

[Translation]

Annual Securities Report

(The 44th Business Term)

From April 1, 2016 to March 31, 2017

NIDEC CORPORATION

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This is an English translation of the Annual Securities Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

“Part I. Information on the Company - II. Business Overview - 4. Risk Factors - (27) Risks for foreign investors” is only included in this English translation of the Annual Securities Report and not included in the original report.

Certain information in “Part I. Information on the Company – V. Financial Information” in this document incorporates financial statements prepared in conformity with the International Financial Report Standards (“IFRS”) as issued by the International Accounting Standards Board instead of the English translation of the Annual Securities Report.

The translation of the Independent Auditors’ Report for the original Annual Securities Report is included at the end of this document.

In this document, the terms “we”, “us”, “our” and “NIDEC” refer to Nidec Corporation and consolidated subsidiaries or, as the context may require, Nidec Corporation on a non-consolidated basis and the “Company” refers to Nidec Corporation on a non-consolidated basis.

References in this document to the “Financial Instruments and Exchange Act” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

References in this document to the “Companies Act” are to the Companies Act of Japan and other laws and regulations amending and/or supplementing the Companies Act of Japan.

Part I Information on the Company

I. Overview of the Company

I. Key Financial Data

(1) Consolidated financial data, etc.

(Yen in millions, unless otherwise stated)

Fiscal year	IFRS		
	Transition Date	43rd Business term	44th Business term
Year end	April 1, 2015	March 2016	March 2017
Net Sales	-	1,178,290	1,199,311
Profit before income taxes	-	117,164	142,278
Profit attributable to owners of the parent	-	89,945	111,721
Comprehensive income attributable to owners of the parent	-	30,983	108,024
Total equity attributable to owners of the parent	746,491	763,023	847,285
Total assets	1,349,872	1,376,636	1,676,901
Total equity per share attributable to owners of the parent (yen)	2,538.23	2,572.56	2,856.68
Earnings per share attributable to owners of the parent- Basic (yen)	-	303.04	376.67
Earnings per share attributable to owners of the parent-Diluted (yen)	-	301.93	376.67
Ratio of total equity attributable to owners of the parent to total assets (%)	55.3	55.4	50.5
Profit ratio of total equity attributable to owners of the parent (%)	-	11.9	13.9
Price earnings ratio (times)	-	25.4	28.1
Net cash provided by operating activities	-	147,659	129,853
Net cash used in investing activities	-	(95,377)	(211,476)
Net cash provided by financing activities	-	7,775	95,848
Cash and cash equivalents at end of period	269,902	305,942	321,580
Number of employees [Average number of part-time employees, etc.]	98,439 [29,140]	96,602 [26,116]	107,062 [25,704]

- (Notes) 1. Effective from the 44th business term, consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).
2. Figures shown in yen in millions are rounded to the nearest million.
3. Sales do not include consumption taxes.

(Yen in millions, unless otherwise stated)

Fiscal year	U.S. GAAP			
	40th business term	41st business term	42nd business term	43rd business term
Year end	March 2013	March 2014	March 2015	March 2016
Net Sales	709,270	875,109	1,028,385	1,178,290
Profit before income taxes	13,398	84,460	107,092	119,328
Profit attributable to owners of the parent	7,986	56,272	76,015	91,810
Comprehensive income attributable to owners of the parent	68,894	105,658	155,502	34,003
Total equity attributable to owners of the parent	415,653	517,971	744,972	764,221
Total assets	1,005,417	1,166,938	1,357,340	1,384,472
Total equity per share attributable to owners of the parent (yen)	1,543.10	1,878.03	2,533.07	2,576.59
Earnings per share attributable to owners of the parent- Basic (yen)	29.64	206.82	271.61	309.32
Earnings per share attributable to owners of the parent-Diluted (yen)	27.49	193.50	256.05	308.19
Ratio of total equity attributable to owners of the parent (%)	41.3	44.4	54.9	55.2
Profit ratio of total equity attributable to owners of the parent (%)	2.0	12.1	12.0	12.2
Price earnings ratio (times)	95.0	30.4	29.4	24.9
Net cash provided by operating activities	110,286	87,219	91,875	147,610
Net cash used in investing activities	(133,854)	(63,178)	(81,230)	(95,315)
Net cash (used in) provided by financing activities	61,117	13,471	(19,508)	7,775
Cash and cash equivalents, at end of period	193,420	247,740	269,902	305,942
Number of employees [Average number of part-time employees, etc.]	104,497 [25,233]	100,394 [26,281]	98,439 [29,140]	96,602 [26,116]

- (Notes) 1. Our consolidated financial statements had been prepared in conformity with accounting principles generally accepted in the United States until the 43rd business term.
2. Figures shown in yen in millions are rounded to the nearest million.
3. Sales do not include consumption taxes.
4. “Total equity attributable to owners of the parent”, “Ratio of total equity attributable to owners of the parent”, and “Total equity per share attributable to owners of the parent” are presented based on U.S. GAAP.
5. We implemented a two-for-one stock split of our common stock effective April 1, 2014. Per share amounts have been calculated assuming this stock split was conducted at the beginning of the 40th business term.

(2) Financial data etc. of the Company

(Yen in millions, unless otherwise stated)

Fiscal year	40th business term	41st business term	42nd business term	43rd business term	44th business term
Year end	March 2013	March 2014	March 2015	March 2016	March 2017
Net Sales	132,030	165,953	181,325	230,260	218,682
Ordinary profit (loss)	(3,337)	6,139	27,111	20,657	10,558
Net profit (loss)	(12,443)	5,189	25,217	17,658	7,808
Common stock	66,551	66,551	77,071	87,784	87,784
Number of issued shares (thousands of shares)	145,075	145,075	294,108	298,142	298,142
Total net assets	210,719	230,767	347,531	348,457	334,814
Total assets	565,451	628,338	690,302	702,471	867,645
Net assets per share (yen)	780.91	836.70	1,181.64	1,174.83	1,128.85
Dividends per share (yen)	85	100	70	80	85
[Of the above, interim dividend per share (yen)]	[45]	[45]	[30]	[40]	[40]
Earnings per share, basic (yen)	(46.14)	19.07	90.08	59.49	26.32
Earnings per share, diluted (yen)	-	17.64	84.79	59.27	26.32
Shareholders' equity ratio (%)	37.3	36.7	50.3	49.6	38.6
Return on equity (%)	(5.4)	2.4	8.7	5.1	2.3
Price earnings ratio (times)	-	329.3	88.7	129.5	402.5
Dividend payout ratio (%)	-	262.2	77.7	134.5	322.9
Number of employees [Average number of part-time employees, etc.]	1,749 [150]	1,768 [196]	1,828 [190]	1,985 [212]	2,392 [222]

(Notes) 1. Sales do not include consumption taxes.

2. "Earnings per share, diluted", "Price earnings ratio", and "Divides payout ratio" are not stated for the 40th business term because a net loss was recorded for this business term.

3. We implemented a two-for-one stock split of our common stock effective April 1, 2014. "Net assets per share", "Earnings per share, basic" and "Earnings per share, diluted" have been calculated assuming this stock split was conducted at the beginning of the 40th business term. "Dividends per share" from the 40th business term to the 41st business term are the actual dividend amounts prior to the stock split.

2. History

Month/Year	History
July, 1973	Established in Nishikyo-ku, Kyoto.
August, 1973	Started production and sales of small precision AC motors.
February, 1975	Established Kameoka Plant (closed in December, 1993) in Kameoka-city, Kyoto.
April, 1975	Launched production of brushless DC motors.
April, 1976	Established Nidec America Corporation in St. Paul, the U.S.
October, 1982	Started full-scale production and sales of axial-flow type brushless DC fans.
February, 1984	Established Nidec Torin Corporation (currently Nidec America Corporation) in Torrington, the U.S.
October, 1984	Established the Shiga Plant (currently Shiga Technical Center) in Echigawa-cho (now Aishou-cho), Echi-gun, Shiga.
November, 1988	Listed its stock on the Kyoto Stock Exchange, and the second section of the Osaka Stock Exchange.
March, 1989	Established Nidec Singapore Pte. Ltd. Took a stake in Shinano Tokki Co., Ltd. (currently Nagano Technical Center).
August, 1990	Established Nidec Electronics (Thailand) Co., Ltd.
February, 1992	Established Nidec (Dalian) Ltd. in China.
October, 1992	Established Nidec Taiwan Corporation.
April, 1993	Established Nidec Electronics GmbH in Germany.
October, 1993	Established Nidec (H.K.) Co., Ltd.
February, 1995	Took a stake in Kyoritsu Machinery Co., Ltd. (currently Nidec Machinery Corporation). Took a stake in Shimpo Industries Co., Ltd. (currently Nidec-Shimpo Corporation).
December, 1995	Established Nidec Philippines Corporation.
March, 1997	Took a stake in Tosok Corporation (currently Nidec Tosok Corporation).
April, 1997	Took a stake in Read Electronics Corporation (currently Nidec-Read Corporation).
May, 1997	Took a stake in Kyori Kogyo Co., Ltd. (Nidec-Kyori Corporation, merged into Nidec-Shimpo Corporation from April, 2012).
December, 1997	Established Nidec Tosok (Vietnam) Corporation.
February, 1998	Established P.T. Nidec Indonesia. Took a stake in Copal Co., Ltd. (currently Nidec Copal Corporation) and Copal Electronics Co., Ltd. (currently Nidec Copal Electronics Corporation).
September, 1998	Listed its stock on the first section of the Tokyo Stock Exchange. Listed its stock anew on the first section of the Osaka Stock Exchange.
October, 1998	Established Shibaura Nidec Corporation (currently Nidec Techno Motor Corporation) through a joint investment with Shibaura Engineering Works Co., Ltd. (currently Shibaura Mechatronics Corporation) and Toshiba Corporation.
April, 1999	Established Nidec Shibaura (Zhejiang) Co., Ltd. in China.
December, 1999	Established Nidec Korea Corporation.
March, 2000	Took a stake in Y-E Drive Corporation (currently Nidec Techno Motor Corporation), a subsidiary of YASKAWA Electric Corporation.
September, 2001	Listed on the New York Stock Exchange.
April, 2002	Established Nidec (Zhejiang) Corporation in China.
June, 2002	Established Nidec (Dongguan) Ltd. in China.
April, 2003	Established Nidec (Shanghai) International Trading Co., Ltd. in China.
May, 2003	Relocated its Head Office to Minami-ku, Kyoto-prefecture and opened the Central Technical Laboratory.

Month/Year	History
October, 2003	Took a stake in Sankyo Seiki Mfg. Co., Ltd. (currently Nidec Sankyo Corporation).
October, 2005	Established Nidec Vietnam Corporation.
February, 2006	Established Nidec Automobile Motor (Zhejiang) Corporation.
December, 2006	Established Nidec Motors & Actuators by acquiring the motor and actuator business of Valeo S.A., a French company.
February, 2007	Acquired Brilliant Manufacturing Ltd. of Singapore (currently Nidec Component Technology Co., Ltd.).
April, 2007	Established the corporate slogan "All for dreams."
September, 2009	Took a stake in Japan Servo Co., Ltd. (currently Nidec Servo Corporation). Established Nidec Techno Motor Holdings Corporation (currently Nidec Techno Motor Corporation).
January, 2010	Nidec Techno Motor Holdings Corporation (currently Nidec Techno Motor Corporation) acquired the home appliance motor business of appliances components, an Italian home appliance manufacturer. Started Nidec Sole Motor Corporation S.R.L.
February, 2010	Nidec Electronics (Thailand) Co., Ltd. acquired SC Wado Co., Ltd. in Thailand.
September, 2010	Established Nidec Motor Corporation by acquiring the motors & controls business of Emerson Electric Co. of the U.S.
October, 2010	Established Nidec (Shaoguan) Limited in China.
December, 2010	Established Nidec (Beijing) Co., Ltd. in China. Established Nidec India Private Limited.
April, 2011	Established Nidec (Beijing) Co., Ltd. Qingdao Branch as a sales branch of Nidec (Beijing) Co., Ltd.
July, 2011	Took a stake in SANYO Seimitsu Corporation (currently Nidec Seimitsu Corporation), a subsidiary of SANYO Electric Co., Ltd.
December, 2011	Nidec Electronics (Thailand) Co., Ltd. established Nidec Precision Malaysia Sdn. Bhd. in Malaysia.
March, 2012	Nidec Electronics (Thailand) Co., Ltd. established SC Wado Component (Cambodia) Co., Ltd. in Cambodia.
April, 2012	Nidec-Shimpo Corporation merged Nidec-Kyori Corporation. Nidec-Shimpo Corporation acquired the Minster Machine Company (currently Nidec Minster Corporation) of the U.S.
May, 2012	Established the Nidec Research and Development Center, Singapore. Acquired Ansaldo Sistemi Industriali S.p.A. (Currently Nidec ASI S.p.A.) of Italy.
June, 2012	Opened Nidec Research and Development Center, Japan.
September, 2012	Opened Nidec Research and Development Center, Taiwan. Acquired Avtron Industrial Automation, Inc. (Nidec Avtron Automation Corporation, merged into Nidec Motor Corporation in March, 2016) of the U.S.
October, 2012	Nidec Sankyo Corporation acquired SCD Co., Ltd. of Korea.
November, 2012	Acquired Kinetek Group Inc. (Nidec Kinetek Corporation, merged into Nidec Motor Corporation in March, 2016) of the U.S.
December, 2012	Took a stake in Jiangsu Kaiyu Auto Appliance (currently Nidec Kaiyu Auto Electric (Jiangsu) Co., Ltd.) of China.
April, 2013	Established Nidec Automotive Motors Americas Corporation in the U.S. to integrate its automotive motor business in the country's market.

Month/Year	History
January, 2014	Nidec Sankyo Corporation purchased Mitsubishi Materials C.M.I. Corporation (currently Nidec Sankyo CMI corporation). Nidec Research and Development Center, Japan opened its new building in Kawasaki-city.
March, 2014	Acquired Honda Elesys Co., Ltd. (currently Nidec Elesys Corporation).
February, 2015	Acquired Geräte- und Pumpenbau GmbH Dr. Eugen Schmidt (currently NIDEC GPM GmbH) of Germany.
May, 2015	Acquired Motortecnica s.r.l. of Italy.
July, 2015	Acquired SR drive business of China Tex Mechanical & Electrical Engineering Ltd. (currently Nidec (Beijing) Drive Technologies Co., Ltd.) of China.
August, 2015	Acquired Arisa, S.A. (currently Nidec Arisa, S.L.U.) of Spain. Acquired KB electronics, Inc. (merged into Nidec Motor Corporation in March, 2016) of the U.S.
September, 2015	Acquired business of E.M.G. Elettromeccanica S.r.l. of Italy. Nidec Sankyo acquired PT. NAGATA OPTO INDONESIA.
October, 2015	Opened Nidec Center for Industrial Science.
May, 2016	Delisted from the New York Stock Exchange. Acquired E.C.E. S.r.l. of Italy. Acquired ANA IMEP S.A. (currently Nidec Motor Corporation Romania) of Romania.
December, 2016	Acquired Canton Elevator, Inc. of the U.S.
January, 2017	Acquired Emerson Electric Co.'s motors, drives and electric power generation businesses (currently Nidec Leroy-Somer Holding, Nidec Control Techniques Limited, etc. (France, UK, etc)).
March, 2017	Opened Nidec Corporation Head Office ANNEX Global Learning Center. Acquired Vamco International, Inc. of the U.S. Unified corporate brand logos of group companies to “Nidec”.

3. Description of Business

Major businesses of our group, which is comprised mainly of the Company, 296 consolidated subsidiaries and 6 equity-method associates, are manufacturing and sales of small precision motors, automotive, appliance, commercial and industrial products, machinery, electronic and optical components, and others.

We prepare our consolidated financial statements in accordance with IFRS. The scope of affiliates is also based on the definition of IFRS. Our segments comprise nine reportable segments and others.

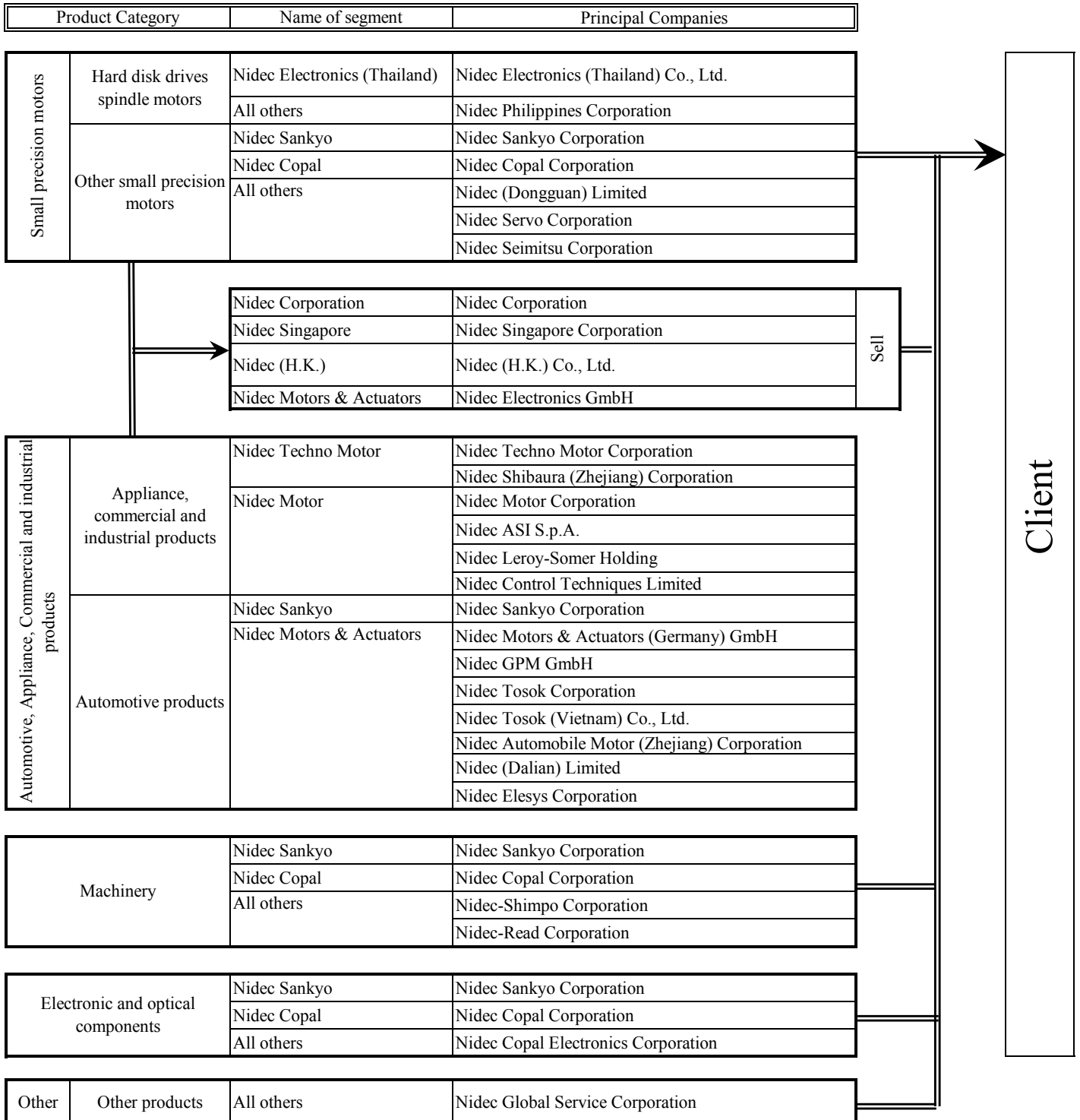
Outline for each segment is described as follows. These segment categories are the same as those in the segment information in notes to consolidated financial statements in “V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements” and segments for the year ended March 31, 2017 in all other parts in this annual securities report.

