Information on the Notice of the 44th Regular General Meeting of Shareholders for the Fiscal Year 2016 ended March 31, 2017

Notes to the consolidated financial statements
Notes to the non-consolidated financial statements
for the fiscal year 2016 ended March 31, 2017

Nidec Corporation

Of the documents to be provided to our shareholders with this notice, “Notes to the consolidated financial statements” and “Notes to the non-consolidated financial statements” are deemed to have been provided to our shareholders by posting on Nidec Corporation's website (http://www.nidec.com/en-global/) in accordance with applicable laws and regulations and Article 15 of Nidec Corporation's Articles of Incorporation. These notes are parts of the consolidated and non-consolidated statements audited by the Audit & Supervisory Board and Accounting Auditors during their process of making audit reports.

Notes to the consolidated financial statements

The amounts in the statements are rounded to the nearest one million yen.

I. Significant accounting policies for preparation of consolidated financial statements

1. Standard for preparation of consolidated financial statements

   Consolidated financial statements of the Company and its subsidiaries ("Nidec"), based on Paragraph 1, Article 120 of the Company Calculation Rules, are prepared in accordance with International Financial Reporting Standards ("IFRS"). However, in compliance with the provisions of the second sentence of the same paragraph, disclosure of some items required under IFRS is omitted.

2. Scope of consolidation

Number of consolidated subsidiaries	296
Names of major consolidated subsidiaries	Nidec Electronics (Thailand) Co., Ltd., Nidec Singapore Pte. Ltd., Nidec (H.K.) Co., Ltd., Nidec Sankyo Corporation, Nidec Copal Corporation, Nidec Techno Motor Corporation, Nidec Motor Corporation, and Nidec Motors & Actuators (Germany) GmbH

3. Application of equity method

Number of affiliated companies accounted for under the equity method	6
Name of the company accounted for under the equity method	Nidec Development Philippines Corporation and five other companies

4. Matters concerning accounting policies

   (1) Early adoption of new IFRS standards

   Nidec has early adopted IFRS 9 "Financial Instruments" (revised in July 2014).

   (2) Valuation criteria and valuation methods for important assets

   1) Financial instruments

   (i) Initial recognition

   Financial assets are recognized when Nidec becomes a party to the contractual provisions of the instrument (the acquisition date). However, trade and other receivables are recognized at the date of occurrence. For financial liabilities, debt instruments issued by Nidec are recognized at the issuance date and other financial liabilities are recognized when Nidec becomes a party to the contractual provisions of the instrument (the transaction date).

   Financial assets and financial liabilities are measured at fair value at initial recognition. Transaction costs directly attributable to the acquisition of financial assets and the issuance of financial liabilities are, at initial recognition, added to the fair value of financial assets or deducted from the fair value of financial liabilities, excluding financial assets measured at fair value through profit or loss ("FVTPL financial assets") and financial liabilities measured at FVTPL ("FVTPL financial liabilities"). Nidec currently does not hold non-derivative FVTPL financial liabilities. Transaction costs directly attributable to the acquisition of FVTPL financial assets are recognized in profit or loss.

(ii) Non-derivative financial assets

Nidec categorizes non-derivative financial assets at initial recognition into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (“FVTOCI financial assets”) and FVTPL financial assets.

<u>Financial assets measured at amortized costs</u>

Financial assets are subsequently measured at amortized cost in cases where the following criteria are met:

- When the financial assets are held to collect the contractual cash flows of the financial assets in Nidec’s business model.
- When the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>FVTOCI financial assets</u>

(a) FVTOCI debt financial assets

Financial assets are categorized as debt financial assets measured at fair value through other comprehensive income in cases where the following criteria are met:

- When the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.
- When the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Changes in fair value related to FVTOCI debt financial assets are recognized as other comprehensive income until the financial assets are derecognized, excluding impairment gain or impairment losses and foreign exchange differences. When the financial assets are derecognized, other comprehensive income recognized in the past is transferred to profit or loss.

(b) FVTOCI equity financial assets

Nidec may choose (irrevocably) to recognize changes in fair value of equity financial assets held for purposes other than trading in other comprehensive income at initial recognition.

FVTOCI equity financial assets are measured at fair value after initial recognition. The changes are recognized in other comprehensive income, and immediately transferred from other components of equity to retained earnings, and subsequently never transferred to profit or loss. However, dividend income from FVTOCI equity financial assets is recognized in profit or loss as part of financial income.

<u>FVTPL financial assets</u>

Financial assets that do not meet the criteria of the category to measure at amortized cost as above, excluding FVTOCI financial assets, are categorized as FVTPL financial assets. Equity financial assets are categorized as FVTPL financial assets, excluding the cases when Nidec chooses to (irrevocably) recognize changes in fair value in other comprehensive income at initial recognition.

FVTPL financial assets are measured at fair value after initial recognition, and the changes are recognized in profit or loss.

(iii) Impairment of financial assets measured at amortized cost

For financial assets measured at amortized cost, expected credit losses are assessed and recognized at the end of each fiscal year.

