NEWS RELEASE

NIDEC CORPORATION

FOR IMMEDIATE RELEASE

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UNAUDITED INTERIM FINANCIAL STATEMENTS (IFRS)

(English Translation)

RESULTS FOR THE THREE MONTHS ENDED JUNE 30, 2016
FROM APRIL 1, 2016 TO JUNE 30, 2016
CONSOLIDATED
Released on July 22, 2016

NIDEC CORPORATION

Stock Listings: Tokyo Stock Exchange

Head Office: Kyoto, Japan

Date of Filing of Japanese Quarterly Securities Report (Plan): August 9, 2016

1. Selected Consolidated Financial Performance Information for the Three Months Ended June 30, 2016 (IFRS) (unaudited)

(1) Consolidated Results of Operations

	Yen in millions	
	Three months ended June 30	
	2016	2015
Net sales	¥276,206	¥285,041
Ratio of change from the same period of previous fiscal year	(3.1)%	-
Operating profit	31,540	29,859
Ratio of change from the same period of previous fiscal year	5.6%	-
Profit before income taxes	29,103	31,591
Ratio of change from the same period of previous fiscal year	(7.9)%	-
Profit attributable to owners of the parent	22,041	23,251
Ratio of change from the same period of previous fiscal year	(5.2)%	-
Comprehensive income for the period	¥(44,425)	¥34,984
Ratio of change from the same period of previous fiscal year	-	-

	Yen	
	Three months ended June 30	
	2016	2015
Earnings per share attributable to owners of the parent -Basic	¥74.31	¥78.79
Earnings per share attributable to owners of the parent -Diluted	-	¥77.96

Note:

Earnings per share attributable to owners of the parent –Basic and earnings per share attributable to owners of the parent –Diluted are calculated based on profit attributable to owners of the parent.

(2) Consolidated Financial Position

	Yen in millions (except for per share amounts)	
	June 30, 2016	March 31, 2016
Total assets	¥1,310,504	¥1,376,577
Total equity	715,164	771,532
Total equity attributable to owners of the parent	¥707,387	¥763,186
Ratio of total equity attributable to owners of the parent to total assets	54.0%	55.4%

2. Dividends (unaudited)

	Yen	
	Year ending March 31, 2017 (target)	Year ended March 31, 2016 (actual)
Interim dividend per share	¥40.00	¥40.00
Year-end dividend per share	40.00	40.00
Annual dividend per share	¥80.00	¥80.00

Note:

Revision of previously announced dividend targets during this reporting period: None

3. Forecast of Consolidated Financial Performance (for the fiscal year ending March 31, 2017)

	Yen in millions (except for per share amounts)	
	Six months ending September 30, 2016	Year ending March 31, 2017
Net sales	¥600,000	¥1,250,000
Operating profit	63,500	130,000
Profit before income taxes	63,500	130,000
Profit for the period attributable to owners of the parent	48,000	98,000
Profit for the period attributable to owners of the parent per share-basic	¥161.83	¥330.41

Note:
Revision of the previously announced financial performance forecast during this reporting period: None
Instead of the U.S. GAAP -based forecast released on April 25, 2016, this forecast is based on IFRS.

4. Others

(1) Changes in significant subsidiaries (changes in “specified subsidiaries” (*tokutei kogaisha*) accompanying changes in the scope of consolidation) during this period: None

(2) Changes in accounting policies:

1. Changes due to revisions to accounting standards: None
2. Changes due to other reasons: None
3. Changes in accounting estimates: None

(3) Number of shares issued (common stock)

1. Number of shares issued at the end of each period (including treasury stock):
   298,142,234 shares at June 30, 2016
   298,142,234 shares at March 31, 2016

2. Number of treasury stock at the end of each period:
   1,541,751 shares at June 30, 2016
   1,541,210 shares at March 31, 2016

3. Weighted-average number of shares issued at the beginning and end of each period:
   296,600,641 shares for the three months ended June 30, 2016
   295,106,841 shares for the three months ended June 30, 2015

NIDEC adopts IFRS for its consolidated financial statements from the first quarter of the fiscal year ending March 31, 2017. Accordingly, the consolidated financial statements for the three months ended June 30, 2015 and those for the fiscal year ended March 31, 2016 are also presented in accordance with IFRS.

Investor presentation materials relating to our financial results for the three months ended June 30, 2016 are expected to be published on our corporate website on July 22, 2016.

1. Operating and Financial Review and Prospects

(1) Analysis of Operating Results

1. Overview of Business Environment for the Three months ended June 30, 2016

Regarding the global economy during the three months ended June 30, 2016, the UK vote to leave the European Union created political, economic and market uncertainties for the future of Europe. While the United States continued its steady economic growth, the US Federal Reserve Board showed a cautionary stance in considering further interest rate increase and its impact on the global economy. The marked appreciation of the Japanese yen also created an economic uncertainty for Japan, together with a continuing economic slowdown in China, all resulting in a lackluster environment overall.

Under such a business environment, the Nidec Group ("we" or its derivatives) continued to pursue our targets for the fiscal year ending March 31, 2021 of consolidated net sales of ¥2 trillion and an operating profit ratio of 15% based on our mid-term strategic goal, "Vision 2020," and we achieved in the three months ended June 30, 2016 the highest operating profit since the third quarter of the fiscal year ended March 31, 2016.

We continued to improve the operating profit ratio of our automotive, appliance, commercial and industrial products, the product category that serves as the driving force behind the transformation of our business portfolio.

2. Consolidated Operating Results

NIDEC adopts IFRS for its consolidated financial statements instead of U.S. GAAP from the first quarter of the fiscal year ending March 31, 2017. Accordingly, the consolidated financial statements for the fiscal year ended March 31, 2016 are presented in accordance with IFRS for comparative analysis.

Consolidated Operating Results for the three months ended June 30, 2016 ("this three-month period"), Compared to the three months ended June 30, 2015 (the "same period of the prior year")

Yen in millions

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales	285,041	276,206	(8,835)	(3.1)%
Operating profit	29,859	31,540	1,681	5.6%
Operating profit ratio	10.5%	11.4%	-	-
Profit before income taxes	31,591	29,103	(2,488)	(7.9)%
Profit attributable to owners of the parent	23,251	22,041	(1,210)	(5.2)%

Consolidated net sales decreased 3.1% to ¥276,206 million for this three-month period compared to the same period of the prior year. Operating profit increased 5.6% to ¥31,540 million for this three-month period compared to the same period of the prior year, achieving the highest operating profit since the third quarter of the fiscal year ended March 31, 2016. The average exchange rate between the Japanese yen and the U.S. dollar for this three-month period was ¥108.14 to the U.S. dollar, which reflected an appreciation of the Japanese yen against the U.S. dollar of approximately 11%, compared to the same period of the prior year. The average exchange rate between the Japanese yen and the Euro for this three-month period was ¥122.02 to the Euro, which reflected an appreciation of the Japanese yen against the Euro of approximately 9% compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of approximately ¥28,400 million and our operating profit of approximately ¥4,100 million for this three-month period compared to the same period of the prior year.

Profit before income taxes decreased 7.9% to ¥29,103million for this three-month period compared to the same period of the prior year mainly due to a loss on exchange valuation on assets and liabilities caused by rapid Japanese yen appreciation, and profit attributable to owners of the parent decreased 5.2% to ¥22,041 million for this three-month period compared to the same period of the prior year.

Operating Results by Product Category for this three-month period Compared to the same period of the prior year

Small precision motors-

Yen in millions

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of small precision motors	104,058	94,801	(9,257)	(8.9)%
Hard disk drives spindle motors	49,940	42,799	(7,141)	(14.3)%
Other small precision motors	54,118	52,002	(2,116)	(3.9)%
Operating profit of small precision motors	17,291	13,748	(3,543)	(20.5)%
Operating profit ratio	16.6%	14.5%	-	-

Net sales of small precision motors decreased 8.9% to ¥94,801 million for this three-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of small precision motors of approximately ¥10,000 million for this three-month period compared to the same period of the prior year.

Net sales of spindle motors for hard disk drives, or HDDs, for this three-month period decreased 14.3% to ¥42,799 million compared to the same period of the prior year. The number of units sold of spindle motors for HDDs decreased approximately 5% compared to the same period of the prior year.

Net sales of other small precision motors for this three-month period decreased 3.9% to ¥52,002 million compared to the same period of the prior year. This decrease was mainly due to decreases in sales of brushless DC motors and fan motors.

Operating profit of small precision motors decreased 20.5% to ¥13,748 million for this three-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on our operating profit of small precision motors of approximately ¥1,800 million for this three-month period compared to the same period of the prior year.

Automotive, appliance, commercial and industrial products-

Yen in millions

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of automotive, appliance, commercial and industrial products	137,317	138,250	933	0.7%
Appliance, commercial and industrial products	71,300	74,257	2,957	4.1%
Automotive products	66,017	63,993	(2,024)	(3.1)%
Operating profit of automotive, appliance, commercial and industrial products	10,458	13,830	3,372	32.2%
Operating profit ratio	7.6%	10.0%	-	-

Net sales of automotive, appliance, commercial and industrial products increased 0.7% to ¥138,250 million for this three-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of automotive, appliance, commercial and industrial products of approximately ¥15,100 million for this three-month period compared to the same period of the prior year.

Net sales of appliance, commercial and industrial products for this three-month period increased 4.1% compared to the same period of the prior year. This increase was primarily due to the increase in sales through our "Three-new Strategy" (new products, new markets and new clients), although there was a negative effect of the foreign currency exchange rate fluctuations.

Net sales of automotive products for this three-month period decreased 3.1% compared to the same period of the prior year due to a negative effect of the foreign currency exchange rate fluctuations, although there were increases in sales for automotive motors such as electric power steering motors and products of control valves at Nidec Tosok Corporation.

Operating profit of automotive, appliance, commercial and industrial products increased 32.2% to ¥13,830 million for this three-month period compared to the same period of the prior year mainly due to the increase in sales and cost reduction. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of automotive, appliance, commercial and industrial products of approximately ¥1,700 million for this three-month period compared to the same period of the prior year.

Machinery-

Yen in millions

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of machinery	26,995	27,146	151	0.6%
Operating profit of machinery	4,086	4,895	809	19.8%
Operating profit ratio	15.1%	18.0%	-	-

Net sales of machinery increased 0.6% to ¥27,146 million for this three-month period compared to the same period of the prior year mainly due to the increase in sales of LCD panel handling robots at Nidec Sankyo Corporation.

Operating profit of machinery increased 19.8% to ¥4,895 million for this three-month period compared to the same period of the prior year mainly due to the increase in sales and cost reduction.

Electronic and optical components-

Yen in millions

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of electronic and optical components	15,823	15,161	(662)	(4.2)%
Operating profit of electronic and optical components	1,406	2,110	704	50.1%
Operating profit ratio	8.9%	13.9%	-	-

Net sales of electronic and optical components decreased 4.2% to ¥15,161 million and operating profit of electronic and optical components increased 50.1% to ¥2,110 million for this three-month period compared to the same period of the prior year.

Other products-

Yen in millions

	Three months ended June 30, 2015	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of other products	848	848	0	0.0%
Operating profit of other products	118	134	16	13.6%
Operating profit ratio	13.9%	15.8%	-	-

Net sales of other products was ¥848 million and operating profit of other products increased 13.6% to ¥134 million for this three-month period compared to the same period of the prior year.