Name of segment	Outline of segment	Principal companies
Nidec Corporation	The Nidec Corporation segment comprises Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors and automotive products.	Nidec Corporation
Nidec Electronics (Thailand)	The Nidec Electronics (Thailand) segment comprises Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives.	Nidec Electronics (Thailand) Co., Ltd
Nidec Singapore	The Nidec Singapore segment comprises Nidec Singapore Pte. Ltd., a subsidiary in Singapore, and its consolidated subsidiary, which primarily sell hard disk drives spindle motors and other small precision motors.	Nidec Singapore Pte. Ltd.
Nidec (H.K.)	The Nidec (H.K.) segment comprises Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drives spindle motors and other small precision motors.	Nidec (H.K.) Co., Ltd.
Nidec Sankyo	The Nidec Sankyo segment comprises Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell machinery, automotive products, electronic parts and other small precision motors.	Nidec Sankyo Corporation
Nidec Copal	The Nidec Copal segment comprises Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell optical and electronic parts, machinery and other small precision motors.	Nidec Copal Corporation
Nidec Techno Motor	The Nidec Techno Motor comprises Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products.	Nidec Techno Motor Corporation, Nidec Shibaura (Zhejiang) Co., Ltd.
Nidec Motor	The Nidec Motor segment comprises Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec Americas Holding Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. This segment also includes Nidec Leroy-Somer Holding and Nidec Control Techniques Limited which was newly consolidated since February 2017.	Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Leroy-Somer Holding, Nidec Control Techniques Limited
Nidec Motors & Actuators	The Nidec Motors & Actuators comprises Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe and North America, and other manufacturing subsidiaries in Japan and Asia, which primarily produce and sell automotive products.	Nidec Motors & Actuators (Germany) GmbH, Nidec Tosok Corporation, Nidec Elesys Corporation, Nidec GPM GmbH
All Others	The All Others segment comprises subsidiaries that are operating segments but not designated as reportable segments due to their immateriality.	Nidec Seimitsu Corporation. Nidec Philippines Corporation, Nidec (Dongguan) Limited, Nidec-Read Corporation, Nidec Copal Electronics Corporation

The positioning of the Company and its principal consolidated companies in relation to the product category of our group is as follows:

Product Category		Principal Companies
Small precision motors	Hard disk drives spindle motors	Nidec Corporation, Nidec Electronics (Thailand) Co., Ltd., Nidec Philippines Corporation, Nidec (H.K.) Co., Ltd., Nidec Singapore Pte. Ltd.
	Other small precision motors	Nidec Corporation, Nidec Sankyo Corporation, Nidec (H.K.) Co., Ltd., Nidec (Dongguan) Limited, Nidec Servo Corporation, Nidec Seimitsu Corporation, Nidec Copal Corporation
Automotive, appliance, commercial and industrial products	Appliance, commercial and industrial products	Nidec Motor Corporation, Nidec ASI S.p.A., Nidec Techno Motor Corporation, Nidec Shibaura (Zhejiang) Co., Ltd., Nidec Leroy-Somer Holding, Nidec Control Techniques Limited
	Automotive products	Nidec Corporation, Nidec Tosok Corporation, Nidec Tosok (Vietnam) Co., Ltd., Nidec Motors & Actuators (Germany) GmbH, Nidec Electronics GmbH, Nidec GPM GmbH, Nidec Automobile Motor (Zhejiang) Corporation, Nidec (Dalian) Limited, Nidec Elesys Corporation, Nidec Sankyo Corporation
Machinery		Nidec Sankyo Corporation, Nidec-Shimpo Corporation, Nidec-Read Corporation, Nidec Copal Corporation
Electronic and optical components		Nidec Copal Corporation, Nidec Copal Electronics Corporation, Nidec Sankyo Corporation
Others		Nidec Global Service Corporation

[Business Diagram]



4. Information on Affiliates

(1) Consolidated subsidiaries

Name	Address	Capital	Principal business	% of voting rights interests	Relationship				
					Interlocking directorate	Funding support	Major business transaction	Lease of property, plant and equipment	Others
Nidec Electronics (Thailand) Co., Ltd.	Pathumthani Province, Thailand	USD 231,657 thousand	Small Precision Motors	99.9	Yes		Supply of products to the Company, Receipt of royalties	Yes	*1
Nidec Singapore Pte. Ltd.	Singapore	USD 4,656 thousand	Small Precision Motors	100.0	Yes		Sales of products of the Company, Payment of commissions		*1
Nidec (H.K.) Co., Ltd.	Hong Kong, China	HKD 2,352 thousand	Small Precision Motors	100.0	Yes		Sales of products of the Company		*1
Nidec Sankyo Corporation	Shimosuwa-cho, Suwa-gun, Nagano	JPY 35,270 million	Small Precision Motors, Automotive Products, Machinery and Electronic parts	100.0	Yes				*1
Nidec Copal Corporation	Itabashi-ku, Tokyo	JPY 11,080 million	Small Precision Motors, Machinery and Electronic parts	100.0	Yes	Loan			*1
Nidec Techno Motor Corporation	Minami-ku, Kyoto	JPY 2,500 million	Commercial and Industrial product	100.0	Yes	Loan	Receipt of royalties	Yes	
Nidec Motor Corporation	Missouri, U.S.A.	USD 578,879 thousand	Appliance, Commercial and Industrial product	100.0 (100.0)	Yes				
Nidec Motors & Actuators (Germany) GmbH	Baden-Württemberg, Germany	EUR 25 thousand	Automotive products	100.0	Yes	Loan	Payment of commissions		
Nidec Philippines Corporation	Province of Laguna, Philippines	USD 39,207 thousand	Small Precision Motors	99.9	Yes		Supply of products to the Company, Receipt of royalties		*1

Name	Address	Capital	Principal business	% of voting rights interests	Relationship				
					Interlocking directorate	Funding support	Major business transaction	Lease of property, plant and equipment	Others
Nidec (Dongguan) Ltd.	Dongguan, Guangdong, China	USD 23,000 thousand	Small Precision Motors	100.0 (37.5)	Yes		Supply of products to the Company, Receipt of royalties		
Nidec Servo Corporation	Kiryu, Gunma	JPY 2,548 million	Small Precision Motors	100.0	Yes			Yes	
Nidec Seimitsu Corporation	Ueda, Nagano	JPY 300 million	Small Precision Motors	100.0	Yes	Loan			
Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd	Dongguan, Guangdong, China	USD 7,000 thousand	Small Precision Motors	100.0 (100.0)			Supply of products to the Company		*1
Nidec ASI S.p.A.	Milan, Italy	EUR 15,644 thousand	Industrial product	100.0 (100.0)	Yes	Loan			
Nidec Shibaura (Zhejiang) Co., Ltd.	Pinghu, Zhejiang, China	CNY 553,944 thousand	Appliance, commercial and industrial product	100.0 (91.7)					
Nidec Leroy-Somer Holding	Angouleme, France	USD 55,413 thousand	Appliance, commercial and industrial product	100.0 (100.0)					
Nidec Control Techniques Limited	Powys, UK	USD 11,548 thousand	Appliance, commercial and industrial product	100.0 (100.0)					
Nidec Tosok Corporation	Zama, Kanagawa	JPY 5,087 million	Automotive products	100.0	Yes		Receipt of royalties		
Nidec Tosok (Vietnam) Co., Ltd.	Ho Chi Minh, Vietnam	JPY 4,105 million	Automotive products	100.0 (61.5)					
Nidec Electronics GmbH	Baden-Württemberg, Germany	EUR 153 thousand	Automotive products	100.0 (100.0)	Yes		Sales of products of the Company, Payment of commissions		*1
NIDEC GPM GmbH	Thüringen, Germany	EUR 1,534 thousand	Automotive products	100.0 (100.0)	Yes				

Name	Address	Capital	Principal business	% of voting rights interests	Relationship				
					Interlocking directorate	Funding support	Major business transaction	Lease of property, plant and equipment	Others
Nidec Automobile Motor (Zhejiang) Corporation	Pinghu, Zhejiang, China	USD 13,000 thousand	Automotive products	100.0 (23.0)	Yes		Supply of products to the Company		*1
Nidec (Dalian) Ltd.	Dalian, Liaoning, China	USD 36,500 thousand	Automotive products	100.0	Yes		Supply of products to the Company, Receipt of royalties	Yes	
Nidec Elesys Corporation	Saiwai-ku, Kawasaki, Kanagawa	JPY 1,950 million	Automotive products	100.0 (5.0)	Yes			Yes	
Nidec-Shimpo Corporation	Nagaokakyo, Kyoto	JPY 2,593 million	Machinery	100.0	Yes	Loan			
Nidec-Read Corporation	Ukyo-ku, Kyoto	JPY 938 Million	Machinery	100.0	Yes			Yes	
Nidec Copal Electronics Corporation	Shinjyuku-ku, Tokyo	JPY 2,362 million	Electronics Products	100.0	Yes				
Nidec Global Service Corporation	Minami-ku, Kyoto	JPY 109 million	Service	100.0 (70.2)	Yes	Loan			
Nidec Europe B.V.	CH ALMERE, The Netherlands	EUR 322 thousand	Small Precision Motors	100.0	Yes	Loan	Payment of commissions		*1
Other 267 companies									

(Notes) *1. Companies that correspond to the specified subsidiaries or “Tokutei Kogaisha”, total amount of sales or purchase of which exceeds the 10% of the amount of sales or purchase the parent company in the period that correspond to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.

2. A number in the parenthesis notation in the “% of voting rights interests” column shows the % of indirect voting interests, which is a part of the total voting interest.

(2) Associated company under the equity method

We have 6 associated companies under the equity method. We have omitted a description of them as they are immaterial.

5. Employees

(1) Consolidated basis

(As of March 31, 2017)

Name of segment	Number of employees	
Nidec Corporation	1,475	(182)
Nidec Electronics (Thailand)	12,542	(5,088)
Nidec Singapore	64	(0)
Nidec (H.K.)	235	(0)
Nidec Sankyo	13,769	(2,377)
Nidec Copal	7,429	(1,934)
Nidec Techno Motor	3,098	(2,287)
Nidec Motor	20,949	(731)
Nidec Motors & Actuators	15,784	(897)
All Others	30,676	(12,166)
Corporate	1,041	(42)
Total	107,062	(25,704)

(Notes) 1. The number of employees indicates fulltime employees and the figures in parentheses are excluded from the number of employees and indicate the annual average number of temporary employees.

2. The number of employees increased by 10,460 since the end of the fiscal year ended March 31, 2016 due to the acquisition of the motors, drives and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc).

(2) The Company

(As of March 31, 2017)

Number of employees	Average age	Average length of service	Average annual salary
2,392(222)	39.6	9.5	6,432,512

Name of segment	Number of employees	
Nidec Corporation	1,475	(182)
Corporate	917	(40)
Total	2,392	(222)

(Notes) 1. The number of employees indicates fulltime employees and the figures in parentheses are excluded from the number of employees and indicate the annual average number of temporary employees.

2. Average annual salary includes extra wages and bonuses.

3. The number of employees increased by 407 since the end of the fiscal year ended March 31, 2016 due to the mid-term hiring and the acceptance of employees seconded from consolidated subsidiaries upon business expansion.

(3) Labor union

Labor unions have been organized at several consolidated subsidiaries at the company and its consolidated subsidiaries. The relationship between management and labor unions is favorable and there are no material facts to report.

II. Business Overview

1. Summary of Business Results

NIDEC has adopted International Financial Reporting Standards (IFRS) since the first quarter in the fiscal year ended March 31, 2017. In addition, the consolidated financial statements for the previous fiscal year and condensed quarterly consolidated financial statements for the year ended March 31, 2016 also are analyzed in accordance with IFRS.

(1) Operating Results

For the year ended March 31, 2017, the U.S. economy continued to expand moderately, while a concurrent global stock market rally known as the “Trump rally,” which continued since Donald Trump was elected as President of the United States, has now been settled. While Europe and Japan continue to enjoy a moderate recovery, China, supported by its domestic demand expansion based on public works projects, is making a steady economic growth, with resource-rich countries like Brazil and Russia on their way to exit the current economic struggle as their commodity markets recover.

Under such a business environment, NIDEC 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 fiscal year ended March 31, 2017 the highest operating profit, profit before income taxes and profit for the period in our history.

The following table sets forth consolidated operating results for the year ended March 31, 2017:
(Yen in millions)

	Year ended March 31, 2016	Year ended March 31, 2017	Increase or decrease	Increase or decrease ratio
Net sales	1,178,290	1,199,311	21,021	1.8%
Operating profit	117,662	140,331	22,669	19.3%
Profit before income taxes	117,164	142,278	25,114	21.4%
Profit attributable to owners of the parent	89,945	111,721	21,776	24.2%

Consolidated net sales increased 1.8% to ¥1,199,311 million for this fiscal year compared to the previous fiscal year, recording the highest annual net sales in our history. Operating profit increased 19.3% to ¥140,331 million for this fiscal year compared to the previous fiscal year, recording the highest annual operating profit in our history. Profit before income taxes increased 21.4% to ¥142,278 million for this fiscal year compared to the prior year and profit attributable to owners of the parent increased 24.2% to ¥111,721 million for this fiscal year compared to the prior year, respectively achieving the highest annual profit our history.

The following table sets forth operating results by segment:

(Yen in millions)

	For the years ended March 31					
	Net sales			Operating profit		
	2016	2017	Increase or decrease	2016	2017	Increase or decrease
Nidec corporation	229,982	218,648	(11,334)	17,677	16,556	(1,121)
Nidec Electronics (Thailand)	131,753	127,122	(4,631)	18,910	18,792	(118)
Nidec Singapore	68,935	53,470	(15,465)	1,434	704	(730)
Nidec (H.K.)	114,785	133,300	18,515	381	1,698	1,317
Nidec Sankyo	129,304	136,161	6,857	15,047	19,408	4,361
Nidec Copal	59,366	46,676	(12,690)	718	4,628	3,910
Nidec Techno Motor	63,542	67,017	3,475	5,835	7,879	2,044
Nidec Motor	225,387	249,419	24,032	15,611	21,216	5,605
Nidec Motors & Actuators	270,166	266,091	(4,075)	25,885	29,572	3,687
All Others	343,168	343,826	658	29,078	38,425	9,347
Adjustments	(458,098)	(442,419)	15,679	(12,914)	(18,547)	(5,633)
Consolidated total	1,178,290	1,199,311	21,021	117,662	140,331	22,669

(Note) Net sales are the total of sales to external customers and sales to other operating segments.

Net sales of Nidec Corporation decreased 4.9% to ¥218,648 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to a decrease in demands for hard disk drives spindle motors and the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Corporation decreased 6.3% to ¥16,556 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to the decrease in sales, despite a decrease in research and development expenses.

Net sales of Nidec Electronics (Thailand) decreased 3.5% to ¥127,122 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to the negative effects of the appreciation of Japanese yen against the Thai baht and the U.S. dollar, despite an increase in sales caused by changes of product distribution for hard disk drives spindle motors. Operating profit of Nidec Electronics (Thailand) decreased 0.6% to ¥18,792 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to the decrease in sales.

Net sales of Nidec Singapore decreased 22.4% to ¥53,470 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors, the negative effect of change of product distribution for hard disk drives spindle motors and the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Singapore decreased 50.9% to ¥704 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to the decrease in sales.

Net sales of Nidec (H.K.) increased 16.1% to ¥133,300 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to an increase in demands for other small precision motors and hard disk drives spindle motors, despite the negative effect of the appreciation of the Japanese yen against the Hong Kong dollar. Operating profit of

Nidec (H.K.) increased 345.7% to ¥1,698 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to the one-off expense was booked in the year ended March 31, 2016, in addition to the increase in sales.

Net sales of Nidec Sankyo increased 5.3% to ¥136,161 million for the year ended March, 2017 compared to the year ended March 31, 2016. This increase was primarily due to an increase in sales of LCD panel handling robots and Organic EL transfer robots, despite the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Sankyo increased 29.0% to ¥19,408 million for the year ended March 31 2017 compared to the year ended March 31, 2016. This increase was primarily due to the increase in sales and cost reduction.

Net sales of Nidec Copal decreased 21.4%, to ¥46,676 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to a decrease in sales of other small precision motors and the negative effect of the appreciation of the Japanese yen against the Thai baht and other currencies. However, operating profit of Nidec Copal increased 544.6% to ¥4,628 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to cost reduction and changes in the product mix, despite the decrease in sales.

Net sales of Nidec Techno Motor increased 5.5% to ¥67,017 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to an increase in demand for motors for air conditioning equipment in China, despite the negative effect of the appreciation of the Japanese yen against the Chinese yuan. Operating profit of Nidec Techno Motor increased 35.0% to ¥7,879 million or the year ended March 31 2017 compared to the year ended March 31, 2016. This increase was primarily due to the increase in sales.

Net sales of Nidec Motor increased 10.7% to ¥249,419 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to the contribution of Nidec Leroy-Somer Holding and Nidec Control Techniques Limited which have been newly consolidated since February 2017 and the increase in sales through our “Three-new Strategy” (new products, new markets and new clients), despite of the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Motor increased 35.9% to ¥21,216 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to the increase in sales and changes in the product mix.

