

(Excerpt translation)

November 2, 2016

**BRIEF ANNOUNCEMENT OF SETTLEMENT OF ACCOUNTS FOR
THE SECOND QUARTER OF THE FISCAL YEAR ENDING MARCH 31, 2017**

(Based on Japanese GAAP) (Consolidated)

Name of listed company: MITSUMI ELECTRIC CO., LTD.

Listing exchange: Tokyo Stock Exchange

Code number: 6767

URL: <http://www.mitsumi.co.jp/>

Representative: Shigeru Moribe
President and Representative Director

Person to contact: Kunihiro Noguchi
General Manager of General Affairs Dept.

Scheduled date of submission of quarterly report: November 4, 2016

Scheduled date of payment of dividends: -

Quarterly supplemental explanatory material prepared: No

Quarterly results briefing held: No

(Figures are indicated by discarding fractions of a million yen.)

1. Consolidated business results for the second quarter of the fiscal year ending March 31, 2017 (April 1, 2016 through September 30, 2016):

- (1) Consolidated operating results (cumulative):

(The percentages indicate the rates of increase (decrease)
from the second quarter of the previous fiscal year.)

	Net sales		Operating income		Recurring income		Net income attributable to owners of the parent	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
Second quarter of the year ending March 31, 2017	77,265	(-) 7.7	(4,991)	-	(8,355)	-	(7,948)	-
Second quarter of the year ended March 31, 2016	83,683	23.3	(550)	-	(693)	-	(1,246)	-

(Note) Comprehensive income:

Second quarter of the year ending March 31, 2017:	¥(12,152) million	(-%)
Second quarter of the year ended March 31, 2016:	¥(2,027) million	(-%)

	Net income per share (basic)	Net income per share (diluted)
	(yen)	(yen)
Second quarter of the year ending March 31, 2017	(97.88)	—
Second quarter of the year ended March 31, 2016	(14.62)	—

(2) Consolidated financial condition:

	Total assets	Net assets	Net worth ratio
	(million yen)	(million yen)	(%)
Second quarter of the year ending March 31, 2017	164,761	82,126	49.8
Year ended March 31, 2016	162,724	94,279	57.9

(For reference) Net worth: Second quarter of the year ending March 31, 2017: ¥82,126 million
Year ended March 31, 2016: ¥94,279 million

2. State of dividends:

	Annual dividend (yen)				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
Year ended March 31, 2016	—	—	—	0.00	0.00
Year ending March 31, 2017	—	—			
Year ending March 31, 2017 (forecast)			—	—	—

(Note) Adjustment to the most recently publicized forecast of dividends: None

It is stipulated by the Company in its Articles of Incorporation that the record date for year-end dividends of the Company shall be March 31 of each year. However, as the business integration is planned during the fiscal year under review, the amount of dividend forecasted for the relevant record date remains undecided.

3. Forecast of consolidated business results for the fiscal year ending March 31, 2017 (April 1, 2016 through March 31, 2017):

(The percentages indicate the rates of increase (decrease) from the previous fiscal year.)

	Net sales		Operating income		Recurring income		Net income attributable to owners of the parent		Net income per share
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)	(yen)
Whole-year period	167,000	2.1	(6,000)	-	(9,500)	-	(9,500)	-	(116.98)

(Note) Adjustment to the most recently publicized forecast of consolidated business results: Yes

Notes:

- (1) Changes in important subsidiaries (changes in specific subsidiaries associated with a change in the scope of consolidation) during the period under review: None
 - (2) Application of accounting treatments special to the preparation of the quarterly consolidated financial statements: Yes
 - (3) Changes in accounting policies, changes in accounting estimates and modifications and restatements:
 - 1) Changes in accounting policies associated with changes in accounting standards: Yes
 - 2) Other changes in accounting policies: None
 - 3) Changes in accounting estimates: None
 - 4) Modifications and restatements: None
 - (4) Number of issued shares (shares of common stock):
 - 1) Number of issued shares (including shares of treasury stock) as of the end of the period:

Second quarter of the year ending March 31, 2017:	87,498,119 shares
Year ended March 31, 2016:	87,498,119 shares
 - 2) Number of shares of treasury stock as of the end of the period:

Second quarter of the year ending March 31, 2017:	6,289,187 shares
Year ended March 31, 2016:	6,288,753 shares
 - 3) Average number of shares during the period (quarterly cumulative period):