Consolidated Operating Results for the Three Months Ended June 30, 2016 ("this 1Q"), Compared to the Three Months Ended March 31, 2016 ("the previous 4Q")

Yen in millions

	Three months ended March 31, 2016	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales	282,937	276,206	(6,731)	(2.4)%
Operating profit	27,376	31,540	4,164	15.2%
Operating profit ratio	9.7%	11.4%	-	-
Profit before income taxes	24,697	29,103	4,406	17.8%
Profit attributable to owners of the parent	20,419	22,041	1,622	7.9%

Consolidated net sales decreased 2.4% to ¥276,206 million for this 1Q compared to the previous 4Q. Operating profit increased 15.2% to ¥31,540 million for this 1Q compared to the previous 4Q, achieving the highest operating profit since the third quarter of the fiscal year ended March 31, 2016.

The average exchange rate between the Japanese yen and the U.S. dollar for this 1Q was ¥108.14 to the U.S. dollar, which reflected an appreciation of the Japanese yen against the U.S. dollar of approximately 6%, compared to the previous 4Q. The average exchange rate between the Japanese yen and the Euro for this 1Q was ¥122.02 to the Euro, which reflected an appreciation of the Japanese yen against the Euro of approximately 4%, compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of approximately ¥14,400 million as well as on our operating profit of approximately ¥2,300 million for this 1Q compared to the previous 4Q.

Profit before income taxes and profit attributable to owners of the parent increased 17.8% to ¥29,103 million and 7.9% to ¥22,041 million, respectively, for this 1Q compared to the previous 4Q.

Operating Results by Product Category for This 1Q Compared to The previous 4Q

Small precision motors-

Yen in millions

	Three months ended March 31, 2016	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of small precision motors	95,911	94,801	(1,110)	(1.2)%
Hard disk drives spindle motors	45,520	42,799	(2,721)	(6.0)%
Other small precision motors	50,391	52,002	1,611	3.2%
Operating profit of small precision motors	11,557	13,748	2,191	19.0%
Operating profit ratio	12.0%	14.5%	-	-

Net sales of small precision motors decreased 1.2% to ¥94,801 million for this 1Q compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of small precision motors of approximately ¥5,800 million for this 1Q compared to the previous 4Q.

Net sales of spindle motors for HDDs decreased 6.0% to ¥42,799 million for this 1Q compared to the previous 4Q. The number of units sold of spindle motors for HDDs for this 1Q increased approximately 3% compared to the previous 4Q, however, selling price per unit of spindle motors for HDDs for this 1Q decreased approximately 3% compared to the previous 4Q.

Net sales of other small precision motors for this 1Q increased 3.2% to ¥52,002 million compared to the previous 4Q. This increase was mainly due to increases in sales of brushless DC motors.

Operating profit of small precision motors increased 19.0% to ¥13,748 million for this 1Q compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our operating profit of small precision motors of approximately ¥1,200 million for this 1Q compared to the previous 4Q.

Automotive, appliance, commercial and industrial products-

Yen in millions

	Three months ended March 31, 2016	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of automotive, appliance, commercial and industrial products	143,682	138,250	(5,432)	(3.8)%
Appliance, commercial and industrial products	75,300	74,257	(1,043)	(1.4)%
Automotive products	68,382	63,993	(4,389)	(6.4)%
Operating profit of automotive, appliance, commercial and industrial products	14,190	13,830	(360)	(2.5)%
Operating profit ratio	9.9%	10.0%	-	-

Net sales of automotive, appliance, commercial and industrial products decreased 3.8% to ¥138,250 million for this 1Q compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of automotive, appliance, commercial and industrial products of approximately ¥7,200 million for this 1Q compared to the previous 4Q.

Net sales of appliance, commercial and industrial products for this 1Q decreased 1.4% compared to the previous 4Q mainly due to the negative effect of the foreign currency exchange rate fluctuations although there were increases in sales through our "Three-new Strategy" and seasonal factors.

Net sales of automotive products for this 1Q decreased 6.4% compared to the previous 4Q. This decrease was mainly due to the negative effect of the foreign currency exchange rate fluctuations.

Operating profit of automotive, appliance, commercial and industrial products decreased 2.5% to ¥13,830 million for this 1Q compared to the previous 4Q. The fluctuations of the foreign currency exchange rates had a negative effect on our operating profit of automotive, appliance, commercial and industrial products of approximately ¥700 million for this 1Q compared to the previous 4Q.

Machinery-

Yen in millions

	Three months ended March 31, 2016	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of machinery	27,566	27,146	(420)	(1.5)%
Operating profit of machinery	3,218	4,895	1,677	52.1%
Operating profit ratio	11.7%	18.0%	-	-

Net sales of machinery decreased 1.5% to ¥27,146 million for this 1Q compared to the previous 4Q mainly due to decreases in sales of pressing machines at Nidec Minster Corporation and so on.

Operating profit of machinery increased 52.1% to ¥4,895 million for this 1Q compared to the previous 4Q mainly due to cost reduction.

Electronic and optical components-

Yen in millions

	Three months ended March 31, 2016	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of electronic and optical components	14,848	15,161	313	2.1%
Operating profit of electronic and optical components	865	2,110	1,245	143.9%
Operating profit ratio	5.8%	13.9%	-	-

Net sales of electronic and optical components increased 2.1% to ¥15,161 million for this 1Q compared to the previous 4Q.

Operating profit of electronic and optical components increased 143.9% to ¥2,110 million for this 1Q compared to the previous 4Q.

Other products-

Yen in millions

	Three months ended March 31, 2016	Three months ended June 30, 2016	Increase or decrease	Increase or decrease ratio
Net sales of other products	930	848	(82)	(8.8)%
Operating profit of other products	148	134	(14)	(9.5)%
Operating profit ratio	15.9%	15.8%	-	-

Net sales of other products decreased 8.8% to ¥848 million for this 1Q compared to the previous 4Q.

Operating profit of other products decreased 9.5% to ¥134 million for this 1Q compared to the previous 4Q.

(2) Financial Position

	As of March 31, 2016	As of June 30, 2016	Increase or decrease
Total assets (million)	¥1,376,577	¥1,310,504	¥(66,073)
Total liabilities (million)	605,045	595,340	(9,705)
Total equity attributable to owners of the parent (million)	763,186	707,387	(55,799)
Interest-bearing debt (million) *1	300,667	294,714	(5,953)
Net interest-bearing debt (million) *2	(5,275)	9,955	15,230
Debt ratio (%) *3	21.8	22.5	0.7
Debt to equity ratio (“D/E ratio”) (times) *4	0.39	0.42	0.03
Net D/E ratio (times) *5	(0.01)	0.01	0.02
Ratio of total equity attributable to owners of the parent to total assets (%) *6	55.4	54.0	(1.4)

Notes:

*1: The sum of “short term borrowings,” “long term debt due within one year” and “long term debt” in our consolidated statement of financial position

*2: “Interest-bearing debt” less “cash and cash equivalents”

*3: “Interest-bearing debt” divided by “total assets”

*4: “Interest-bearing debt” divided by “total equity attributable to owners of the parent ”

*5: “Net interest-bearing debt” divided by “total equity attributable to owners of the parent”

*6: “Total equity attributable to owners of the parent” divided by “total assets”

Total assets decreased approximately ¥66,100 million to ¥1,310,504 million as of June 30, 2016 compared to March 31, 2016. This decrease was mainly due to a decrease of approximately ¥21,200 million in cash and cash equivalents and a decrease of approximately ¥15,100 million in property, plant, and equipment.

Total liabilities decreased approximately ¥9,700 million to ¥595,340 million as of June 30, 2016 compared to March 31, 2016. Our interest-bearing debt decreased approximately ¥6,000 million, and our trade and other payables decreased approximately ¥4,400 million as of June 30, 2016 compared to March 31, 2016. Specifically, our short term borrowings decreased approximately ¥1,100 million to approximately ¥80,000 million, our long term debt due within one year increased approximately ¥3,600 million to approximately ¥86,300 million, and our long term debt decreased approximately ¥8,400 million to approximately ¥128,400 million as of June 30, 2016 compared to March 31, 2016.

As a result, our net interest-bearing debt increased to approximately ¥10,000 million as of June 30, 2016 from approximately negative ¥5,300 million as of March 31, 2016. Our debt ratio increased to 22.5% as of June 30, 2016 from 21.8% as of March 31, 2016. Our D/E ratio increased to 0.42 as of June 30, 2016 from 0.39 as of March 31, 2016. Our net D/E ratio increased to 0.01 as of June 30, 2016 compared to negative 0.01 as of March 31, 2016.

Total equity attributable to owners of the parent decreased approximately ¥55,800 million to ¥707,387 million as of June 30, 2016 compared to March 31, 2016. Ratio of total equity attributable to owners of the parent to total assets decreased to 54.0% as of June 30, 2016 from 55.4% as of March 31, 2016. The decrease of ratio of total equity attributable to owners of the parent to total assets was mainly due to a decrease in other components of equity of approximately ¥64,900 million caused mainly by exchange differences related to foreign operations, although there was an increase in retained earnings of approximately ¥9,100 million, as of June 30, 2016 compared to March 31, 2016.

Overview of Cash Flow-

	(Yen in millions)		
	Three months ended June 30		Increase or decrease
	2015	2016	
Net cash provided by operating activities	¥21,185	¥37,198	¥16,013
Net cash used in investing activities	(23,955)	(19,127)	4,828
Free cash flow *1	(2,770)	18,071	20,841
Net cash provided by (used in) financing activities	¥700	¥(11,729)	¥(12,429)

Note:
*1: Free cash flow is the sum of “net cash flow from operating activities” and “net cash flow from investing activities.”

Cash flows from operating activities for the three months ended June 30, 2016 ("this three-month period") were a net cash inflow of ¥37,198 million. Compared to the three months ended June 30, 2015 ("the same period of the previous year"), our cash inflow from operating activities for this three-month period increased approximately ¥16,000 million. This increase was mainly due to an increase of approximately ¥8,200 million in accounts payable and a decrease of approximately ¥6,400 million in inventory despite of a decrease of approximately ¥1,400 million in our profit for the period.

Cash flows from investing activities for this three-month period were a net cash outflow of ¥19,127 million. Compared to the same period of the previous year, our net cash outflow from investing activities for this three-month period decreased approximately ¥4,800 million mainly due to a decrease in additions to property, plant and equipment of approximately ¥5,000 million.

As a result, we had a positive free cash flow of ¥18,071 million for this three-month period, an increase of approximately ¥20,800 million compared to a negative free cash flow of ¥2,770 million for the same period of the previous year.

Cash flows from financing activities for this three-month period were a net cash outflow of ¥11,729 million. Compared to the same period of the previous year, our net cash outflow from financing activities for this three-month period increased approximately ¥12,400 million mainly due to a decrease in net cash inflow from short term borrowings of approximately ¥22,000 million. On the other hand, outflow from repayments of long term debt decreased approximately ¥9,200 million.

As a result of the foregoing and the impact of foreign exchange fluctuations of approximately ¥27,500 million, the balance of cash and cash equivalents as of June 30, 2016 was ¥284,759 million, a decrease of approximately ¥21,200 million from March 31, 2016.

(3) Business Forecasts for the Fiscal Year ending March 31, 2017

Our business forecasts for the fiscal year ending March 31, 2017 and for the six months ending September 30, 2016 that are prepared in accordance with IFRS remain unchanged as of the date of this report from those which were announced on April 25, 2016. Also, in light of the recent appreciation of the Japanese yen, the average exchange rates used for the below forecasts are reset at ¥105 from previous ¥110 for US$1 and ¥115 from previous ¥120 for €1, each adjusted to reflect the Japanese yen appreciation trend respectively.

