjustment	**(14,224)**	(11,628)	(10,341)	(12,113)	—
Consolidated financial statements amount	**¥ 49,015**	¥ 51,438	¥ 60,101	¥ 32,199	¥ —
Assets by reportable segment					
Machined components	**¥106,116**	¥105,255	¥120,228	¥ 99,300	¥ —
Electronic devices and components	**181,944**	189,748	190,913	126,305	—
MITSUMI business	**168,648**	—	—	—	—
Reportable segments Total	**¥456,708**	¥295,003	¥311,141	¥225,605	¥ —
Other	**3,168**	2,167	4,088	545	—
Total	**¥459,876**	¥297,170	¥315,229	¥226,150	¥ —
Adjustment	**183,436**	162,258	174,814	155,128	—
Consolidated financial statements amount	**¥643,312**	¥459,428	¥490,043	¥381,278	¥ —
Depreciation and amortization by reportable segment					
Machined components	**¥ 7,991**	¥ 9,296	¥ 9,622	¥ 9,378	¥ —
Electronic devices and components	**15,639**	20,807	15,154	9,941	—
MITSUMI business	**475**	—	—	—	—
Reportable segments Total	**¥ 24,105**	¥ 30,103	¥ 24,776	¥ 19,319	¥ —
Other	**207**	335	76	61	—
Total	**¥ 24,312**	¥ 30,438	¥ 24,852	¥ 19,380	¥ —
Adjustment	**3,853**	4,350	3,924	4,360	—
Consolidated financial statements amount	**¥ 28,165**	¥ 34,788	¥ 28,776	¥ 23,740	¥ —
Increase in tangible and intangible fixed assets by reportable segment					
Machined components	**¥ 5,870**	¥ 7,735	¥ 7,499	¥ 3,867	¥ —
Electronic devices and components	**16,846**	29,012	19,215	10,011	—
MITSUMI business	**2,945**	—	—	—	—
Reportable segments Total	**¥ 25,661**	¥ 36,747	¥ 26,714	¥ 13,878	¥ —
Other	**171**	178	2,487	29	—
Total	**¥ 25,832**	¥ 36,925	¥ 29,201	¥ 13,907	¥ —
Adjustment	**6,016**	6,953	8,356	6,772	—
Consolidated financial statements amount	**¥ 31,848**	¥ 43,878	¥ 37,557	¥ 20,679	¥ —

Notes: 1. Effective from fiscal 2017, "MITSUMI business" is disclosed as a new reportable segment following the acquisition of MITSUMI ELECTRIC CO., LTD.

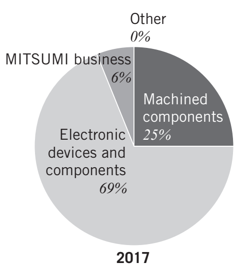
2. Effective from fiscal 2016, the Company has made some organizational changes, including incorporating its in-house manufacturing division into the Electronic Device and Component Manufacturing Headquarters. Due to these changes, the figures of fiscal 2015 and 2014 have been changed retrospectively.

However, for the segment information of fiscal 2013, the Company has not disclosed the information as it is practically difficult to retrospectively extract the necessary financial date.

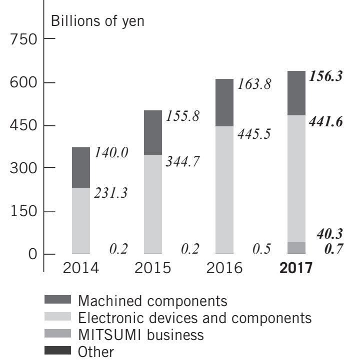
Financial Review

Results of Operations

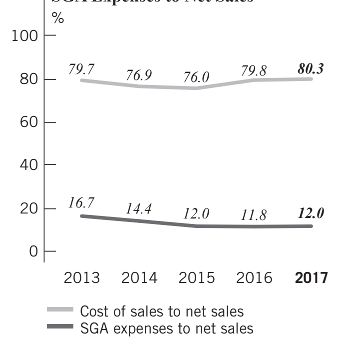
Ratio of Net Sales by Segment



Net Sales by Segment



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



Net Sales

During the fiscal year under review, although the Japanese economy showed a gradual recovery in consumer spending backed by an improvement in employment and income conditions and increasing signs of a recovery in corporate production and exports, there was a growing sense of uncertainty about the future in the second half of the fiscal year due to concerns about the direction of policy taken by the new U.S. administration. The U.S. economy continued to grow moderately amid a recovery in domestic and foreign demand and heightened expectations concerning fiscal spending and tax cuts put forward by the new administration. The European economy remained robust across the board centered on internal demand, although Brexit has cast a shadow of uncertainty. Meanwhile, the sense of uncertainty in Asia cannot be cast aside despite the expectation that the Chinese economy will recover from its slowdown with the support of public investments.

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

As a result, net sales increased by ¥29,113 million (4.8%) year on year to reach ¥638,927 million, a record high in net sales since the Company was founded.

Cost of Sales

Cost of sales was up by ¥26,407 million (5.4%) from the previous fiscal year to total ¥513,078 million in the year under review, due mainly to the consolidation of MITSUMI ELECTRIC CO., LTD. Cost of sales as a percentage of net sales increased by 0.5 percentage points year on year to reach 80.3%.

SGA Expenses

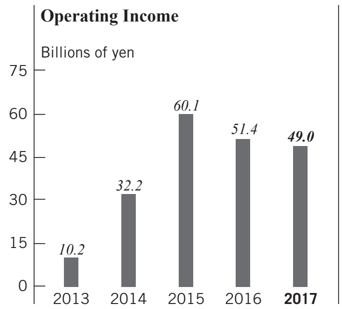
SGA expenses increased by ¥5,129 million (7.2%) from the previous fiscal year to total ¥76,834 million in the year under review, due mainly to the effect of consolidating MITSUMI ELECTRIC CO., LTD. and the increase in costs related to the business integration with MITSUMI ELECTRIC CO., LTD. SGA expenses as a percentage of net sales increased by 0.2 percentage points from the previous year to hit 12.0% in the year under review.

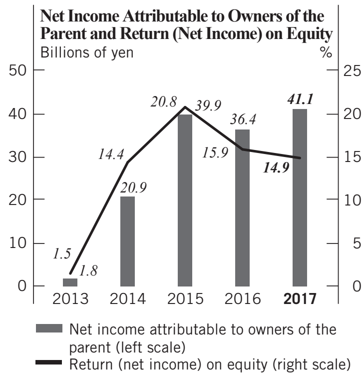
Cost of Sales and SGA Expenses

Millions of yen

Years ended March 31	**2017**	2016	2015	2014	2013
Net sales	**¥638,927**	¥609,814	¥500,676	¥371,543	¥282,409
Cost of sales	**513,078**	486,671	380,585	285,768	225,114
Cost of sales to net sales	**80.3%**	79.8%	76.0%	76.9%	79.7%
Gross profit	**125,849**	123,143	120,091	85,775	57,295
SGA expenses	**76,834**	71,705	59,990	53,576	47,126
SGA expenses to net sales	**12.0%**	11.8%	12.0%	14.4%	16.7%

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





Operating Income

Operating income decreased by ¥2,423 million (4.7%) compared to the previous fiscal year to ¥49,015 million. Despite the negative impact of the strong yen, the consolidation of MITSUMI ELECTRIC CO., LTD., as well as steady progress in the ball bearings and motors businesses had a positive effect. The operating margin fell 0.7 percentage points year on year to 7.7%.

For more information see “Segment Information.”

Other Income (Expenses)

The net balance of other income and expenses (net amounts of non-operating profit/loss and extraordinary profit/loss) amounted to a loss of ¥542 million, which was ¥3,933 million lower than in the previous fiscal year. The main items recorded were a gain on bargain purchase amounting ¥14,620 million due to the share exchange with MITSUMI ELECTRIC CO., LTD., a loss of ¥6,196 million due to redemption of convertible bonds repurchased in June 2016 and impairment losses of ¥3,922 million mainly related to LED backlights for LCDs.

Income before Income Taxes

All of the above-mentioned factors brought income before income taxes for the year under review to increase by ¥1,510 million (3.2%) year on year to total ¥48,473 million.