Second quarter of the year ending March 31, 2017:	81,209,126 shares
Second quarter of the year ended March 31, 2016:	85,203,489 shares
- * Statement on the state of performance of quarterly review procedures:
This brief announcement of settlement of accounts for the period under review is not subject to quarterly review procedures under the Financial Instruments and Exchange Act of Japan. The review procedures of quarterly financial statements have been completed at the time of disclosure hereof.
- * Explanation for the appropriate use of the forecast of business results and other special instructions:
The description of the future in this material, including the forecast of business results, is based on the information currently available to the Company and certain assumptions currently considered reasonable by the Company. The actual results may change depending on various factors. As for the conditions precedent to the forecasts of business results and the instructions on the use of the forecasts of business results, please refer to "1. Qualitative Information on the Settlement of Accounts for the Quarter of the Fiscal Year under Review: (3) Explanations on the forecasts of consolidated business results and other future forecast information" on page 7 hereof.

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1. Qualitative Information on the Settlement of Accounts for the Quarter of the Fiscal Year under Review

(1) Explanations on the operating results

To overview the global economic situations during the consolidated second-quarter cumulative period of the fiscal year under review, the U.S. economy continued to show a tone of expansion due to strong consumer spending and improvements in corporate performance. In Europe, the economy was recovering slowly as the manufacturing industry showed a sign of recovery. In the emerging countries, there was a slowdown in economic growth. Overall, the global economy has enjoyed a mild recovery. However, due to the issue of the looming departure of the U.K. from the European Union, the risk of a further downturn of the emerging economies and other factors, the global economy in the future has become more uncertain.

In Japan, in spite of the abrupt appreciation of the yen, the economy has remained in the phase of modest recovery.

In our electronic parts industry, in the market for smart phones, its major market, sales in terms of both amount and volume almost remained flat compared to the corresponding period of the previous fiscal year. However, the market of parts for car-mounted devices, healthcare and home electric appliances, among others is continuing to expand rapidly and the electronic parts market as a whole is expected to maintain a solid expansion.

Under these circumstances, the Mitsumi Group experienced an increase in orders received for products related to smart phones and products related to car-mounted devices, among others as initially planned. However, due to a decrease in orders received for amusement-related products and the abrupt appreciation of the yen, for the second-quarter cumulative period of the fiscal year under review, on a consolidated basis, net sales amounted to ¥77,265 million (92.3% in comparison with the corresponding period of the previous fiscal year).

With regard to profits and losses, similarly due to the appreciation of the yen, the Company registered an operating loss of ¥4,991 million (an operating loss of ¥550 million for the corresponding period of the previous fiscal year) and a recurring loss of ¥8,355 million (a recurring loss of ¥693 million for the corresponding period of the previous fiscal year). Net loss attributable to owners of the parent amounted to ¥7,948 million (a net loss of ¥1,246 million attributable to owners of the parent for the corresponding period of the previous fiscal year).

(2) Explanations on the financial condition

(i) State of assets, liabilities and net assets

As of the end of the second quarter of the fiscal year under review, on a consolidated basis, total assets accounted for ¥164,761 million, up ¥2,036 million from the end of the previous fiscal year, due principally to an increase of ¥4,926 million in trade notes and trade accounts receivable, an increase of ¥5,342 million in inventories and an increase of ¥3,340 million in tangible fixed assets in spite of a decrease of ¥1,133 million in cash and deposits.

Total liabilities accounted for ¥82,634 million, up ¥14,189 million from the end of the previous fiscal year, due principally to an increase of ¥7,653 million in trade notes and trade accounts payable and an increase of ¥9,180 million in short-term borrowings.

Total net assets accounted for ¥82,126 million, down ¥12,152 million from the end of the previous fiscal year, due principally to a decrease of ¥7,948 million in retained earnings and a decrease of ¥4,824 million in foreign exchange translation adjustment.

As a result, the net worth ratio as of the end of the second quarter of the fiscal year under review decreased by 8.1 percentage points from the end of the previous fiscal year to 49.8%.

(ii) State of cash flows

Cash and cash equivalents ("net cash") on a consolidated basis at the end of the second-quarter cumulative period of the fiscal year under review decreased by ¥9,182 million from the end of the previous fiscal year, accounting for ¥28,495 million.