Net sales of Nidec Motors & Actuators decreased 1.5% to ¥266,091 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was primarily due to the negative effects of the appreciation of the Japanese yen against the U.S. dollar and the Euro, despite an increase in sales for automotive motors such as electric power steering motors and products of control valves at the Nidec Tosok Corporation. However, operating profit of Nidec Motors & Actuators increased 14.2% to ¥29,572 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to cost reduction.

With respect to the All Others segment, net sales increased 0.2% to ¥343,826 million for the year months ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to an increase in sales for other small precision motors and the Press equipments, despite the negative effect of the caused by changes of product distribution for hard disk drives spindle motors. Operating profit increased 32.1% to ¥38,425 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was primarily due to the changes in the product mix and cost reduction.

(2) Cash Flows

(Cash Flows from Operating Activities)

Net cash provided by operating activities decreased ¥17,806 million to ¥129,853 million for the year ended March 31, 2017 compared to the year March 31, 2016. This decrease in net cash

provided by operating activities was mainly due to an increase of ¥60,419 million in accounts receivable, although there were increases of ¥46,126 million in account payable and ¥21,673 million of profit for the year.

For the year ended March 31, 2017, NIDEC had ¥129,853 million of net cash inflows provided by operating activities primarily due to profit for the year of ¥112,671 million and an increase in accounts payable of ¥39,229 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivable of ¥65,582 million. Accounts payable and accounts receivable increased as of March 31, 2017 compared to March 31, 2016 primarily due to an increase in sales.

For the year ended March 31, 2016, NIDEC had ¥147,659 million of net cash inflows provided by operating activities primarily due to profit for the year of ¥90,998 million. However, net cash provided by operating activities was negatively impacted by a decrease in account payable of ¥6,897 million, an increase in inventories of ¥6,176 million and an increase in accounts receivable of ¥5,163 million. Inventories and account receivable increased as of March 31, 2016 compared to March 31, 2015 primarily due to an increase in sales.

(Cash Flows from Investing Activities)

Net cash used in investing activities increased ¥116,099 million to ¥211,476 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. The increase in net cash used in investing activities was mainly due to an increase in acquisition of business, net of cash acquired of ¥130,197 million.

For the year ended March 31, 2017, NIDEC had ¥211,476 million of net cash outflows in investing activities mainly due to acquisition of business, net of cash acquired of ¥139,862 million and additions to property, plant and equipment of ¥68,718 million.

For the year ended March 31, 2016, NIDEC had ¥95,377 million of net cash outflows in investing activities mainly due to acquisition of business, net of cash acquired of ¥9,665 million and additions to property, plant and equipment of ¥81,898 million.

(Cash Flows from Financing Activities)

Net cash provided by financing activities increased ¥88,073 million to ¥95,848 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This increase was mainly due to an increase in net cash inflow from short term borrowings of ¥61,372 million, issuance of corporate bonds of ¥50,001 million and long term debt of ¥20,804 million. On the other hand, outflow from redemption of corporate bonds increased ¥50,000 million.

For the year ended March 31, 2017, NIDEC had ¥95,848 million of net cash inflows from financing activities mainly due to an increase in net cash inflow from short term borrowings of ¥93,784 million, long term debt of ¥58,707 million and issuance of corporate bonds of ¥50,001 million partially offset by redemption of corporate bonds of ¥50,000 million, repayments of long term debt of ¥32,782 million and dividends paid to the owner of the parent of ¥23,728 million.

For the year ended March 31, 2016, NIDEC had ¥7,775 million of net cash inflows from financial activities mainly due to an increase in long term debt of ¥37,903 million and short term borrowings of ¥32,412 million partially offset by repayment of long term debt of ¥26,210 million and dividends paid to the owner of the parent of ¥23,690 million.

As a result of the foregoing factors and the effect of exchange rate changes, NIDEC's total outstanding balance of cash and cash equivalents increased ¥15,638 million from ¥305,942 million as of March 31, 2016 to ¥321,580 million as of March 31, 2017.

2. Production, Orders Received and Sales

(1) Production Results

Consolidated production results by reporting segment for the year ended March 31, 2017 were as follows:

Reporting segment	Amount (Yen in millions)	Change from the prior year (%)
Nidec Corporation	-	-
Nidec Electronics (Thailand)	128,499	89.5
Nidec Singapore	-	-
Nidec (H.K.)	-	-
Nidec Sankyo	135,584	104.3
Nidec Copal	62,298	104.9
Nidec Techno Motor	68,182	110.7
Nidec Motor	249,631	111.7
Nidec Motors & Actuators	225,628	96.0
Others	310,587	97.3
Total	1,180,409	100.7

(Notes) 1. Amounts are recorded at sales price, including intersegment transfers.

2. Amounts do not include consumption taxes.

(2) Orders Received

Consolidated orders received by reporting segment for the year ended March 31, 2017 were as follows:

Reporting segment	Amount (Yen in millions)	Change from the prior year (%)	Balance (Yen in millions)	Change from the prior year (%)
Nidec Corporation	32,901	105.8	4,088	114.3
Nidec Electronics (Thailand)	90,501	100.8	15,277	106.7
Nidec Singapore	51,767	81.6	7,902	86.9
Nidec (H.K.)	128,292	114.3	5,910	89.3
Nidec Sankyo	139,081	105.5	23,786	116.6
Nidec Copal	36,376	93.0	923	77.2
Nidec Techno Motor	61,735	105.6	1,937	115.7
Nidec Motor	240,193	99.6	90,110	124.7
Nidec Motors & Actuators	-	-	-	-
Others	427,165	97.8	62,411	128.2
Total	1,208,011	100.4	212,344	119.4

(Notes) 1. Intersegment transactions are eliminated.

2. Amounts do not include consumption taxes.

3. Nidec Motors & Actuators adopts the production system based on estimated orders. Made-to-order, which Nidec Motors & Actuators partially adopts, is included in the Others segment.

(3) Revenues

Consolidated revenues by reporting segment for the year ended March 31, 2017 were as follows:

Reporting segment	Amount (Yen in millions)	Change from the prior year (%)
Nidec Corporation	32,390	103.2
Nidec Electronics (Thailand)	89,573	99.7
Nidec Singapore	52,882	77.6
Nidec (H.K.)	128,940	113.6
Nidec Sankyo	135,687	105.2
Nidec Copal	36,649	92.7
Nidec Techno Motor	61,472	104.9
Nidec Motor	249,206	110.9
Nidec Motors & Actuators	243,914	98.5
Others	168,598	95.8
Total	1,199,311	101.8

(Notes) 1. Intersegment transactions are eliminated.

2. Amounts do not include consumption taxes.

3. Management Policies, Business Environment, and Challenges

(1) Basic management policies

We aim to become the world's leading comprehensive motor manufacturer, maximize shareholder value, and meet the expectations of shareholders by delivering higher technology solutions, offering higher wages, and thus achieving higher growth, profit and stock prices, over the long-term. We seek to uphold the following three management goals and principles:

- 1) Employment stability based on sustainable business growth;
- 2) Available supply of highest quality, indispensable, and widely desired products for the common good for all;
- 3) Pursuit of the top leader position in each of the company's chosen paths.

(2) Management targets

We endeavor to pursue profitable growth by setting a new medium-term strategic target for the fiscal year ending March 31, 2021. Its main components are as follows:

- 1) Consolidated net sales of ¥2 trillion (including approximately ¥500 billion contributed by new M&A activity);
- 2) Consolidated net sales of automotive products of ¥700 billion to ¥1 trillion;
- 3) Consolidated operating profit ratio of at least 15%;
- 4) ROE (return on shareholders' equity) of at least 18% (assuming shareholders' equity to total assets of 60%);
- 5) Establishment of a five-pronged global business management system

(3) NIDEC's mid- to long-term business strategies

To achieve the targets set forth in our new medium-term strategic target, NIDEC, acting based on "its organic growth strategy" and "M&A strategy" strives to enhance and expand its business portfolio and achieve more uniformity among the group companies.

We are currently shifting from our current business portfolio to an improved and expanded business portfolio consisting of four core business lines, namely "small precision motors," "appliance, commercial and industrial motor products," "automotive products" and "other products," and have launched in the fiscal year ending March 31, 2013, a business enhancement system through which we aim to promote a market-oriented approach for each area of operation, particularly in terms of formulating new strategic ideas and operational implementation.

To strengthen the group's advanced R&D structures, we intend to develop new business and shift to an improved and expanded business portfolio under the leadership of our Chief Technology

Officer while actively interacting with external research institutions. Taking advantage of our core technologies, we seek to realize innovation and achieve growth by exploring the market with high value-added products developed by our group's unique technology and pursuing Technology Application Development to cultivate new market demand.

As a critical part of the growth strategy of NIDEC, we plan to continue to actively seek M&A opportunities as we aim to achieve growth quickly and efficiently. In the fiscal year ended March 31, 2017, we successfully acquired companies formerly E.C.E. S.r.l., ANA IMEP S.A. (currently, Nidec Motor Corporation Romania), Canton Elevator, Inc., the motors, drives, and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding, Nidec Control Techniques Limited, etc.), and Vamco International, Inc..

Furthermore, with the purpose of promoting our production technology and realizing profitable applications of new materials, engineering methods, robots and automation equipment, we established in October 2015 the Nidec Center for Industrial Science, the construction of which began in Kansai Science City from December 2016. We seek to build a manufacturing system so as to be better able to stay ahead of the global competition while nurturing our manufacturing engineers.

We also established Global Learning Center in Minami-ku in the city of Kyoto in March 2017 aiming to raise the next generation of NIDEC employees who will work globally and support NIDEC's global business expansion.

(4) Business environment

In the global economy, while U.S., Europe and Japan continue to enjoy a moderate recovery, China, supported by its domestic demand expansion based on public works projects, is making a steady economic growth, with resource-rich countries like Brazil and Russia on their way to exit the current economic struggle as their commodity markets recover. On the other hand, as competitions in the global market intensify, better and improved competitiveness is essential for NIDEC's sustainable growth, which urgently requires us to improve NIDEC's additional values based on new, competitive products and fresh, advanced technologies.

(5) NIDEC's challenges

1) Enhancing the corporate governance system

As NIDEC operates its governance system that includes independent directors from the outside, we have a total of three independent auditors and two directors from the outside after general meeting of shareholders on June 16, 2017. In addition, as part of our ongoing efforts to reform the board of directors and further strengthen our corporate governance system.

2) Building and strengthening NIDEC's global management infrastructure

NIDEC as a global company will further enhance its group's business management, accounting and financial reporting, and business information disclosure systems in accordance with global standards.

To secure a global sustainable growth and accelerate the pace of the post-merger integration (PMI) process of companies purchased overseas, we are building a "five-pronged matrix-based business management system" intended to strengthen the foundation of our growth strategy. Specific actions include the establishment and functional expansion of regional management companies, which will be tasked to improve management quality (in the areas of governance, compliance, and internal control), secure good management efficiency (providing high-quality, low-cost shared services for individual regions), and actively support PMI.

We previously maintained a "federate-style" management system, under which individual group companies maintained a high degree of independence and autonomy in their business operations; however, to address globalization needs, we are shifting towards a "unified group management" increasingly quickly.

NIDEC's Corporate Administration & Internal Audit Department, which is responsible for group-wide internal controls, has in place a global auditing system to enhance our internal control system based on the experience and know-how gained through the past audits of our financial statements and the implementation of measures to comply with the U.S. Sarbanes-Oxley Act of 2002. We also seek to improve our information disclosure system and policy through enhanced

cooperation between a committee responsible for information disclosure and other relevant specialized departments.

Such specialized departments and offices, including the Compliance Office, the Risk Management Office, and the CSR (corporate social responsibility) Promotion Office, also collaborate with one another and other departments as appropriate. We seek to find ways to create and maintain jobs and otherwise contribute to society based on our basic management policy as a good corporate citizen.

4. Risk Factors

Risks that have the potential to affect the performance, stock price and financial position of NIDEC include, but are not limited to, the issues discussed below.

Forward-looking statements in this discussion reflect the judgment of NIDEC as of March 31, 2017.

(1) Risks related to economic downturns

Demand for our products may be adversely affected by unexpected economic trends in the countries or regions in which our products, and the end-products in which they are used, are sold. In particular, our products are often used in end-products that are subject to discretionary spending, such as personal computers, consumer electronic goods and automobiles, and thus a decline in general consumption levels could adversely affect our sales. Similarly, capital investment levels in the manufacturing sector can be particularly sensitive to economic trends, and a decline in capital investment could adversely affect sales of our products that are used in industrial applications. Our results of operations and financial condition may be materially and adversely affected by negative economic trends in future periods.

(2) Risks related to our expansion of business portfolio to new business areas

While our business has traditionally been centered on motors and their derivative products, equipment and components used in the information technology sector, we are currently expanding our business portfolio into other prospective markets which would give us broader scope for producing technological synergies and new growth opportunities. However, there can be no assurance that we will be able to secure the necessary information, business resources, customer relationships, business expertise and brand recognition in a timely manner. For example, the success of our acquisition and investment activities which is a key factor in our ability to succeed in our business portfolio expansion is constantly subject to uncertainty. In addition, the automotive, appliance, commercial and industrial product markets in which we are endeavoring to expand are subject to various risks such as those stemming from vast supply chains that increase the risk of manufacturing disruptions and labor problems of third parties having an adverse effect on our business and increased compliance costs related to more stringent environmental and safety regulations. Furthermore, our overall operating margin could be adversely affected if, in the course of our business portfolio expansion, our product mix changes in a manner that increases the proportion of sales related to less profitable products and businesses.

(3) Risks related to our unchanged importance of hard disk drive market

Our product diversification initiative in recent years has significantly improved the company's product mix and thereby reduced its traditional dependence on the market for motors used in hard disk drive (HDD). In the meantime, however, a substantial portion of our consolidated profit remains directly tied to data storage demand, leaving the company's overall profitability susceptible to volatility originating from the HDD market. A significant decline in HDD demand, such as one resulting from the current competition with solid state drives, could affect our profit streams to a considerable degree. Furthermore, our key supplier status with all of the three existing HDD manufacturers, which allows us to represent over 80% of the global HDD motor market, places us in a unique environment where a drastic decline in orders from any single customer in the HDD market could have a materially adverse effect on our consolidated results and financial condition.

(4) Risks related to competition

We generally face aggressive competition in the markets in which we conduct business. Particularly in the markets for automotive and appliance components, we often face fierce competition with domestic manufacturers in emerging economies. To maintain our competitiveness in the markets where we supply our main products and to enhance our competitiveness in the markets into which we are attempting to expand our business, we believe that we should maintain, or may need to increase, our substantial level of investment in research and development, expand our production, sales and marketing capabilities, enhance services and support, timely develop new products, and further improve our existing products. We will also need to continue our cost reduction efforts in order to maintain our profitability.

Our competitiveness may decline and/or our profitability may be adversely affected if:

- any of our markets develops faster than our expectations due to rapidly increasing demand or otherwise, causing our market share to decline relative to our competitors that are able to better meet increasing demand or otherwise cope with developing markets;
- our cost reduction efforts are insufficient to offset declines in market price levels or increases in raw material costs;
- our competitors' competitive efforts result in technological innovations, improved manufacturing efficiencies or enhanced research and developmental capabilities, rendering our products and technologies obsolete or uncompetitive;
- mergers or consolidations among our competitors result in a relative decline in our competitive position; or
- we are unable to obtain financial, technological, human or other resources necessary to maintain or enhance our investments.

(5) Risks related to our research and development

We engage in continuous research and development activities, including those related to basic technologies, new products, product improvements and manufacturing processes. The markets for our products are characterized by continual and fast-paced technological development, and our customers' requirements regarding the performance of our products are expected to continue to heighten. In such markets, our success will depend upon our ability to continue to develop superior technologies, products and processes in a timely manner in order to meet our customers' needs effectively. If third parties succeed in developing new technologies, products or processes that are more attractive to our customers than ours due to our inability to accurately anticipate the direction of the market, our inability to conduct research and development in an effective or timely manner or otherwise, our products could be rendered obsolete or the competitiveness of our products could decline. Anticipating such shifts accurately and developing appropriate technologies, products and processes in a timely manner present a significant challenge. Determining the direction of our research activities related to basic technologies is particularly difficult, and the risk of our being unable to recoup the costs related to such activities can be significant. If we are unsuccessful in our research and development activities, our business and results of operations could be materially and adversely affected.

In addition, our customers generally require us to provide customized products that meet specific performance requirements within a set delivery timetable. Our customers are increasingly demanding that we provide them with more complex products on a shorter timetable. Any future failure to design, manufacture and deliver customized products that meet customer requirements could damage our relationship with the customer, harm our reputation and negatively affect our market share, as well as impede the business development of these new products and the expansion of the products' markets. Furthermore, if a customer fails to successfully commercialize or sell products that incorporate in them any customized product in which we invested significant

resources to develop, we may be unable to recoup the relevant development costs. As a result, our business and results of operations could be materially and adversely affected.

(6) Risks related to quality of our products

We manufacture complex, state-of-the-art motors and other electronic products and, as a result, are exposed to potential warranty and product liability claims arising from alleged or actual defects in our products in the normal course of business. In particular, widespread malfunction of any end-product in which our products are incorporated may lead to consumer dissatisfaction, recalls and lawsuits. In the automotive, appliance, commercial and industrial motors and other parts markets, where we seek to expand our business, strict safety standards are imposed by applicable regulations and demanded by the public, as malfunctioning vehicles, equipment or machinery could result in serious property damage, personal injuries and even death. If such malfunction is caused by or attributed or alleged to be attributed to defects in our products, our brand image could be damaged, we may be subject to adverse regulatory action and significant legal claims or drawn into disputes with our customers, and our results of operations may be adversely affected by lost sales or costs associated with recalls. In addition, significant financial and human resources may be incurred, and management's attention may be diverted, if we are required to defend ourselves against legal claims.

We generally maintain insurance against product liability claims, but our insurance coverage may not be adequate for any potential liability ultimately incurred. In addition, insurance could become unavailable in the future on terms acceptable to us. A successful claim that exceeds our available insurance coverage or a significant product recall could have a material adverse impact on our financial condition and results of operations.

(7) Risks related to procurement of raw materials or components

We rely on third party suppliers for raw materials, components and unit assemblies used in our manufacturing processes. Our production capacity will be limited if one or more of these materials or components become unavailable or available only in reduced quantities or at increased prices. Financial or operational disruptions or slowdowns suffered by our principal suppliers or shippers may negatively affect the availability of raw materials or components.