Forecast of consolidated results for the fiscal year ending March 31, 2017

Net sales	¥1,250,000 million	(Up 6.1% from the previous fiscal year)
Operating profit	¥130,000 million	(Up 10.3% from the previous fiscal year)
Profit before income taxes	¥130,000 million	(Up 10.7% from the previous fiscal year)
Profit attributable to owners of the parent	¥98,000 million	(Up 8.7% from the previous fiscal year)

Forecast of consolidated results for the six months ending September 30, 2016

Net sales	¥600,000 million	(Up 2.2% from the same period of the previous fiscal year)
Operating profit	¥63,500 million	(Up 6.5% from the same period of the previous fiscal year)
Profit before income taxes	¥63,500 million	(Up 2.2% from the same period of the previous fiscal year)
Profit attributable to owners of the parent	¥48,000 million	(Up 2.4% from the same period of the previous fiscal year)

Note:

1. Consolidated results are based on IFRS.

2.The exchange rates used for the preparation of the foregoing forecasts are US$1 = ¥105 and €1 = ¥115. The exchange rates between the relevant Asian currencies and the Japanese yen used for the preparation of the foregoing forecasts were determined assuming these exchange rates.

Cautionary Note Regarding Forward-Looking Statements

This report contains forward-looking statements based on the current expectations, assumptions, estimates and projections of the Nidec Group in light of the information currently available to it. The Nidec Group cannot make any assurances that the expectations expressed in these forward-looking statements will prove to be correct. Actual results could be materially different from and worse than the Nidec Group’s expectations as a result of various factors.

2. Others

(1) Changes in significant subsidiaries during this period

None.

(2) Changes in accounting method or estimate in this period

None.

3. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

	The date of transition to IFRS (April 1, 2015)		March 31, 2016		June 30, 2016		Increase or decrease
	Amounts	%	Amounts	%	Amounts	%	
Assets	Yen in millions		Yen in millions		Yen in millions		Yen in millions
Current assets							
Cash and cash equivalents	269,902		305,942		284,759		(21,183)
Trade and other receivables	255,470		251,310		248,015		(3,295)
Other financial assets	262		2,010		1,741		(269)
Income tax receivables	1,551		2,063		3,171		1,108
Inventories	170,880		170,808		159,067		(11,741)
Other current assets	20,018		22,700		25,492		2,792
Total current assets	718,083	53.2	754,833	54.8	722,245	55.1	(32,588)
Non-current assets							
Property, plant, and equipment	342,556		346,561		331,485		(15,076)
Goodwill	162,959		162,091		153,995		(8,096)
Intangible assets	83,931		77,571		69,607		(7,964)
Investments accounted for using the equity method	2,167		1,896		1,776		(120)
Other investments	21,507		15,998		14,556		(1,442)
Other financial assets	2,274		1,804		1,674		(130)
Deferred tax assets	10,749		11,545		10,820		(725)
Other non-current assets	5,646		4,278		4,346		68
Total non-current assets	631,789	46.8	621,744	45.2	588,259	44.9	(33,485)
Total assets	1,349,872	100.0	1,376,577	100.0	1,310,504	100.0	(66,073)

	The date of transition to IFRS (April 1, 2015)		March 31, 2016		June 30, 2016		Increase or decrease
	Amounts	%	Amounts	%	Amounts	%	
Liabilities	Yen in millions		Yen in millions		Yen in millions		Yen in millions
Current liabilities							
Short term borrowings	52,401		81,092		79,956		(1,136)
Long term debt due within one year	45,432		82,777		86,344		3,567
Trade and other payables	204,372		186,990		182,623		(4,367)
Other financial liabilities	2,941		3,192		3,475		283
Income tax payables	5,913		5,831		5,607		(224)
Provisions	18,583		18,886		18,872		(14)
Other current liabilities	31,151		40,891		42,076		1,185
Total current liabilities	360,793	26.7	419,659	30.5	418,953	31.9	(706)
Non-current liabilities							
Long term debt	184,432		136,798		128,414		(8,384)
Other financial debt	569		1,029		3,265		2,236
Retirement benefit liabilities	19,834		19,488		18,347		(1,141)
Provisions	2,904		3,337		3,147		(190)
Deferred tax liabilities	23,467		22,419		21,364		(1,055)
Other non-current liabilities	3,126		2,315		1,850		(465)
Total non-current liabilities	234,332	17.4	185,386	13.5	176,387	13.5	(8,999)
Total liabilities	595,125	44.1	605,045	44.0	595,340	45.4	(9,705)
Equity							
Common stock	77,071	5.7	87,784	6.4	87,784	6.7	-
Additional paid-in capital	107,732	8.0	118,341	8.6	118,340	9.0	(1)
Retained earnings	562,787	41.7	625,343	45.4	634,460	48.4	9,117
Other components of equity	(1,072)	(0.1)	(56,171)	(4.1)	(121,082)	(9.2)	(64,911)
Treasury stock	(27)	(0.0)	(12,111)	(0.9)	(12,115)	(0.9)	(4)
Total equity attributable to owners of the parent	746,491	55.3	763,186	55.4	707,387	54.0	(55,799)
Non-controlling interests	8,256	0.6	8,346	0.6	7,777	0.6	(569)
Total equity	754,747	55.9	771,532	56.0	715,164	54.6	(56,368)
Total liabilities and equity	1,349,872	100.0	1,376,577	100.0	1,310,504	100.0	(66,073)

(2) Condensed Quarterly Consolidated Statements of Income
and Condensed Quarterly Consolidated Statements of Comprehensive Income

Condensed Quarterly Consolidated Statements of Income

	Three months ended June 30				Increase or decrease		Year ended March 31, 2016	
	2015		2016					
	Amounts	%	Amounts	%	Amounts	%	Amounts	%
	Yen in millions		Yen in millions		Yen in millions		Yen in millions	
Net sales	285,041	100.0	276,206	100.0	(8,835)	(3.1)	1,178,290	100.0
Cost of sales	(220,972)	(77.5)	(212,250)	(76.8)	8,722	(3.9)	(909,712)	(77.2)
Gross profit	64,069	22.5	63,956	23.2	(113)	(0.2)	268,578	22.8
Selling, general and administrative expenses	(22,556)	(7.9)	(19,756)	(7.2)	2,800	(12.4)	(98,697)	(8.4)
Research and development expenses	(11,654)	(4.1)	(12,660)	(4.6)	(1,006)	8.6	(51,978)	(4.4)
Operating profit	29,859	10.5	31,540	11.4	1,681	5.6	117,903	10.0
Financial income	560	0.2	689	0.2	129	23.0	2,181	0.2
Financial expenses	(390)	(0.1)	(2,949)	(1.1)	(2,559)	656.2	(2,527)	(0.2)
Foreign exchange differences	1,557	0.5	(152)	(0.0)	(1,709)	-	(153)	(0.0)
Equity in net income (loss) of associates	5	0.0	(25)	(0.0)	(30)	-	1	0.0
Profit before income taxes	31,591	11.1	29,103	10.5	(2,488)	(7.9)	117,405	10.0
Income tax expenses	(7,940)	(2.8)	(6,839)	(2.4)	1,101	-	(26,232)	(2.3)
Profit for the period	23,651	8.3	22,264	8.1	(1,387)	(5.9)	91,173	7.7
Profit attributable to:								
Owners of the parent	23,251	8.2	22,041	8.0	(1,210)	(5.2)	90,120	7.6
Non-controlling interests	400	0.1	223	0.1	(177)	(44.3)	1,053	0.1
Profit for the period	23,651	8.3	22,264	8.1	(1,387)	(5.9)	91,173	7.7

Condensed Quarterly Consolidated Statements of Comprehensive Income

	Three months ended June 30		Increase or decrease		Year ended March 31, 2016
	2015	2016			
	Amounts	Amounts	Amounts	%	Amounts
	Yen in millions	Yen in millions	Yen in millions		Yen in millions
Profit for the period	23,651	22,264	(1,387)	(5.9)	91,173
Other comprehensive income, net of taxation					
Items that will not be reclassified to net profit or loss:					
Remeasurement of defined benefit plans	(70)	(113)	(43)	-	(941)
Fair value movements on FVTOCI equity financial assets	62	(962)	(1,024)	-	(2,909)
Items that may be reclassified to net profit or loss:					
Foreign currency translation adjustments	11,340	(65,772)	(77,112)	-	(56,202)
Effective portion of net changes in fair value of cash flow hedges	1	157	156	-	326
Fair value movements on FVTOCI debt financial assets	0	1	1	-	(6)
Other comprehensive income for the period, net of taxation	11,333	(66,689)	(78,022)	-	(59,732)
Comprehensive income for the period	34,984	(44,425)	(79,409)	-	31,441
Comprehensive income attributable to:					
Owners of the parent	34,610	(43,930)	(78,540)	-	31,146
Non-controlling interests	374	(495)	(869)	-	295
Comprehensive income for the period	34,984	(44,425)	(79,409)	-	31,441

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2015

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common Stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Total		
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions
As of April 1, 2015	77,071	107,732	562,787	(1,072)	(27)	746,491	8,256	754,747
Comprehensive income								
Profit for the period			23,251			23,251	400	23,651
Other comprehensive income				11,359		11,359	(26)	11,333
Total comprehensive income						34,610	374	34,984
Transactions with owners directly recognized in equity								
Purchase of treasury stock					(13)	(13)	-	(13)
Conversion of convertible bonds	3,830	3,777			13	7,620	-	7,620
Dividends paid to the owners of the parent			(11,764)			(11,764)	-	(11,764)
Dividends paid to non-controlling interests						-	(1)	(1)
Transfer to retained earnings			4	(4)		-	-	-
Other		41				41	(66)	(25)
As of June 30, 2015	80,901	111,550	574,278	10,283	(27)	776,985	8,563	785,548

Three months ended June 30, 2016

	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
	Common Stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Total		
	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions	Yen in millions
As of April 1, 2016	87,784	118,341	625,343	(56,171)	(12,111)	763,186	8,346	771,532
Comprehensive income								
Profit for the period			22,041			22,041	223	22,264
Other comprehensive income				(65,971)		(65,971)	(718)	(66,689)
Total comprehensive income						(43,930)	(495)	(44,425)
Transactions with owners directly recognized in equity								
Purchase of treasury stock					(4)	(4)	-	(4)
Dividends paid to the owners of the parent			(11,864)			(11,864)	-	(11,864)
Dividends paid to non-controlling interests						-	(8)	(8)
Transfer to retained earnings			(1,060)	1,060		-	-	-
Other		(1)				(1)	(66)	(67)
As of June 30, 2016	87,784	118,340	634,460	(121,082)	(12,115)	707,387	7,777	715,164

(4) Condensed Quarterly Consolidated Statements of Cash Flows

	Yen in millions			Yen in millions
	Three months ended June 30		Increase or decrease	Year ended March 31
	2015	2016		2016
Cash flows from operating activities:				
Profit for the period	¥23,651	¥22,264	(¥1,387)	¥90,819
Adjustments to reconcile profit for the period to net cash provided by operating activities				
Depreciation and amortization	15,256	12,092	(3,164)	64,947
Gain from sales, disposal or impairment of property, plant and equipment	(156)	(1,032)	(876)	(155)
Financial (income) loss	(97)	(181)	(84)	420
Equity in net (income) loss of associates	(5)	25	30	(1)
Deferred income taxes	3,127	624	(2,503)	2,214
Current income taxes	4,813	6,216	1,403	24,019
Foreign currency adjustments	(671)	3,197	3,868	(14)
(Decrease) increase in retirement benefit liability	(91)	252	343	217
Increase in accounts receivable	(15,496)	(11,916)	3,580	(5,163)
(Increase) decrease in inventories	(6,075)	350	6,425	(6,176)
Increase (decrease) in accounts payable	621	8,841	8,220	(6,897)
Other, net	3,540	3,509	(31)	7,790
Interests and dividends received	515	641	126	1,904
Interests paid	(348)	(460)	(112)	(1,797)
Income taxes paid	(7,399)	(7,224)	175	(24,468)
Net cash provided by operating activities	21,185	37,198	16,013	147,659
Cash flows from investing activities:				
Additions to property, plant and equipment	(21,295)	(16,283)	5,012	(81,898)
Proceeds from sales of property, plant and equipment	503	249	(254)	1,417
Proceeds from sales or redemption of marketable securities	1,012	24	(988)	1,319
Acquisitions of business, net of cash acquired	(2,244)	(1,935)	309	(9,665)
Other, net	(1,931)	(1,182)	749	(6,550)
Net cash used in investing activities	(23,955)	(19,127)	4,828	(95,377)
Cash flows from financing activities:				
Increase in short term borrowings	23,643	1,674	(21,969)	32,412
Repayments of long term debt	(10,990)	(1,771)	9,219	(26,210)
Purchase of treasury stock	(13)	(4)	9	(12,133)
Payments for additional investments in subsidiaries	(36)	-	36	(191)
Dividends paid to the owner of the parent	(11,764)	(11,864)	(100)	(23,690)
Other, net	(140)	236	376	37,587
Net cash provided by (used in) financing activities	700	(11,729)	(12,429)	7,775
Effect of exchange rate changes on cash and cash equivalents	3,996	(27,525)	(31,521)	(24,017)
Net increase (decrease) in cash and cash equivalents	1,926	(21,183)	(23,109)	36,040
Cash and cash equivalents at beginning of period	269,902	305,942	36,040	269,902
Cash and cash equivalents at end of period	¥271,828	¥284,759	¥12,931	¥305,942

(5) Notes of Condensed Quarterly Consolidated Financial Statements

Notes Regarding Going Concern Assumption

Not applicable.