When the credit risk of such financial instruments has increased significantly at the end of the fiscal year after initial recognition, the expected credit losses for such financial instruments are measured at an amount equal to expected lifetime losses considering all reasonable and supportable information including forecasts. On the other hand, when the credit risk has not increased significantly since initial recognition, the expected credit loss allowances for such financial instruments is measured at an amount equal to the expected credit losses for 12 months.

However, for trade receivables, expected credit losses are always measured at an amount equal to expected lifetime losses regardless of the above.

Amounts of expected credit losses or reversals are recognized in profit or loss as impairment loss or reversals of impairment losses.

(iv) Derecognition of non-derivative financial assets

Nidec derecognizes financial assets when the contractual rights to the cash flows from the financial assets are expired or when the contractual rights to receive the cash flows from the financial assets are transferred in transactions to transfer substantially all risks and benefits related to holding such financial assets. Equity created by Nidec or continuously held by Nidec regarding the transferred financial assets is recognized as separate assets/liabilities.

(v) Subsequent measurement and derecognition of non-derivative financial liabilities

Nidec holds trade and other payables and other financial liabilities as non-derivative financial liabilities, and they are measured at amortized cost using the effective interest method after initial recognition.

Such financial liabilities are derecognized when the obligations are performed or when the obligations are discharged, cancelled or expired.

(vi) Derivatives and hedge accounting

To manage risks caused by the fluctuation of currency exchange rates, interest rates, and commodity prices, Nidec uses derivatives such as forward exchange contracts, interest rate swaps, currency swaps, or commodities futures contracts. Nidec does not hold derivatives for

trading.
Derivative transactions are initially recognized at fair value, and related transaction costs are recognized in profit or loss as incurred. After initial recognition, they are measured at fair value, and their changes are basically recognized in profit or loss for the fiscal year. However, hedge accounting may be applied when the hedge is recognized as effective subject to objective judgment of the extent to which changes in the cash flows of the hedged item are offset by changes in the cash flows of the hedging instruments.
At the time of initially designating a derivative as a hedge, the relationship between the hedging instruments and the hedged item related to the hedging transaction, the purpose of managing the risks, the strategy for executing the hedging transaction, the method of assessing the effectiveness of the hedging relationship, and the method of measuring the effectiveness and non-effectiveness are wholly documented. To be specific, hedges are determined as effective when all the following criteria are met:
- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not significantly dominate the value changes that result from that economic relationship.
- The hedge ratio of the hedging relationship is the same as the ratio arising from the amount of the hedged item that the entity is actually hedging and the amount of hedging instruments the entity is actually using to hedge that amount on the hedged item.

Assessments are made for the effectiveness of the derivatives used for hedging transactions in offsetting changes in the cash flows of the hedged items at the inception and for the duration of the hedge. Hedge accounting will be discontinued in anticipation of a future when the hedge is judged to be ineffective or to have become ineffective.

Cash flow hedges are accounted for as follows:
If derivatives are designated as hedging instruments to hedge fluctuations in cash flows that is attributable to a particular risk associated with a highly probable forecast transaction that could potentially affect a recognized asset/liability or profit for the year, the portion of hedge effectiveness of the change in fair value of the derivative is included in other components of equity as “cash flow hedges.” The portion of hedge ineffectiveness of the change in fair value of the derivative is immediately recognized in profit or loss.
The balance of cash flow hedges is deducted from other comprehensive income in the consolidated statements of income for the same period as the period during which the cash flow of the hedged item affects profit for the year, and transferred to profit for the year as the same item as the hedging instruments. However, if the forecast transaction as the hedged item causes recognition of non-financial assets (such as inventories, and property, plant, and equipment) or liabilities, the gain or loss that was previously deferred in equity is transferred and included in the measured amount of such assets or liabilities.
When the criteria of hedge accounting are not met, if hedging instruments are expired, sold,

terminated or exercised, or when hedge designation is cancelled, application of hedging accounting is discontinued prospectively. When hedge accounting is discontinued, the balance of the cash flow hedge that was already recognized in other comprehensive income is continued to be recorded until forecast transactions affect profit for the year. If the forecast transactions are no longer expected to occur, the balance of the cash flow hedge is immediately recognized in profit or loss.

2) Inventories

Inventories are measured at the lower of acquisition price and net realizable value, and the average method is used to calculate cost. However, for the in-process facilities related to the production of FA equipment, etc. based on contracts with customers, the specific identification method is used. In addition, the net realizable value is calculated by the estimated selling price in the ordinary course of business less the estimated cost required for completion and the estimated cost required for sale.

3) Valuation criteria, valuation methods and depreciation or amortization method for property, plant, and equipment and goodwill and intangible assets

(i) Property, plant, and equipment

The cost model is adopted to measure property, plant, and equipment, which are presented at acquisition price less accumulated depreciation and accumulated impairment losses.

The acquisition price includes expenses directly attributable to the acquisition of the assets, the initial estimate of the costs of dismantling and removing the assets and restoring the site, and borrowing costs to qualify the criteria to record as assets.