The state of cash flows for the second-quarter cumulative period of the fiscal year under review is as follows:

(Cash flows from operating activities)

Cash flows from operating activities resulted in payments of ¥9,954 million (payments of ¥3,948 million for the corresponding period of the previous fiscal year) due principally to a loss before income taxes and others, an increase in trade accounts receivable and an increase in inventories in spite of an increase in trade accounts payable.

(Cash flows from investing activities)

Cash flows from investing activities resulted in payments of ¥6,617 million (payments of ¥230 million for the corresponding period of the previous fiscal year) due principally to payments for the acquisition of tangible fixed assets in spite of receipts from withdrawal of time deposits.

(Cash flows from financing activities)

Cash flows from financing activities resulted in receipts of ¥9,499 million (receipts of ¥10,787 million for the corresponding period of the previous fiscal year) due principally to a net increase in short-term borrowings.

(3) Explanations on the forecasts of consolidated business results and other future forecast information

With regard to the forecast of consolidated business results for the fiscal year ending March 31, 2017, please refer to the "Notice on the Differences between the Forecasted Amounts and Actual Amounts of Consolidated Business Results for the Second-Quarter Cumulative Period of the Fiscal Year Ending March 31, 2017 and the Adjustment to the Forecast of Consolidated Business Results for the Whole-Year Period of the Fiscal Year Ending March 31, 2017 and the Recording of Non-Operating Expense (Foreign Exchange Loss)" publicized on November 2, 2016.

2. Matters Concerning Summary Information (Notes)

(1) Changes in important subsidiaries during the period under review

Not applicable.

(2) Application of accounting treatments special to the preparation of the quarterly consolidated financial statements

(Calculation of tax expenses)

The Company has adopted a method where an effective tax rate after the application of tax effect accounting to income before income taxes for the fiscal year under review is reasonably estimated and tax expenses are calculated by multiplying income before income taxes for the quarter by the effective tax rate so estimated.

(3) Changes in accounting policies, changes in accounting estimates and modifications and restatements

(Changes in accounting policies)

In accordance with the revision of the Corporation Tax Act, the Company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (Accounting Standards Board of Japan (ASBJ) Practical Issues Task Force No. 32, June 17, 2016) as from in the first quarter of the fiscal year under review. Accordingly, the depreciation method for the facilities attached to buildings and structures that were acquired on or after April 1, 2016 has been changed from the declining balance method to the straight-line method.

The effect of the change on profits and losses for the second-quarter cumulative period of the fiscal year under review is immaterial.

(4) Additional information

The Company has adopted the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Implementation Guidance No. 26, March 28, 2016) as from the first quarter of the fiscal year under review.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(million yen)

	Year ended March 31, 2016 (as of March 31, 2016)	Second-quarter period of the year ending March 31, 2017 (as of September 30, 2016)
ASSETS:		
Current assets:		
Cash and deposits	40,585	29,281
Trade notes and trade accounts receivable	42,030	46,956
Finished products	4,625	4,787
Work in process	14,326	16,007
Raw materials and storage	19,346	22,845
Other assets	2,253	2,083
Allowance for doubtful receivables	(16)	(13)
Total current assets	123,150	121,949
Fixed assets:		
Tangible fixed assets		
Buildings and structures (net)	10,114	10,590
Machinery and equipment and motor vehicles (net)	15,927	18,982
Tools, furniture and fixtures (net)	3,655	4,163
Lands	5,439	5,401
Construction in progress	2,021	1,360
Total tangible fixed assets	37,158	40,498
Intangible fixed assets	1,052	961
Investments and other assets:		
Others investments and other assets	1,485	1,475
Allowance for doubtful receivables	(122)	(123)
Total investments and other assets	1,363	1,352
Total fixed assets	39,573	42,811
TOTAL ASSETS	162,724	164,761