Notes of Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

Nidec Corporation (the Company) is a corporation located in Japan, whose shares are listed on the Tokyo Stock Exchange. The registered address of headquarters and principal business offices are available on the Company's website (http://www.nidec.com/en-Global/).

Condensed Quarterly Consolidated Financial Statements as of June 30, 2016 consist of the Company and its consolidated subsidiaries (NIDEC), and shares of associates of NIDEC.

NIDEC mainly designs, develops, produces, and sells products as described below:

i. Small precision motors, which include spindle motors for hard disk drives, brushless motors, fan motors, vibration motors, brush motors and motor applications.
ii. Automotive, appliance, commercial and industrial products, which includes automotive motors and components, home appliance, commercial and industrial motors and related products.
iii. Machinery, which includes industrial robots, card readers, test systems, pressing machines and power transmission drives.
iv. Electronic and optical components, which include switches, trimmer potentiometers, lens units and camera shutters.
v. Others, which include services.

2. Basis of Preparation

(1) Compliance with International Financial Reporting Standards (IFRS)

The condensed quarterly consolidated financial statements of NIDEC have been prepared in accordance with IAS 34 “Interim Financial Reporting” pursuant to the provision of article 93 of Regulations for Quarterly Consolidated Financial Statements, as the Company meets the criteria of a “Designated IFRS Specified Company” defined under article 1-2 of the regulations.

NIDEC adopts IFRS for the first time this financial year (commencing on April 1, 2016 and ending on March 31, 2017), and so the annual consolidated financial statements for the year are the first ones prepared in conformity with IFRS. The date of transition of NIDEC to IFRS is April 1, 2015. Explanations of how the first time adoption of, and the transition to, IFRS have affected NIDEC’s financial position, business results and cash flows are provided in “Note 6. First-Time Adoption of IFRS”.

(2) Basis of measurement

As stated in “Note 3. Significant accounting policies”, the condensed quarterly consolidated financial statements have been prepared on a historical cost basis, except for some assets and liabilities, including derivative and other financial instruments measured at fair value.

(3) Presentation currency

The condensed quarterly consolidated financial statements are presented in Japanese Yen, which is also the Company’s functional currency, and figures are rounded to the nearest million yen, except as otherwise indicated.

(4) Early adoption of new IFRS standards

NIDEC has early adopted IFRS 9 “Financial instruments”, issued in July 2014, since the date of transition to IFRS which is on April 1, 2015.

3. Significant accounting policies

Significant accounting policies are applied to all periods mentioned in the consolidated financial statements, including the consolidated statement of financial position on the transition date of IFRS.

(1) Basis of consolidation

The consolidated financial statements include financial statements of NIDEC and investments in associates.

(i) Subsidiaries

Subsidiaries are all entities over which NIDEC has the power to govern. NIDEC controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Financial statements of subsidiaries are included in the consolidated financial statements from the date when NIDEC acquires the subsidiary to the date when NIDEC loses control of it.

In case accounting policies that subsidiaries adopt are different to those of NIDEC, the financial statements of the subsidiaries may be adjusted as needed.

Inter-company receivables and payables, transactions, and unrealized gains and losses on transactions between group companies are eliminated in the preparation of the consolidated financial statements.

There may be additional purchase and/or partial sale of stocks of the subsidiaries by NIDEC. Changes in NIDEC's ownership interests in subsidiaries that do not result in a loss of control are reported as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributed to the owner of the parent company. When losing control, gain or loss associated with the loss of control is recognized as net profit or loss.

(ii) Non-controlling interests

Non-controlling interests of consolidated subsidiaries are identified separately from the equity of the owners of the parent.

Non-controlling interests consist of those interests on the date of the initial business combination and changes of the non-controlling interests from the date of the combination. Comprehensive income is allocated to the controlling and non-controlling interests, even when the allocation results in negative non-controlling interests.

(iii) Associates

Associates are all entities over which NIDEC has the ability to exercise significant influence on their financial and operating policies but does not have control.

Associates are accounted for using equity method from the date when NIDEC acquires significant influence to the date when NIDEC loses it. The investments in associates include goodwill recognized upon acquisition.

(2) Business combinations

Business combinations are accounted for on the date when NIDEC acquires controls over the businesses according to the acquisition method. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The excess of the aggregate of the consideration transferred, acquiree's non-controlling interest, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of NIDEC's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.

Non-controlling interests are identified separately from the equity of the owners of the parent. How to measure a non-controlling interest in the acquiree will be determined upon each business combination transaction using either of the methods described below:

1. Measuring a non-controlling interest at its fair value.
2. Measuring the non-controlling interest's proportional share of the net value of the identifiable assets acquired and the liabilities assumed.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, NIDEC reports in its consolidated financial statements provisional amounts, and retrospectively adjusts them during the measurement period, which shall not exceed one year from the acquisition date.

For NIDEC's transactions of its subsidiaries' equity with owners of non-controlling interests that do not result in a loss of control over the subsidiaries, differences between amounts of adjustments to the non-controlling interests and fair values of considerations are treated as additional paid-in capital, and therefore do not result in goodwill or gains and losses.

(3) 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 applying 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.

(4) Cash and cash equivalents

Cash and cash equivalents are cash, deposits readily withdrawn as needed and highly liquid investments which meet original maturities within three months from the acquisition date, are possible to exchange to cash of the amount presented in them, and have so short maturities that they are subject to an insignificant risk of changes in value due to changes in interests.

NIDEC participates in a notional pooling arrangement with a single financial institution, which is used to fund short-term liquidity needs. This arrangement contains specific provisions for the right to offset positive and negative cash balances. The facility allows for cash withdrawals from this financial institution up to our aggregate cash deposits within the same financial institution.

(5) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined principally on the weighted average cost basis. However, cost of projects in progress based on contracts with customers, such as factory automation equipments, etc., is determined by using specific identification method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(6) Property, plant, and equipment

Property, plant, and equipment are measured by using the cost model and are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of items of property, plant and equipment includes costs directly attributable to the acquisition, the initial estimate of costs of dismantling and removing the items and restoring the site on which they are located, and the borrowing cost that meets the criteria for capitalization.

Costs incurred after initial recognition are recognized as an asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to NIDEC and its cost can be reliably measured. All other costs of repairs and maintenance are recognized to profit or loss as incurred.

The depreciable amount of items of property, plant and equipment is depreciated on a straight-line basis over the estimated useful lives of each component. The depreciable amount of an asset is determined by deducting its residual value from its cost.

The estimated useful lives of major classes of property, plant and equipment are as follows:

Building	3-50 years
Machinery	2-15 years

Assets held under finance leases are depreciated over the estimated useful lives if there is reasonable certainty that NIDEC will obtain ownership. However, if not, they are depreciated over the shorter of their estimated useful lives or lease terms.

The useful lives, residual values, and depreciation methods of property, plant and equipment are reviewed at the end of the period, and changed if any. The change is regarded as a change in an accounting estimate and recognized prospectively.

(7) Goodwill and intangible assets

(i) Goodwill

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized, but allocated to cash-generating units, based on the allocation of expected benefits from business combination, and tested for impairment annually or whenever there is an indication of impairment. Impairment losses of goodwill are recognized on the consolidated statement of income and cannot be reversed.

Initial measurement policies of goodwill are stated in “(2) Business combinations”.

(ii) Intangible assets

Intangible assets are measured by using the cost model and are stated at cost less accumulated amortization and impairment losses.

Intangible assets acquired separately are measured at cost upon initial recognition, and those acquired by business combination are recognized separately from goodwill at fair value at acquisition date if these intangible assets meet the definition of intangible assets, are identifiable, and are able to be measured reliably at fair value.

Research expenditure, which is defined as investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as an expense as incurred.

Costs incurred on development projects are recognized as intangible assets when the following conditions are met: the costs incurred can be measured reliably, the assets are technologically feasible to be industrialized, the assets are estimated to provide economic benefit to NIDEC, and NIDEC has intention to complete the development and utilize and/or commercialize the assets. Other development expenditure is recognized as an expense as incurred.

Intangible assets that have a definite useful life are amortized by a straight-line method based on estimated useful lives. These weighted average amortizable years are described below.

Proprietary technology	12 years
Customer relationships	18 years
Software	6 years

The useful lives, residual values, and amortization method of intangible assets are reviewed at the end of the period, and changed if any. It is regarded as a change in accounting estimate and recognized prospectively.

For intangible assets having finite useful life, impairment test is carried out when there is an indication that the unit may be impaired. Intangible assets having indefinite useful life or which are still not possible for use are not amortized, and impairment test is carried out on an annual basis (January 1) or at time when there is an indication that the unit may be impaired, or situation is changed.

(8) Lease

Leases are classified as finance leases whenever substantially all the risks and rewards incidental to ownership of assets are transferred to NIDEC. All other leases are classified as operating leases.

(i) Finance lease

Leased assets and liabilities are initially recognized in the consolidated statement of financial position at the lower of the fair value of the leased property or the present value of the minimum lease payments at the inception of the lease.

Lease obligations are recognized as long term debt due within one year and long term debt in the consolidated statement of financial position.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liabilities.

Depreciation method is stated in “(6) Property, plant and equipment”.

(ii) Operating lease

Lease payments are recognized as an expense on a straight-line basis over the lease term.

(9) Government grants

Government grants are recognized at fair value when there is reasonable assurance that NIDEC will comply with all the conditions attached to them and that the grants will be received. Government grants that are intended to compensate for specific costs are recognized in profits over the periods in which NIDEC recognizes the corresponding expenses. Government grants related to assets are recognized as deferred income and then recognized in profit over the expected useful life of the relevant asset on a systematic basis.

(10) 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 amortisation) had no impairment loss been recognised in prior years.

(11) Financial instruments

(i) Initial recognition

Financial assets are recognized when NIDEC becomes a party to the contractual provisions of the instrument (at the transaction date). Trade and other receivables are recognized as incurred. Financial liabilities such as debt instruments issued by NIDEC are recognized at issuance date, and other financial liabilities are recognized when NIDEC becomes a party to the contractual provisions of the instrument (at the transaction date).