Expenditures additionally incurred after initial acquisition are either included in the carrying amount of such acquired assets or recognized as an individual asset, only when it is probable that the future economic benefits associated with the expenditure will flow to Nidec, and when the amount can be measured reliably. Any other expenses for repair and maintenance are expensed as incurred.

Assets held under finance leases are depreciated over the estimated useful life if the transfer of ownership is certain to occur before the termination of the lease term. If there is no certainty, they are depreciated over the shorter of the lease term or the estimated useful life of the lease asset.

The estimated useful life, residual value, and depreciation method are reviewed at the end of each fiscal year, and if there are any changes, they are applied prospectively as changes in accounting estimates.

(ii) Goodwill and intangible assets

Goodwill

Goodwill is presented at acquisition price less accumulated impairment losses. Goodwill is not amortized, but is allocated to the cash-generating units expected to enjoy the benefits from business combinations, and impairment tests are performed annually or each time there is any indication of impairment. Impairment losses of goodwill are recognized in the consolidated statements of income, and no reversals are made subsequently.

Intangible assets

The cost model is adopted to measure intangible assets, which are presented at acquisition price less accumulated amortization and impairment losses.

Intangible assets that are acquired separately are measured at acquisition price at initial recognition. Intangible assets that are acquired in a business combination are identified separately from goodwill and recognized at fair value at the acquisition date if they satisfy the definition for an intangible asset, they are identifiable, and their fair value can be measured reliably.

Expenditures for research activities conducted to obtain new scientific or technical knowledge and understanding are expensed as incurred.

Expenditures for development activities are capitalized, if development costs can be reliably measured, if they are technically and commercially feasible, if they are likely to generate future economic benefits, and if Nidec has intention and sufficient resources to complete the development, use or sell it. Otherwise, they are expensed as incurred.

Intangible assets with a definite useful life are amortized over an estimated useful life by the straight-line method.

The estimated useful life and amortization method of intangible assets with a finite useful life are reviewed at the end of each fiscal year. If there are changes, they are applied prospectively as a change in an accounting estimate.

Intangible assets with a definite useful life are tested for impairment each time there is any indication of impairment. Intangible assets without a definite useful life or intangible assets not yet available for use are not amortized but subject to impairment review once a year (on January 1), as well as when events indicating the possibility of impairment occur or when circumstances have changed.

4) Impairment of non-financial assets

At the end of each reporting period, Nidec assesses each of its assets to see whether there is an indication that it may be impaired. If there is an indication that an asset may be impaired or an annual impairment test is required, then the asset's recoverable amount is estimated. For goodwill, intangible assets having indefinite useful life, and intangible assets not yet available for use, an impairment test is carried out annually or whenever there is an indication of impairment. When it is not possible to estimate the recoverable amount of an individual asset, Nidec estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs of disposal and value in use. If the recoverable amount of an asset or a cash-generating unit is less than its carrying amount, the carrying amount of the asset or the cash-generating unit is reduced to its recoverable amount, and the reduction is recognized as an impairment loss.

In measuring the value in use, the estimated future cash flows are discounted to the present value using a pre-tax discount rate that reflects the time value of money and the risks specific to the asset.

Nidec assesses whether there is any indication that an impairment loss recognized in prior years for all non-financial assets other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount of the asset or the cash-generating unit is estimated. If the recoverable amount of the asset or the cash-generating unit is greater than its carrying amount, a reversal of an impairment loss is recognized, to the extent the increased carrying amount does not exceed the lower of the recoverable amount and the carrying amount that would have been determined (net of depreciation or amortization) had no impairment loss been recognized in prior years.

5) Provisions

Provisions are recognised when Nidec has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates of the obligations can be made.

Warranty provision

Nidec provides warranties to specific products and services over an extended period. Provision for product warranties are calculated based on historical claims levels. Majority of the warranty costs are estimated to be incurred in the subsequent year.

6) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits such as wages, salaries, social security contributions and other non-monetary benefits are not discounted and recognized as an expense when an employee has rendered service to Nidec.

Nidec recognizes the cost of bonus payments as a liability when: Nidec has a present legal or constructive obligation to make such payments as a result of past events; and a reliable estimate of the obligation can be made.

(ii)Pensions

Pension of Nidec includes defined benefits and defined contribution plans.Net defined benefit assets or liabilities are calculated as the present value of the defined benefit obligation less the fair value of plan assets and they are recognized in the consolidated statements of financial position as assets or liabilities. The defined benefit obligation is calculated by using the projected unit credit method. The present value of the defined benefit obligation is calculated by the expected future payments using discount rate. The discount rate is determined by reference to market yield on high-quality corporate bonds having maturity terms consistent with the estimated term of the related pension obligations. Service cost and net interest expense (income) on the net defined benefit liabilities (assets) are recognized in profit or loss.

Actuarial gains and losses, the return on plan assets, excluding amounts included in net interest, and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income under “Remeasurement of defined benefit plans”, and transferred from other components of equity to retained earnings immediately.

Contributions paid for defined contribution plans are expensed in the period in which the employees provide the related service.