Income Taxes

Income taxes decreased by ¥3,392 million from the previous year to total ¥6,973 million. Income taxes included current income taxes (including corporate, inhabitant, and business taxes) totaling ¥8,421 million, income taxes for prior periods of ¥1,350 million and deferred income taxes (benefit) of ¥2,798 million. This decline was due to the reduction of the corporate, inhabitant, and business taxes as a result of lower taxable income led by the redemption of convertible bonds. The effective income tax rate dropped to 14.4% from 22.1% in the previous fiscal year. This drop was due mainly to recognition of gain on bargain purchase.

Net Income Attributable to Owners of Parent

As a consequence of the aforementioned factors, net income attributable to owners of parent increased by ¥4,760 million year on year to ¥41,146 million. Basic net income per share was ¥107.33, a ¥10.07 increase from the ¥97.26 for the previous fiscal year.

Net Income Attributable to Non-controlling Interests

Net income attributable to non-controlling interests increased by ¥142 million from the previous fiscal year to ¥354 million.

Income

Millions of yen

Years ended March 31	**2017**	2016	2015	2014	2013
Operating income	**¥49,015**	¥51,438	¥60,101	¥32,199	¥10,169
Operating margin	**7.7%**	8.4%	12.0%	8.7%	3.6%
Net balance of other income (expenses)	**(542)**	(4,475)	(8,328)	(5,388)	(5,287)
Net income attributable to owners of the parent	**41,146**	36,386	39,887	20,878	1,804
Net income to net sales	**6.4%**	6.0%	8.0%	5.6%	0.6%
Net income per share (yen):					
Basic	**107.33**	97.26	106.73	55.94	4.83
Diluted	**105.64**	92.35	101.32	53.14	4.65
Return (net income) on equity	**14.9%**	15.9%	20.8%	14.4%	1.5%
Return on total assets	**7.5%**	7.7%	9.2%	5.6%	0.5%

Financial Condition

Financial Policy and Liquidity

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

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

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

Debt Ratings

As of December 2016	*Long-term debt*	*Short-term debt*
Japan Credit Rating Agency Ltd. (JCR)	A+	J–1
Rating and Investment Information, Inc. (R&I)	A–	a–1

Capital Investment

Capital investments totaled ¥31,848 million for the year under review. This amount includes ¥5,870 million for the machined components segment, ¥16,846 million for the electronic devices and components segment, ¥2,945 million for the MITSUMI business segment, ¥171 million for the other segment and ¥6,016 million for unallocated corporate capital investments.

Investments in the machined components segment were mainly for bearings-related equipment in Thailand and Cambodia and mechanical parts-related equipment in Japan. Investments in the electronic devices and components segment focused on equipment in Thailand related to LED backlights for LCDs and components. Investments in the MITSUMI business segment were mainly for optical device-related equipment in the Philippines. Investments in the corporate segment were primarily for factory expansion in Cambodia.

Capital investment includes ¥2,053 million in intangible fixed assets and ¥113 million increase in assets associated with new finance lease agreements.

For the next fiscal year we plan to spend ¥44.0 billion on capital investments.

Dividends

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

Pursuant to the above policy, our dividend for the year under review is ¥14 per share, which includes an interim dividend of ¥7 per share. The resulting consolidated basis dividend payout ratio for the year under review is 13.0%.

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

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

Free Cash Flow

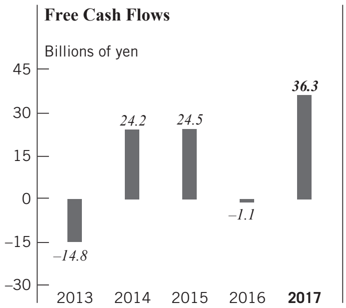
Free cash flows (calculated by adding net cash flows from operating activities and net cash flows from investing activities) totaled an inflow of ¥36,325 million. That is an increase of ¥37,385 million from the previous fiscal year.

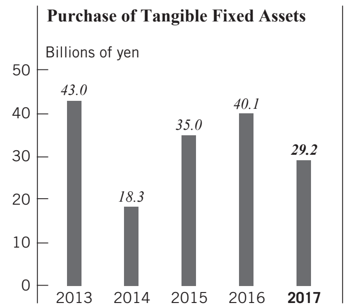
Cash Flows from Operating Activities

Net cash provided by operating activities increased by 90.7% from the previous fiscal year to ¥83,125 million. Inflows mainly consisted of income before income taxes totaling ¥48,473 million, depreciation and amortization expenses totaling ¥28,165 million, ¥25,848 million from decrease in inventories, and ¥6,196 loss on redemption of bonds. Outflows included ¥15,179 million from increase in notes and accounts payable–trade, ¥14,620 million in gain on bargain purchase and income taxes paid amounting to ¥12,488 million.

Cash Flows from Investing Activities

Net cash used in investment activities rose by 4.8% year on year to ¥46,800 million. This mainly included an outflow of ¥29,217 million in payments for purchases of tangible fixed assets, as well as an outflow of ¥13,896 million in payments for purchases of securities.





Cash Flows from Financing Activities

Net cash used in financing activities increased by 312.8% year on year to ¥17,339 million. Inflows mainly consisted of proceeds from long-term debt of ¥53,685 million. Major cash outflows included a net decrease of short-term debt of ¥39,470 million, repayment of long-term debt of ¥23,482 million, and ¥6,368 million for the payment of dividends.

Cash and Cash Equivalents

The balance of cash and cash equivalents at the end of the fiscal year under review totaled ¥78,832 million. This is an increase of ¥49,690 million compared to the end of the previous fiscal year, including an increase of ¥32,470 million in cash and cash equivalents from consolidation of MITSUMI ELECTRIC CO., LTD.

Free Cash Flows

Millions of yen

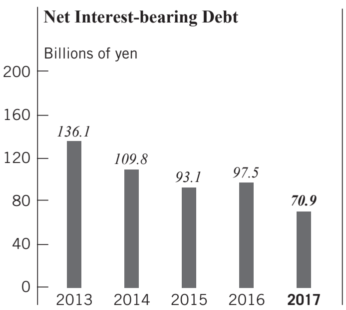
Years ended March 31	**2017**	2016	2015	2014	2013
Net cash provided by operating activities	**¥83,125**	¥43,582	¥59,863	¥49,173	¥22,990
Net cash used in investing activities	**(46,800)**	(44,642)	(35,326)	(24,957)	(37,813)
Portion of above used in purchase of tangible fixed assets	**(29,217)**	(40,136)	(34,979)	(18,343)	(42,963)
Free cash flows	**36,325**	(1,060)	24,537	24,216	(14,823)

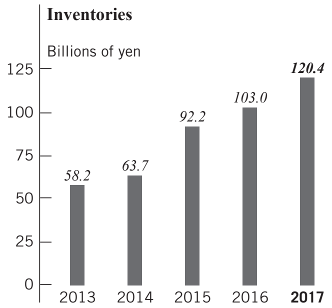
Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year under review amounted to ¥643,312 million, which is 40.0%, or ¥183,884 million more than at the end of the previous fiscal year. This includes an increase due to including MITSUMI ELECTRIC CO., LTD. in the scope of consolidation.

Net assets totaled ¥326,218 million and shareholders' equity totaled ¥321,364 million, resulting in a shareholders' equity ratio of 50.0%, down 0.2 points from the previous fiscal year.

Net interest-bearing debt (total debt minus cash and cash equivalents and time deposits) fell by ¥26,630 million (27.3%) compared to the end of the previous fiscal year to total ¥70,886 million. The net debt-to-equity ratio was down 0.2 points from the end of the previous fiscal year at 0.2 times.





Assets

Cash and cash equivalents increased by ¥49,690 million from the previous year-end total to reach ¥78,832 million, mainly due to the consolidation of MITSUMI ELECTRIC CO., LTD. Time deposits increased by ¥3,841 million from the end of the previous fiscal year to total ¥14,294 million. Notes and accounts receivable–trade increased by ¥78,916 million compared to the end of previous fiscal year to ¥171,191 million, mainly due to the consolidation of MITSUMI ELECTRIC CO., LTD. Inventories increased by ¥17,430 million from the previous year-end to ¥120,441 million, mainly due to the consolidation of MITSUMI ELECTRIC CO., LTD. Deferred tax assets (short-term) rose by ¥1,831 million from the previous year-end to hit ¥5,847 million. Other current assets amounted to ¥11,878 million, an increase of ¥3,550 million from the end of the previous fiscal year.