Governmental actions that add conditions to the use of raw materials or components or impose regulatory compliance requirements relating to such materials or components may also affect their availability. For example, Section 1502 of the U.S. law known as the "Dodd-Frank Act," which imposes due diligence requirements regarding the use of "conflict" minerals mined from the Democratic Republic of Congo and adjoining countries, requires our direct and indirect U.S. customers to tighten control over the sourcing activities of their supply chains. In the course of assisting our customers in building responsible mineral supply chains, we might be obliged to limit our sourcing options or face difficulties in supplier network coordination.

If the sources or availability of materials or components necessary for our products become limited, we may have to devote significant resources to secure alternative suppliers or shippers, find substitutes for such materials or components, or develop designs and technologies that reduce or eliminate the need for such materials or components. If our sources of materials and supplies are unavailable for a significant period of time without any such substitute, design or technology, our results of operations will be adversely affected.

(8) Risks related to our operations in overseas countries

A substantial portion of NIDEC's manufacturing and marketing activity is conducted in the United States, Europe and in other region, such as China. There are a number of risks in doing business in such overseas markets, including the following:

- economic slowdown or downturn in the relevant industries in foreign markets;
- international currency fluctuations;
- general strikes or other disruptions in working conditions;

- labor shortages and labor cost increases, especially in China and Thailand;
- political instability;
- changes in trade restrictions and tariffs;
- difficulties associated with staffing and managing international operations;
- generally longer receivables collection periods;
- unexpected changes in or imposition of new legislative or regulatory requirements;
- relatively limited protection for intellectual property rights in some countries;
- potentially adverse taxes;
- cultural and trade differences;
- additional cost of products exported overseas, including tariffs, shipping costs, and other duties and impositions, which may make our products less price competitive, and
- significant time and capital required for expanding overseas businesses before achieving a return on capital.

(9) Risks related to quarter-to-quarter comparisons of our operating results

We have experienced, and expect to continue to experience, fluctuations in sales and results of operations from one quarter to the next. As a result, we believe that quarter-to-quarter comparisons of our results of operations are not necessarily meaningful, and that such comparisons cannot be relied upon as indicators of future performance. Our results of operations may be subject to significant quarterly fluctuations as a result of the various factors, including:

- fluctuations in product demand as a result of the cyclical and seasonal nature of the markets in which our products are sold and used, including the information storage and communication, appliance, commercial and industrial products markets;
- translation effect of exchange rate fluctuations on the results of our overseas subsidiaries and monetary assets and liabilities denominated in foreign currencies;
- the availability and extent of utilization of our manufacturing capacity;
- changes in our product, customer or competitor mix, which can occur on short notice;
- cancellation or rescheduling of significant orders, which can occur on short notice;
- deferrals of customer orders for our new products; and
- component and raw material costs and availability, particularly with respect to those obtained from sole or limited sources, which can occur on short notice.

(10) Risks related to prior investments for anticipated customer demands

We typically plan our production and inventory levels based on customers' advance orders, commitments or forecasts, as well as our internal assessment and forecasts of customer demand, which are highly unpredictable and can fluctuate substantially, especially if competition becomes more intense or the demand is reduced due to seasonality or other factors. In order to secure

sufficient production scale and productivity, we may make capital investments in advance of anticipated customer demand. For example, we plan to make additional capital investments to expand our manufacturing capabilities particularly in emerging economic regions. If our manufacturing capabilities are under-utilized due to lower demand for our products, unavailability of raw materials or components, or for any other reason, such under-utilization could result in a decline in our profit margins due to our operating expenses being relatively fixed as well as impairment losses or could otherwise have a material adverse impact on our results of operations and financial condition. On the other hand, if we underestimate our customers' needs and fail to make the necessary capital investments, we may lose market share due to our inability to meet customers' demands.

In addition, in anticipation of long lead times to obtain inventory and materials from our suppliers, we may also from time to time order materials in advance of anticipated customer demand. This advance investment and ordering may result in excess inventory levels, resulting in unanticipated inventory write-downs if expected orders fail to materialize. In addition, our operating expenses are relatively fixed, and we thus have limited ability to reduce expenses quickly in response to any revenue shortfalls resulting from a decrease in demand. Consequently, our results of operations will be harmed if our revenues do not meet our revenue projections.

(11) Risks related to M&A

We have achieved much of our growth by acquiring and otherwise investing in other companies that have provided us with complementary technologies, product lines, marketing and sales networks, and customer base. The continued success of our acquisition and investment activities constitutes a key factor in achieving our current business strategy. To the extent that we are unable to make successful acquisitions or investments, we may not be able to continue to expand our product range, marketing or sales networks or customer base, and our growth rates could be adversely affected.

Critical to the success of our acquisitions is the ordered and efficient integration of acquired businesses into our organization, which has in the past required, and may continue to require, significant resources. Our acquisitions may not generate the operational and financial returns we expect. The success of our future acquisitions will depend upon factors such as:

- our ability to manufacture and sell the products of the businesses acquired and to integrate the technologies of the acquired businesses with our own to develop new products;
- continued demand for such products by our customers;
- our ability to integrate the acquired businesses' operations, products and personnel;
- our ability to retain key personnel of the acquired businesses;
- our ability to extend our financial and management controls as well as our reporting and compliance systems and procedures to acquired businesses;
- accuracy of various due diligence analyses; and
- our ability to identify possible liabilities that could negatively affect our business, operations or reputation during the due diligence process.

Our new and additional investments in other companies are subject to other uncertainties that may have a material adverse impact on our business. For example, the fair value of our investments in other companies may be impaired if their business results deteriorate or as a result of a decline in the fair value of their securities that is other than temporary. Changes in economic policies of local governments, laws and regulations, and accounting rules applicable to companies in which we invest may also have a significant adverse effect on our financial results. In addition, in cases where we have a non-controlling interest in an investee, we typically cannot control the

operations and the assets of the investee or make major decisions without the consent of other shareholders or participants, or at all, unless we acquire a controlling interest by increasing our shareholding interest.

Failure to succeed in acquisitions or investments, or an inability to find suitable acquisition or investment targets, could have a material adverse effect on our business, results of operations and financial condition.

(12) Risks related to our growth increasing burdens on management and our resources

Our future success depends to a large extent on our ability to integrate and manage our group of companies as we seek to continue expanding our business and operations organically or through acquisitions of or investments in businesses in accordance with our growth strategy. However, our growth has placed, and is expected to continue to place, significant burdens on our management and operational and financial resources. As we pursue our growth strategy, we may face increasing burdens on management and our resources and, as a result, fail to timely and appropriately enhance our group-wide administrative, operational, information technology, and financial and compliance management systems. Any such failure may have a material adverse impact on our business, results of operations and financial condition.

(13) Risks related to our dependence on our Chairman of the Board, President and CEO, Mr. Shigenobu Nagamori

Our continued success will depend to a significant extent on the efforts and abilities of our founder and current Chairman of the Board, President and CEO, Mr. Shigenobu Nagamori. Mr. Nagamori is actively engaged in our management and determines our strategic direction, especially with regard to acquisition activities. While we are in the process of establishing a management structure designed to reduce our dependence on Mr. Nagamori, his sudden departure or reduced attention to us could have a material adverse effect on our business, financial condition and results of operations.

(14) Risks related to recruiting and retaining highly skilled personnel

Our business depends on the continued employment of our senior management, engineers and other technical personnel, many of whom would be extremely difficult to replace. To maintain our current market position and support future growth, we will need to hire, train, integrate and retain significant numbers of additional highly skilled human resources. The competition is intense worldwide for recruiting such personnel, and we and our affiliates may be unable to attract and retain such additional personnel.

(15) Risks related to compliance with various laws and regulations

We conduct our business subject to ongoing regulation and associated regulatory compliance risks, including the effects of changes in laws, regulations, policies, voluntary codes of practice, accounting standards and interpretations in Japan and other countries in which we conduct our business. As we expand the range of our products and the geographical scope of our business, we will be exposed to risks that are unique to particular industries, markets or jurisdictions. Our compliance risk management systems and programs may not be fully effective in preventing all violations of laws, regulations and rules.

Our business activities are subject to a wide range of environmental laws and regulations in Japan, Asia, the Americas, Europe and other areas. These laws and regulations include those relating to discharge of chemicals into the air and water, management, treatment and disposal of hazardous substances and wastes, product recycling, prevention of global warming and the obligation to investigate and remediate soil and groundwater contamination. Many of our operations require environmental permits, the terms of which may impose limits on our manufacturing activities and require the incurrence of costs to achieve compliance and which may be subject to modification, renewal and revocation by the issuing authorities. We may be held responsible for payments or other sanctions for noncompliance with, or otherwise pursuant to, applicable environmental laws, regulations and permits, in which case our reputation as well as our results of operations could be adversely affected. Moreover, if these laws, regulations and permits become more stringent in the future, the amount of capital expenditures and other expenses which

may be required to complete remedial actions and to continue to comply with applicable environmental laws, regulations and permits could increase and be significant, which would materially and adversely affect our business, financial condition and results of operations.

Our business activities are also subject to various other governmental regulations, both local and international, including antitrust, anti-bribery, anti-terrorism, intellectual property, consumer protection, taxation, export regulations, tariffs, foreign trade and exchange controls. Because a significant portion of our sales are derived from small precision motor sales and because we have a leading market share globally for small precision motors, any regulatory development or measure that affects sales or manufacturing of small precision motors in particular could reduce our sales or otherwise negatively affect our business. Moreover, as we expand our operations into new products and geographical markets, we may be required to further enhance our compliance policies and procedures. Our failure or inability to comply fully with applicable laws, regulations, standards and rules could lead to fines, public reprimands, damage to reputation, enforced suspension of operations or, in extreme cases, withdrawal of authorization to operate, adversely affecting our business and results of operations.

In addition, future developments or changes in laws, regulations, rules, policies, voluntary codes of practice, accounting standards, fiscal or other policies and their effects are unpredictable and beyond our control. Such developments and changes may require additional financial, administrative and human resources or a significant adjustment to our business operations.

(16) Risks related to internal controls over financial reporting

As a public company, we are subject to the requirements regarding internal controls over financial reporting under the Financial Instruments and Exchange Act of Japan, and it is essential for us to have effective internal controls, corporate compliance functions and accounting systems to manage our assets and operations. Designing and implementing an effective system of internal controls capable of monitoring and managing our business and operations requires significant management, human and other resources. Once we identify any significant deficiencies or material weaknesses in our internal control systems, we may require additional resources and incur additional costs to remediate such deficiencies or weaknesses.

Furthermore, if management determines that our internal control over financial reporting is not effective for any period, we may be unable to timely file financial reports or such internal control may interrupt stakeholders and management's effective decision making, and as a result, our market perception could be negatively affected. Depending on the severity of, and causes and other factors relating to, a material weakness in internal control over financial reporting, we could be subject to liabilities or sanctions of applicable laws and regulations. In addition, we could be restricted in our ability to access financial markets for capital raising.

(17) Risks related to intellectual property

Our business is dependent on our ability to protect the proprietary rights to our technologies and products and other intellectual property, which we seek to protect through patent, trade secret, trademark, copyright and other legal protection afforded to intellectual property rights as well as contractual provisions and our internal information control system. Despite these efforts, we face the following risks:

- we could incur substantial costs in defending against claims of infringement of the intellectual property of others, and such claims could result in damage awards against us, orders to pay for the use of previously unrecognized third-party intellectual property or injunctions preventing us from continuing aspects of our business, which could in turn have a material adverse effect on our business, financial condition and results of operations;
- our protective measures may not be adequate to protect our proprietary rights;
- other parties, including competitors with substantially greater resources, may independently develop or otherwise acquire equivalent or superior technology, and we may be required to pay royalties to license the intellectual property of those parties;

- patents may not be issued pursuant to our current or future patent applications, and patents issued pursuant to such applications, or any patents we own or have licenses to use, may be invalidated, circumvented or challenged;
- the rights granted under any such patents may not provide competitive advantages to us or adequately safeguard and maintain our technology;
- we could incur substantial costs in seeking enforcement of our patents against infringement or the unauthorized use of our trade secrets, proprietary know-how or other intellectual property by others; and
- the laws of foreign countries in which our products are manufactured and sold may not protect our products and intellectual property rights to the same extent as the laws of Japan, and such laws may not be enforced in an effective manner.

(18) Risks related to leaks of confidential information

In the normal course of business, we possess personal and other confidential information on our customers, other companies and other third parties with whom we do business as well as our own confidential information and personal information of our employees. Although we have security measures in place to protect such information, we may be subject to liability or regulatory action if any of such information is leaked due to human or technical error, unauthorized access, other illegal conduct or otherwise. Failure to protect confidential information could also lead to a loss of our competitive advantage and customer and market confidence in us, adversely affecting our business, financial condition and results of operations.

In addition, there is a risk that our confidential information may be leaked due to human or technical error or illegal conduct by a third party or other causes that are beyond our control. In such cases, including where our competitive advantage is lost because of the leak, our business, financial condition or results of operations may be adversely affected.

(19) Risks related to our pension plans

We have defined benefit pension plans covering employees who meet eligibility requirements. We may incur losses if the fair value of our pension plans' assets declines, if the rate of return on our pension assets declines, or if there is a change in the actuarial assumptions on which the calculations of the projected benefit obligations are based. We may also experience unrecognized service costs in the future due to amendments to existing pension plans. Changes in the interest rate environment and other factors may also adversely affect the amount of unfunded pension obligations primarily. In addition, the assumptions used in the computation of future pension expenses may not remain constant.

(20) Risks related to impairment of our goodwill and tangible assets

We have significant goodwill and tangible assets, including plant, property and equipment. In connection with any acquisition we make in the future, we may record additional goodwill depending on the terms of the acquisition. According to declines in the profitability of our assets, we may be required to record an impairment loss. Any significant amount of such impairment losses will adversely affect our results of operations and financial condition.

(21) Risks related to recoverability of deferred tax assets

We must assess the likelihood that our deferred tax assets will be recovered from future taxable income and to the extent we believe that recovery is not likely, we are required to reduce our deferred tax assets. In the event of a deterioration in market conditions or results of operations in which we determine that there is additional uncertainty regarding realization of all or part of our net deferred tax assets, the resulting adjustment to our deferred tax assets would decrease our income during the period in which such determination is made.

(22) Risks related to fluctuations of foreign currency exchange rates

A significant portion of our overseas sales is denominated in currencies other than the

Japanese yen, primarily the U.S. dollar, Euro, the Chinese yuan and Thai baht. As a result, the appreciation of the Japanese yen against the U.S. dollar, Euro and other currencies will generally have a negative effect on our sales, operating profit and profit for the year. In order to mitigate against this risk, in recent years we have been attempting to offset a portion of our foreign currency revenue by matching the currency of revenue with the currency of expense. For example, if revenue for a particular product is in U.S. dollars, we attempt to purchase the supplies and resources used to produce that product in U.S. dollars. Nevertheless, we remain exposed to the effects of foreign exchange fluctuations. We may also experience volatility in our shareholders' equity as a result of foreign currency exchange rate fluctuations when the results of operations of subsidiaries operating in currencies other than the yen are consolidated into our financial statements, which are reported in Japanese yen.

(23) Risks related to fluctuations of interest rates

We have long-term receivables and debt, with fixed and variable rates, and we enter into interest rate swaps and other contracts in order to stabilize the fair values and cash flows of those receivables and debts. We enter into interest rate swaps and other contracts to reduce our market risk exposure from changes in interest rates. To the extent that their effects are not hedged, we are exposed to interest rate fluctuation risks which may affect our operational costs, interest expenses, interest income and the value of our financial assets and liabilities.

(24) Risks related to our liquidity of funds

We rely to a large extent on debt and equity financing to finance our operations, capital expenditures and acquisitions of other companies. If, due to changes in financial market conditions or other factors, financial institutions reduce, terminate or otherwise modify the amounts or terms of their lending or credit lines to us, and if we are unable to find alternative financing sources on equally or more favorable terms, our business may be materially adversely affected. In addition, if there is a significant downgrade of our credit ratings by one or more credit rating agencies as a result of any deterioration of our financial condition or if investor demand significantly decreases due to economic downturns or otherwise, we may not be able to access funds when we need them on acceptable terms, our access to capital markets may become more restricted, or the cost of financing our operations through indebtedness may significantly increase. This could adversely affect our results of operations and financial condition.

(25) Risks related to contingencies

Natural disasters, including earthquakes and floods, fires, the spread of infectious diseases and other public health issues, armed hostilities, terrorism and other incidents, whether in Japan or any other country in which we, our suppliers or customers operate, could cause damage or disruption to us, our suppliers or customers, or could create political or economic instability, any of which could harm our business. For example, natural disasters could adversely affect our operations by damaging industrial and other infrastructures, causing power outages, rendering our employees unable to work, reducing customer demand or disrupting our suppliers' operations. If any such disaster occurs in any region in which any of our major customers or production or development bases are concentrated, such as Thailand or China, or in Japan where our headquarters and key research and development facilities are located, the adverse effect on our results of operations and financial condition could be particularly pronounced. Our network and information systems are important for normal operations, but such systems are vulnerable to shutdowns caused by unforeseen events such as power outages or natural disasters or terrorism, hardware or software defects, or computer viruses and computer hacking. Any such events, over which we have little or no control, could cause a decrease in demand for our products or services, make it difficult or impossible for us to deliver products, for our suppliers to deliver components or for our customers to manufacture products, require large expenditures to repair or replace our facilities, or create delays and inefficiencies in our supply chain.

We maintain third-party insurance coverage for various types of property, casualty and other risks. The types and amounts of insurance that we obtain vary from time to time and from location to location, depending on availability and cost and our decisions as to risk retention. Our insurance policies are subject to deductibles, policy limits and exclusions that result in our retention of a level

of risk on a self-insured basis. While we believe our insurance coverage is comparable to the coverage maintained by similar companies in our industry, losses not covered by insurance could be significant, adversely affecting our financial condition and results of operations.

(26) Risks related to sudden decline in our stock price

These shares and, generally, the shares owned by other shareholders can be sold on the Tokyo Stock Exchange and otherwise in Japan at any time. Additional sales of a substantial amount of our common stock in the public market by a large shareholder, or the perception that such sales may occur, could cause the market price of our common stock to decline. This could also impair our ability to raise additional capital through the issuance or sale of our securities. Also, in the future, we may issue or sell securities to raise cash for additional capital expenditures, working capital, research and development or acquisitions. We may also pay for interests in additional subsidiaries or affiliated companies by using common stock. We may also issue securities convertible into our common stock. Any of these events may dilute your ownership interest in us and have an adverse impact on the price of our common stock.