7) Recognition of revenue

(i) Sales of goods

Revenue from the sale of goods is recognized when all of the following conditions have been satisfied, namely, the significant risks and rewards of ownership of the goods have been transferred to the buyers, Nidec retains neither continuing managerial involvement nor effective control over the goods sold, it is probable that the economic benefits will flow to Nidec, and the amount of revenue and costs associated with the transaction can be reliably measured.

For small precision motors, automotive, appliance, commercial and industrial products and electronic and optical components, these criteria are generally met at the time a product is delivered to the customer, which is the time the customer has taken title to the product and the risk and rewards of ownership have been substantively transferred. These conditions are met at the time of delivery to customers in domestic sales (FOB destination) and at the time of shipment for export sales (FOB shipping point). Revenue from a part of sales of machinery is recognized upon inspection by the final customer.

(ii) Construction contracts

Revenue from a part of sales of automotive, appliance, commercial and industrial products and from a part of sales of machinery is recognized under the percentage-of-completion method. When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognized only to the extent of the expenses recognized that are recoverable. Expected loss on construction contracts is immediately recognized as an expense.

8) Foreign currency translation

(i) Functional currency

Each entity in Nidec group determines its own functional currencies and transactions of each entity are measured in its own functional currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or some exchange rates which are close to the prevailing rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using closing rates are recognized in the consolidated statement of income, except for those deferred in equity as effective cash flow hedges.

(iii) Foreign operations

With regard to the financial statements of foreign subsidiaries and associates, assets and liabilities are translated into Japanese yen by using the exchange rates prevailing at the closing date. Income and expenses are translated into Japanese yen at the average exchange rates prevailing during the fiscal period. Exchange differences arising from the translation of financial statements of foreign operations are recognized in other comprehensive income. When Nidec disposes a foreign operation and loses control or significant influence of the foreign operation, the cumulative exchange differences related to the operation are recognized in the consolidated statement of income as part of the gain or loss on disposal.

9) Accounting of consumption tax, etc.

The tax-exclusion method is used to account for consumption tax, etc.

II. Notes to the consolidated statement of financial position

1. Expected credit loss allowances

Current assets	¥ 1,651 million
Non-current assets	¥ 453 million

2. Liability obligation

Guarantee for a customer's lease contract related to product purchase	¥ 111 million
Contract bond, etc.	¥ 9,943 million

3. Assets provided for collateral and liability related to collateral

(1) Assets provided for collateral

Securities	¥ 701 million	(-)
Land	¥ 317 million	(-)
Buildings	¥ 794 million	(¥ 794 million)
Machinery and equipment	¥ 1,414 million	(-)

(2) Collateral-related liability

Short term borrowings	¥ 81 million	(¥ 81 million)
Long term debt due within one year	¥ 234 million	(-)
Long term debt	¥ 720 million	(-)

The figures in parentheses indicate plant mortgages and the obligations.

4. Accumulated depreciation and accumulated impairment losses for property, plant and equipment

¥ 408,936 million

III. Notes to the consolidated statement of changes in equity

1. Class and number of issued stocks as of the end of the consolidated fiscal year
   Common stock   298,142,234 shares

2. Distribution of surplus
   (1) Dividends paid

(Resolution)	Class of stock	Total dividend (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on May 25, 2016	Common stock	11,864	40	March 31, 2016	June 2, 2016
Board of Directors Meeting on October 24, 2016	Common stock	11,864	40	September 30, 2016	December 1, 2016

   (2) Dividends whose record dates are within the fiscal year under review, but the effective dates of whose distribution will be next consolidated fiscal year

(Expected resolution)	Class of stock	Total dividend (million yen)	Dividend resource	Dividend per share (yen)	Record date	Effective date
Board of Directors Meeting on May 24, 2017	Common stock	13,347	Retained earnings	45	March 31, 2017	June 1, 2017

IV. Notes to financial instruments

1. Matters on the circumstance concerning financial instruments

Nidec limits its fund operations to short-term savings, etc., and raises its funds by loan from banks and other financial institutions and by issuing corporate bonds. With respect to credit risks concerning trade receivables, we try to identify early and alleviate concerns caused by the deterioration, etc. of financial and other conditions. Securities primarily comprise stocks; with regard to listed stocks, we review their fair values on a quarterly basis. Borrowings are largely used for working capital, capital investment as well as M&A activities. We engage in derivative transactions in part of our business to manage risks associated with the fluctuation of interest rates, exchange rates and commodity prices.

(1) Credit risk

Nidec defines default on trade receivables as customer’s failure to discharge its obligation'. Therefore, regarding the trade receivables, Nidec is regularly monitoring the financial position of main clients by checking payment terms and credit balance for each client according to the credits management policies to ensure early identification and mitigation of the potential bad debt associated with deterioration of their financial position. No significant concentration of credit risk is present in a particular customer. Nidec’s maximum exposure to credit risks is the carrying amount of financial instruments less impairment losses in the Consolidated Financial Statements.