As a result of the above-mentioned performance, total current assets increased by ¥155,755 million (62.3%) over the previous year-end total to total ¥405,575 million.

Tangible fixed assets increased by ¥21,592 million (12.1%) from the previous fiscal year-end to ¥199,585 million. Purchases of tangible fixed assets for the year under review were ¥29,217 million while depreciation and amortization expenses amounted to ¥28,165 million.

Intangible fixed assets increased by ¥498 million (3.9%) from the previous year-end to ¥13,403 million.

Investments and other assets increased by ¥5,736 million (30.7%) from the previous year-end to ¥24,437 million. Factors behind this upturn include ¥1,271 million increase in investment securities, ¥1,605 million increase in deferred tax assets (long-term), etc., and increase of ¥4,263 million in other assets.

Consequently, total fixed assets amounted to ¥237,426 million, an increase of ¥27,829 million (13.3%) from the end of the previous year.

Liabilities

Notes and accounts payable–trade rose to ¥86,571 million, an increase of ¥50,764 million from the previous fiscal year-end total, mainly due to the consolidation of MITSUMI ELECTRIC CO., LTD. Notes and accounts payable–other increased by ¥4,307 million to ¥13,363 million. Short-term debt fell by ¥16,506 million from the end of the previous fiscal year to reach ¥49,660 million and the current portion of long-term debt fell by ¥13,262 million to ¥17,917 million. Income taxes payable decreased by ¥764 million to ¥4,621 million. Accrued expenses and other current liabilities increased by ¥10,160 million to total ¥27,927 million. As a result of the factors above, total current liabilities increased ¥34,703 million (21.0%) from the previous year-end to ¥200,128 million.

Long-term debt increased by ¥56,669 million from the previous year-end to total ¥96,435 million. Consequently, total fixed liabilities rose by ¥60,936 million (108.8%) from the previous year-end to ¥116,966 million.

Net Assets

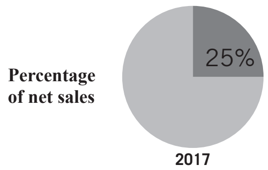
Total net assets at year-end went up by ¥88,245 million (37.1%) from the previous year-end to ¥326,218 million, mainly due to the increased capital surplus by ¥48,446 million due to share exchange with MITSUMI ELECTRIC CO., LTD. etc., and increased retained earnings by ¥34,778 million. Non-controlling interests decreased by ¥2,234 million from the end of the previous fiscal year to ¥4,824 million.

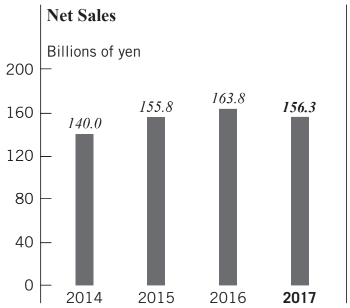
Financial Position

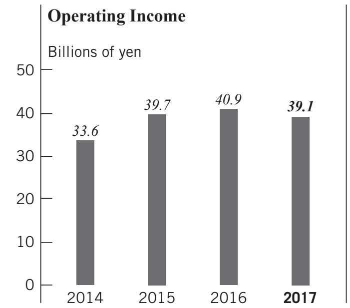
Millions of yen

As of March 31	**2017**	2016	2015	2014	2013
Total assets	**¥643,312**	¥459,428	¥490,043	¥381,278	¥362,805
Cash and cash equivalents	**78,832**	29,142	36,138	29,031	28,223
Time deposits	**14,294**	10,453	9,190	9,685	6,041
Total current assets	**405,575**	249,820	265,185	189,638	170,977
Inventories	**120,441**	103,011	92,162	63,652	58,234
Total current liabilities	**200,128**	165,425	167,620	120,937	128,484
Working capital	**205,447**	84,395	97,565	68,701	42,493
Interest-bearing debt	**164,012**	137,111	138,463	148,498	170,412
Net interest-bearing debt	**70,886**	97,516	93,135	109,782	136,148
Total net assets	**326,218**	237,973	233,679	163,463	137,858
Equity ratio	**50.0%**	50.2%	46.1%	41.4%	36.2%
Debt-to-equity ratio (times)	**0.5**	0.6	0.6	0.9	1.2
Net debt-to-equity ratio (times)	**0.2**	0.4	0.4	0.7	1.0
Net assets per share (yen)	**759.15**	616.43	604.83	422.62	351.65

Machined Components







Net sales in the machined components segment decreased by ¥7,501 million (4.6%) year on year to ¥156,310 million. Operating income fell by ¥1,708 million (4.2%) year on year to ¥39,147 million, and operating margin was 25.0%, up 0.1 percentage points year on year.

Demand for our anchor product line, miniature and small-sized ball bearings, remained upbeat across a wide range of markets, mainly on high-grade consumer goods including automobiles and fan motors, with external sales volumes at a monthly average of 171 million units, up 10% year on year, however, net sales decreased as a result of the negative impact of the strong yen.

In rod-end bearings and spherical bearings, although civil aircraft production was stable, net sales decreased as a result of the negative impact of the strong yen.

We increased our sales volume of pivot assemblies and advanced our group's share to over 80% despite the continuing contraction of the HDD market, however, net sales decreased as a result of the negative impact of the strong yen.

Principal Products and Applications and MinebeaMitsumi's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share (Note)*
Miniature and small-sized ball bearings	Small motors, automobiles, household electrical appliances, information and telecommunications equipment, industrial machinery	approximately 60%
Rod-end and spherical bearings	Aircraft	approximately 50%
Fasteners	Aircraft	—
Pivot assemblies	HDDs	approximately 80%

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

Future Initiatives

We will continue our efforts to reduce costs in the ball bearings business by improving yields and streamlining production. While we see the strengthening of operations as a return to our manufacturing roots, we will also focus on reinforcing basic technological development. In terms of the future, in light of the tight production regime due to continuing strong demand, we will actively expand sales after increasing our production capacity by implementing measures to improve productivity at an early date.

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

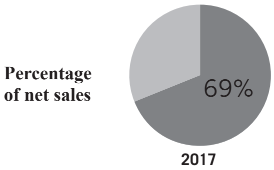
In the pivot assembly business, we have been implementing ongoing cost cutting measures such as improving yields. Although it is forecasted that the contraction of the HDD market will continue in the long-term, we will be focusing on using our high-quality and low-cost products to improve our market share with an eye to maintaining a healthy bottom line.

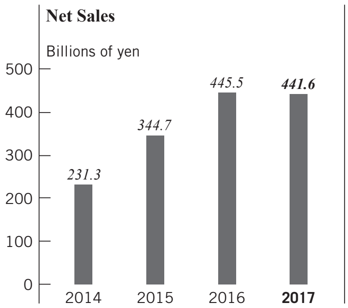
Major Products

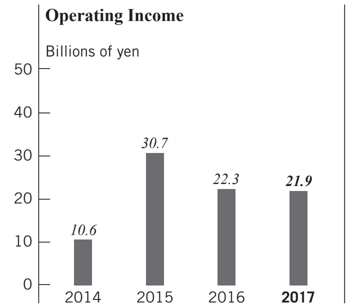
Ball bearings   Rod-end bearings   Spherical bearings   Roller bearings   Bushings   Pivot assemblies
Mechanical assemblies   Aerospace fasteners

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

Electronic Devices and Components







In the year under review, net sales decreased by ¥3,852 million (0.9%) from the previous year to ¥441,615 million. Operating income fell by ¥438 million (2.0%) year on year to ¥21,898 million, while operating margin was 5.0%, unchanged from the previous year.

In the LED backlight business, although launch of production of new smartphone models for existing customers was delayed and was slightly slow, it was completed without any major problems, and production and sales continued at the usual seasonal levels even after we passed the peak of demand. However, net sales decreased due to the negative impact of the strong yen.

The sales volume of the motor business improved due to growing demand in the automobile market although net sales decreased due to the negative impact of the strong yen.