(27) Risks for foreign investors

1) Japan's unit share system imposes restrictions in holdings of our common stock that do not constitute whole units.

Our Articles of Incorporation provide that 100 shares of our stock constitute one "unit." The Company Law of Japan imposes significant restrictions and limitations on holdings of shares that constitute less than a whole unit. Holders of shares constituting less than a unit do not have the right to vote. A shareholder who owns shares representing less than one unit will not be able to exercise any rights relating to voting rights, such as the right to participate in a demand for the resignation of a director, the right to participate in a demand for the convocation of a general meeting of shareholders and the right to join with other shareholders to propose an agenda item to be addressed at a general meeting of shareholders. Under the unit share system, holders of shares constituting less than a unit have the right to require us to purchase their shares. However, holders of ADSs that represent other than multiples of whole units cannot withdraw the underlying shares representing less than one unit and, therefore, they will be unable to exercise the right to require us to purchase the underlying shares. As a result, holders of ADSs representing shares in lots of less than one unit may not have access to the Japanese markets to sell their shares through the withdrawal mechanism.

2) Rights of shareholders under Japanese law may be more limited than under the laws of other jurisdictions.

Our Articles of Incorporation, Regulations of the Board of Directors, Share Trading Regulations and the other related regulations, as well as the Company Law govern our corporate affairs. Legal principles relating to such matters as the validity of corporate procedures, directors' and officers' fiduciary duties and shareholders' rights may be different from those that would apply if we were a non-Japanese company. Shareholders' rights under Japanese law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions within the United States. You may have more difficulty in asserting your rights as a shareholder than you would as a shareholder of a corporation organized in another jurisdiction. In addition, Japanese courts may not be willing to enforce liabilities against us in actions brought in Japan that are based upon the securities laws of the United States or any U.S. state.

3) A holder of our ADSs will have fewer rights than a shareholder has and will need to act through the depositary to exercise those rights

The rights of the shareholders under Japanese law to take actions, including voting their shares, receiving dividends and distributions, bringing derivative actions, examining our accounting books and records and exercising appraisal rights are available only to holders of record. Because the depositary, through its custodian agent, is the record holder of the shares underlying the ADSs, only the depositary can exercise those rights in connection with the deposited shares. The depositary will make efforts to vote the shares underlying ADSs as instructed by the ADS holder and will pay to ADS holders the dividends and distributions collected from us. However, as

an ADS holder, you will not be able to bring a derivative action, examine our accounting books and records or exercise appraisal rights in your capacity as ADS holder.

4) Because of daily price range limitations under Japanese stock exchange rules, you may not be able to sell your shares of our common stock at a particular price on any particular trading day, or at all

Stock prices on Japanese stock exchanges are determined on a real-time basis by the equilibrium between bids and offers. These exchanges are order-driven markets without specialists or market makers to guide price formation. To prevent excessive volatility, these exchanges set daily upward and downward price fluctuation limits for each stock, based on the previous day's closing price. Although transactions may continue at the upward or downward limit price if the limit price is reached on a particular trading day, no transactions may take place outside these limits. Consequently, an investor wishing to sell at a price above or below the relevant daily limit may not be able to sell his or her shares at such price on a particular trading day, or at all.

5) Foreign exchange fluctuations may affect the dollar value of our ADSs and dividends payable to holders of our ADSs

Market prices for our ADSs may fall if the value of the yen declines against the U.S. dollar. In addition, the U.S. dollar amount of cash dividends and other cash payments made to holders of our ADSs would be reduced if the value of the yen declines against the U.S. dollar.

6) It may not be possible for investors to effect service of process within the United States upon us or our directors or Audit and Supervisory Board members or to enforce against us or these persons judgments obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States

We are a limited liability, joint-stock corporation incorporated under the laws of Japan. Most of our directors and Audit and Supervisory Board members reside in Japan. A substantial portion of our assets and all or substantially all of the assets of these persons are located in Japan and elsewhere outside the United States. It may not be possible, therefore, for investors to effect service of process within the United States upon us or these persons or to enforce against us or these persons judgment obtained in United States courts predicated upon the civil liability provisions of the federal securities laws of the United States. There is doubt as to the enforceability in Japan, in original actions for enforcement of judgments of United States courts, of liabilities predicated solely upon the federal securities laws of the United States.

5. Material Agreements, etc.

(1) Cross License Agreement

Party	Party	Country	Item under contract	Contract description	Contract period
Nidec Corporation (The Company)	MinebeaMitsumi Inc.	Japan	Fluid dynamic bearing and spindle motors for HDD	Cross license agreement of patents, etc. *1	From December 18, 2004 to the expiration of the patent under contract
Nidec Corporation (The Company)	NTN Corporation	Japan	Motors with Fluid dynamic bearing (B, G type) (Mainly for 3.5-inch HDD)	Cross license agreement of patents, etc. *2	10 years from July 24, 2009. (Extend or renew the contract if the Company and NTN Corporation agree)
Nidec Corporation (The Company)	Panasonic Corporation	Japan	Fluid dynamic bearing and spindle motors for HDD	Cross license agreement of patents, etc. *3	From April 1, 2013 to the expiration of the patent under contract

(Notes) *1. The Company receives consideration at once.

*2. This is an agreement under which the Company pays consideration to NTN Corporation twice a year continuously.

*3. This is an agreement under which the Company pays consideration to Panasonic Corporation at once.

(2) Share Purchase and Transfer Agreement

(ANA IMEP S.A.)

Nidec Sole Motor Corporation S.R.L., a subsidiary of the Company, entered into a share purchase and transfer agreement on April 21, 2016 to acquire approximately 94.8% of the shares of Romania's ANA IMEP S.A. ("IMEP") from its major shareholder, and completed the acquisition on May 31, 2016 (the "Transaction").

1. Purpose of the Transaction

IMEP develops, manufactures, and sells washing machine and drying machine motors. Through this Transaction, NIDEC expects to enhance the competitiveness of its appliance motor business, which is one of its key areas of focus, in the European market and obtain IMEP's major customers. In addition, NIDEC intends to build up a major manufacturing base in a cost-efficient country for its appliance, commercial and industrial motors business.

2. Funds for the Transaction

Self-financing

3. Information on IMEP

Company Name: ANA IMEP S.A.

Headquarters: Pitesti, Romania

Business: Development, manufacturing and sales of washing machine and drying machine motors

4. Execution date of the share purchase and transfer agreement

April 21, 2016

5. Date of the completion of the share acquisition

May 31, 2016

(Canton Elevator, Inc.)

The Company entered into a share purchase and transfer agreement and acquired 100% of the shares of Canton Elevator, Inc. (“Canton”) from its shareholders through the Company’s subsidiary, Nidec Motor Corporation and completed the share acquisition on December 5, 2016 (the “Transaction”).

1. Purpose of the Transaction

Canton designs, manufactures and sells commercial, residential, and freight elevator systems and components. The Transaction enables NIDEC’s Elevator & Drive Systems (“EDS”) business of its appliance, commercial and industrial motor businesses on which NIDEC provides particular focus to accelerate growth of its elevator business in North America by providing a broader range of Canton’s customers with suitable elevator solutions combining Canton’s competitive elevator packages with existing products in its EDS business.

2. Funds for the Transaction

Self-financing

3. Information on Canton

Company Name:	Canton Elevator, Inc.
Headquarters:	North Canton, Ohio, U.S.
Businesses:	Designing, manufacturing and sales of commercial, residential, and freight elevator systems and components

4. Execution date of the share purchase and transfer agreement

December 5, 2016

5. Date of the completion of the share acquisition

December 5, 2016

(Vamco International, Inc.)

The Company entered into a share purchase and transfer agreement and acquired 100% of the shares of Vamco International, Inc. (“Vamco”) from its shareholders through the Company’s subsidiary, Nidec Minster Corporation and completed the share acquisition on March 27, 2017 (the “Transaction”).

1. Purpose of the Transaction

Vamco designs, manufactures and sells aftermarket service of high-speed servo feeding equipment for the metal-forming industry. The Transaction enables to built up NIDEC’s metal forming machinery business by combining Vamco’s very strong brand, unparalleled technology and quality, and excellent customer base with NIDEC’s business.

2. Funds for the Transaction

Self-financing

3. Information on Vamco

Company Name: Vamco International, Inc.
Headquarters: Pittsburgh, Pennsylvania, U.S
Businesses: Designing, manufacturing and sales of commercial and aftermarket service of high-speed servo feeding equipment for the metal-forming industry

4. Execution date of the share purchase and transfer agreement

March 27, 2017

5. Date of the completion of the share acquisition

March 27, 2017

(Secop Holding GmbH and other 3 entities)

NIDEC agreed to acquire 100% equity shares of Secop Holding GmbH, Secop s.r.o., Secop Compressors (Tianjin) Co. Ltd. and Secop Inc. (herein collectively “Secop”) and shareholder loans from Secop Beteiligungs GmbH, a portfolio management company owned by AURELIUS Equity Opportunities SE & Co KGaA and entered into stock purchase agreement on April 25, 2017 (the “Agreement”). Details of the Agreement are stated in “37. Events after the Reporting Period” of “Notes to Consolidated Financial Statements” incorporated in this Annual Securities Report.

(3) Asset and stock purchase agreement

(Emerson Electric Co.)

The Company entered into to an asset and stock purchase agreement to acquire the motors, drives and electric power generation businesses (the “Business”) of Emerson Electric Co. (“Emerson”) on August 2, 2016, and completed the acquisition on January 31, 2017, U.S. time (the “Transaction”).

1. Purpose of the Transaction

Emerson develops, manufactures and sells motors, drives and alternators. The Agreement enables NIDEC to further enhance its appliance, commercial, and industrial motor businesses on which NIDEC provides particular focus and significantly grow its presence in the market.

The Business has a strong brand and solid business foundation and an excellent customer base, particularly in Europe and North America. With the Agreement executed, NIDEC expects a complementary product fit with its full lineup of industrial products, geographic complementation of business foundation in Europe and North America, and enhancement of proposal to customers by combining the Business’s drives with NIDEC’s existing products.

2. Funds for the Transaction

Borrowings and debts from financial institutions

3. Information on Emerson

Company Name: Emerson Electric Co.
Headquarters: 8000 West Florissant Avenue St. Louis, MO 63136 U.S.A.
Businesses: Providing solutions as well as design, development, manufacturing, sales of a wide range of electrical and electronic machinery and equipment for industrial use and personal use in a variety of fields including network power, process management, industrial automation, climate technologies, appliance, and tools

4. Execution date of the asset and stock purchase agreement

August 2, 2016

5. Date of the completion of the Business acquisition

January 31, 2017, U.S. time

6. Research and Development

NIDEC, which has established itself as the world's leading company in the area of small precision motors, has been actively expanding its production lineup to include small to large motors of various kinds, as well as their application products such as machinery and electronic and optical components. Today, our products are used not only in information-communication and office automation equipment, but also in diverse fields including home appliance, automobile, industrial machinery, and environmental energy. In the area of R&D, our group companies' development departments individually engage in new product development and element technology research, while working speedily to develop new business fields through mutual technological integration and create high-growth businesses.

Our research and development expenses for the fiscal year ended March 31, 2017 were ¥52,807 million.

In the "Corporate" segment, which does not belong to any other business segments, we conduct element technology research at Nidec Research and Development Centers in Japan, Singapore and Taiwan on motors in general that are needed for our future business, in the effort to further advance our element technology research capabilities, which will become the core of Nidec's global technology development strategy. Nidec Center for Industrial Science engages in research and development activities aiming to realize smart factories with robot and IoT. This center also establishes the new industrial technology being free from the existing manufacturing methods such as new materials and system. These centers engage in enhancing the technological synergy effect between each development department and diversifying domestic and overseas group companies, and then promote the growth.

The research and development expenses for the fiscal year ended March 31, 2017, which is categorized as "Corporate," were ¥5,290 million.

In the year ended March 31, 2017, each of our business segments focused on the following research and development activities:

(1) Nidec Corporation

In the Nidec Corporation segment, Nidec Central Technical Laboratory conducts basic and applied research generally covering small precision motors, research and development for new products, and research to provide technical support to other research bases. This laboratory also engages in research and development activities aimed at mass production of new models of HDD motors and product quality improvement. Shiga Technical Center engages in research and development activities aimed at new product development, mass production of new models, and improvement of product quality related to small precision DC motors and fan motors and other products, including various automotive motors such as those for automotive power steering systems. Moreover, Nagano Technical Center conducts research and development aimed at mass production of new models of motors for HDDs and product quality improvement.

Our research and development activities during the fiscal year ended March 31, 2017 were as follows:

In the area of HDD motors, Nidec Corporation is developing 5mm- and 7mm-thick HDD motors used for ultra-slim mobile PCs, Fluid Dynamic Bearing (FDB) motors for air drives and helium-enclosed HDD motors for high-capacity servers (cloud and near-line) and motors for virtual reality systems.

With respect to fan motors, Nidec Corporation is developing new models in which FDB technology, which has been traditionally used in HDD motors are applied.

As for automotive motors, Nidec Corporation is strengthening its development of new products targeting markets in emerging countries such as China, India and Brazil as well as markets in developed countries. Nidec Corporation is developing next-generation of small and high-performance power steering motors, motors for applications other than power steering such as seats, brakes and sunroofs, and ancillary electronic control units (ECUs), as well as other motor products such as brushless motors used for hydraulic and electric power systems. Nidec Corporation is lately also developing package products that combine driving and automotive motors for electric vehicle (EV) with sensors and control units.

The Nidec Corporation segment's research and development expenses for the fiscal year ended March 31, 2017 were ¥21,459 million.

(2) Nidec Sankyo

The Nidec Sankyo segment develops stepping motors, motor drive unit products and system device-related products as part of its line-up of "karakuri-tronics" products integrating its "karakuri," or internal device mechanism technologies, with the motor technologies and servo technologies developed through its business diversification. With respect to stepping motors, in an effort to expand the range of their applications to automobiles, Nidec Sankyo has been downsizing products, enhancing product performance and improving cost-performance. With respect to the motor drive product group, Nidec Sankyo is expanding its operations into a range of products integrating small and high-power motors, sensors, servo controls and control software into mechanical units, aiming to enter the medical and industrial motor markets. In the area of system equipment-related business, Nidec Sankyo is actively enhancing the security of card media's peripheral equipment, introducing in such areas as organic EL displays for mobile devices, semiconductor robots, transports inside vacuum devices, and solar batteries, while developing a servo system to reduce costs for servo motor technology.

The Nidec Sankyo segment's research and development expenses for the fiscal year ended March 31, 2017 were ¥5,137 million.

(3) Nidec Copal

In the Nidec Copal segment, Nidec Copal is developing element technologies and products for optical electronic devices for shutters, diaphragm function, lenses and other camera-related products for cameras, automotive and mobile devices, and system equipment for vibration motors, automotive motors, laser and other products, at the company's Tokyo Technical Center. In the area of optical product development, Nidec Copal, in its transformation from digital camera shutter- and diaphragm-dependent product portfolio, is focused on developing automotive lenses and mobile products. In the area of motors, the company is shifting its product portfolio from digital camera-related products to mobile, automotive and medical fields. In the area of system products, Nidec Copal is developing laser markers and other industrial products, mechanical units for amusement, and medical and cosmetic products.

The Nidec Copal segment's research and development expenses for the fiscal year ended March 31, 2017 were ¥2,326 million.

(4) Nidec Techno Motor

The Nidec Techno Motor segment develops air conditioner motors and industrial motors in Fukui and Fukuoka Prefectures in Japan. In the area of air conditioner motors, the company, in addition to developed countries' markets, is engaging in new product development and modularization of products for emerging countries such as China, South Korea, Thailand, India and the Middle East.

The Nidec Techno Motor segment's research and development expenses for the fiscal year ended March 31, 2017 were ¥1,999 million.

(5) Nidec Motor

The Nidec Motor segment mainly conducts research and development of motors, gears and control units for residential, commercial, home appliance and industrial uses, drive systems, encoders, elevator components and systems for industrial automation. With respect to motors for commercial and residential uses, Nidec Motor develops motors, gears and control units for air conditioning equipment, commercial refrigeration equipment, golf carts, floor care equipment and commercial cooking equipment, and servo motors for robots. With respect to motors for home appliances, Nidec Motor mainly engages in the development of motors for washing machines and dryer machines. With respect to industrial motors, Nidec Motor develops various pump motors, including those for water supply and sewerage systems, irrigation, and oil and gas extraction, as well as large motors for power plants, electricity storage systems and integrated solutions. With respect to vehicle driving motors, Nidec Motor engages in modularization of motors with encoders based upon its rare earth-free SR motor technology and in development activities aimed at

hybridization and electrification of large-sized vehicles such as construction and agricultural machinery. In addition, Nidec Motor engages in development activities aimed at providing comprehensive product packages, including motors for elevators and other components.

The Nidec Motor segment's research and development expenses for the fiscal year ended March 31, 2017 were ¥5,945 million.

(6) Nidec Motors & Actuators

The Nidec Motors & Actuators segment conducts research and development of durable, compact, and light automotive motors mainly in Germany, Spain and Japan. In the area of seat and sunroof motors, Nidec Motors & Actuators commercializes rare earth-free small brushed motors and develops compact and light brushed engine-cooling fan motors, while engaging in advanced development and commercialization (mass-production) for the chassis-controlled domain (brake and steering) and the advanced safety domain (camera and millimeter-wave radar). In the area of brakes, Nidec Motors & Actuators commercializes (mass-produces) and develops ECUs for regenerative cooperative brake systems and for anti-skid brake systems. In the area of electronic power steering, Nidec Motors & Actuators has completed the development of ECUs for brushed motors and now engages in the advanced development of ECUs for brushless motors with functional safety measures. Additionally, Nidec Motors & Actuators develops products for the further function and performance improvement of control valves for automatic transmission (A/T) and continuously variable transmission (CVT), while developing electric oil pumps, electric hydraulic actuators for transmission, and automatic assembly lines. In the area of electric pumps, Nidec Motors & Actuators develops products that optimally integrate group companies' technological capabilities, as well as products that contribute to reducing CO2 emissions.