(2) Liquidity risk

Nidec relies on borrowings from financial institutions and capital raising from direct financing markets to finance our operations and capital expenditures. If, due to changes in financial market conditions or other factors, financial institutions reduce, terminate or otherwise modify the amounts or terms of their lending or credit lines to us, if there is a significant downgrade of our credit ratings by one or more credit rating agencies as a result of any deterioration of our financial condition or if investor demand significantly decreases due to economic downturns or otherwise, we may not be able to access funds when we need them on acceptable terms.

Nidec timely checks the liquidity and debt condition, and develops a financing plan against the liquidity risk. Furthermore, the board of directors approves the credit line for flexible financing based on the plan.

(3) Market risk

1) Foreign exchange risk management

A significant portion of Nidec overseas sales is denominated in currencies other than Japanese yen, primarily the U.S. dollar, Euro, Chinese Yuan and Thai baht. Nidec is exposed to foreign exchange risks arising from the appreciation of the Japanese yen against each currency. The appreciation of the Japanese yen against each currency would have negative effects on Nidec’s sales, operating profit and profit for the period. Furthermore, foreign exchange fluctuation affects the consolidation of foreign subsidiaries.

To mitigate the foreign exchange risks, Nidec controls the amount of financial assets and liabilities of each currency and uses a natural hedge such as a currency marry. For some cases, Nidec uses derivatives such as foreign exchange forward contracts and other contracts to reduce the impact of exchange rate fluctuations.

2) Interest rate risk management

As Nidec has no significant interest-bearing assets, Nidec's income and operating cash flows are substantially independent of changes in market interest rates.

Nidec has interest-bearing debts and enters into interest rate swaps and other contracts in order to manage the risks of the interest rate fluctuation and changes in cash flows of those debts. In addition, we monitor the interest-rate fluctuation timely. As a result, interest rate sensitivity analysis is omitted because payment of interest does not have material impacts on Nidec.

3) Stock price fluctuation risk management

For shares that Nidec holds, we timely check their stock price and financial condition of the issuers and grasp profit or loss from valuation. In addition, we review the shareholding continuously, taking into consideration the relationship with the issuers.

2. Matters on the fair values of financial instrument

The book value and estimated fair values of financial instrument as of the end of the fiscal year 2016 are as follows:

(Yen in millions)

	Book value	Fair value
Assets and liabilities		
Cash and cash equivalents	321,580	321,580
Short term investments	2,103	2,103
Short term loan receivables	34	34
Securities and other investment securities		
FVTOCI equity financial assets	18,654	18,654
FVTOCI debt financial assets	228	228
Financial assets measured at amortized cost	701	706
Long term loan receivables	118	116
Short term borrowings	(166,606)	(166,606)
Long term debt (including the current portion and excluding capital lease obligation and bonds)	(88,591)	(89,111)
Bonds (including the current portion)	(149,943)	(151,087)
Derivatives	1,020	1,020

The method to estimate the fair value of financial instrument is as follows:

(1) Cash and cash equivalents, short term investments, short term loan receivables, and short term borrowings:

Under normal business operations, almost all cash and cash equivalents, short term investments (fixed deposit), short term loan receivables, and short term borrowings are highly liquid, and their book value are approximately their fair values.

(2) Securities and other investment securities

Nidec's securities are mainly with actual values, and valuated based on market values not requiring adjustment in active markets where a sufficient volume of transactions take place frequently. The fair value of non-marketable securities is estimated principally by using methods including the discounted cash flow model approach.

(3) Long term loan receivables

The fair values of long term loan receivable are estimated by discounting the amounts of their prospective cash flow to the present value.

(4) Long term debt

The fair values of long term debt (including the current portion and excluding capital lease obligation and bonds) are estimated by discounting the future repayment amount to the present value using the interest rate applied when Nidec newly assumes a liability similar to those debts.

(5) Bonds

The fair values of the bonds issued by the Nidec Group (including the current portion) are estimated based on market price.

(6) Derivatives

Derivatives are financial instruments such as commodities futures contracts, forward foreign exchange contracts and currency swap agreements. Commodity futures contracts are valuated based on market values not requiring adjustment in active markets where a sufficient volume of transactions take place frequently. Additionally, exchange contracts, currency swap agreements, etc. are valuated based on reasonable prices obtained from counterparties or third parties.

"Trade receivables" and "Trade payables," which are both handled within a short term, and similar to the book value, are not included in the table above.

V. Notes to per-share information

1.Total equity per share attributable to owners of the parent ¥ 2,856.68

2.Earnings per share attributable to owners of the parent-Basic ¥376.67

VI. Notes to business combinations

Pursuant to IFRS 3 "Business Combinations," the acquired assets and assumed liabilities such as the motors, drives and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited) which are currently under evaluation have been recorded in Nidec's consolidated statement of financial position based on preliminary management estimation as of March 31, 2017.

VII. Notes to important subsequent events

A significant borrowing

On April 21, 2017, the Company entered into the loan agreement detailed below under the decision of the Board of Directors meeting on April 8, 2017.