In sensing devices, in addition to strong demand from existing projects, as a result of the change in fiscal year end of our subsidiary, Sartorius Mechatronics T&H (currently Minebea Intec GmbH), we consolidated 15 months to adjust for the elimination of lag period, which led to increase in net sales.

Principal Products and Applications and MinebeaMitsumi's Global Market Share

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

(Note) Global market share figures are based on volume. MinebeaMitsumi estimates market shares using information it collects on its own and through independent market research firms.

Future Initiatives

The LED backlight business is reaching maturity in the technologically fast-developing smartphone market. Meanwhile, the investment to significantly beef up production capacity at our Thai and Cambodian facilities has already been completed and most of the depreciation of production equipment has been already completed. As for the future, although decrease in sales volume to our major customers is anticipated in the smartphone market, we are aiming to increase our share in the Chinese market. In addition, we will work to expand sales of high-quality products to the automobile market. Furthermore, we are currently developing new products that integrate our basic technologies such as light guide plates and wireless communications. These new products include smart city LED streetlights being used in Cambodia, SALIOT, a new type of LED lighting device, and outdoor LED lights for tunnels, and more, and we plan to develop and boost sales in these in the future.

The motor business will continue to focus on cost reduction and reorganization with an eye to driving profitability up, and with assistance from the completion of our plant in Slovakia planned for early 2018, we will work to increase sales in motors to the automobile market.

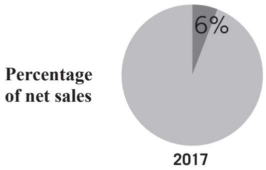
In sensing devices, we are deploying to new fields such as the healthcare and nursing care-related market, robotics, and infrastructure such as bridges, and we will focus on maximizing the synergy created by the acquisition of Minebea Intec GmbH, as well as expanding our business in IoT critical components in combination with MITSUMI ELECTRIC CO., LTD.'s MEMS sensor technology.

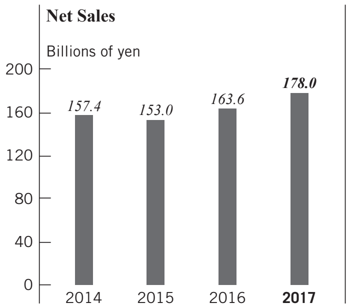
Major Products

LED backlights　Stepping motors　Brushless DC motors　Brush DC motors　Fan motors
HDD spindle motors　Precision motors　Sensing devices

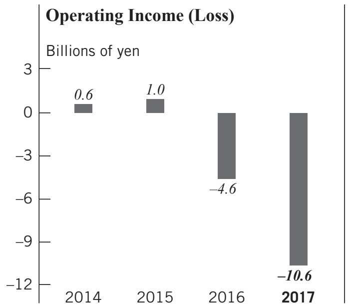
*Segment classification has changed from the fiscal year ended March 31, 2016, due to organizational changes.

MITSUMI Business





Notes: 1. Years 2014, 2015 and 2016 are results of the former MITSUMI ELECTRIC prior to the acquisition.
2. Year 2017 is a pro forma figure assuming the consolidation with MITSUMI ELECTRIC had been completed at the beginning of the year.



Notes: 1. Years 2014, 2015 and 2016 are results of the former MITSUMI ELECTRIC prior to the acquisition.
2. Year 2017 is a pro forma figure assuming the consolidation with MITSUMI ELECTRIC had been completed at the beginning of the year.

In the year under review which include results from January 27, 2017, net sales were ¥40,343 million, operating income was ¥2,315 million, while operating margin was 5.7%. On a pro forma basis which assumes the consolidation with MITSUMI ELECTRIC CO., LTD. had been completed at the beginning of the year under review, net sales in the year under review would have been ¥177,969 million, and operating loss would have been ¥10,558 million. However, operating profit would have been ¥1,778 million excluding losses of ¥12,336 million for devaluation of inventories, essentially meaning the year under review would have shown increases in income and profit.

Based on the Business Support Agreement concluded in August 2016, we advanced support services to improve productivity and reduce logistics and materials costs at MITSUMI ELECTRIC CO., LTD. In addition, demand for smartphone camera actuators has been strong in North America and the China area, and in response to the launch of shipment of new game devices in mechanical parts, both net sales and profit have increased.

Principal Products and Applications and MinebeaMitsumi's Global Market Share

Our product lines & principal products	*Principal markets*	*Global market share (Note)*
Camera actuators (OIS, VCM)	High-end smartphones	—
Mechanical parts	Games devices, information and telecommunications equipment, household electrical appliances/healthcare	approximately 5–30%, depending on the product
Connectors, switches, coils, power supply components, antennas, tuners, semi-conductor devices	Automobiles, smartphones, information and telecommunications equipment, household electrical appliances/healthcare	—

(Note) Global market share figures are based on volume. MinebeaMitsumi estimates market shares using information it collects on its own and through independent market research firms.

Future Initiatives

In camera actuators, we expect to see an expanded market scale in response to future expansion of high-end smartphones, and our group will actively work to expand sales by improving productivity and expanding our customer base.

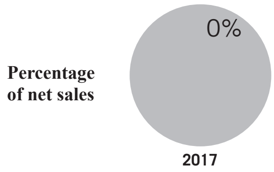
In mechanical parts, we have received active demand for new game devices from our major customers and we will work on improving profitability.

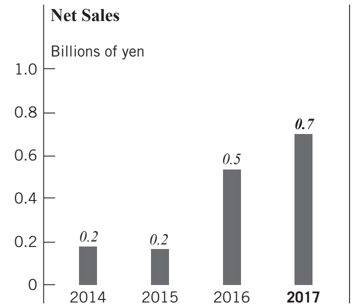
For others such as connectors, switches, power supply components, antennas, tuners, and semi-conductor devices, we will continue to improve productivity and profitability.

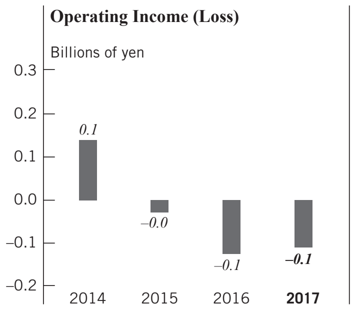
Major Products

Camera actuators (OIS, VCM) Mechanical Parts Connectors Switches Coils
Power supply components Antennas Tuners Semi-conductor devices

Other







Net sales for the year under review increased by ¥123 million (22.8%) year on year to ¥659 million. The segment showed an operating loss of ¥121 million, improving on the previous year by ¥4 million.

Major Products

Machines made in-house

Adjustments

In addition to the above figures, ¥14,224 million in corporate expenses, etc. not belonging to any particular segment is shown as adjustments. Adjustments for the previous fiscal year amounted to ¥11,628 million.

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

Research and Development

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

The Tokyo Research & Development Center, which was set up at our Tokyo Head Office in 2013, takes full advantage of its prime location in Tokyo, a dynamic hub for human resources and information. Work is currently underway at the Center to develop EMS products for medical and in-vehicle applications. Our facilities in Karuizawa and Hamamatsu, as well as the Material Science Laboratories in Thailand and China have implemented an ISO 17025-compliant management system and are moving the entire MinebeaMitsumi Group forward in analyzing emissions of hazardous substances targeted by environmental regulations, including those banned by the European Union's Restriction of Hazardous Substances (RoHS) directive as well as conducting product certification tests for electronic components.

On January 27, 2017, we realized our business integration with MITSUMI ELECTRIC CO., LTD. and embarked on a new start to our research and development activities by focusing on synergy and mutually leveraging our strengths in creating products. In other words, by combining MITSUMI ELECTRIC CO., LTD.'s input, conversion and control devices and MinebeaMitsumi's output devices, we aim to pursue the development of Electro Mechanics Solutions (EMS) and high value-added solutions and to create enhance devices that look to future developments in IoT, and aiming to enter the smart, in-vehicle, and industrial/robotics fields with these products and solutions.

During the year under review, our group-wide R&D expenses totaled ¥12,347 million. This amount includes ¥813 million in basic research expenses that cannot be allocated to any particular segment, such as analysis conducted at our Materials Science Laboratories in Thailand and China.

Here is an overview of the R&D activities conducted by each segment during the year under review.