	Year ended March 31, 2016 (as of March 31, 2016)	Second-quarter period of the year ending March 31, 2017 (as of September 30, 2016)
LIABILITIES:		
Current liabilities:		
Trade notes and trade accounts payable	20,351	28,005
Short-term borrowings	7,109	16,290
Accrued corporate taxes, etc.	480	534
Allowance for bonuses	1,393	1,366
Other current liabilities	13,474	11,898
Total current liabilities	42,809	58,095
Long-term liabilities:		
Bonds with stock acquisition rights	20,090	20,083
Net defined benefit liability	3,283	2,614
Other long-term liabilities	2,262	1,840
Total long-term liabilities	25,635	24,538
TOTAL LIABILITIES	68,445	82,634
NET ASSETS:		
Shareholders' equity:		
Capital	39,890	39,890
Additional paid-in capital	43,252	43,252
Retained earnings	28,665	20,716
Treasury stock	(5,093)	(5,093)
Total shareholders' equity	106,714	98,765
Accumulated other comprehensive income:		
Valuation difference of other securities	11	16
Foreign exchange translation adjustment	(7,653)	(12,477)
Remeasurements of defined benefit plans	(4,794)	(4,177)
Total accumulated other comprehensive income	(12,435)	(16,638)
TOTAL NET ASSETS	94,279	82,126
TOTAL LIABILITIES AND NET ASSETS	162,724	164,761

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

Consolidated quarterly statements of income

(For the consolidated second-quarter cumulative period)

(million yen)

	Second-quarter cumulative period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second-quarter cumulative period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Net sales	83,683	77,265
Cost of sales	78,014	75,253
Gross profit on sales	5,669	2,011
Selling, general and administrative expenses	6,220	7,002
Operating loss	(550)	(4,991)
Non-operating income		
Interest income	195	69
Royalties earned	50	9
Rents received	-	79
Other income	135	134
Total non-operating income	382	293
Non-operating expenses		
Interest expense	33	28
Loss on disposition of fixed assets	96	60
Payment compensation	157	458
Provision of allowance for doubtful receivables	-	1
Foreign exchange loss	85	3,037
Other expenses	151	70
Total non-operating expenses	524	3,657
Recurring loss	(693)	(8,355)
Special income	-	-
Special loss		
Impairment loss on fixed assets	87	0
Special retirement allowances	22	-
Total special loss	109	0
Loss before income taxes and others	(803)	(8,355)
Corporate, inhabitant and enterprise taxes	442	(407)
Net loss	(1,246)	(7,948)
Net loss attributable to noncontrolling interests	-	-
Net loss attributable to owners of the parent	(1,246)	(7,948)

Consolidated quarterly statements of comprehensive income
(For the consolidated second-quarter cumulative period)

	(million yen)	
	Second-quarter cumulative period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second-quarter cumulative period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Net loss	(1,246)	(7,948)
Other comprehensive income		
Valuation difference of other securities	(35)	4
Foreign exchange translation adjustment	(1,018)	(4,824)
Remeasurements of defined benefit plans	273	616
Total other comprehensive income	(781)	(4,203)
Quarterly comprehensive income	(2,027)	(12,152)
(Items)		
Quarterly comprehensive income attributable to owners of the parent	(2,027)	(12,152)
Quarterly comprehensive income attributable to noncontrolling interests	-	-

(3) Consolidated quarterly statements of cash flows

(million yen)

	Second-quarter cumulative period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second-quarter cumulative period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Cash flows from operating activities:		
Loss before income taxes and others	(803)	(8,355)
Depreciation	3,456	3,526
Impairment loss on fixed assets	87	0
Increase (decrease) in allowance for doubtful receivables	(256)	0
Increase (decrease) in net defined benefit liability	129	194
(Increase) decrease in net defined benefit asset	(61)	-
Special retirement benefits	22	-
Interest and dividend income	(196)	(70)
Interest expenses	33	28
Foreign exchange (income) loss	288	225
(Gain) loss on sale of fixed assets	(5)	(39)
Loss from write-off and retirement of fixed assets	96	60
(Increase) decrease in trade accounts receivable	(6,998)	(7,485)
(Increase) decrease in inventories	(10,519)	(6,648)
Increase (decrease) in trade accounts payable	9,606	9,911
Others	1,424	(1,069)
Subtotal	(3,695)	(9,721)
Interest and dividends received	161	87
Interest paid	(35)	(27)
Special retirement benefits paid	(22)	-
Business restructuring expenses paid	(189)	-
Corporate taxes paid	(232)	(332)
Corporate taxes refunded	65	38
Net cash provided by (used in) operating activities	(3,948)	(9,954)
Cash flows from investing activities:		
Placing of time deposits	(1,259)	(32)
Withdrawal of time deposits	7,228	1,925
Acquisition of tangible fixed assets	(6,418)	(8,514)
Sale of tangible fixed assets	323	78
Acquisition of intangible fixed assets	(107)	(77)
Others	1	2
Net cash provided by (used in) investing activities	(230)	(6,617)