1. Purpose of the loan	A portion of the funds necessary to acquire the motors, drives and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc.)
2. The lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd and Sumitomo Mitsui Banking Corporation
3. Total amount of the loan	$750 million
4. Rate of the interest	The aggregate of 0.60% per annum and the London interbank offered rate administered by ICE Benchmark Administration Limited for US Dollars for a period of 6 month.
5. Execution date	The end of May, 2017
6. Repayment date	The end of March, 2022
7. Collateral assets or guarantee	None

A stock purchase agreement of Secop Group (Secop Holding GmbH and other 3 entities), a German Compressor Manufacturer

Nidec agreed to acquire 100% equity shares of Secop Holding GmbH, Secop s.r.o., Secop Compressors (Tianjin) Co. Ltd. and Secop Inc. (herein collectively "Secop") and shareholder loans to each of Secop companies from Secop Beteillingungs GmbH (the "Transaction"). For this purpose, Nidec entered into a stock purchase agreement on April 25, 2017.

1. Purpose	Secop develops, manufactures and sells products of compressors for consumer and commercial type refrigerators. Under the Transaction,

	our appliance motor business in Global Appliance Division which is our new growth platform with particular focus on appliance, industrial and commercial business improve competitiveness in European market. Through the Transaction, Nidec is adding compressors to its product portfolio, which allows Nidec to expand further into refrigeration market.
2. Method and timing of purchase	Acquisition method is to finance the Transaction with debt finance. Closing of the Transaction will be completed at the end of June 2017.
3. Purchase price	€185 million (on enterprise value basis)

Notes to the non-consolidated financial statements

The amounts in the statements are rounded to the nearest one million yen.

I. Important accounting policy

1. Valuation criteria and valuation methods for assets

   (1) Valuation criteria and valuation methods for securities

      (i) Stocks of subsidiaries and affiliated companies   Cost method by the moving average method

      (ii) Other securities

         - Securities with actual values

           Market value method based on the market price, etc., on the balance sheet date

           (Valuation differences are all reported as a component of shareholders' equity, and the cost of products sold is calculated by the moving average method.)

         - Securities without actual values

           Cost method by the moving average method

   (2) Valuation bases and methods of derivatives, etc.   Derivatives are stated at their actual values.

   (3) Valuation bases and methods of inventory assets   Cost method based on the moving average method

      (Balance sheet values are calculated by the book value devaluation method based on the decline of profitability.)

2. Depreciation method for fixed assets

   (1) Property, plant and equipment (except for lease assets)

      The straight-line method

         The durable years of main buildings, machinery and equipment are 3 to 50 years for buildings, and 2 to 9 years for machinery and equipment.

   (2) Intangible fixed assets (except for lease assets)

         Intangible fixed assets (except for lease assets) are stated based on the straight-line method. However, software for the Company's own use is stated based on the straight-line method considering its usable period (usually five years).

   (3) Lease assets

      Lease assets are stated based on the straight-line method, where their lease periods are the number of their usable years, and their residual values are zero.

3. Reserve allocation standards

   (1) Reserve for doubtful accounts

      To prepare for loss by credits becoming bad, the collectability of general credits is deliberated based on their credit loss ratio, and that of specific credits such as credits feared to become bad is deliberated for each of such credits, before the credits' collectability is allocated.

(2) Reserve for employee bonuses

To prepare for the provision of bonuses to employees, the reserve for employee bonuses is allocated based on the estimated amount to be paid.

(3) Retirement reserve

The amount believed to be generated as of the end of the fiscal year is allocated based on the expected amounts of retirement benefits and pension assets at the end of the same year in order to prepare for the provision of employee bonuses.

For actuarial gaps, based on the straight-line method for a certain number of years (5 years) within the number of average remaining working hours of employees at the beginning of each fiscal year, proportionally divided amounts are handled as costs from the next fiscal year after such amounts are generated.

With regards to past service liabilities, proportionally divided amounts are handled as costs based on a certain number of years (5 years) within the number of average remaining working hours for employees at the time of occurrence.

4. Other important matters for making financial statements

(1) Deferred assets

Deferred assets are all processed as costs at payment.

(2) Base to convert foreign-currency-denominated assets and liabilities into the Japanese yen

Foreign-currency-denominated receivables and payables are converted into the Japanese yen based on the actual currency exchange rate as of the end of the closing date, and translation adjustments are processed as profit or loss.

(3) Accounting of consumption tax, etc.

The tax-exclusion method is used to consumption tax, etc.

(4) Adoption of the consolidated taxation system

The consolidated taxation system is used.

II. Notes to non-consolidated balance sheet

1. Monetary claims and liabilities to affiliated companies

Short-term monetary claims:	¥ 135,275 million
Long-term monetary claims:	¥ 2,878 million
Short-term monetary liabilities:	¥ 78,297 million
Long-term monetary liabilities:	¥ 55 million

2. Accumulated amount of depreciation of property, plant, and equipment: ¥ 20,907 million

3. Adoption of the Land Revaluation Law

   Based on the Law concerning Revaluation of Land (promulgated on March 31, 1998, Law No. 34) and the Law to Partially Modify the Law concerning Revaluation of Land (revised on March 31, 1999), the land for business use was revaluated, and revaluation excess is allocated in the “Net assets” section.