Financial assets and liabilities are measured at fair value at initial recognition. Transaction cost directly attributable to the acquisition of financial assets and issuance of financial liabilities is added to financial assets' fair value or subtracted from financial liabilities' fair value at initial recognition except for those measured at fair value through profit or loss (FVTPL financial assets and FVTPL financial liabilities). NIDEC does not possess any non-derivative FVTPL financial liabilities as of the end of this period. Transaction cost directly attributable to the acquisition of FVTPL financial assets is recognized as net profit or loss.

(ii) Non-derivative financial assets

NIDEC classifies financial assets upon initial recognition as either financial assets measured at amortized costs, financial assets measured at fair value through other comprehensive income (FVTOCI financial assets) or FVTPL financial assets. The designation depends on the characteristics of the financial assets and the objective of NIDEC's business model for managing them upon initial recognition and is applied continuously.

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

Financial assets are subsequently measured by amortized costs if both of the following conditions are met:

・ Financial assets are held in a business model with the objective to collect contractual cash flows.
・ The contractual terms of the financial assets 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 instruments

Financial assets are classified as FVTOCI debt instruments if both of the following conditions are met:

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

A change in fair value of FVTOCI debt instruments except for impairment gain or loss and foreign exchange gain or loss is recognized as other comprehensive income until derecognition. Upon derecognition the cumulative gain or loss previously recognized in other comprehensive income is reclassified to net profit or loss.

(b) FVTOCI equity instruments

NIDEC may make an irrevocable election to present changes in the fair value of an investment in an equity instrument that is not held for trading as other comprehensive income.

FVTOCI equity financial assets are measured at fair value upon initial recognition, and its change in fair value is recognized as other comprehensive income, which is subsequently transferred directly to retained earnings. It does not flow through net profit or loss. However, dividends from such investments are recognized in profit or loss as part of financial income.

FVTPL financial assets

Financial assets that do not qualified as financial assets measured at amortized costs are classified as FVTPL financial assets except for those that are qualified or designated as FVTOCI financial assets. All equity investments are to be classified as FVTPL financial assets and subsequently measured at fair value, with value changes recognized in net profit or loss, except for those equity investments for which NIDEC has made an irrevocable election to present value changes in other comprehensive income.

(iii) Impairment of financial assets measured at amortized costs

For financial assets measured at amortized cost, expected credit losses or reversals of expected credit losses are presented as allowance for doubtful accounts in the consolidated statement of financial position and impairment losses or reversals of impairment losses in the consolidated statements of income through net profit or loss at each reporting date.

When the credit risk of the financial instrument has increased significantly since initial recognition, full lifetime expected credit losses are measured after all reasonable and supportable information available including forecasts is considered; otherwise expected credit losses are measured at an amount equal to the 12-month expected credit losses.

However, with respect to trade receivables, notwithstanding the aforementioned, expected credit losses are always measured at an amount equal to full lifetime expected credit losses.

(iv) Derecognition of non-derivative financial assets

Non-derivative financial assets are derecognized when the contractual rights with respect to the cash flows from the financial assets expire or the contractual rights to receive the cash flows from the financial assets have been transferred and substantially all the risks and rewards of ownership of the financial asset are transferred. Any rights and obligations created or retained in the transfer are recognized as separate assets and liabilities.

(v) Derecognition and subsequent measurement of non-derivative financial liabilities

Non-derivative financial liabilities, including trade and other payables and other financial liabilities are subsequently measured and amortized using effective interest method. The financial liabilities are derecognized when the obligations are fulfilled or when liabilities are discharged, cancelled, or expired.

(vi) Derivatives and hedge accounting

NIDEC is engaged in derivative transactions and mainly uses foreign exchange forward contracts, interest rate swap agreements, currency swap agreements, and commodity future contracts to manage its exposure to risks from changes in foreign exchange rates, interest rates, and commodity prices. NIDEC does not hold derivative financial instruments for trading purpose.

Derivatives are initially recognized at fair value with transaction costs recognized as net profit or loss as incurred, and then subsequently measured at fair value with changes in fair value generally recognized in net profit or loss unless hedge accounting is applied where changes in cash flows from the hedged instrument can offset changes in cash flows from the hedged item to an extent that an objective assessment that the hedging relationship meets the hedge effectiveness requirements can be made.

For each hedge transaction, at the inception of the hedging relationship there is formal designation and documentation of the hedging relationship between the hedging instruments and the hedged items, NIDEC's risk management objective, strategy for undertaking the hedge, methods for assessing whether a hedging relationship meets the hedge effectiveness requirements and methods for measuring hedge effectiveness and hedge ineffectiveness.

NIDEC also formally assesses, both at and after the hedge's inception, whether the derivatives used in hedging transactions are highly effective in offsetting cash flows of the hedged items. When it is determined that the hedge is not highly effective or that it has ceased to be highly effective, NIDEC discontinues hedge accounting prospectively.

Cash flow hedge is accounted for as follows:

When derivative instruments are designated as hedging instruments to offset against the change in cash flows arising from the specific risk that relates to recognized assets or liabilities or highly probable forecast transactions that could affect profit or loss, the effective portion of changes in fair value of derivatives is recognized in other components of equity. The ineffective portion of changes in fair value of hedging derivative instruments is recognized in profit or loss.

The amount that has been accumulated in the separate component of equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset (for example, inventories, property, plant, and equipment, etc.) or a liability, the gains and losses previously deferred in equity are transferred from equity and included directly in the initial cost or other carrying amount of the asset or liability.

If the transactions do not meet the criteria of hedge accounting, or if the hedging instruments expires, or is sold, terminated or exercised, or if the designations have been revoked, the application of hedge accounting shall be prospectively terminated. When a cash flow hedge is discontinued, the previously recognized net derivative gains or losses remain in accumulated other comprehensive income until forecast transaction impacts profit for the period. If it is probable that the forecast transaction will not occur, the balance of cash flow hedge are transferred into gains or losses immediately.

(12) Income tax

Current tax

Income tax expenses are comprised of current and deferred taxes, and recognized in net profit or loss, except for those recognized in other comprehensive income or directly in equity.

Income tax payables and income tax receivables at the end of the reporting period are calculated at the amount expected to be paid to or recovered from the taxation authority. Current taxes for a quarterly reporting period are calculated based on an estimated annual effective tax rate.

Current taxes related to items that are recognized in other comprehensive income are recognized in other comprehensive income. Taxes related to items that are recognized directly in equity are recognized directly in equity.

Income tax receivable and income tax payables are offset if, NIDEC has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.

Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available to allow deductible temporary differences, unused tax losses, and unused tax credits to be utilised. The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available.

Unrecognized deferred tax assets are also reviewed for collectability at each reporting date, and are recognized to the extent that it is probable that the deferred tax assets will be collectible from future taxable income.

Deferred tax liabilities are recognized for all taxable temporary differences in general.

Deferred tax assets and liabilities relating to following temporary differences are not recognized:

- Taxable temporary differences arising from the initial recognition of goodwill.
- Temporary differences arising from the initial recognition of assets and liabilities from transactions that do not affect both accounting income and taxable income, except for business combinations.
- Taxable temporary differences associated with investments in subsidiaries and associates when NIDEC is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are presented as noncurrent assets and liabilities.

Deferred tax assets and liabilities are offset only if NIDEC has a legally enforceable right to set off income tax receivables against income tax payables and either of the following criteria is met:

- The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.
- Deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on different taxable entities which intend either to settle income tax receivables and income tax payables on a net basis, or to realize the assets and settle the liabilities simultaneously.

Uncertain tax position

NIDEC recognizes the financial statement effects of tax positions when it is more likely than not, based on the technical merits, that the tax positions will be sustained upon examination by the tax authorities. Benefits from tax positions are measured at the amount of benefit that is more likely than not to be realized upon settlement. Interest and penalties accrued related to unrecognized tax benefits are included in the consolidated statements of income.

(13) Employee benefits

(i) Short-term employee benefits

The undiscounted amount of short-term employee benefits such as wages, salaries, social security contributions and other non-monetary benefits are recognized as an expense when service has been rendered by employees.

The cost of bonus payments expected to be paid in respect of service rendered by employees based on relative plans is recognized as a liability only when NIDEC has a present legal or constructive obligation to make such payments and a reliable estimate of the obligation can be made.

(ii) Post-retirement benefits

NIDEC’s post-retirement benefit plans for its employees include 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 recognized in the consolidated statements of financial position. 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 referencing to market yield on high-quality corporate bonds with 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 net profit or loss. Actuarial gains and losses, returns on plan assets except those included in net interest expense (income), 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 amounts to be contributed are determined.

(14) 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.

The detail of the major provision is as follows:

Provision for product warranties

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.

(15) Revenue recognition

(i) Sale 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, part of 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 case of FOB destination) and at the time of shipment (in case of FOB shipping point). Revenue for machinery sales is recognized upon receipt of final customer acceptance.

(ii) Construction contracts

Revenue from sale of part of automotive, appliance, commercial and industrial products 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.

(16) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

(17) Share capital, additional paid-in capital, and treasury stock

(i) Common stock

Proceeds from the issuance of common stocks by the Company are included in share capital and additional paid-in capital. Transaction costs of issuing ordinary shares (net of tax) are deducted from additional paid-in capital.

(ii) Treasury stock

When the Company reacquires its own ordinary shares, the amount of the consideration paid including transaction costs is deducted from equity. NIDEC never recognizes profit or loss when it purchases, sells and disposes of them. When the Company sells treasury shares, the difference between the carrying amount and the consideration received from the sale is recognised in additional paid-in capital.

(18) Fair value estimation

NIDEC measures derivative financial instruments and financial instruments measured at fair value by their fair values at the end of the period.

For recurring fair value measurements of assets and liabilities, NIDEC reviews whether there are transfers between levels of the fair value hierarchy at the end of the period.

(19) Earnings per share

Basic earnings per share attributable to owners of the parent are calculated by dividing net income attributable to owners of the parent by the weighted-average number of shares outstanding during the reported period adjusted by the treasury stocks held.

The calculation of diluted net income per common share is similar to the calculation of basic earnings per share attributable to owners of the parent, except that the weighted-average number of shares outstanding includes the additional dilution from potential common stock equivalents such as convertible bonds and options.

4. Significant accounting estimates, judgments and assumptions

The preparation of the condensed quarterly consolidated financial statements requires management of NIDEC to make estimates, judgments and assumptions that affect the reported amounts of assets, liabilities, income, expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis, and the effects resulting from revisions of accounting estimates are recognized in the period in which the estimates are revised and in future periods affected by the revision.

Judgments and estimates accompanying significant risks that may cause material adjustments to the carrying amounts of assets and liabilities in the current and next fiscal years are as follows:

- Goodwill and intangible assets
- Recoverability of receivables
- Retirement benefit liabilities
- Recoverability of deferred tax assets
- Uncertain tax position
- Provisions
- Fair value of financial instruments
- Contingent liabilities

5. Business Combinations

Pursuant to IFRS 3 “Business Combinations," NIDEC has been evaluating the fair values of the assets acquired and the liabilities assumed upon the acquisitions of companies in the fiscal year ended March 31, 2016 and the three months ended June 30, 2016. Assets and liabilities which are currently under evaluation have been recorded on NIDEC’s consolidated statement of financial position based on preliminary management estimation as of June 30, 2016. These evaluations do not have material impacts on NIDEC’s consolidated financial position, results of operations or liquidity.

6. First-Time Adoption of IFRS

NIDEC discloses the consolidated financial statements under IFRS for the first time for the fiscal year ending March 31, 2017.

The latest consolidated financial statements under accounting principles generally accepted in the United States ("U.S. GAAP") were prepared for the fiscal year ended March 31, 2016 and the date of transition to IFRS is April 1, 2015.