Machined Components

R&D in this segment remained geared toward our mainstay bearing products (i.e. ball bearings, rod-end bearings, etc.) with a focus on developing basic tribological technologies for materials and lubricants, as well as ultra-low wear self-lubricating liners (Mineron™), etc. (Mineron™ is a MINEBEA MITSUMI Inc. registered trademark in Japan).

We are working with a keen eye aimed at responding to the needs of manufacturers in emerging areas of the IT, home electrical appliances, automobile, aerospace, and medical equipment industries. Reliability engineering focused on minimizing particle generation, increasing heat resistance, extending product life, enhancing electroconductivity, etc. as well as applied engineering are at the heart of our work in this area.

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

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

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

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

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

R&D expenses in this segment totaled ¥1,738 million.

Electronic Devices and Components

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

We are also harnessing our expertise in materials and manufacturing technology to develop magnetic products. Ongoing work in this area continues to yield such outstanding products as rare earth bond magnets and heat-resistant magnets for use in high-performance motors.

Our HDD spindle motors, featuring MinebeaMitsumi's proprietary fluid bearing design, have been carefully engineered for data center applications where high reliability is a must.

Work in the area of optical products, includes the development of our ultra-thin LED backlight units for mobile devices that are making larger and thinner smartphones possible.

In addition to MinebeaMitsumi's signature ultra-precision machining and precision mold technologies, we are also improving the technology for injection molding of transparent resin that allows fine optical patterns to be quickly and precisely transferred to LED backlight guide plates. Using this technology, we have developed ultra-thin guide plates for 5-inch class smartphones. Measuring less than 0.3 mm in thickness, these guide plates are the thinnest in the industry. On the manufacturing end, we have introduced an automated assembly machine and appearance tester for LED backlights for LCDs, by all employing our own technologies that have given us a leg up in mass production. We are also putting the optical technologies that we developed for LED backlights for LCDs to work in developing LED lighting products that combine LED lighting circuits with thin LED lighting lenses. Thinner and more efficient than conventional products, these LED lighting products are extremely energy efficient. We are working to develop technologies to make them even more efficient.

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

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

In the sensing device business, we launched a joint research project by using measuring components applying strain gages in collaboration with Chiba University Graduate School of Medicine and Chiba University Hospital with its sights set on the development of a biological information monitoring system, and we plan to develop and commercialize such products for the healthcare and nursing care markets.

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

R&D expenses in this segment totaled ¥7,230 million.

MITSUMI Business

R&D in MITSUMI business consists of development of high-accuracy image stabilization mechanisms for camera actuator for smartphones, ultra-thin actuators, modules and semiconductors related to lithium-ion rechargeable battery, various sensors, haptic technology, as well as researching into elements of Micro Electro Mechanical Systems (MEMS) and developing peripheral components, etc.

R&D expenses in this segment totaled ¥1,735 million.

Other

Our other segment mainly includes machines made in-house.

R&D expenses in this segment totaled ¥831 million.

Outlook for the Fiscal Year Ending March 2018
(as of May 2017)

The Japanese economy is showing a moderate turnaround due to steady domestic and overseas demand, and improvements in corporate profits, etc. although concerns over foreign exchange remain due to heightening global geopolitical risk. The U.S. economy is expected to remain firm with the employment and income environment steadily improving, although there is growing concern about the new administration's ability to implement policies. Solid economic growth driven by internal demand is expected to continue in the European economy, but Brexit negotiations, elections in France and Germany, and subsequent political movements are cause for substantial uncertainty. The Chinese economy is expected to remain firm due to factors such as the expansion of infrastructure investment, although there are concerns about trade negotiations with the U.S.

Under such circumstances, sales are projected to total ¥750,000 million, operating income at ¥56,000 million and income attributable to owners of the parent at ¥41,500 million.

Outlook by segment for the full year is as follows:

Machined Components
We will continue to work on boosting performance of the ball bearing business, our anchor business line, by aggressively expanding sales targeting the automobile, information and telecommunications equipment industries, etc. while significantly improving productivity as demand picks up across the globe. Furthermore, we will also boost productivity in the rod-end bearing business by fundamentally revising production methods, and also work to boost sales in the aircraft market expected to grow in small and medium aircraft.

Electronic Devices and Components
We are continuing to supply high value-added LED backlights for LCDs featuring ultra-thin light guide plates to the smartphone market, and will increase sales of products for automobiles, which is a market that is expected to grow. Working with an eye to enhancing the performance of our stepping motor business, we will zero in on enhancing quality and cutting costs as we work to increase sales of high value-added products for automobiles, servers, and other applications.

MITSUMI Business
As greater functionality is brought to smartphone-related products such as camera actuators and switches, we will maintain and improve quality while increasing productivity in an effort to further increase sales. In automotive products such as antennas, communication modules and connectors, we will expand our lineup in addition to establishing a global production and supply system in an effort to improve performance. In addition, we will create substantial synergies utilizing the scale of our group as a whole such as expanding sales, reducing material and logistics costs, and development of new products to be more competitive.

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

Risk Management

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

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

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

3. R&D risk
While we focus on R&D to introduce a constant stream of new, high-quality products, we may not reap a financial reward from our R&D investments. There are no guarantees that our R&D efforts will come to fruition.

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

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

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

7. Latent risk related to operations overseas
The MinebeaMitsumi Group's manufacturing activities are conducted primarily in Thailand, China, Philippines and Cambodia. While we have been operating in these countries for quite some time, overseas operations are always subject to the following risks (any of which could have a negative impact on our operating results and/or financial position):
(a) Unexpected changes to laws or regulations
(b) Difficulty in attracting and securing qualified human resources
(c) Acts of terrorism or war, or other occurrences that could disrupt social order.

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

9. Risk related to compliance and internal controls

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

10. Losses related to competition laws

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 MinebeaMitsumi and its subsidiaries in relation to these investigations.

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

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

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

12. Environmental risk

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

13. Risk related to M&As and alliances

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

14. Quality risk

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

15. Information management risk

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

Consolidated Balance Sheets

As of March 31, 2017 and 2016

	Millions of yen	
Assets	**2017**	2016
Current Assets:		
Cash and cash equivalents	**¥ 78,832**	¥ 29,142
Time deposits	**14,294**	10,453
Notes and accounts receivable:		
Trade	**171,191**	92,275
Other	**3,746**	2,775
	174,937	95,050
Allowance for doubtful receivables	**(654)**	(180)
Total notes and accounts receivable	**174,283**	94,870
Inventories (Note 2-e)	**120,441**	103,011
Deferred tax assets (Note 10)	**5,847**	4,016
Prepaid expenses and other current assets (Note 2-g)	**11,878**	8,328
Total current assets	**405,575**	249,820
Tangible Fixed Assets (Note 6)**:**		
Land	**34,297**	25,573
Buildings and structures (Note 4)	**157,285**	146,447
Machinery and transportation equipment	**326,759**	312,226
Tools, furniture and fixtures	**55,671**	51,198
Leased assets	**262**	367
Construction in progress	**7,314**	6,250
	581,588	542,061
Accumulated depreciation	**(382,003)**	(364,068)
Total tangible fixed assets	**199,585**	177,993
Intangible Fixed Assets:		
Goodwill (Note 2-k)	**4,714**	5,721
Other	**8,689**	7,184
Total intangible fixed assets	**13,403**	12,905
Investments and Other Assets:		
Investments in non-consolidated subsidiaries and affiliates	**540**	1,602
Investment securities (Note 2-g)	**8,430**	7,159
Long-term loans receivable	**300**	241
Deferred tax assets (Note 10)	**9,249**	7,644
Other	**6,340**	2,077
	24,859	18,723
Allowance for doubtful receivables	**(422)**	(22)
Total investments and other assets	**24,437**	18,701
Deferred Charges	**312**	9
Total Assets	**¥643,312**	¥459,428