The Nidec Motors & Actuators segment's research and development expenses for the fiscal year ended March 31, 2017 were ¥7,311 million.

(7) Others

In the Others segment, research and development activities are currently conducted on small precision motors, machinery-related products, electronic components and other products. The Others segment's research and development expenses for the fiscal year ended March 31, 2017 were ¥3,340 million.

None of the Nidec Electronics (Thailand), Nidec Singapore and Nidec (H.K.) segments engages in research and development activities.

7. Analysis of Consolidated Financial Position, Operating Results and Cash Flows

Regarding the future events later than March 31, 2017, NIDEC used judgment, estimates, and assumptions as explained below.

(1) Significant Accounting Policies and Estimates

NIDEC's consolidated financial statements have been prepared in compliance with International Financial Reporting Standards (hereinafter referred to as "IFRS") pursuant to the provision of Article 93 of the *Ordinance on Terminology, Forms, and Preparation Methods of Consolidated Financial Statements*.

In preparing IFRS-compliant consolidated financial statements, NIDEC developed and used judgment, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue and expenses. Actual results may be different from such estimates and such estimates and assumptions are revised continuously. The effect of changes in accounting estimates is recognized in the period of the changes and in future periods.

If you make accounting estimates under the higher level of uncertainty, those are likely to be adjusted and may cause a significant impact on your company's financial position and business performance in the future because, by nature, it lacks information based on proper comparison of current year accounting periods or deep analysis on the particular period.

For further information, refer "V. Financial Information, 1. Consolidated Financial Statements, (1) Notes to Consolidated Financial Statement, 3. Significant accounting policies, 4. Significant accounting estimates – judgment and assumption".

(2) Operating Results

1) Net Sales

Consolidated net sales increased 1.8% to ¥1,199,311 million for the year ended March 31, 2017 compared to the year ended March 31, 2016, recording the highest annual net sales in our history. The average exchange rate between the Japanese yen and the U.S. dollar for the year ended March 31, 2017 was ¥108.38 to the U.S. dollar, which reflected an appreciation of the Japanese yen against the U.S. dollar of approximately 9.8%, compared to the year ended March 31, 2016. The average exchange rate between the Japanese yen and the Euro for the year ended March 31, 2017 was ¥118.79 to the Euro, which reflected an appreciation of the Japanese yen against the Euro of approximately 10.4% compared to the year ended March 31, 2016. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of approximately ¥107,400 million.

Net sales of small precision motors decreased 2.4% to ¥437,105 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. The fluctuations of the foreign currency exchange rates had a negative effect on our net sales of small precision motors of approximately ¥38,600 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

Net sales of spindle motors for hard disk drives, or HDDs, for the year ended March 31, 2017 decreased 8.1% to ¥191,074 million compared to the year ended March 31, 2016. Although the number of units sold of spindle motors for HDDs remained unchanged compared to the year ended March 31, 2016, there were decreases in sales due to a negative effect of the foreign currency exchange rate fluctuations.

Net sales of other small precision motors for the year ended March 31, 2017 increased 2.5% to ¥246,031 million compared to the year ended March 31, 2016. This increase was mainly due to increases in sales of other small motors.

Net sales of automotive, appliance, commercial and industrial products increased 3.1% to ¥572,085 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. 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 ¥56,800 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

Net sales of appliance, commercial and industrial products for the year ended March 31, 2017 increased 9.7% compared to the year ended March 31, 2016. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended March 31, 2017 and the increase in sales through our "Three-new Strategy" (new products, new markets and new clients).

Net sales of automotive products for the year ended March 31, 2017 decreased 3.8% compared to the year ended March 31, 2016 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.

Net sales of machinery increased 13.5% to ¥122,341 million for the year ended March 31, 2017 compared to the year ended March 31, 2016 due to the contribution of the newly consolidated companies and the increases in sales of LCD panel or Organic EL handling robots at Nidec Sankyo Corporation, although there was a negative effect of the foreign currency exchange rate fluctuations.

Net sales of electronic and optical components decreased 0.1% to ¥64,072 million.

Net sales of other products increased 1.1% to ¥3,708 million.

2) Cost of Products Sold

Our cost of products sold increased ¥2,762 million (0.3%) to ¥912,715 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. Excluding the impact of the Newly Consolidated Subsidiaries, our cost of products sold decreased 1.8% from ¥893,683 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. This decrease was mainly due to the impact of the depreciation of the Japanese yen against other currencies.

As a percentage of net sales, our cost of products sold decreased from 77.2 % for the year ended March 31, 2016 to 76.1 % for the year ended March 31, 2017. Excluding the impact of the Newly Consolidated Subsidiaries, as a percentage of net sales, cost of products sold decreased from 77.2 % for the year ended March 31, 2016 to 76.1 % for the year ended March 31, 2017.

3) Selling, General and Administrative Expenses

Operating profit increased ¥22,669 million to ¥140,331 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

Operating profit of small precision motors increased 5.0% to ¥67,929 million for the year ended March 31, 2017 compared to the year ended March 31, 2016. The fluctuations of the foreign currency exchange rates had a negative effect on our operating profit of small precision motors of approximately ¥9,100 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

Operating profit of automotive, appliance, commercial and industrial products increased 26.8% to ¥58,085 million for the year ended March 31, 2017 compared to the year ended March 31, 2016 mainly due to cost reduction and changes in product mix. 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 ¥6,900 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

Operating profit of machinery increased 44.9% to ¥21,791 million for the year ended March 31, 2017 compared to the year ended March 31, 2016 due to the contributions of the newly consolidated companies and the increase in sales of LCD panel or Organic EL handling robots.

Operating profit of electronic and optical components increased 82.3% to ¥9,862 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

Operating profit of other products increased 3.9% to ¥559 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

As a result of these, operating profit ratio increased from 10.0% for the year ended March 31, 2016 to 11.7% for the year ended March 31, 2017.

4) Income before Income Taxes

As a result of the foregoing, our income before income taxes increased ¥25,114 million to ¥142,278 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

As a percentage of net sales, our income before income taxes increased from 9.9% for the year ended March 31, 2016 to 11.9 % for the year ended March 31, 2017.

5) Net Income Attributable to owners of the parent

Our net income attributable to owners of the parent increased ¥21,776 million, from ¥111,721 million for the year ended March 31, 2017 compared to the year ended March 31, 2016.

As a percentage of net sales, our income before income taxes increased from 7.6 % for the year ended March 31, 2016 to 9.3 % for the year ended March 31, 2017.

(3) Financial position

Our cash and cash equivalents increased ¥15,638 million to ¥321,580 million as of March 31, 2017 compared to March 31, 2016. The reasons for the increase were as follows. Net cash proceeds from operating activities was ¥129,853 million, and net cash proceeds from financing activities was ¥95,848 million respectively. On the other hand, net cash used from investing activities was ¥211,476 million mainly due to the acquisition of the motors, drives and electric power generation businesses of Emerson Electric Co. Therefore, net cash proceeds from both operating and financing activities covered the amount of investing activities used. In order to use our working cash reserves efficiently, we continue to make effective use of our cash management systems (the CMSs) that we established on a region-by-region basis including Japan, China, U.S. and other countries. In addition, we have linked the CMSs one to another (so far, Japan - U.S., Japan - China and Japan - other Asian countries) for expanding the CMSs network globally. As of March 31, 2017, approximately 93% of our cash and cash equivalents were held by our consolidated subsidiaries outside Japan.

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 based upon our aggregate cash deposits within the same financial institution. Cash in banks includes cash deposits net of cash withdrawals that are allowed for by a notional pooling arrangement. As of March 31, 2016 and 2017, the cash deposits that were offset by the cash withdrawals are ¥3,898 million and ¥42,439 million, respectively.

Cross-border cash transfers between group companies are subject to restrictions in certain circumstances. Where local restrictions prevent efficient intercompany transfers of funds, particularly to Nidec Corporation from its subsidiaries outside Japan, Nidec Corporation seeks to meet its liquidity needs through ongoing cash flows from operating activities, external borrowings, or both, as further discussed below. We do not expect such restrictions on transfers of funds held outside Japan to have a material effect on our overall liquidity, financial condition or results of operations.

Our principal capital needs include (1) purchases of property, plant and equipment and other assets, (2) research and development activities, (3) purchases of raw materials, (4) employees' salaries, wages and other payroll costs, (5) mergers and acquisitions, (6) investments in subsidiaries, (7) repayment of short-term borrowings and long-term debt, and (8) repurchase of shares of our common stock. As of March 31, 2017, we had ¥251,236 million of Trade and other payables, ¥166,606 million of short term borrowings, and ¥245,825 million of long term debt, including the long term debt due within one year. As of the same date, we had unused lines of credit from banks amounting to ¥953,241 million, under which we are authorized to obtain short term financing at prevailing interest rates.

Investments for the purchase of property, plant, equipment and other assets totaled ¥68,718 million for the year ended March 31, 2017. We plan to invest approximately ¥38,461 million in additions to property, plant and equipment for the year ending March 31, 2018. Outstanding commitments for the purchase of property, plant and equipment and other assets amounted to ¥8,473 million as of March 31, 2017.

Research and development expenses were ¥52,807 million for the year ended March 31, 2017 and are expected to reach approximately ¥60,000 million for the year ending March 31, 2018.

In the year ended March 31, 2017, we acquired the following companies.

Company name	Country	Principal Businesses
E.C.E S.r.l.	Italy	Designs, manufactures and sells hoists for building constructions
ANA IMEP S.A.	Romania	Develops, manufactures and sells of washing machine and drying machine motors
Canton Elevator, Inc.	U.S.A.	Designs, manufactures and sells commercial, residential, and freight elevator systems and components
Emerson Electric Co.'s Motors, Drives and Electric Power Generation Businesses	U.S.A.	Develops, manufactures and sells motors, drives and alternators
Vamco International, Inc.	U.S.A.	Designs, manufactures, sells and aftermarket services high-speed servo feeding equipment for the metal-forming industry

In addition, since April 2017, we agreed to acquire from 100% of the shares of four companies which engages in development, manufacturing and sales of refrigeration compressors for household and light commercial refrigerators, Secop Holding GmbH (a German company), Secop s.r.o. (a Slovak company), Secop Compressors (Tianjin) Co. Ltd. (a Chinese company), and Secop Inc. (a U.S. company), and shareholder loans.

We intend to continue to seek opportunities for acquiring other companies and making additional investments in our subsidiaries.

Our short term borrowings increased ¥85,514 million to ¥166,606 million as of March 31, 2017. This increase was mainly due to an increase in Japanese yen-denominated and U.S. dollar-denominated borrowings to meet some of our Japanese yen and U.S. dollar funding needs. The short-term borrowings as of March 31, 2017 consisted of borrowings denominated in Japanese yen, U.S. dollar and Euro. We had no commercial paper outstanding as of March 31, 2017.

Our long term debt due within one year increased ¥1,263 million to ¥84,040 million as of March 31, 2017. This was mainly due to the redemption of approximately ¥50,000 million aggregate outstanding principal amount of Fourth Series of Domestic Unsecured Bonds issued in December 2013, as described below, despite of reclassification of approximately ¥65,000 million aggregate outstanding principal amount of First Series of Domestic Unsecured Bonds issued in November 2012, as described below, and borrowings denominated in Japanese yen from long term debt to long term debt due within one year. The long term debt due within one year as of March 31, 2017 consisted of ¥65,000 million aggregate principal amount of First Series of Domestic Unsecured Bonds, and borrowings denominated in Euro.

Our long term debt increased ¥24,987 million to ¥161,785 million as of March 31, 2017. This increase was mainly due to the issue of approximately ¥50,000 million aggregate outstanding principal amount of Fifth Series of Domestic Unsecured Bonds issued in November 2016, despite of the reclassification of approximately ¥65,000 million aggregate outstanding principal amount of First Series of Domestic Unsecured Bonds. The long term debt as of March 31, 2017 consisted of ¥50,000 million aggregate principal amount of Fifth Series of Domestic Unsecured Bonds issued in November 2016, and ¥35,000 million aggregate principal amount of Second and Third Series of Domestic Unsecured Bonds issued in November 2012, as described below, and the borrowings from banks denominated in Euro and U.S. dollar.

In August 2015, in an effort to reduce financing costs and foreign exchange risks, Nidec India Private Limited, the company's subsidiary in India, obtained Indian rupee ("Rs.")-denominated financing from the JBIC. The subsidiary had Rs.333 million of loans under the program as of March 31, 2017, which were recorded in long term debt.

In addition, in April 2017, as a part of acquisition funds for Emerson Electric Co.'s Motors, Drives and Electric Power Generation Businesses (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc), Nidec Corporation, obtained U.S. dollar-denominated financing from the JBIC. The subsidiary had \$750 million of loans under the program as of May 31,

2017, which were recorded in long term debt.

In November 2012, we issued ¥65,000 million aggregate principal amount of First Series of Domestic Unsecured Bonds due 2017, ¥15,000 million aggregate principal amount of Second Series of Domestic Unsecured Bonds due 2019, and ¥20,000 million aggregate principal amount of Third Series of Domestic Unsecured Bonds due 2022. The net proceeds from the issuance of the bonds were primarily used to repay commercial paper and other short term borrowings. In addition, in December 2013, we issued ¥50,000 million aggregate principal amount of Fourth Series of Domestic Unsecured Bonds due 2016. The net proceeds from the issuance of the bonds were primarily used to repay short term borrowings. These bonds were issued pursuant to a shelf registration statement we previously filed with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan in March 2012.

In March 2016, we filed a new shelf registration statement with the Director General of the Kanto Local Finance Bureau of the Ministry of Finance of Japan to facilitate the issuance from time to time of up to ¥200,000 million aggregate principal amount of bonds in Japan between April 5, 2016 and April 4, 2018. In November 2016, we issued ¥50,000 million aggregate principal amount of Fifth Series of Domestic Unsecured Bonds due 2019. The net proceeds from the issuance of the bonds were primarily used to redeem the corporate bonds that will mature on December 20, 2016. In addition, in May 2017, we issued ¥50,000 million aggregate principal amount of Sixth Series of Domestic Unsecured Bonds due 2020. The net proceeds from the issuance of the bonds were primarily used to repayment of a part of short-term borrowings.

A substantial portion of our unsecured funding is raised by the parent company (Nidec Corporation), and is then lent to its subsidiaries to meet their respective capital requirements. Through this funding approach, we seek to lower our financing costs, maintain sufficient lines of credit and ensure agile funding for our group companies.

We expect to seek additional financing in connection with, among other things, our future mergers and acquisitions, research and development activities and facility investments. We may also consider and obtain additional financing in order to enhance our financial agility in mergers and acquisitions, research and development activities, and facility investments in the future.

We currently have a share repurchase plan pursuant to which we are authorized to repurchase the lesser amount of an aggregate of 5,000,000 shares of our common stock and an aggregate of ¥50,000 million of our common stock between January 27, 2017 and January 26, 2018. Although we did not repurchase any shares under the plan between January 27, 2017 and March 31, 2017, between April 1, 2017 and May 31, 2017, we repurchased an aggregate of 520,000 shares for approximately ¥5.1 billion under the plan. On January 26, 2016, our previous share repurchase plan expired. We did not repurchase any shares under the plan between April 1, 2016 and January 26, 2017.

We believe that these funding sources, together with our cash flows from operations and undrawn credit lines will sufficiently meet our capital requirements for the year ending March 31, 2018.

1) Assets, liabilities and shareholders' equity

Our total assets increased ¥300,265 million to ¥1,676,901 million as of March 31, 2017 compared to March 31, 2016. Except an effect of Nidec Leroy-Somer Holdings and Nidec Control Techniques Limited (herein after the newly consolidated subsidiaries), our total assets increased ¥93,159 million to ¥1,469,901 million as of March 31, 2017 compared to March 31, 2016. This increase of ¥300,265 million was mainly due to an increase of ¥98,140 million in goodwill and an increase of ¥47,119 million in property, plant, and equipment affected by newly consolidated subsidiaries. In addition, there was an increase of ¥97,587 million in trade and other receivables affected by newly consolidated subsidiaries and an increase in sales.

Our total liabilities increased ¥215,115 million to ¥820,382 million as of March 31, 2017 compared to March 31, 2016. Except an effect of the newly consolidated subsidiaries, total liabilities increased ¥11,600 million to ¥616,366 million as of March 31, 2017 compared to March 31, 2016. This increase of ¥215,115 million was mainly due to an increase of ¥64,246 million in trade and other payables affected by the newly consolidated subsidiaries and an increase in sales and also due to an increase of ¥111,764 million in interest-bearing debt.

Our working capital (subtract total current liabilities from total current assets) decreased

¥36,790 million to ¥298,642 million as of March 31, 2017 compared to March 31, 2016.

Account receivable (trade and other receivable) turnover ratio (net sales divided by account receivables) decreased 1.3 to 3.4 as of March 31, 2017 compared to March 31, 2016. In addition, inventory turnover ratio (cost of sales divided by inventory) decreased 0.7 to 4.6 as of March 31, 2017 compared to March 31, 2016. Our total equity attributable to owners of the parent increased ¥84,262 million to ¥847,285 million as of March 31, 2017 compared to March 31, 2016. This increase was mainly due to an increase of ¥91,457 million in retained earnings. As a result, the ratio of our total equity attributable to owners of the parent to total assets decreased to 50.5% as of March 31, 2017 compared to 55.4% as of March 31, 2016.

2) Cash Flows

Regarding cash flow in the consolidated financial statement for the year ended March 31, 2017, refer to “II Business Overview 1. Summary of Business Result (2) Cash flow”.

The main currencies we had as of March 31, 2017 were U.S. dollars, Chinese yuan, Japanese yen, Thai baht and Euros.

III. Property, Plant and Equipment

1. Summary of Capital Investment, etc.

The total capital investment in property, plant and equipment for the year ended March 31, 2017 was ¥68,718 million. This mainly consists of capital investment to strengthen domestic R&D and increase production capacity of overseas subsidiaries. In addition, a global training center for human resource development was completed.

The amounts of capital investment by segment are stated in “V. Financial Information, 1. Consolidated Financial Statements, (1) Consolidated Financial Statements, Notes to Consolidated Financial Statements, 5. Segment Information.”

2. Major Property, Plant and Equipment

Major property, plant and equipment of NIDEC are as follows.