(1) Exemptions to retrospective application of IFRS

IFRS 1 stipulates that an entity adopting IFRS for the first time shall apply IFRS retrospectively to prior periods. However, IFRS 1 allows certain exemptions from the retrospective application of certain aspects of IFRS, and accordingly NIDEC has applied the following exemptions:

Business combinations:

IFRS 1 permits an entity not to apply IFRS 3 "Business Combinations" retrospectively to business combinations that occurred prior to the date of transition to IFRS. NIDEC elected to apply this exemption and did not apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRS. As a result, the goodwill recognized prior to the transition date is recorded based on the U.S. GAAP book value of the transition date. NIDEC performed an impairment test on goodwill at the date of transition to IFRS regardless of whether there was any indication that the goodwill may be impaired.

Use of fair value as deemed cost:

IFRS 1 permits an entity to measure items of property, plant and equipment, investment property or intangible assets at the date of transition to IFRS at its fair value and use that fair value as deemed cost at that date. NIDEC elected to use the fair value at the date of transition to IFRS as deemed cost at the date of transition to IFRS for certain items of property, plant and equipment. Further, NIDEC elected to use the cost model for items of property, plant and equipment and intangible assets under IFRS, thus the revaluation model is not applied.

Exchange differences on translating foreign operations:

IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS.

(2) Reconciliations

The reconciliations required to be disclosed in the first IFRS financial statements are described in the reconciliations below.

"Re-classification" includes items that do not affect retained earnings and comprehensive income, while "Recognition and measurement" includes items that affect retained earnings and comprehensive income.

(i) Reconciliation of equity as of the date of transition to IFRS (April 1, 2015)

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Assets						Assets
Current assets						Current assets
Cash and cash equivalents	269,902	-	-	269,902		Cash and cash equivalents
	-	255,470	-	255,470		Trade and other receivables
Trade note receivable	15,221	(15,221)	-	-		
Trade accounts receivable	222,396	(222,396)	-	-		
	-	262	-	262	D	Other financial assets
	-	1,551	-	1,551		Income tax receivables
Inventories	170,874	-	6	170,880		Inventories
Other current assets	50,622	(30,180)	(424)	20,018		Other current assets
Total current assets	729,015	(10,514)	(418)	718,083		Total current assets
						Non-current assets
	-	342,122	434	342,556		Property, plant, and equipment
Land	47,427	(47,427)	-	-		
Buildings	189,742	(189,742)	-	-		
Machinery and equipment	430,019	(430,019)	-	-		
Construction in progress	33,831	(33,831)	-	-		
Accumulated depreciation	(358,897)	358,897	-	-		
Goodwill	162,959	-	-	162,959		Goodwill
	-	83,931	-	83,931		Intangible assets
	-	2,167	-	2,167		Investments accounted for using the equity method
	-	21,507	-	21,507		Other investments
Marketable securities and other securities investments	21,516	(21,516)	-	-		
Investments in and advances to affiliated companies	2,167	(2,167)	-	-		
	-	2,274	-	2,274	D	Other financial assets
	-	13,869	(3,120)	10,749	B	Deferred tax assets
	-	10,010	(4,364)	5,646		Other non-current assets
Other tangible assets	99,561	(99,561)	-	-		
Total non-current assets	628,325	10,514	(7,050)	631,789		Total non-current assets
Total assets	1,357,340	-	(7,468)	1,349,872		Total assets

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Liabilities and equity						Liabilities and equity
Liabilities						Liabilities
Current liabilities						Current liabilities
Short-term borrowings	52,401	-	-	52,401		Short term borrowings
Current portion of long-term debt	45,485	-	(53)	45,432		Long term debt due within one year
	-	204,328	44	204,372		Trade and other payables
Trade notes and accounts payable	194,998	(194,998)	-	-		
	-	2,941	-	2,941		Other financial liabilities
	-	5,855	58	5,913		Income tax payables
	-	18,583	-	18,583		Provisions
Accrued expenses	33,375	(33,375)	-	-		
Other current liabilities	36,689	(5,538)	-	31,151		Other current liabilities
Total current liabilities	362,948	(2,204)	49	360,793		Total current liabilities
Long term liabilities						Non-current liabilities
Long-term debt	184,612	-	(180)	184,432		Long term debt
	-	569	-	569		Other financial liabilities
	-	19,565	269	19,834	A	Retirement benefit liabilities
Accrued pension and severance costs	19,576	(19,576)	-	-		
	-	2,904	-	2,904		Provisions
	-	32,721	(9,254)	23,467	B	Deferred tax liabilities
	-	3,126	-	3,126		Other non-current liabilities
Other long term liabilities	37,105	(37,105)	-	-		
Total long term liabilities	241,293	2,204	(9,165)	234,332		Total non-current liabilities
Total liabilities	604,241	-	(9,116)	595,125		Total liabilities
Equity						Equity
Common stock	77,071	-	-	77,071		Common stock
Additional paid-in capital	105,459	-	2,273	107,732		Additional paid-in capital
Retained earnings	427,641	-	135,146	562,787	C	Retained earnings
	-	134,828	(135,900)	(1,072)	A	Other components of equity
Accumulated other comprehensive income	134,828	(134,828)	-	-	C	
Treasury stock	(27)	-	-	(27)		Treasury stock
Total Nidec Corporation shareholders' equity	744,972	-	1,519	746,491		Total equity attributable to owners of the parent
Noncontrolling interests	8,127	-	129	8,256		Non-controlling interests
Total equity	753,099	-	1,648	754,747		Total equity
Total liabilities and equity	1,357,340	-	(7,468)	1,349,872		Total liabilities and equity

Notes to reconciliation of equity as of the date of transition to IFRS (April 1, 2015)

The major items of the reconciliation of equity as of the date of transition to IFRS are as follows:

A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, the amount that was reclassified from accumulated other comprehensive income (loss) to a decrease in "retained earnings" at the IFRS transition date was ¥2,844 million.

B. Deferred tax

(a) Under U.S. GAAP, when taxes on intercompany profits arising from transfer of assets between entities within NIDEC were paid by sellers, the taxes were deferred as prepaid expenses (¥4,185 million).Under IFRS, however, these temporary differences are recognized as deferred tax assets using the purchasers' tax rates.

(b) Temporary differences resulting from the transition to IFRS are recognized as additional deferred tax assets and liabilities.

(c) Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets with current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

As a result, deferred tax assets and liabilities (net) decreased by ¥6,134 million at the date of transition to IFRS.

C. Translation adjustment of foreign operations

As noted in (1) above, IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. As a result, translation adjustments reclassified from accumulated other comprehensive income to "retained earnings" was ¥131,332 million at the date of transition to IFRS.

D. Reclassification on consolidated statement of financial position

Certain reclassifications have been made to consolidated statement of financial position to conform to provisions under IFRS. The major reclassifications on consolidated statement of financial position are as follows.

(a) Under U.S. GAAP, deferred tax assets and deferred tax liabilities are presented as current assets/non-current assets and current liabilities/non-current liabilities. Under IFRS, as deferred tax assets and deferred tax liabilities are not allowed to be presented as current assets/current liabilities, all of them are reclassified to non-current assets/non-current liabilities.

(b) Financial assets and financial liabilities are disclosed separately based on a provision for presentation under IFRS.

(ii) Reconciliation of equity as of June 30, 2015

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Assets						Assets
Current assets						Current assets
Cash and cash equivalents	271,828	-	-	271,828		Cash and cash equivalents
	-	275,570	-	275,570		Trade and other receivables
Trade note receivable	18,114	(18,114)	-	-		
Trade accounts receivable	239,819	(239,819)	-	-		
	-	454	-	454	D	Other financial assets
	-	2,966	-	2,966		Income tax receivables
Inventories	179,143	-	4	179,147		Inventories
Other current assets	51,049	(30,866)	(387)	19,796		Other current assets
Total current assets	759,953	(9,809)	(383)	749,761		Total current assets
						Non-current assets
	-	355,959	518	356,477		Property, plant, and equipment
Land	47,966	(47,966)	-	-		
Buildings	196,960	(196,960)	-	-		
Machinery and equipment	445,416	(445,416)	-	-		
Construction in progress	37,423	(37,423)	-	-		
Accumulated depreciation	(371,806)	371,806	-	-		
Goodwill	166,499	-	-	166,499		Goodwill
	-	85,006	-	85,006		Intangible assets
	-	1,701	-	1,701		Investments accounted for using the equity method
	-	20,568	-	20,568		Other investments
Marketable securities and other securities investments	20,574	(20,574)	-	-		
Investments in and advances to affiliated companies	1,701	(1,701)	-	-		
	-	2,504	-	2,504	D	Other financial assets
	-	13,321	(2,494)	10,827	B	Deferred tax assets
	-	10,659	(4,081)	6,578		Other non-current assets
Other tangible assets	101,675	(101,675)	-	-		
Total non-current assets	646,408	9,809	(6,057)	650,160		Total non-current assets
Total assets	1,406,361	-	(6,440)	1,399,921		Total assets

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Liabilities and equity						Liabilities and equity
Liabilities						Liabilities
Current liabilities						Current liabilities
Short-term borrowings	78,255	-	-	78,255		Short term borrowings
Current portion of long-term debt	28,171	-	(18)	28,153		Long term debt due within one year
	-	209,029	46	209,075		Trade and other payables
Trade notes and accounts payable	198,457	(198,457)	-	-		
	-	4,745	-	4,745		Other financial liabilities
	-	4,799	-	4,799		Income tax payable
	-	19,867	-	19,867		Provisions
Accrued expenses	36,071	(36,071)	-	-		
Other current liabilities	39,339	(6,268)	42	33,113		Other current liabilities
Total current liabilities	380,293	(2,356)	70	378,007		Total current liabilities
Long term liabilities						Non-current liabilities
Long-term debt	183,714	-	(161)	183,553		Long term debt
	-	701	-	701		Other financial liabilities
	-	19,942	413	20,355	A	Retirement benefit liabilities
Accrued pension and severance costs	19,953	(19,953)	-	-		
	-	2,950	(7)	2,943		Provisions
	-	34,108	(8,268)	25,840	B	Deferred tax liabilities
	-	2,974	-	2,974		Other non-current liabilities
Other long term liabilities	38,366	(38,366)	-	-		
Total long term liabilities	242,033	2,356	(8,023)	236,366		Total non-current liabilities
Total liabilities	622,326	-	(7,953)	614,373		Total liabilities
Equity						Equity
Common stock	80,901	-	-	80,901		Common stock
Additional paid-in capital	109,291	-	2,259	111,550		Additional paid-in capital
Retained earnings	439,667	-	134,611	574,278	C	Retained earnings
	-	145,765	(135,482)	10,283	A	Other components of equity
Accumulated other comprehensive income	145,765	(145,765)	-	-	C	
Treasury stock	(27)	-	-	(27)		Treasury stock
Total Nidec Corporation shareholders' equity	775,597	-	1,388	776,985		Total equity attributable to owners of the parent
Noncontrolling interests	8,438	-	125	8,563		Non-controlling interests
Total equity	784,035	-	1,513	785,548		Total equity
Total liabilities and equity	1,406,361	-	(6,440)	1,399,921		Total liabilities and equity

Notes to reconciliation of equity as of June 30, 2015

The major items of the reconciliation are as follows:

A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, the amount that was reclassified from accumulated other comprehensive income (loss) to a decrease in "retained earnings" as of June 30, 2015 was ¥2,955 million.

B. Deferred tax

(a) Under U.S. GAAP, when taxes on intercompany profits arising from transfer of assets between entities within NIDEC were paid by sellers, the taxes were deferred as prepaid expenses (¥3,903 million).Under IFRS, however, these temporary differences are recognized as deferred tax assets using the purchasers' tax rates.

(b) Temporary differences resulting from the transition to IFRS are recognized as additional deferred tax assets and liabilities.