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

Liabilities and Net Assets	*Millions of yen* 2017	2016
Current Liabilities:		
Short-term debt (Note 4)	**¥ 49,660**	¥ 66,166
Current portion of long-term debt (Note 4)	**17,917**	31,179
Notes and accounts payable:		
Trade	**86,571**	35,807
Other	**13,363**	9,056
Total notes and accounts payable	**99,934**	44,863
Income taxes payable (Note 10)	**4,621**	5,385
Lease obligations (Note 4)	**69**	65
Accrued expenses and other current liabilities (Note 10)	**27,927**	17,767
Total current liabilities	**200,128**	165,425
Long-term Liabilities:		
Long-term debt (Note 4)	**96,435**	39,766
Lease obligations (Note 4)	**85**	45
Net defined benefit liability (Note 2-h)	**15,684**	13,247
Other (Note 10)	**4,762**	2,972
Total long-term liabilities	**116,966**	56,030
Total liabilities	**317,094**	221,455
Contingent Liabilities (Note 21)		
Net Assets (Note 15)**:**		
Shareholders' equity:		
Common stock		
Authorized: 1,000,000,000 shares		
Issued: March 31, 2017—427,080,606 shares		
March 31, 2016—399,167,695 shares	**68,259**	68,259
Capital surplus	**144,218**	95,772
Retained earnings	**159,911**	125,133
Treasury stock	**(1,345)**	(9,250)
Total shareholders' equity	**371,043**	279,914
Accumulated other comprehensive income:		
Differences on revaluation of available-for-sale securities	**1,233**	589
Deferred gains or losses on hedges	**1,032**	283
Foreign currency translation adjustments	**(50,290)**	(47,390)
Remeasurements of defined benefit plans (Note 2-h)	**(1,654)**	(2,611)
Total accumulated other comprehensive income	**(49,679)**	(49,129)
Stock acquisition rights (Note 16)	**30**	130
Non-controlling interests	**4,824**	7,058
Total net assets	**326,218**	237,973
Total Liabilities and Net Assets	**¥643,312**	¥459,428

Consolidated Statements of Income

Years ended March 31, 2017, 2016 and 2015

	2017	2016	2015
			Millions of yen
Net Sales	**¥638,927**	¥609,814	¥500,676
Cost of Sales (Notes 2-e and 14)	**513,078**	486,671	380,585
Gross profit	**125,849**	123,143	120,091
Selling, General and Administrative Expenses (Notes 2-k and 14)	**76,834**	71,705	59,990
Operating income	**49,015**	51,438	60,101
Other Income (Expenses):			
Interest income	**493**	533	576
Equity in net income (loss) of affiliates	**(51)**	(21)	15
Interest expenses	**(879)**	(1,169)	(1,504)
Foreign currency exchange gains (losses)	**(140)**	(3,113)	1,076
Gains (losses) on sales and disposals of fixed assets (Note 2-f)	**(1,882)**	(100)	(392)
Gains (losses) on sales of investments in subsidiaries and affiliates	**273**	—	(1,097)
Gains (losses) on liquidation of affiliates (Note 7)	**(1,270)**	84	—
Gain on bargain purchase (Note 22)	**14,620**	—	—
Insurance income (Note 5)	**—**	3,337	50
Impairment losses (Note 6)	**(3,922)**	(6)	(78)
Losses on disaster	**—**	(137)	(5)
Loss for after-care of products	**(12)**	(356)	(398)
Provision for environmental remediation expenses	**(468)**	(568)	(82)
Business restructuring losses (Notes 6 and 8)	**(9)**	(515)	(1,111)
Losses on settlement of retirement benefit plan (Note 2-h)	**—**	(1,465)	(3,115)
Loss related to Anti-Monopoly Act	**—**	(18)	(2,137)
Settlement loss	**(1,096)**	—	—
Loss on redemption of bonds (Note 9)	**(6,196)**	—	—
Other—net	**(3)**	(961)	(126)
	(542)	(4,475)	(8,328)
Income before Income Taxes	**48,473**	46,963	51,773
Income Taxes (Note 10):			
Current (including enterprise tax)	**8,421**	12,757	11,977
Income taxes for prior periods	**1,350**	—	—
Deferred	**(2,798)**	(2,392)	315
	6,973	10,365	12,292
Net Income	**¥ 41,500**	¥ 36,598	¥ 39,481
Net income (loss) attributable to:			
Owners of the parent	**41,146**	36,386	39,887
Non-controlling interests	**354**	212	(406)
			Yen
Per Share Data (Note 18):			
Net income:			
Basic	**¥107.33**	¥97.26	¥106.73
Diluted	**105.64**	92.35	101.32
Cash dividends applicable to the year	**14.00**	20.00	12.00

Consolidated Statements of Comprehensive Income

Years ended March 31, 2017, 2016 and 2015

	2017	2016	2015
			Millions of yen
Net Income	**¥41,500**	¥36,598	¥39,481
Other Comprehensive Income (Note 17):			
Differences on revaluation of available-for-sale securities	**613**	(1,048)	515
Deferred gains or losses on hedges	**749**	285	5
Foreign currency translation adjustments	**(3,035)**	(26,704)	31,899
Remeasurements of defined benefit plans (Note 2-h)	**957**	602	524
Share of other comprehensive income of associates accounted for using equity method	**(172)**	(137)	(44)
Total other comprehensive income	**(888)**	(27,002)	32,899
Total Comprehensive Income	**¥40,612**	¥ 9,596	¥72,380
Comprehensive income attributable to:			
Owners of the parent	**40,597**	9,940	72,161
Non-controlling interests	**15**	(344)	219

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

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2017, 2016 and 2015

Millions of yen

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

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

Millions of yen

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

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

Millions of yen

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2016	**¥68,259**	**¥ 95,772**	**¥125,133**	**¥(9,250)**	**¥279,914**
Changes during the period					
Cash dividend from retained earnings	—	—	**(6,368)**	—	**(6,368)**
Net income attributable to owners of the parent	—	—	**41,146**	—	**41,146**
Purchase of treasury stock	—	—	—	**(14)**	**(14)**
Disposal of treasury stock	—	**617**	—	**333**	**950**
Capital increase of consolidated subsidiaries	—	**(48)**	—	—	**(48)**
Change in ownership interest of parent due to transactions with non-controlling interests	—	**436**	—	—	**436**
Changes due to share exchange	—	**47,418**	—	**7,586**	**55,004**
Exercise of subscription rights to shares	—	**23**	—	—	**23**
Changes (net) in non-shareholders' equity items	—	—	—	—	—
Total changes during the period	—	**48,446**	**34,778**	**7,905**	**91,129**
Balance at March 31, 2017	**¥68,259**	**¥144,218**	**¥159,911**	**¥(1,345)**	**¥371,043**

	Accumulated other comprehensive income							
	Differences on revaluation of available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Subscription right to shares	Non-controlling interests	Total net assets
Balance at April 1, 2016	**¥ 589**	**¥ 283**	**¥(47,390)**	**¥(2,611)**	**¥(49,129)**	**¥130**	**¥7,058**	**¥237,973**
Changes during the period								
Cash dividend from retained earnings	—	—	—	—	—	—	—	**(6,368)**
Net income attributable to owners of the parent	—	—	—	—	—	—	—	**41,146**
Purchase of treasury stock	—	—	—	—	—	—	—	**(14)**
Disposal of treasury stock	—	—	—	—	—	—	—	**950**
Capital increase of consolidated subsidiaries	—	—	—	—	—	—	—	**(48)**
Change in ownership interest of parent due to transactions with non-controlling interests	—	—	—	—	—	—	—	**436**
Changes due to share exchange	—	—	—	—	—	—	—	**55,004**
Exercise of subscription rights to shares	—	—	—	—	—	—	—	**23**
Changes (net) in non-shareholders' equity items	**644**	**749**	**(2,900)**	**957**	**(550)**	**(100)**	**(2,234)**	**(2,884)**
Total changes during the period	**644**	**749**	**(2,900)**	**957**	**(550)**	**(100)**	**(2,234)**	**88,245**
Balance at March 31, 2017	**¥1,233**	**¥1,032**	**¥(50,290)**	**¥(1,654)**	**¥(49,679)**	**¥ 30**	**¥4,824**	**¥326,218**