(million yen)

	Second-quarter cumulative period of the year ended March 31, 2016 (April 1, 2015 through September 30, 2015)	Second-quarter cumulative period of the year ending March 31, 2017 (April 1, 2016 through September 30, 2016)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(3,000)	9,500
Proceeds from the issuance of bonds with stock acquisition rights	20,023	-
Purchase of treasury stock	(5,015)	(0)
Cash dividends paid	(1,220)	(0)
Net cash provided by (used in) financing activities	10,787	9,499
Translation gain (loss) related to cash and cash equivalents	(278)	(2,109)
Net increase (decrease) in cash and cash equivalents	6,329	(9,182)
Cash and cash equivalents at beginning of the period	33,689	37,678
Cash and cash equivalents at end of the period	40,019	28,495

(4) Notes on consolidated quarterly financial statements

(Note on assumptions for going concern)

Not applicable.

(Note on material change (if any) in the amount of shareholders' equity)

Not applicable.

(Segment information)

The business of the Group is comprised of a single segment of production and sale of parts of electronic and communications devices and equipment. Hence, the descriptions of segment information are omitted.

(Significant subsequent event)

The Company negotiated with Minebea Co., Ltd. to change the effective date of the Business Integration Agreement and the Share Exchange Agreement executed on March 30, 2016. As a result of the negotiations, the Company, at the meeting of its Board of Directors held on October 12, 2016, adopted a resolution to change the effective date of the Business Integration Agreement and the Share Exchange Agreement from March 17, 2017 to January 27, 2017 and executed a memorandum of understanding on the amendment to the Business Integration Agreement and the Share Exchange Agreement with Minebea Co., Ltd. as of the same date.

4. Supplementary Information

(1) Production, orders received and sales

(i) Production

Production by product division for the consolidated second-quarter cumulative period of the fiscal year ending March 31, 2017:

Division	Production	Comparison with the corresponding period of the previous fiscal year
	(million yen)	(%)
Semiconductor Devices	13,958	89.2
Optical Devices	3,056	143.6
System Parts	35,875	85.3
High-Frequency Parts	16,163	110.4
Power-Unit Parts	8,373	81.8
Total	77,426	91.4

(ii) Orders received

Orders received by product division for the consolidated second-quarter cumulative period of the fiscal year ending March 31, 2017:

Division	Orders received	Comparison with the corresponding period of the previous fiscal year	Balance of orders received	Comparison with the corresponding period of the previous fiscal year
	(million yen)	(%)	(million yen)	(%)
Semiconductor Devices	14,736	99.9	2,952	117.1
Optical Devices	3,540	245.3	647	189.1
System Parts	40,229	94.8	9,398	154.9
High-Frequency Parts	15,940	96.9	5,023	95.0
Power-Unit Parts	8,637	84.9	2,147	87.0
Total	83,084	97.5	20,170	120.9

(iii) Sales

Sales by product division for the consolidated second-quarter cumulative period of the fiscal year ending March 31, 2017:

Division	Sales	Comparison with the corresponding period of the previous fiscal year
	(million yen)	(%)
Semiconductor Devices	14,045	89.7
Optical Devices	2,993	140.3
System Parts	35,672	86.4
High-Frequency Parts	16,065	112.0
Power-Unit Parts	8,487	82.9
Total	77,265	92.3

(2) Overseas net sales

For the consolidated second-quarter cumulative period of the fiscal year ended March 31, 2016 (April 1, 2015 through September 30, 2015):

(million yen)

	Asia	Europe	North America	Total
I Overseas net sales	46,651	1,419	3,917	51,988
II Consolidated net sales				83,683
III Ratio of overseas net sales to consolidated net sales (%)	55.7	1.7	4.7	62.1

For the consolidated second-quarter cumulative period of the fiscal year ending March 31, 2017 (April 1, 2016 through September 30, 2016):

(million yen)

	Asia	Europe	North America	Total
I Overseas net sales	47,393	1,498	3,418	52,309
II Consolidated net sales				77,265
III Ratio of overseas net sales to consolidated net sales (%)	61.3	2.0	4.4	67.7

- END -