   Revaluation method stipulated in Paragraph 3, Article 3 of the Law

   The land was revaluated after reasonable adjustment was made on the price calculated based on the method decided and announced by the Director of the National Tax Administration Agency to calculate the land price which is the basis of the calculation for the taxation standard for the land price tax stipulated in Article 16 of the Land Price Tax Law (1991, Law No. 69) in Article 2-4 of the Order for Enforcement of Law on Revaluation of Land (promulgated on March 31, 1998, Ordinance No. 119).

   Date of revaluation: March 31, 2000

   The gap between the total current value of the land for commercial use that was revaluated in accordance with Article 10 of the Law as of the end of the fiscal year and the total book value of the land for commercial use after revaluation: ¥2,923 million

4. The pension assets in the employee pension trust that were offset with the reserve for employees’ retirement benefits or added to the prepaid pension expenses: ¥2,265 million

5. Loan commitment

   The Company concluded basic, CMS (cash management system)-related agreements, etc. with its 14 subsidiaries, and decided a loan limit. The amounts of unexecuted loan as of the end of the fiscal year based on these agreements are as follows:

Total of loan limits:	¥ 36,020 million
Executed loans outstanding:	¥ 25,058 million
Balance on unexecuted loans outstanding:	¥ 10,962 million

6. Contingent obligation

   (1) The Company provides the following subsidiaries with guarantee for borrowed indebtedness of finance for their lease contracts:

Nidec (Dalian) Ltd.	¥ 229 million
Nidec Copal (Zhejiang) Co., Ltd.	¥ 45 million
Nidec Sankyo (Zhejiang) Corporation	¥ 10 million
Nidec Sankyo Electronics (Dongguan) Corporation	¥ 51 million
Nidec Copal (Thailand) Co., Ltd.	¥ 32 million

(2) The Company provides the following subsidiary with guarantee for borrowed indebtedness of finance for its borrowings from correspondent financial institution and other organizations:

Nidec India Private Limited	¥ 576 million

III. Notes to non-consolidated statement of income

1. Business transactions with affiliated companies

Sales	¥ 191,725 million
Cost of products purchased	¥ 170,105 million
Selling, general and administrative expense	¥ 11,245 million
Non-sales transactions	¥ 10,614 million

2. Other

"Inter-company transfer pricing adjustment" is based on a mutual agreement to eliminate double taxation in transactions between the Company and Nidec Electronics (Thailand) Co., Ltd., the Company's overseas subsidiary.

IV. Notes to non-consolidated statement of shareholders' equity

Class and number of treasury stocks

Class of Stock	Number of shares at the beginning of the fiscal year	Increase during the fiscal year	Decrease during the fiscal year	Number of shares at the end of the fiscal year
Common stock	1,541,210	3,424	—	1,544,634

Note: The increase of 3,424 shares in the number of common stocks held in treasury is due to the odd-lot shares repurchase of 3,424 shares.

V. Notes to the tax effect accounting

Major reasons for deferred tax assets and deferred tax liabilities are as follows

Deferred tax assets (current)	
Disallowed expected credit loss allowances	¥ 112 million
Disallowed provision for bonuses	¥ 687 million
Write-down of inventories	¥ 81 million
Disallowed accrued expenses	¥ 226 million
Inter-company transfer pricing adjustment	¥ 17 million
Other	¥ 275 million
Total deferred tax assets (current)	¥ 1,398 million
Deferred tax assets (non-current)	
Disallowed expected credit loss allowances	¥ 136 million
Valuation loss on investment securities	¥ 4 million
Disallowed depreciation	¥ 274 million
Accrued retirement benefit to directors	¥ 5 million
Impairment loss of subsidiary stocks and investments	¥ 4,022 million
Foreign tax credit	¥ 2,324 million
Loss carried forward	¥ 847 million
Other	¥ 204 million
Subtotal deferred tax assets (non-current)	¥ 7,816 million
Valuation allowance	(¥ 7,283 million)
Total deferred tax assets (non-current)	¥ 533 million
Deferred tax liabilities (non-current)	
Valuation difference on available-for-sale securities	¥ 1,680 million
Prepaid pension cost	¥ 420 million
Total deferred tax liabilities (non-current)	¥ 2,100 million
Deferred tax liabilities, net (non-current)	¥ 1,567 million

VI. Notes to transactions with concerned parties

1. Directors and main individual shareholders, etc.

Category	Company name	Voting ratio (possessing/ being possessed)	Relationship	Detail of business	Transaction amount (Yen in millions)	Account title	Balance at the end of term (Yen in millions)
Company or organization in which directors or their close relatives own the majority of voting rights.	(Note)1. Nagamori Foundation	Being possessed: Direct: 0.3%	Consignment of indirect operations	(Note) 2. Consignment fee income	12	-	-

(Notes) 1. The Company's Chairman of the Board & President Shigenobu Nagamori concurrently serves as representative director of this foundation.

2. The amount of consignment fee income was determined based on a consignment agreement concluded following negotiations between the Company and the foundation.