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

Consolidated Statements of Cash Flows

Years ended March 31, 2017, 2016 and 2015

			Millions of yen
	2017	2016	2015
Cash Flows from Operating Activities:			
Income before income taxes	**¥48,473**	¥46,963	¥51,773
Depreciation and amortization	**28,165**	34,788	28,776
Impairment losses (Note 6)	**3,922**	21	109
Amortization of goodwill (Note 2-k)	**1,100**	970	583
Losses on disaster	**—**	137	5
Equity in net (income) losses of affiliates	**51**	21	(15)
Losses on settlement of retirement benefit plan (Note 2-h)	**—**	1,465	3,115
Loss related to Anti-Monopoly Act	**—**	18	2,137
Settlement loss	**1,096**	—	—
Loss on redemption of bonds (Note 9)	**6,196**	—	—
Gain on bargain purchase (Note 22)	**(14,620)**	—	—
Insurance income (Note 5)	**—**	(3,337)	(50)
Interest and dividend income	**(666)**	(708)	(779)
Interest expense	**879**	1,169	1,504
Losses on sales and disposals of fixed assets (Note 2-f)	**1,882**	100	392
(Gains) losses on sales of investments in subsidiaries and affiliates	**(273)**	—	1,097
(Gains) losses on liquidation of affliates (Note 7)	**1,270**	(84)	—
(Increase) decrease in notes and accounts receivables–trade	**(15,179)**	11,176	(24,322)
(Increase) decrease in inventories	**25,848**	(21,119)	(18,431)
Increase (decrease) in notes and accounts payable–trade	**6,479**	(19,019)	23,979
Increase (decrease) in warranty provision	**(268)**	(43)	346
Increase (decrease) in provision for business restructuring losses	**(119)**	(360)	247
Other	**895**	6,699	(2,087)
Subtotal	**95,131**	58,857	68,379
Interest and dividends received	**700**	684	756
Interest paid	**(921)**	(1,158)	(1,499)
Income taxes paid	**(12,488)**	(15,764)	(7,801)
Income tax refund	**703**	223	28
Payments related to Anti-Monopoly Act	**—**	(2,164)	—
Proceeds from insurance income	**—**	2,904	—
Net cash provided by operating activities	**83,125**	43,582	59,863
Cash Flows from Investing Activities:			
Transfers to time deposits	**(19,298)**	(16,419)	(10,227)
Proceeds from withdrawals from time deposits	**15,951**	14,019	11,691
Payments for purchases of securities (Note 19)	**(13,896)**	—	(100)
Proceeds from sales of securities	**29**	34	204
Payments for purchases of tangible fixed assets	**(29,217)**	(40,136)	(34,979)
Proceeds from sales of tangible fixed assets	**2,421**	665	600
Payments for purchases of intangible fixed assets	**(2,064)**	(2,244)	(2,577)
Payments for purchases of investment securities	**(1,997)**	(1,650)	(454)
Proceeds from sales of investment securities	**11**	38	69
Proceeds from redemption of investment securities	**1,474**	1,438	1,102
Payments for purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 19)	**(1,032)**	(258)	(2,171)
Proceeds from sales of investments in shares of subsidiaries resulting in change in scope of consolidation (Note 19)	**—**	—	1,262
Payments for acquisition of shares in subsidiaries	**—**	—	(400)
Payments for acquisition of shares in affiliates	**—**	—	(393)
Proceeds from sales of shares in affiliates	**1,249**	—	1,315
Payments for loans provided	**(297)**	(216)	(125)
Proceeds from collection of loans receivables	**122**	116	198
Other	**(256)**	(29)	(341)
Net cash used in investing activities	**(46,800)**	(44,642)	(35,326)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term debt	**(39,470)**	22,109	(7,843)
Proceeds from long-term debt	**53,685**	—	7,850
Repayment of long-term debt	**(23,482)**	(20,897)	(15,765)
Cash dividends paid	**(6,368)**	(5,984)	(4,109)
Dividends paid to non-controlling interests	**(62)**	—	—
Payments for purchase of investments in subsidiaries that do not result in change in scope of consolidation	**(2,486)**	—	—
Payments for purchases of treasury stock	**(14)**	(9)	(22)
Proceeds from disposals of treasury stock	**937**	700	474
Repayment of lease obligations	**(79)**	(119)	(212)
Other	**0**	—	0
Net cash used in financing activities	**(17,339)**	(4,200)	(19,627)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	**(1,768)**	(1,736)	2,197
Net Increase (Decrease) in Cash and Cash Equivalents	**17,218**	(6,996)	7,107
Cash and Cash Equivalents at Beginning of Year	**29,142**	36,138	29,031
Increase in Cash and Cash Equivalents from Newly Consolidated Subsidiaries (Note 19)	**32,472**	—	—
Cash and Cash Equivalents at End of Year	**¥78,832**	¥29,142	¥36,138

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

1. Basis of Presenting Financial Statements

The accompanying consolidated financial statements of MINEBEA 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

Millions of yen

Movement of Plan Assets	**2017**	2016	2015
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

Millions of yen

Net Defined Benefit Liability	**2017**	2016	2015
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:

Millions of yen

Retirement Benefit Costs	**2017**	2016	2015
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):

Millions of yen

Remeasurements of Defined Benefit Plans	**2017**	2016	2015
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):

Millions of yen

Remeasurements of Defined Benefit Plans	**2017**	2016	2015
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	2017	2016
		Millions of yen
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:

	2017	2016
		Millions of yen
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

Millions of yen

Off market trading

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

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

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	*Millions of yen* 2017 Contracted amount	Contracted amount exceeding 1 year	Fair value
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	*Millions of yen* 2016 Contracted amount	Contracted amount exceeding 1 year	Fair value
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts receivable–trade)			
Sell				
U.S. dollars		¥27,112	¥8,110	¥339
Euro		1,729	—	(7)
Japanese yen		265	—	(0)
Forward exchange transaction	Anticipated transactions in foreign currencies (Accounts payable–trade)			
Buy				
U.S. dollars		866	—	0
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.

Internal Control Report

1. Framework of Internal Control Over Financial Reporting

The management of MINEBEA MITSUMI Inc. is responsible for the design and operation of the internal control over financial reporting (“ICOFR”) that is performed by MINEBEA MITSUMI Inc. and its consolidated subsidiaries. Therefore, management designs and operates ICOFR in accordance with the internal control framework described in the report “On the Revision of the Standards and Practice Standards for Management Assessment and Audit concerning Internal Control Over Financial Reporting (Council Opinions)” issued by the Business Accounting Council.

Internal control aims at achieving the objectives to a reasonable extent with each components of internal controls connecting organically and functioning as a whole. Therefore, ICOFR may not be able to prevent or detect misstatements contained in financial reporting.

2. Assessment Scope, Timing and Procedures

Basis of Presenting Internal Control Report

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

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

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

Scope of Assessment

The reference date for the assessment of ICOFR was March 31, 2017, the end of the current fiscal year, and the assessment of the MINEBEA MITSUMI Inc. and its consolidated subsidiaries was carried out based on the Assessment Standards.

In evaluating internal controls, management assessed internal controls that had a material impact on overall consolidated financial reporting (entity level internal controls) and, based on such results, management identified business processes to be included within the scope of the assessment. In order to assess the effectiveness of the process-level internal control described above, the details of the processes subject to assessment were initially analyzed. Key controls that were considered to have significantly influence to the reliability of financial reporting were then identified and the design and operation statuses of those key controls were assessed accordingly.

For the scope of assessment for ICOFR, assessment was carried out on entity-level internal control which had a significant effect on the consolidated financial reporting of MINEBEA MITSUMI Inc. and its consolidated subsidiaries. This assessment was carried out at all of our business locations excluding consolidated subsidiaries which were determined quantitatively and qualitatively insignificant.

For the scope of assessment for process-level internal control, business locations were selected as significant business locations in descending order of net external sales of previous fiscal year until their aggregated amount reached two-thirds of consolidated net sales. Then, processes which affected sales, accounts receivables and inventories, which are the accounts closely associated with the company’s business objectives, were assessed for these business locations.

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

3. Results of Assessment

Management concluded that as of March 31, 2017, ICOFR of MINEBEA MITSUMI Inc. was effective.

4. Supplementary Information

Not applicable.

5. Other

Not applicable.

Yoshihisa Kainuma
Representative Director, CEO and COO
July 6, 2017

Independent Auditor's Report

To the Board of Directors of
MINEBEA MITSUMI Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of MINEBEA MITSUMI Inc. (formerly Minebea Co., Ltd.) and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2017 and 2016, the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for each of the years in the three-year period ended March 31, 2017 and the notes to consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of MINEBEA MITSUMI Inc. (formerly Minebea Co., Ltd.) and its consolidated subsidiaries as at March 31, 2017 and 2016, and their financial performance and cash flows for each of the years in the three-year period ended March 31, 2017 in accordance with accounting principles generally accepted in Japan.