(1) The Company

(As of March 31, 2017)

Name of business place (location)	Name of segment	Details of major facilities and equipment	Book value (Yen in millions)					Number of employees
			Building and structures	Machinery, equipment and vehicles	Land (Area in thousands of m ²)	Tools, furniture and fixtures	Total	
Corporate Headquarters and Central Technical Laboratories (Minami-ku, Kyoto)	-	Head office facilities and development facilities for small precision motors	3,147	72	3,591 (20)	500	7,310	748 (54)
Tokyo Office (Shinagawa-ku, Tokyo)	-	Sales facilities for products	1,438	0	2,026 (2)	79	3,543	64 (3)
Shiga Technical Center (Aisho-cho, Echi-gun, Shiga)	Nidec Corporation	Development facilities for small precision motors, automotive, appliance, commercial and industrial products	4,455	254	1,931 (66)	475	7,115	810 (94)
Nagano Technical Center (Komagane, Nagano)	Nidec Corporation	Development facilities for small precision motors	2,675	64	286 (33)	123	3,148	201 (31)
Nidec Research And Development Center (Saiwai-ku, Kawasaki)	-	Fundamental and applied research facilities	4,028	142	1,281 (6)	374	5,825	190 (1)
Nidec Corporation Head Office Annex Global Learning Center (Minami-ku, Kyoto)	-	Employee training facility	3,541	0	410 (4)	520	4,471	- (-)

(Notes) 1. Book values are based on those of individual financial statements under Japanese GAAP.

2. The figures of "Number of employees" in round bracket are excluded from the number of employees and indicate the annual average number of temporary employees.

(2) Domestic subsidiaries

(As of March 31, 2017)

Name of business place (location)	Name of segment	Details of major facilities and equipment	Book value (Yen in millions)					Number of employees
			Building and structures	Machinery, equipment and vehicles	Land (Area in thousands of m ²)	Tools, furniture and fixtures	Total	
Nidec Sankyo Corporation (Shimosuwa-cho, Suwa-gun, Nagano)	Nidec Sankyo Corporation	Manufacturing facilities for small precision motors, automotive products, machinery and electronic parts	5,881	1,150	6,292 (579)	589	13,912	1,344 (130)
Nidec Copal Corporation (Itabashi-ku, Tokyo)	Nidec Copal Corporation	Manufacturing facilities for small precision motors, machinery, electronic and optical components	3,174	1,998	3,084 (124)	417	8,673	730 (432)
Nidec Techno Motor Corporation (Obama, Fukui)	Nidec Techno Motor Corporation	Manufacturing facilities for appliance, commercial and industrial products	3,612	370	1,033 (39) [119]	255	5,270	687 (154)
Nidec Tosok Corporation (Zama, Kanagawa)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	2,296	924	1,424 (66)	265	4,909	564 (93)
Nidec-Shimpo Corporation (Nagaokakyo, Kyoto)	Others	Manufacturing facilities for machinery	2,602	1,217	3,892 (36)	544	8,255	432 (30)

(Notes) 1. Book values are based on those of individual financial statements under Japanese GAAP.

2. The figures of "Number of employees" in round bracket are excluded from the number of employees and indicate the annual average number of temporary employees.

3. The figures of "Land" in square bracket are excluded from the areas of land and indicate areas of leased land (in thousands of m²).

(3)Overseas subsidiaries

(As of March 31, 2017)

Name of business place (location)	Name of segment	Details of major facilities and equipment	Book value (Yen in millions)					Number of employees
			Building and structures	Machinery, equipment and vehicles	Land (Area in thousands of m ²)	Tools, furniture and fixtures	Total	
Nidec Electronics (Thailand) Co., Ltd. (Pathumthani, Thailand)	Nidec Electronics (Thailand)	Manufacturing facilities for small precision motors	4,179	1,636	533 (97) [12]	3,951	10,299	6,684 (1,568)
Nidec Precision (Thailand) Co., Ltd. (Ayutthaya, Thailand)	Nidec Electronics (Thailand)	Manufacturing facilities for small precision motors	2,292	6,036	810 (164) [20]	876	10,014	3,360 (1,142)
Nidec Shibaura (Zhejiang) Co., Ltd. (Pinghu, Zhejiang, China)	Nidec Techno Motor Corporation	Manufacturing facilities for appliance, commercial and industrial products	1,399	6,647	- (-) [68]	1,512	9,558	1,772 (1,432)
Nidec ASI S.p.A. (Milan, Italy)	Nidec Motor Corporation	Manufacturing facilities for appliance, commercial and industrial products	4,840	2,660	1,211 (139) [1]	139	8,850	1,359 (17)
Nidec Leroy-Somer Holding (Angouleme, France)	Nidec Motor Corporation	Manufacturing facilities for appliance, commercial and industrial products	6,256	13,121	2,392 (1,530) [264]	-	21,769	7,146 (46)
NIDEC GPM GmbH (Thüringen, Germany)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	2,208	8,953	173 (159) [5]	320	11,654	1,221 (72)

Name of business place (location)	Name of segment	Details of major facilities and equipment	Book value (Yen in millions)					Number of employees
			Building and structures	Machinery, equipment and vehicles	Land (Area in thousands of m ²)	Tools, furniture and fixtures	Total	
Nidec Tosok (Vietnam) Co., Ltd. (Ho Chi Minh, Vietnam)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	1,432	8,469	- (-) [51]	239	10,140	3,346 (-)
Nidec Automobile Motor (Zhejiang) Corporation (Pinghu, Zhejiang, China)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	302	10,621	- (-) [32]	191	11,114	2,559 (13)
Nidec Motors & Actuators (Germany) GmbH (Baden-Württemberg, Germany)	Nidec Motors & Actuators	Manufacturing facilities for automotive products	755	1,466	511 (31) [-]	452	3,184	284 (28)
Nidec (Dalian) Ltd. (Dalian City, Liaoning Province, China)	Other	Manufacturing facilities for small precision motors, automotive products	1,781	5,782	- (-) [68]	972	8,535	2,432 (60)

(Notes) 1. Book values are based on IFRS.

2. The figures of “Number of employees” in round bracket are those of the annual average numbers of temporary employees, which are excluded from the number of employees.
3. The figures of “Land” in square bracket are excluded from the areas of land and indicate areas of leased land (in thousands of m²).
4. The amounts of Nidec ASI S.p.A., Nidec Leroy-Somer Holding and Nidec GPM GmbH include those of their subsidiaries’.

3. Plans for Capital Investment, Disposals of Property, Plant and Equipment, etc.

NIDEC determines capital investments considering the economic forecast, the trends of the industry, and investment efficiency, etc. in total. In principle, each of the consolidated companies prepares individual facilities plans.

Plans for new construction and disposition of major facilities as of March 31, 2017 were as follows:

(1) New Construction of Major Facilities, etc.

Name of Company or Business Place	Location	Name of Segment	Description	Total Planned Investment (Yen in millions)	Amount Already Paid (Yen in millions)	Funding Measures	Launch	Completion
Nidec Corporation Nidec Institute for Industrial Science	Souraku-gun, Kyoto	-	Facilities for fundamental and applied research	20,000	1,271	Own capital, borrowing	December 2016	January 2018
Nidec Sankyo Vietnam Corporation	Ho Chi Minh, Vietnam	Nidec Sankyo Corporation	Manufacturing factory for home appliances	998	231	Own capital	December 2016	July 2017
Nidec (Dalian) Ltd.	Dalian, China	Other	Manufacturing facilities for automotive products	7,371	-	Own capital, borrowing	April 2017	March 2018
NIDEC GPM GmbH	Thüringen, Germany	Nidec Motor Corporation	Manufacturing facilities for automotive products	6,346	-	Own capital, borrowing	April 2017	March 2018
Nidec Precision (Thailand) Co., Ltd.	Pathumthani, Thailand	Nidec Electronics (Thailand)	Manufacturing facilities for small precision motors	5,248	-	Own capital, borrowing	April 2017	March 2018

(2) Disposition of major facilities, etc.

Not applicable.

IV. Information on the Company

1. Information on the Company's Stock, etc.

(1) Total number of shares, etc.

1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	960,000,000
Total	960,000,000

2) Issued Shares

Class	Number of shares issued as of fiscal year (shares) (March 31, 2017)	Number of shares issued as of the filing date (shares) (June 19, 2017)	Stock exchange on which the Company is listed	Description
Common stock	298,142,234	298,142,234	Tokyo Stock Exchange, Inc. (the first section)	This is our standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	298,142,234	298,142,234	-	-

(2) Information on the stock acquisition rights, etc.
Not applicable.

(3) Information on moving strike convertible bonds, etc.
Not applicable.

(4) Information on shareholder right plans
Not applicable.

(5) Changes in the total number of issued shares and the amount of common stock and other

Date	Change in the total number of issued shares (shares)	Balance of the total number of issued shares (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in capital reserve (Yen in millions)	Balance of capital reserve (Yen in millions)
April 1, 2014 (*1)	145,075,080	290,150,160	-	66,551	-	70,772
From April 1, 2014 to March 31, 2015 (*2)	3,958,256	294,108,416	10,520	77,071	10,520	81,292
From April 1, 2015 to March 31, 2016 (*2)	4,033,818	298,142,234	10,713	87,784	10,713	92,005

(Notes) *1. Change due to stock split (1:2)

*2. Changes due to exercise of Euro Yen Convertible-Bonds-Type Bonds with Stock Acquisition Rights due 2015.

(6) Shareholders composition

(As of March 31, 2017)

Class of shareholders	Status of shares (one unit of stock: 100 shares)								Number of shares less than one unit (shares)
	Government and municipality	Financial institution	Financial instruments business operator	Other institution	Foreign corporations, etc.		Individuals and others	Total	
					Non-individuals	Individuals			
Number of shareholders	-	158	67	738	759	42	40,012	41,776	-
Share ownership (unit)	-	1,172,969	30,139	209,604	1,036,570	314	526,749	2,976,345	507,734
Ownership percentage of share (%)	-	39.41	1.01	7.04	34.83	0.01	17.70	100	-

(Notes) 1. Of 1,544,634 shares of treasury stock, 15,446 units are included in the "Individuals and others", while 34 shares are included in the "Number of shares less than one unit".

2. Of the shares registered in the name of Japan Securities Depository Center, Incorporated, 355 units are included in the "Other institution" column and 8 shares are included in the "Number of shares less than one unit" column.

(7) Major shareholders

(As of March 31, 2017)

Name	Address	Number of shares owned (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Shigenobu Nagamori	Nishikyo-ku, Kyoto	24,736	8.29
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	18,062	6.05
The Master Trust Bank of Japan, Ltd. (trust account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo	14,527	4.87
The Bank of Kyoto, Ltd. (Standing proxy: Trust & Custody Services Bank, Ltd.)	700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo)	12,399	4.15
S.N. Kosan, Ltd.	518, Akinono-cho, Karasuma-dori, Nijyo-Sagaru, Nakagyo-ku, Kyoto	11,122	3.73
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	7,425	2.49
State Street Bank and Trust Company (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo branch)	One Lincoln Street, Boston, Massachusetts 02111, U.S.A. (11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo)	6,935	2.32
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	In Nippon Life Management of securities department, 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo)	6,579	2.20
Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo (Harumi Island Triton Square Office Tower Z, 8-12, Harumi 1-chome, Chuo-ku, Tokyo)	6,402	2.14
JPMC OPPENHEIMER JASDEC LENDING ACCOUNT (Standing proxy: The Bank of Tokyo-Mitsubishi UFJ, Ltd.)	6803 S. Tucson Way Centennial, CO 80112, U.S.A. (Settlement division 7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo)	6,347	2.12
Total	-	114,539	38.41

(Notes) 1. Holdings of less than 1,000 shares have been omitted.

2. All shares owned by Japan Trustee Services Bank, Ltd. (trust account) and The Master Trust Bank of Japan, Ltd. (trust account) are related to trust services.

3. An amendment report for a large shareholding report was showed by Mitsubishi UFJ Financial Group, Inc. dated January 16, 2017. However, the above table is based on the shareholders' register since the Company does not confirm the actual status of shareholdings as of the end of March 31, 2017.

A summary of the report as of January 9, 2017 is as follows:

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	7,425,902	2.49
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo	7,802,482	2.62
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	1,132,200	0.38
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	5-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo	2,713,647	0.91
Total	-	19,074,231	6.40

4. An amendment report for a large shareholding report was showed by Sumitomo Mitsui Trust Bank, Limited dated December 21, 2016. However, the above table is based on the shareholders' register since the Company does not confirm the actual status of shareholdings as of the end of March 31, 2017.

A summary of the report as of December 15, 2016 is as follows:

Name	Address	Number of shares held (shares)	Shareholding ratio (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	12,796,543	4.29
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	425,000	0.14
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	2,362,300	0.79
Total	-	15,583,843	5.23

(8) Information on voting rights

1) Issued shares

(As of March 31, 2017)

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting right	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting right (treasury stock, etc.)	Common stock 1,544,600	-	-
Shares with full voting right (others)	Common stock 296,089,900	2,960,899	-
Shares less than one unit	Common stock 507,734	-	-
Number of issued shares	298,142,234	-	-
Total number of voting rights	-	2,960,899	-

(Notes) 1. The “Shares with full voting right (others)” column includes 35,500 shares registered in the name of Japan Securities Depository Center (“JASDEC”) and 355 voting rights for those shares. The “Shares with full voting right (others)” column includes 200 shares registered in the name of Nidec-Shimpo Corporation (shares of stocks that were not registered when the shares were exchanged with the Company on October 1, 2003) and two voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 200 shares (two voting rights) registered in its name.

2. Common stock in the “Shares less than one unit” column includes 34 shares of the Company’s treasury stock.

2) Treasury stock, etc.

(As of March 31, 2017)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
Nidec Corporation	338 Kuzetonoshiro-cho, Minami-ku, Kyoto	1,544,600	-	1,544,600	0.51
Total	-	1,544,600	-	1,544,600	0.51

(9) Details of stock option plans

Not applicable.

2. Information on Acquisition, etc. of Treasury Stock

Class of shares

Acquisition of common stock under Article 155, Item 3 of the Companies Act and acquisition of common stock under Article 155, Item 7 of the Companies Act.

(1) Acquisition of Treasury Stock under the Resolution of the General Meeting of Shareholders

Not applicable

(2) Acquisition of Treasury Stock under the Resolution of the Meetings of the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Details on resolution at the Meeting of the Board of Directors held on January 21, 2016 and December 20, 2016 (Term of validity: from January 27, 2016 to January 26, 2017)	5,000,000	50,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2017	-	-
Treasury stock acquired during the fiscal year ended March 31, 2017	-	-
Treasury stock not acquired for the fiscal year ended March 31, 2017	5,000,000	50,000,000,000
The percentage of remaining treasury stock not acquired as of March 31, 2017 (%)	100.0	100.0
Treasury stock acquired during the current period	-	-
The percentage of remaining treasury stock not acquired as of filing date (%)	100.0	100.0

(Notes) The Meeting of Board of Directors held on December 20, 2016 resolved to increase the number of own shares purchasable under the plan from 3,000,000 shares to 5,000,000 shares, and to raise the total amount from 24 billion yen to 50 billion yen.

Classification	Number of shares (shares)	Total amount (Yen)
Details on resolution at the Meeting of the Board of Directors held on January 24, 2017 (Term of validity: from January 27, 2017 to January 26, 2018)	5,000,000	50,000,000,000
Treasury stock acquired before the fiscal year ended March 31, 2017	-	-
Treasury stock acquired during the fiscal year ended March 31, 2017	-	-
Treasury stock not acquired for the fiscal year ended March 31, 2017	5,000,000	50,000,000,000
The percentage of remaining treasury stock not acquired as of March 31, 2017 (%)	100.0	100.0
Treasury stock acquired during the current period	520,000	5,138,822,700
The percentage of remaining treasury stock not acquired as of filing date (%)	89.6	89.7

(Notes) Treasury stock acquired during the current period does not include acquisition of treasury stock from June 1, 2017 to the filing date of this report.

(3) Details of Acquisition of Treasury Stock not under the Resolution of the General Meeting of Shareholders or the Meetings of the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the fiscal year ended March 31, 2017	3,424	33,117,922
Treasury stock acquired during the current period	286	2,984,520

(Notes) Treasury stock acquired during the current period does not include stocks consisting of less than one unit purchased during the period from June 1, 2017 to the filing date of this report.

(4) Status of the Disposition and Holding of Acquired Treasury Stock

Classification	Fiscal year ended March 31, 2017		Current period	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock for which subscribers were solicited	-	-	-	-
Acquired treasury stock which was retired	-	-	-	-
Acquired treasury stock for which transfer of shares was conducted due to merger, share exchange or company separation	-	-	-	-
Others(-)	-	-	-	-
Total number of treasury stock held	1,544,634	-	2,064,920	-

(Notes) Total number of treasury stock held during the current period does not include acquisition of treasury stock resolved at the Meetings of the Board of Directors and stocks consisting of less than one unit purchased during the period from June 1, 2017 to the filing date of this report.

3. Dividend Policy

NIDEC's dividend policy is to maintain stable dividends and raise dividends based on its consolidated net profit results and at the same time, to increase internal reserves to further strengthen its operational structure and to promote bold business development.

NIDEC generally aims to pay dividends of surpluses twice a year by interim and year-end dividends. The Board of Directors has the authority to declare these dividends.

In view of its current fiscal position separately described and to meet the support of shareholders and investors, the Board of Directors has determined to set the year-end dividend at ¥45.0 per share for the fiscal year ended March 31, 2017 together with the interim dividend of ¥40.0 per share. As a result, the dividend payout ratio for the fiscal year ended March 31, 2017 on a consolidated basis was 22.6%.

Reserves are used to further strengthen our operational structure and invest in business expansion to increase revenues.

NIDEC stipulates in its Article of Incorporation the possibility of resolution of interim dividends, which is defined under Article 454, Paragraph 5 of the Corporate Law of Japan and the possibility of dividends by the resolution of at the Meetings of the Board of Directors, which is defined under Article 459, Paragraph 1 of the Corporate Law of Japan.

Dividends with record dates falling in the current fiscal year are as follows:

Date of resolution	Cash dividends (Yen in millions)	Cash dividends per share (yen)
The Meeting of the Board of Directors on October 24, 2016	11,864	40
The Meeting of the Board of Directors on May 24, 2017	13,347	45

4. Share Prices

(1) Highest and Lowest Share Prices in Each of the Recent Five Fiscal Years

Fiscal year	40 th business term	41 st business term	42 nd business term	43 rd business term	44 th business term
Year end	March, 2013	March, 2014	March, 2015	March, 2016	March, 2017
Highest (yen)	7,650	12,970 □6,288	8,485	11,415	11,045
Lowest (yen)	4,550	5,200 □5,804	5,388	6,407	6,985

(Notes) 1. The share prices are market prices on the first section of the Tokyo Stock Exchange from July 16, 2013 and those on the first section of the Osaka Stock Exchange before.