(c) Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets with current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

As a result, deferred tax assets and liabilities (net) decreased by ¥5,774 million as of June 30, 2015.

C. Translation adjustment of foreign operations

As noted in (1) above, IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. As a result, translation adjustments reclassified from accumulated other comprehensive income to "retained earnings" was ¥131,332 million at the date of transition to IFRS.

D. Reclassification on consolidated statement of financial position

Certain reclassifications have been made to consolidated statement of financial position to conform to provisions under IFRS. The major reclassifications on consolidated statement of financial position are as follows.

(a) Under U.S. GAAP, deferred tax assets and deferred tax liabilities are presented as current assets/non-current assets and current liabilities/non-current liabilities. Under IFRS, as deferred tax assets and deferred tax liabilities are not allowed to be presented as current assets/current liabilities, all of them are reclassified to non-current assets/non-current liabilities.

(b) Financial assets and financial liabilities are disclosed separately based on a provision for presentation under IFRS.

(iii) Reconciliation of equity as of March 31, 2016

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Assets						Assets
Current assets						Current assets
Cash and cash equivalents	305,942	-	-	305,942		Cash and cash equivalents
	-	251,209	101	251,310		Trade and other receivables
Trade note receivable	16,589	(16,589)	-	-		
Trade accounts receivables	218,680	(218,680)	-	-		
	-	2,010	-	2,010	D	Other financial assets
	-	2,063	-	2,063		Income tax receivables
Inventories	170,951	-	(143)	170,808		Inventories
Other current assets	53,150	(30,380)	(70)	22,700		Other current assets
Total current assets	765,312	(10,367)	(112)	754,833		Total current assets
						Non-current assets
	-	347,729	(1,168)	346,561		Property, plant, and equipment
Land	47,477	(47,477)	-	-		
Buildings	190,362	(190,362)	-	-		
Machinery and equipment	450,860	(450,860)	-	-		
Construction in progress	33,340	(33,340)	-	-		
Accumulated depreciation	(374,310)	374,310	-	-		
Goodwill	162,963	-	(872)	162,091	E	Goodwill
	-	76,859	712	77,571	E	Intangible assets
	-	1,896	-	1,896		Investments accounted for using the equity method
	-	15,998	-	15,998		Other investments
Marketable securities and other securities investments	16,004	(16,004)	-	-		
Investments in and advances to affiliated companies	1,896	(1,896)	-	-		
	-	1,804	-	1,804	D	Other financial assets
	-	13,554	(2,009)	11,545	B	Deferred tax assets
	-	8,724	(4,446)	4,278		Other non-current assets
Other tangible assets	90,568	(90,568)	-	-		
Total non-current assets	619,160	10,367	(7,783)	621,744		Total non-current assets
Total assets	1,384,472	-	(7,895)	1,376,577		Total assets

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Liabilities and equity						Liabilities and equity
Liabilities						Liabilities
Current liabilities						Current liabilities
Short-term borrowings	81,092	-	-	81,092		Short term borrowings
Current portion of long-term debt	82,796	-	(19)	82,777		Long term debt due within one year
	-	186,946	44	186,990		Trade and other payables
Trade notes and accounts payable	177,254	(177,254)	-	-		
	-	3,192	-	3,192		Other financial liabilities
	-	5,831	-	5,831		Income tax payable
	-	18,886	-	18,886		Provisions
Accrued expenses	34,948	(34,948)	-	-		
Other current liabilities	44,388	(3,832)	335	40,891		Other current liabilities
Total current liabilities	420,478	(1,179)	360	419,659		Total current liabilities
Long term liabilities						Non-current liabilities
Long-term debt	136,894	-	(96)	136,798		Long term debt
	-	1,029	-	1,029		Other financial liabilities
	-	19,158	330	19,488	A	Retirement benefit liabilities
Accrued pension and severance costs	19,169	(19,169)	-	-		
	-	3,283	54	3,337		Provisions
	-	29,989	(7,570)	22,419	B	Deferred tax liabilities
	-	2,315	-	2,315		Other non-current liabilities
Other long term liabilities	35,426	(35,426)	-	-		
Total long term liabilities	191,489	1,179	(7,282)	185,386		Total non-current liabilities
Total liabilities	611,967	-	(6,922)	605,045		Total liabilities
Equity						Equity
Common stock	87,784	-	-	87,784		Common stock
Additional paid-in capital	116,058	-	2,283	118,341		Additional paid-in capital
Retained earnings	495,761	-	129,582	625,343	C	Retained earnings
	-	76,729	(132,900)	(56,171)	A	Other components of equity
Accumulated other comprehensive income	76,729	(76,729)	-	-	C	
Treasury stock	(12,111)	-	-	(12,111)		Treasury stock
Total Nidec Corporation shareholders' equity	764,221	-	(1,035)	763,186		Total equity attributable to owners of the parent
Noncontrolling interests	8,284	-	62	8,346		Non-controlling interests
Total equity	772,505	-	(973)	771,532		Total equity
Total liabilities and equity	1,384,472	-	(7,895)	1,376,577		Total liabilities and equity

Notes to reconciliation of equity as of March 31, 2016

The major items of the reconciliation are as follows:

A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, the amount that was reclassified from accumulated other comprehensive income (loss) to a decrease in “retailed earnings” as of March 31, 2016 was ¥3,847 million.

B. Deferred tax

(a) Under U.S. GAAP, when taxes on intercompany profits arising from transfer of assets between entities within NIDEC were paid by sellers, the taxes were deferred as prepaid expenses (¥4,111 million).Under IFRS, however, these temporary differences are recognized as deferred tax assets using the purchasers’ tax rates.
(b) Temporary differences resulting from the transition to IFRS are recognized as additional deferred tax assets and liabilities.
(c) Deferred tax assets and liabilities are offset if a legally enforceable right exists to offset current tax assets with current tax liabilities and the deferred taxes relate to income taxes levied by the same taxation authority on the same taxable entity.

As a result, deferred tax assets and liabilities (net) decreased by ¥5,635 million as of March 31, 2016.

C. Translation adjustment of foreign operations

As noted in (1) above, IFRS 1 permits the cumulative amount of exchange differences on translating foreign operations to be deemed to be zero at the date of transition to IFRS. NIDEC elected to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. As a result, the amount of translation adjustments that was reclassified from accumulated other comprehensive income to “retained earnings” was ¥131,332 million at the date of transition to IFRS.

D. Reclassification on consolidated statement of financial position

Certain reclassifications have been made to consolidated statement of financial position to conform to provisions under IFRS. The major reclassifications on consolidated statement of financial position are as follows.

(a) Under U.S. GAAP, deferred tax assets and deferred tax liabilities are presented as current assets/non-current assets and current liabilities/non-current liabilities. Under IFRS, as deferred tax assets and deferred tax liabilities are not allowed to be presented as current assets/current liabilities, all of them are reclassified to non-current assets/non-current liabilities.
(b) Financial assets and financial liabilities are disclosed separately based on a provision for presentation under IFRS.

E. Retrospective adjustment on business combinations

During the three months ended June 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in “Recognition and measurement differences, etc.”

(iv) Reconciliation of income and comprehensive income for the three months ended June 30, 2015

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Quarterly consolidated statement of income						Condensed quarterly consolidated statement of income
Net sales	285,041	-	-	285,041		Net sales
Cost of products sold	(220,852)	9	(129)	(220,972)	A	Cost of sales
Gross profit	64,189	9	(129)	64,069		Gross profit
Selling, general and administrative expenses	(21,798)	(884)	126	(22,556)	A	Selling, general and administrative expenses
Research and development expenses	(11,654)	-	-	(11,654)		Research and development expenses
Operating income	30,737	(875)	(3)	29,859		Operating profit
	-	1,296	(736)	560	C	Financial income
	-	(368)	(22)	(390)	C	Financial expenses
	-	1,557	-	1,557		Foreign exchange differences
	-	5	-	5		Equity in net income (loss) of associates
Interest and dividend income	485	(485)	-	-		
Interest expense	(345)	345	-	-		
Foreign exchange (loss) gain, net	1,557	(1,557)	-	-		
Gain on marketable securities, net	736	(736)	-	-	B	
Other, net	(823)	823	-	-		
Income before income tax	32,347	5	(761)	31,591		Profit before income taxes
Income taxes	(8,158)	-	218	(7,940)		Income tax expenses
Equity in net income of affiliated companies	5	(5)	-	-		
Consolidated net income	24,194	-	(543)	23,651		Profit for the period
Net income attributable to:						Profit attributable to:
Nidec Corporation	23,790	-	(539)	23,251		Owners of the parent
Noncontrolling interests	404	-	(4)	400		Non-controlling interests

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Quarterly consolidated statement of comprehensive income						Condensed quarterly consolidated statement of comprehensive income
Consolidated net income	24,194	-	(543)	23,651		Profit for the period
Pension liability adjustments	(123)	-	53	(70)	A	Remeasurement of defined benefit plans
Net unrealized gains and losses on securities	(383)	-	445	62	B	Fair value movements on FVTOCI equity financial assets
Foreign currency translation adjustments	11,416	-	(76)	11,340		Foreign currency translation adjustments
Net gains and losses on derivative instruments	1	-	-	1		Effective portion of net changes in fair value of cash flow hedges
	-	-	0	0		Fair value movements on FVTOCI debt financial assets
Total other comprehensive income	10,911	-	422	11,333		Other comprehensive income for the period, net of taxation
Total comprehensive income	35,105	-	(121)	34,984		Comprehensive income for the period
(Breakdown)						Comprehensive income attributable to:
Comprehensive income (loss) attributable to Nidec Corporation	34,727	-	(117)	34,610		Owners of the parent
Comprehensive income (loss) attributable to noncontrolling interests	378	-	(4)	374		Non-controlling interests

Notes to reconciliation of income and comprehensive income for the three months ended June 30, 2015

The major items of the reconciliation are as follows:

A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, retirement benefit costs have increased by ¥118 million yen on the consolidated statement of income for the three months ended June 30, 2015.

B. Equity financial assets

Under U.S. GAAP, gains and losses from the sales of investment securities and impairment of the securities are recognized through profit or loss. Under IFRS, however, NIDEC adopts IFRS 9 and accordingly any gain or loss arising from a difference between the carrying value and fair value of financial assets designated as measured at fair value through other comprehensive income (“FVTOCI”) are recognized in other comprehensive income without reclassification.

C. Reclassifications on the consolidated statement of income

Certain reclassifications are made on the consolidated statement of income in order to comply with the IFRS provisions. The major reclassification on the consolidated statement of income is as follows:

(a) Based on an IFRS provision concerning presentations, the financial income and financial expenses are separately presented.