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

KPMG

Report on the Internal Control Report

We also have audited the accompanying report on internal control over financial reporting of the consolidated financial statements of MINEBEA MITSUMI Inc. (formerly Minebea Co., Ltd.) as at March 31, 2017 ("Internal Control Report").

Management's Responsibility for the Internal Control Report

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

Auditor's Responsibility

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

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

Opinion

In our opinion, the Internal Control Report, in which MINEBEA MITSUMI Inc. (formerly Minebea Co., Ltd.) states that internal control over financial reporting was effective as at March 31, 2017, presents fairly, in all material respects, the assessment of internal control over financial reporting in conformity with assessment standards for internal control over financial reporting generally accepted in Japan.

KPMG AZSA LLC

July 6, 2017
Tokyo, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Major Subsidiaries

Company Name	Business Activities	Shareholding Ratio
Japan		
NMB Sales Co., Ltd.	Sale of machined components and electronic devices and components	100.0%
DAIICHI PRECISION MOLD CO., LTD..	Manufacture and sale of molds and related products	100.0
MITSUMI ELECTRIC CO., LTD.	Manufacture and sale of MITSUMI products	100.0
Thailand		
NMB-Minebea Thai Ltd.	Manufacture and sale of machined components and electronic devices and components	100.0
China		
Minebea Electronics & Hi-Tech Components (Shanghai) Ltd.	Manufacture and sale of bearings and fan motors, etc	100.0
Minebea (Hong Kong) Limited	Sale of bearings and electronic devices and components	100.0
Minebea Electronics Motor (Zhuhai) Co., Ltd.	Manufacture and sale of electronic devices and components	100.0
Minebea Electronics Devices (Suzhou) Ltd.	Manufacture of electronic devices and components	100.0
ZHUHAI MITSUMI ELECTRIC CO., LTD.	Manufacture of MITSUMI products	100.0
TIANJIN MITSUMI ELECTRIC CO., LTD.	Manufacture of MITSUMI products	100.0
QINGDAO MITSUMI ELECTRONICS CO., LTD.	Manufacture of MITSUMI products	100.0
MITSUMI CO., LTD.	Sale of MITSUMI products	100.0
Singapore		
NMB Singapore Ltd.	Manufacture and sale of bearings and electronic devices and components	100.0
Malaysia		
Minebea Electronics Motor (Malaysia) Sdn. Bhd.	Manufacture and sale of electronic devices and components	100.0
Cambodia		
Minebea (Cambodia) Co., Ltd.	Manufacture of electronic devices and components	100.0
Philippine		
CEBU MITSUMI, INC.	Manufacture of MITSUMI products	100.0
Korea		
NMB Korea Co., Ltd.	Sale of bearings and electronic devices and components	100.0
Moatech Co., Ltd.	Manufacture and sale of electronic devices and components	79.2
United States		
New Hampshire Ball Bearings, Inc.	Manufacture and sale of bearings	100.0
NMB Technologies Corporation	Sale of bearings and electronic devices and components	100.0
MITSUMI ELECTRONICS CORPORATION	Sale of MITSUMI products	100.0
United Kingdom		
NMB-Minebea UK Ltd	Manufacture and sale of rod-end bearings	100.0
Germany		
Precision Motors Deutsche Minebea GmbH	Development, manufacture and sale of HDD spindle motors	100.0
NMB-Minebea-GmbH	Sale of bearings and electronic devices and components	100.0
myonic GmbH	Manufacture and sale of bearings and components	100.0
Minebea Intec GmbH	Manufacture and sale of eletronic devices and components	51.0
Minebea Intec Aachen GmbH & Co. KG	Manufacture and sale of eletronic devices and components	51.0
Minebea Intec Bovenden GmbH & Co. KG	Manufacture and sale of eletronic devices and components	51.0
MITSUMI ELECTRONICS EUROPE GmbH	Sale of MITSUMI products	100.0
Italy		
NMB Italia S.r.l.	Sale of bearings and electronic devices and components	100.0
France		
NMB Minebea S.A.R.L.	Sale of bearings and electronic devices and components	100.0

MINEBEA MITSUMI Inc.

Corporate Information (As of June 2017)

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

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

Established
July 16, 1951

Independent Auditors
KPMG AZSA LLC

Investor Information (As of March 31, 2017)

Common Stock
Authorized: 1,000,000,000 shares
Issued: 427,080,606 shares
Capital: ¥68,259 million
Shares per unit: 100

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

Common Stock Listings
Tokyo and Nagoya

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

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

Major Shareholders

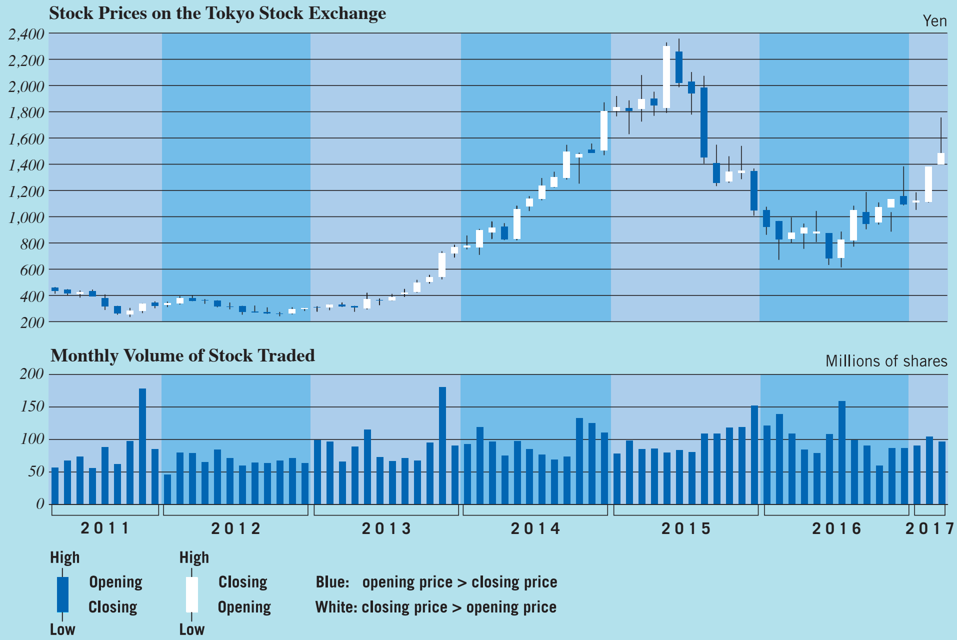
Classification by Ownership of Shares

	Number of shareholders	Percentage of shareholders (%)	Number of shares held (Hundred shares)	Percentage of shares outstanding (%)
Japanese financial institutions	118	0.3	1,783,726	41.8
Overseas institutions	593	1.6	1,596,579	37.4
Other Japanese corporations	406	1.1	317,223	7.4
Individuals and others	30,213	80.8	564,701	13.2
Subtotal	31,330	83.8	4,262,229	99.8
Others	6,075	16.2	8,577	0.2
Total	37,405	100.0	4,270,806	100.0

Top Ten Major Shareholders

	Number of shares (Shares)	Shareholding ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	31,045,900	7.29
Japan Trustee Services Bank, Ltd. (Trust account)	22,885,200	5.37
Takahashi Industrial and Economic Research Foundation	15,447,330	3.63
Sumitomo Mitsui Trust Bank, Limited	15,413,900	3.62
Japan Trustee Services Bank, Ltd. (Trust account 4)	13,860,300	3.25
Sumitomo Mitsui Banking Corporation	10,223,597	2.40
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	10,181,739	2.39
KEIAISHA Co., Ltd.	10,100,000	2.37
THE CHASE MANHATTAN BANK 385036	6,944,305	1.63
Japan Trustee Services Bank, Ltd. (Trust account 5)	6,683,300	1.57

Notes: Shareholding ratio is calculated exclusive of treasury stock (1,005,595 shares).



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Passion to Create Value through Difference

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