2. Subsidiaries, etc.

Category	Company name	Voting ratio (possessing/ being possessed)	Relationship	Detail of business	Transaction amount (Yen in millions)	Account title	Balance at the end of term (Yen in millions)
Subsidiary	Nidec Electronics (Thailand) Co., Ltd.	Direct: 99.9%	Royalty contract Purchase of the products of Nidec Electronics (Thailand) Co., Ltd. Director dispatched to the subsidiary	Royalty income	10,309	Accounts receivable-trade	12,676
				Purchase of motors	32,131	Accounts payable-trade	3,609
Subsidiary	Nidec Singapore Pte. Ltd.	Direct: 100.0%	Sales of the Company's products Director dispatched to the subsidiary	Sales of motors	53,209	Accounts receivable-trade	12,548
Subsidiary	Nidec (H.K.) Co., Ltd	Direct: 100.0%	Sales of the Company's products Director dispatched to the subsidiary	Sales of motors	71,084	Accounts receivable-trade	16,280

Category	Company name	Voting ratio (possessing/ being possessed)	Relationship	Detail of business	Transaction amount (Yen in millions)	Account title	Balance at the end of term (Yen in millions)
Subsidiary	Nidec Sankyo Corporation	Direct: 100.0%	Receiving deposits Director dispatched to the subsidiary	Repaying funds CMS transaction (Repayment)	148 153	Deposits received	10,081
Subsidiary	Nidec Copal Corporation	Direct: 100.0%	Loaning funds Director dispatched to the subsidiary	Loaning funds CMS transaction (Recovery)	1,969 4,144	Short-term loans receivable from subsidiaries and affiliates	9,930
Subsidiary	Nidec Techno Motor Corporation	Direct: 100.0%	Loaning funds Director dispatched to the subsidiary	CMS transaction (Recovery)	844	Short-term loans receivable from subsidiaries and affiliates	12,780
Subsidiary	Nidec Motors & Actuators (Germany) GmbH	Direct: 100.0%	Loaning funds Director dispatched to the subsidiary	Recovery of funds	1,239	Short-term loans receivable from subsidiaries and affiliates	20,364
Subsidiary	Nidec Philippines Corporation	Direct: 99.9%	Purchase of the products of Nidec Philippines Corporation Director dispatched to the subsidiary	Purchase of motors	23,103	Accounts payable-trade	8,562
Subsidiary	Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	Indirect: 100.0%	Purchase of the products of Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd.	Purchase of motors	40,829	Accounts payable-trade	6,337
Subsidiary	Nidec Electronics GmbH	Indirect: 100.0%	Purchase of the products of the Company Director dispatched to the subsidiary	Sales of motors	29,975	Accounts receivable-trade	13,803
Subsidiary	Nidec Automobile Motor (Zhejiang) Corporation	Direct: 76.9% Indirect: 23.0%	Purchase of the products of Nidec Automobile Motor (Zhejiang) Corporation Director dispatched to the subsidiary	Purchase of motors	24,852	Accounts payable-trade	3,785

Category	Company name	Voting ratio (possessing/ being possessed)	Relationship	Detail of business	Transaction amount (Yen in millions)	Account title	Balance at the end of term (Yen in millions)
Subsidiary	Nidec Americas Holding Corporation	Direct: 100.0%	Accepting investments Director dispatched to the subsidiary	(Note 5) Accepting investments	25,373	-	-
Subsidiary	Nidec Europe B.V.	Direct: 100.0%	Accepting investments Director dispatched to the subsidiary	(Note 6) Accepting investments	107,761	-	-
Subsidiary	Nidec Management Shanghai Corporation	Direct: 100.0%	Receiving deposits Director dispatched to the subsidiary	Receiving deposits	9,142	Short-term loans payable	11,443

(Notes)
1. The consumption tax is not included in the "Transaction amount" section, but it is included in the "Balance at the end of term" section.
2. Terms and conditions of transaction and policy to determine them, etc.: The above terms and conditions of transaction for each company are based on the Company's purchase and sales management policy, which equally apply to other suppliers.
3. The lending and borrowing interests to the above companies were reasonably decided based on the contract that considers the interest rate at the market.
4. The Company is using a cash management system (CMS), and, to express the Company's CMS transactions clearly, the amounts from business transactions described herein are on the net basis.
5. The Company accepted investments of this total amount for a capital increase in Nidec Americas Holding Corporation.
6. The Company accepted investments of this total amount for a capital increase in Nidec Europe B.V.

VII. Notes to per-share information

1. Net assets per share ¥ 1,128.85
2. Net income per share ¥ 26.32

VIII. Notes to important subsequent events

A significant borrowing

On April 21, 2017, the Company entered into the loan agreement detailed below under the decision of the Board of Directors meeting held on April 8, 2017.

1. Purpose of the loan	A portion of the funds necessary to acquire the motors, drives and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc.)
2. The lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd and Sumitomo Mitsui Banking Corporation
3. Total amount of the loan	$750 million
4. Rate of the interest	The aggregate of 0.60% per annum and the London interbank offered rate administered by ICE Benchmark Administration Limited for US Dollars for a period of 6 month.
5. Execution date	The end of May, 2017
6. Repayment date	The end of March, 2022
7. Collateral assets or guarantee	None