(v) Reconciliation of income and comprehensive income for the year ended March 31, 2016

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Consolidated statement of income						Consolidated statement of income
Net sales	1,178,290	-	-	1,178,290		Net sales
Cost of products sold	(908,311)	(131)	(1,270)	(909,712)	A,D	Cost of sales
Gross profit	269,979	(131)	(1,270)	268,578		Gross profit
Selling, general and administrative expenses	(93,463)	(5,580)	346	(98,697)	A	Selling, general and administrative expenses
Research and development expenses	(51,978)	-	-	(51,978)		Research and development expenses
Operating income	124,538	(5,711)	(924)	117,903		Operating profit
	-	3,127	(946)	2,181	C	Financial income
	-	(2,473)	(54)	(2,527)	C	Financial expenses
	-	(153)	-	(153)		Foreign exchange differences
	-	1	-	1		Equity in net income (loss) of associates
Interest and dividend income	1,913	(1,913)	-	-		
Interest expense	(2,228)	2,228	-	-		
Foreign exchange (loss) gain, net	(153)	153	-	-		
Gain on marketable securities, net	946	(946)	-	-	B	
Other, net	(5,688)	5,688	-	-		
Income before income tax	119,328	1	(1,924)	117,405		Profit before income taxes
Income taxes	(26,466)	-	234	(26,232)		Income tax expenses
Equity in net income of affiliated companies	1	(1)	-	-		
Consolidated net income	92,863	-	(1,690)	91,173		Profit for the period
Net income attributable to:						Profit attributable to:
Nidec Corporation	91,810	-	(1,690)	90,120		Owners of the parent
Noncontrolling interests	1,053	-	-	1,053		Non-controlling interests

Yen in millions

U.S. GAAP	U.S. GAAP	Re-classification	Recognition and measurement differences, etc.	IFRS	Note	IFRS
Consolidated statement of comprehensive income						Consolidated statement of comprehensive income
Consolidated net income	92,863	-	(1,690)	91,173		Profit for the period
Pension liability adjustments	(981)	-	40	(941)	A	Remeasurement of defined benefit plans
Net unrealized gains and losses on securities	(3,714)	-	805	(2,909)	B	Fair value movements on FVTOCI equity financial assets
Foreign currency translation adjustments	(54,491)	-	(1,711)	(56,202)		Foreign currency translation adjustments
Net gains and losses on derivative instruments	326	-	-	326		Effective portion of net changes in fair value of cash flow hedges
	-	-	(6)	(6)		Fair value movements on FVTOCI debt financial assets
Total other comprehensive income	(58,860)	-	(872)	(59,732)		Other comprehensive income for the period, net of taxation
Total comprehensive income	34,003	-	(2,562)	31,441		Comprehensive income for the period
(Breakdown)						Comprehensive income attributable to:
Comprehensive income (loss) attributable to Nidec Corporation	33,711	-	(2,565)	31,146		Owners of the parent
Comprehensive income (loss) attributable to noncontrolling interests	292	-	3	295		Non-controlling interests

Notes to reconciliation of income and comprehensive income for the year ended March 31, 2016

The major items of the reconciliation are as follows:

A. Retirement benefit liabilities

Under U.S. GAAP, the actuarial gain and loss, and prior service costs resulted from defined benefit plan or lump-sum indemnities which incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

Under IFRS, actuarial gain and loss are recognized in other comprehensive income by the amount after tax and the prior service costs are expensed as incurred. The actuarial gain and loss are transferred from other components of equity to retained earnings directly without going through net profit or loss.

As a result of the factors described above, retirement benefit costs have increased by ¥378 million yen on the consolidated statement of income for the year ended March 31, 2016.

B. Equity financial assets

Under U.S. GAAP, gains and losses from the sales of investment securities and impairment of the securities are recognized through profit or loss. Under IFRS, however, NIDEC adopts IFRS 9 and accordingly any gain or loss arising from a difference between the carrying value and fair value of financial assets designated as measured at fair value through other comprehensive income (“FVTOCI”) are recognized in other comprehensive income without reclassification.

C. Reclassifications on the consolidated statement of income

Certain reclassifications are made on the consolidated statement of income in order to comply with the IFRS provisions. The major reclassification on the consolidated statement of income is as follows:

(a) Based on an IFRS provision concerning IFRS, the financial income and financial expenses are presented separately.

D. Retrospective adjustment on business combinations

During the three months ended June 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in "Recognition and measurement differences, etc."

(vi) Disclosure of material items of reconciliation of the consolidated statements of cash flows for the three months ended June 30, 2015 and the year ended March 31, 2016

There are no material differences between the consolidated statement of cash flows presented under IFRS and the consolidated statement of cash flows presented under U.S. GAAP.

4. Supplementary Information

(1) Information by Product Category

Three months ended June 30, 2015 — Yen in millions

	Small precision motors	Automotive, appliance, commercial and industrial products	Machinery	Electronic and optical components	Others	Total	Eliminations/ Corporate	Consolidated
Net sales:								
Exteral sales	104,058	137,317	26,995	15,823	848	285,041	-	285,041
Intersegment	664	136	3,182	1,288	441	5,711	(5,711)	-
Total	104,722	137,453	30,177	17,111	1,289	290,752	(5,711)	285,041
Operating expenses	87,431	126,995	26,091	15,705	1,171	257,393	(2,211)	255,182
Operating profit	17,291	10,458	4,086	1,406	118	33,359	(3,500)	29,859

Three months ended June 30, 2016 — Yen in millions

	Small precision motors	Automotive, appliance, commercial and industrial products	Machinery	Electronic and optical components	Others	Total	Eliminations/ Corporate	Consolidated
Net sales:								
Exteral sales	94,801	138,250	27,146	15,161	848	276,206	-	276,206
Intersegment	537	1,222	1,722	1,259	347	5,087	(5,087)	-
Total	95,338	139,472	28,868	16,420	1,195	281,293	(5,087)	276,206
Operating expenses	81,590	125,642	23,973	14,310	1,061	246,576	(1,910)	244,666
Operating profit	13,748	13,830	4,895	2,110	134	34,717	(3,177)	31,540

Notes:

1. Product categories are classified based on similarities in product type, product attributes, and production and sales methods.
2. Major products of each product category:
   (1) Small precision motors: Spindle motors for HDDs, brushless motors, fan motors, vibration motors, brush motors and motor applications, etc.
   (2) Automotive, appliance, commercial and industrial products: Automotive motors and components, home appliance, commercial and industrial motors and related products.
   (3) Machinery: Industrial robots, card readers, test systems, pressing machines and power transmission drives, etc.
   (4) Electronic and optical components: Switches, trimmer potentiometers, lens units and camera shutters, etc.
   (5) Others: Services, etc.
3. NIDEC adopts IFRS for its consolidated financial statements from the fiscal year ending March 31, 2017 and previous period amounts are also presented in accordance with IFRS.

(2) Sales by Geographic Segment

Yen in millions

	Three months ended June 30, 2015		Three months ended June 30, 2016		Increase or decrease	
	Amountss	%	Amounts	%	Amounts	%
Japan	69,608	24.4%	68,450	24.8%	(1,158)	(1.7%)
U.S.A.	52,340	18.4%	48,675	17.6%	(3,665)	(7.0%)
Singapore	17,072	6.0%	13,557	4.9%	(3,515)	(20.6%)
Thailand	24,505	8.6%	23,079	8.4%	(1,426)	(5.8%)
Germany	20,256	7.1%	23,175	8.4%	2,919	14.4%
China	65,641	23.0%	63,814	23.1%	(1,827)	(2.8%)
Others	35,619	12.5%	35,456	12.8%	(163)	(0.5%)
Total	285,041	100.0%	276,206	100.0%	(8,835)	(3.1%)

Note:

1. The sales are classified by domicile of the seller, and the figures exclude intra-segment transactions.
2. From the three months ended March 31, 2016, the sales by the Germany segment are separated from the Others segment as an individual segment whilst the sales by the Philippines segment are combined into the Others segment. Accordingly, previous period amounts have been reclassified.

(3) Sales by Region

Yen in millions

	Three months ended June 30, 2015		Three months ended June 30, 2016		Increase or decrease	
	Amounts	%	Amounts	%	Amounts	%
North America	58,039	20.4%	57,718	20.9%	(321)	(0.6%)
Asia	143,220	50.2%	131,424	47.6%	(11,796)	(8.2%)
Europe	35,175	12.4%	37,450	13.5%	2,275	6.5%
Others	2,960	1.0%	4,616	1.7%	1,656	55.9%
Overseas total	239,394	84.0%	231,208	83.7%	(8,186)	(3.4%)
Japan	45,647	16.0%	44,998	16.3%	(649)	(1.4%)
Total	285,041	100.0%	276,206	100.0%	(8,835)	(3.1%)

Note: The sales are classified by domicile of the buyer, and the figures exclude intra-segment transactions.

(4) Quarterly Financial Data for The Year Ended March 31, 2016 Based on IFRS

1. Financial Highlights

Yen in millions

	Three months ended			
	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
Net Sales	285,041	302,311	308,001	282,937
Operating profit	29,859	29,744	30,924	27,376
Operating profit ratio	10.5%	9.8%	10.0%	9.7%
Profit before income taxes	31,591	30,556	30,561	24,697
Profit attributable to owners of the parent	23,251	23,606	22,844	20,419
Earnings per share attributable to owners of the parent -Basic(Yen)	78.79	79.38	76.62	68.84

2. Information by Product Category

Yen in millions

		Three months ended			
		June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016
Small precision motors	External sales	104,058	118,455	129,564	95,911
	Operating profit	17,291	17,307	18,551	11,557
Automotive, appliance, commercial and industrial products	External sales	137,317	138,868	134,846	143,682
	Operating profit	10,458	10,361	11,029	14,190
Machinery	External sales	26,995	27,364	25,886	27,566
	Operating profit	4,086	4,126	3,605	3,218
Electronic and optical components	External sales	15,823	16,705	16,736	14,848
	Operating profit	1,406	1,644	1,495	865
Others	External sales	848	919	969	930
	Operating profit	118	126	146	148
Eliminations/Corporate	Operating profit	(3,500)	(3,820)	(3,902)	(2,602)

5. Other information (unaudited)

22 July 2016

(1) Summary of Consolidated Financial Performance

	For the three months ended June 30, 2015	For the three months ended June 30, 2016	Increase or decrease
	Yen in millions	Yen in millions	%
Net Sales	285,041	276,206	(3.1)
Operating profit	29,859 10.5%	31,540 11.4%	5.6
Profit before income taxes	31,591 11.1%	29,103 10.5%	(7.9)
Profit attributable to owners of the parent	23,251 8.2%	22,041 8.0%	(5.2)
	Yen	Yen	
Earnings per share attributable to owners of the parent -Basic	78.79	74.31	
Earnings per share attributable to owners of the parent -Diluted	77.96	-	

(2) Summary of Consolidated Financial Position and Cash Flows

	As of June 30, 2015	As of June 30, 2016	As of March 31, 2016
	Yen in millions	Yen in millions	Yen in millions
Total assets	1,399,921	1,310,504	1,376,577
Total equity attributable to owners of the parent	776,985	707,387	763,186
	%	%	%
Ratio of total equity attributable to owners	55.5	54.0	55.4

	For the three months ended June 30, 2015	For the three months ended June 30, 2016	For the year ended March 31, 2016
	Yen in millions	Yen in millions	Yen in millions
Net cash provided by operating activities	21,185	37,198	147,659
Net cash used in investing activities	(23,955)	(19,127)	(95,377)
Net cash provided by (used in) financing activities	700	(11,729)	7,775
Cash and cash equivalents at end of period	271,828	284,759	305,942

(3) Dividends

	Interim dividend per share	Year-end dividend per share	Annual dividend per share
	Yen	Yen	Yen
Year ended March 31, 2016 (actual)	40.00	40.00	80.00
Year ending March 31, 2017 (actual)	-	-	-
Year ending March 31, 2017 (target)	40.00	40.00	80.00

(4) Scope of Consolidation and Application of the Equity Method

Number of consolidated subsidiaries:	227
Number of associates accounted for under the equity method:	5

	Change from March 31, 2016	Change from June 30, 2015
Number of companies newly consolidated:	3	10
Number of companies excluded from consolidation:	1	17
Number of companies newly accounted for by the equity method:	1	2
Number of companies excluded from accounting by the equity method:	-	-

Note:
1. NIDEC adopts IFRS for its consolidated financial statements from the first quarter of the fiscal year ending March 31, 2017. Accordingly, the consolidated financial statements for the three months ended June 30, 2015 and those for the fiscal year ended March 31, 2016 are also presented in accordance with IFRS.
2. The amounts of percentage in "(1) Summary of Consolidated Financial Performance" represent percentage of sales.
3. NIDEC does not indicate earnings per share diluted for the three months ended June 30, 2016 because NIDEC does not have dilutive shares.