2. The figures with □ show the highest and lowest price after the rights-off due to the share split (1 share was split into two shares) implemented on April 1, 2014.

(2) Highest and Lowest Share Prices in Each of the Recent Six Months

Month	October 2016	November 2016	December 2016	January 2017	February 2017	March 2017
Highest (yen)	10,380	10,510	10,640	11,045	10,850	10,900
Lowest (yen)	9,184	9,578	9,301	10,205	10,400	10,185

(Note) The share prices are market prices on the first section of the Tokyo Stock Exchange.

5. Directors and Senior Management

Twelve men and two women

(Women's percentage to total number of the Members of the Board of Directors and the Members of the Audit & Supervisory Board of Nidec Corporation: 14.3%)

Position	Responsibility	Name	Date of birth	Brief personal records	Term of office	Share ownership (100 shares)
Representative Director and Member of the Board of Directors	Chairman of the Board, President and Chief Executive Officer (CEO)	Shigenobu Nagamori	August 28, 1944	<p>Jul. 1973: Founded Nidec Corporation (Representative Director, Chairman of the Board, President and Chief Executive Officer (CEO))</p> <p>Mar. 1997: Member of the Board of Directors and Chairman, Read Electronics Corporation (currently Nidec-Read Corporation) (current position)</p> <p>Jun. 2009: Member of the Board of Directors and Chairman, Nidec Sankyo Corporation (current position)</p> <p>Jun. 2013: Member of the Board of Directors and Chairman, Nidec-Shimpo Corporation (current position)</p> <p>Jun. 2014: Outside Member of the Board of Directors, SoftBank Corporation (currently SoftBank Group Corporation) (current position)</p> <p>Oct. 2014: Representative Director, Member of the Board of Directors, Chairman of the Board, President and Chief Executive Officer (CEO) (current position)</p> <p>Oct. 2015: Member of the Board of Directors and Chairman, Nidec Elesys Corporation (current position)</p>	*3	24,736
Representative Director and Member of the Board of Directors	Vice Chairman, Chief Sales Officer (CSO) and Adviser to President (Global Business Promotion Division, Global Centralized Purchasing Division, Secretarial Office,	Hiroshi Kobe	March 28, 1949	<p>Jul. 1973: Participated in the foundation of Nidec Corporation</p> <p>Mar. 1982: GM, Sales Dept.</p> <p>Nov. 1984: Member of the Board of Directors</p> <p>Nov. 1991: Member of the Board of Directors and Senior Vice President</p> <p>Apr. 1996: Member of the Board of</p>	*3	473

	<p>Corporate Administration & Internal Audit Dept., Compliance Office, Risk Management Office, Corporate Planning Dept., Public Relations & Advertising Dept., Legal Dept., General Affairs Dept., Human Resources Management Dept., Human Resources Development Dept., Information Systems Dept., International Business Administration Dept., Sales Administration & Service Dept. and 3Q6S)</p>			<p>Directors and First Senior Vice President Apr. 2000: Member of the Board of Directors and Executive Vice President Apr. 2005: Chief Operating Officer (COO) Jun. 2006: Representative Director, Member of the Board of Directors and Executive Vice President Representative Director, Member of the Board of Directors and Chairman, Nidec Total Service Corporation (currently Nidec Global Service Corporation) (current position) Jun. 2008: Representative Director, Member of the Board of Directors and Executive Vice President Apr. 2014: Representative Director, Member of the Board of Directors and Chairman, Nidec Servo Corporation (current position) Jun. 2015: Representative Director, Member of the Board of Directors, Vice Chairman and Chief Sales Officer (CSO) (current position)</p>		
<p>Representative Director and Member of the Board of Directors</p>	<p>Vice Chairman, Chief Technology Officer (CTO), Adviser to President (New Business Development Unit, Nidec Research and Development Center, Japan, Nidec Center for Industrial Science and Production Engineering Center) and in charge of managing Intellectual Property Dept.</p>	<p>Mikio Katayama</p>	<p>December 12, 1957</p>	<p>Apr. 1981: Sharp Corporation Apr. 2006: Representative Director, Member of the Board of Directors and First Senior Vice President Apr. 2007: Representative Director, Member of the Board of Directors and President Apr. 2012: Member of the Board of Directors and Chairman Sep. 2014: Executive Consultant, Nidec Corporation Oct. 2014: Vice Chairman Chief Technology Officer (CTO) (current position) Jun. 2015: Representative Director, Member of the Board of Directors and Vice Chairman (current position) Oct. 2015: Member of the Board of</p>	<p>*3</p>	<p>1</p>

				<p>Directors and Chairman, Nidec India Private Limited (current position)</p> <p>Representative Director, Member of the Board of Directors and Chairman, Nidec Techno Motor Corporation (current position)</p> <p>Jun. 2016: Representative Director, Member of the Board of Directors and Chairman, Nidec Seimitsu Corporation (current position)</p> <p>Jun. 2016: Representative Director, Member of the Board of Directors and Chairman, Nidec Copal Corporation (current position)</p>		
Member of the Board of Directors	<p>Executive Vice President, Chief Financial Officer (CFO), Adviser to President (Global PMI Promotion Division, Corporate Strategy Office, Group Companies Management Dept. and Finance Dept.) and in charge of managing CFO Strategy Dept., Accounting Dept., Global Tax Planning Dept. and CSR Promotion Office</p>	Akira Sato	November 2, 1954	<p>Apr. 1977: Nissan Motor Co., Ltd.</p> <p>Apr. 2002: Vice President</p> <p>Jan. 2012: First Senior Vice President, Nidec Corporation</p> <p>Jun. 2012: Member of the Board of Directors and First Senior Vice President</p> <p>Apr. 2013: Member of the Board of Directors and Executive Vice President (current position)</p> <p>Oct. 2014: Member of the Board of Directors and Chairman, Nidec US Holdings Corporation (currently Nidec Americas Holding Corporation) (current position)</p> <p>Apr. 2015: Member of the Board of Directors and President, Green Sun Insurance, Inc. (current position)</p> <p>May 2016: Chief Financial Officer (CFO) (current position)</p> <p>Jun. 2016: Member of the Board of Directors and Chairman, Nidec Management Shanghai Corporation (current position)</p>	*3	3
Member of the Board of Directors	<p>Executive Vice President, Executive GM, Small Precision Motor & Solutions</p>	Toshihiko Miyabe	June 16, 1958	<p>Apr. 1983: Nidec Corporation</p> <p>Apr. 2006: Representative Director, Member of the Board of Directors and President,</p>	*3	9

	Business Unit, BU-wide Business Planning and First Senior GM, General Application Motor & Solutions Business Group			<p>Nidec Philippines Corporation</p> <p>Jun. 2008: Vice President</p> <p>Apr. 2011: Senior Vice President Member of the Board of Directors and Chairman, Nidec Philippines Corporation (current position)</p> <p>Apr. 2012: Member of the Board of Directors and Chairman, Nidec (Zhejiang) Corporation (current position)</p> <p>Jun. 2012: Member of the Board of Directors and Senior Vice President</p> <p>Jun. 2013: Senior Vice President</p> <p>Jun. 2014: Member of the Board of Directors and First Senior Vice President</p> <p>Jun. 2015: Member of the Board of Directors and Executive Vice President (current position)</p>		
Member of the Board of Directors	Executive Vice President and Executive GM, Automotive Motor & Electronic Control Business Unit	Hiroyuki Yoshimoto	October 28, 1967	<p>Apr. 1991: Nissho Iwai Corporation (currently Sojitz Corporation)</p> <p>Aug. 2003: GE Fleet Service (currently SMFL Capital Co., Ltd.)</p> <p>Feb. 2008: Calsonic Kansei Corporation</p> <p>Apr. 2010: First Senior Vice President</p> <p>Apr. 2012: Nissan Motor Co., Ltd.</p> <p>Mar. 2015: Executive Consultant, Nidec Corporation</p> <p>May 2015: Representative Director, Member of the Board of Directors and President, Nidec Tosok Corporation</p> <p>Nov. 2016: Executive Vice President</p> <p>Jan. 2017: Representative Director, Member of the Board of Directors and Chairman, Nidec Tosok Corporation (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec (Dalian) Limited (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec Automobile Motor (Zhejiang) Corporation (current position)</p>	*3	0

				<p>Chairman, Nidec Automotive Motor Americas, LLC (current position)</p> <p>Jun. 2017: Member of the Board of Directors and Executive Vice President (current position)</p>		
Member of the Board of Directors	Executive Vice President and Executive GM, Appliance, Commercial & Industrial Motor Business Unit	Tetsuo Onishi	June 18, 1954	<p>Apr. 1979: Sharp Corporation</p> <p>Apr. 2014: Representative Director, Member of the Board of Directors and Executive Vice President</p> <p>May 2016: Executive Consultant, Nidec Corporation</p> <p>Jun. 2016: Executive Vice President Representative Director, Member of the Board of Directors and Chairman, Nidec Motor Holdings Corporation (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec ASI S.p.A. (current position)</p> <p>Member of the Board of Directors and Chairman, Nidec Motor Corporation (current position)</p> <p>Jun. 2017: Member of the Board of Directors and Executive Vice President (current position)</p>	*3	0
Member of the Board of Directors		Kiyoto Ido	October 30, 1950	<p>Apr. 1973: The Ministry of Finance of Japan</p> <p>Mar. 1980: Consul, the Japanese Consulate General in Frankfurt, West Germany</p> <p>Jul. 1989: Deputy General Manager, Finance Bureau, Inter-American Development Bank</p> <p>Jun. 1993: Director, International Finance Bureau, the Ministry of Finance of Japan</p> <p>Jul. 1998: Counselor, Minister's Secretariat (Deputy Vice Minister) Deputy Director-General, Minister's Secretariat (in charge of International</p>	*3	0

				<p>Bureau)</p> <p>Jun. 1999: Minister, the Embassy of Japan in the USA</p> <p>Jul. 2002: Deputy Director-General, Minister's Secretariat, the Ministry of Finance of Japan (in charge of International Bureau)</p> <p>Jan. 2003: Senior Deputy Director-General, the International Bureau of the Ministry</p> <p>Jul. 2004: Director-General, the International Bureau of the Ministry</p> <p>Aug. 2006: Executive Director, the Bank of Japan</p> <p>Apr. 2011: Vice Chairman, the Institute for International Economic Studies (IIES) (current position)</p> <p>Jun. 2014: Member of the Board of Directors, Nidec Corporation (current position)</p>		
Member of the Board of Directors		Noriko Ishida	August 30, 1948	<p>Apr. 1976: Registered as attorney-at-law, the Osaka Bar Association</p> <p>Apr. 1981: Chairperson, Ishida Law Firm (currently Lion Bashi Law Firm) (current position)</p> <p>Apr. 2001: Deputy Chairperson, the Osaka Bar Association</p> <p>Oct. 2008: Chairperson, the Osaka City Council for the Promotion of Human Rights Policies</p> <p>Apr. 2010: Executive Board Member, the Japan Federation of Bar Associations</p> <p>May 2010: Refugee Examination Counselor</p> <p>Jun. 2012: Member of the Board of Directors, Nidec Corporation (current position)</p> <p>Apr. 2014: Chairperson, the Osaka Bar Association Deputy Chairperson, the Japan Federation of Bar Associations</p>	*3	0
Fulltime Member of the Audit & Supervisory		Ryuichi Tanabe	March 9, 1948	<p>Apr. 1970: The Ministry of Foreign Affairs of Japan</p> <p>May 1986: Director, the Overseas Public Relations, the</p>	*4	1

Board				<p>Information Bureau, Minister' Secretariat</p> <p>Jul. 1988: Counselor, the Japanese Embassy in Germany</p> <p>Oct. 1990: Minister, the Japanese Embassy in Saudi Arabia</p> <p>Aug. 1992: Minister, the Japanese Embassy in Austria</p> <p>Aug. 1994: Consul-General in Munich, Germany</p> <p>Jul. 1997: Minister, the Japanese Embassy in India</p> <p>Jul. 1999: Director-General for International Affairs, the Tokyo Metropolitan Government</p> <p>Apr. 2003: Ambassador Extraordinary and Plenipotentiary of Japan to Serbia and Montenegro</p> <p>Sep. 2005: Ambassador Extraordinary and Plenipotentiary of Japan in charge of Afghanistan Assistance Coordination</p> <p>Sep. 2006: Ambassador Extraordinary and Plenipotentiary of Japan to Poland</p> <p>Sep. 2009: Ambassador Extraordinary and Plenipotentiary for Kansai Region</p> <p>Jun. 2010: Representative of the Government of Japan</p> <p>Jun. 2011: Fulltime Member of the Audit & Supervisory Board, Nidec Corporation (current position)</p>		
Fulltime Member of the Audit & Supervisory Board		Osamu Narumiya	August 6, 1951	<p>Apr. 1976: The Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry) of Japan</p> <p>Apr. 1987: First Secretary, the Embassy of Japan in Singapore</p> <p>May 1995: Director, the Information Management Division, Minister's Secretariat</p> <p>Jul. 2002: Deputy Director-General (responsible for bilateral cooperation), Minister's Secretariat</p> <p>Sep. 2003: Director, the Japan Bicycle Racing Association (currently JKA)</p>	*4	3

				<p>Jun. 2004: Senior Managing Director, the National Federation of Small Business Associations</p> <p>Jun. 2007: Executive Consultant, Nidec Corporation</p> <p>Jun. 2007: Member of the Board of Directors</p> <p>Jun. 2008: Vice President</p> <p>Jun.2011: Fulltime Member of the Audit & Supervisory Board (current position)</p>		
Fulltime Member of the Audit & Supervisory Board		Kazuya Murakami	January 18, 1955	<p>Apr. 1977: The Ministry of Finance of Japan</p> <p>Jul. 1983: Director, Ise Tax Office, Nagoya Regional Taxation Bureau</p> <p>Jul. 1984: Executive Director's Assistant, International Monetary Fund</p> <p>Jun. 1996: Director, Central Asia Team, European Bank for Reconstruction and Development (EBRD)</p> <p>Jul. 2002: Director-General, the Fukuoka Local Finance Branch Bureau, the Ministry of Finance of Japan</p> <p>Jul.2004: Deputy Director-General, Minister's Secretariat (in charge of Customs and Tariff Bureau)</p> <p>Jul. 2005: Board Director, EBRD</p> <p>Jul. 2008: Director-General, the Kanto Local Finance Bureau, the Ministry of Finance of Japan</p> <p>Aug. 2009: Executive Director, Organization for Small & Medium Enterprises and Regional Innovation, Japan</p> <p>Jun. 2012: Fulltime Member of the Audit &Supervisory Board, Nidec Corporation</p> <p>Feb. 2013: Registered as attorney-at-law, the Kyoto Bar Association</p> <p>Jun. 2013: Vice President</p> <p>Jun. 2017: Fulltime Member of the Audit & Supervisory Board (current position)</p>	*5	1
Member of the Audit & Supervisory		Eisuke Nagatomo	July 7, 1948	Apr. 1971: Tokyo Stock Exchange (currently Tokyo Stock Exchange, Inc.)	*6	-

Board				<p>Jun. 1993: GM, Company Listing Office, Company Listing Management Department</p> <p>Jun. 1996: GM, International Transaction Department</p> <p>Jun. 1998: GM, Bond Department</p> <p>Jun. 1999: GM, Membership Department</p> <p>Jun. 2000: GM, General Affairs Department</p> <p>Nov. 2001: Vice President</p> <p>Jun. 2003: Senior Vice President</p> <p>Oct. 2007: Representative Director and Member of the Board of Directors, EN associates, Co., Ltd. (current position)</p> <p>Apr. 2008: Visiting Professor, Graduate School of Commerce, Waseda University (current position)</p> <p>Jun. 2010: Outside Member of the Board of Directors, kabu.com Securities Co., Ltd. (current position)</p> <p>Jun. 2010: Outside Member of the Board of Directors, Miroku Jyoho Service Co., Ltd. (current position)</p> <p>Jun. 2012: Outside Member of the Audit & Supervisory Board, Nikkiso Co., Ltd. (current position)</p> <p>Jun. 2016: Member of the Audit & Supervisory Board, Nidec Corporation (current position)</p>		
Member of the Audit & Supervisory Board		Junko Watanabe	October 17, 1965	<p>Apr. 1994: Research Associate, Faculty of Economics, Hokkaido University</p> <p>Apr. 1997: Research Associate, Graduate School of Economics & Faculty of Economics, The University of Tokyo</p> <p>Apr. 1998: Assistant Professor, Faculty of Humanities & Social Sciences, Shizuoka University</p> <p>Oct. 2002: Assistant Professor, Department of Human Communication, Faculty of Electro- Communications,</p>	*6	-

				<p>The University of Electro-Communications</p> <p>Apr. 2004: Assistant Professor, Graduate School of Economics & Faculty of Economics, Kyoto University</p> <p>Mar. 2005: Visiting Scholar, the University of Paris 7 - Denis Diderot (France)</p> <p>Oct. 2011: Visiting Scholar, Edwin O. Reischauer Institute of Japanese Studies, Harvard University</p> <p>Apr. 2012: Professor, Graduate School of Economics & Faculty of Economics, Kyoto University (current position)</p> <p>Aug. 2012: Visiting Associate Professor, Graduate School of Economics & Faculty of Economics, The University of Tokyo</p> <p>Jun. 2016: Member of the Audit & Supervisory Board, Nidec Corporation (current position)</p>		
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- *1. Members of the Board of Directors, Mr. Kiyoto Ido and Ms. Noriko Ishida are Outside Members of the Board of Directors.
2. Fulltime Member of the Audit & Supervisory Board, Mr. Ryuichi Tanabe and Members of the Audit & Supervisory Board, Mr. Eisuke Nagatomo and Ms. Junko Watanabe are Outside Members of the Audit & Supervisory Board.
3. A year from the end of the Ordinary General Meeting of Shareholders held on June 16, 2017.
4. Four years from the end of the Ordinary General Meeting of Shareholders held on June 23, 2015.
5. Four years from the end of the Ordinary General Meeting of Shareholders held on June 16, 2017.
6. Four years from the end of the Ordinary General Meeting of Shareholders held on June 17, 2016.

6. Corporate Governance, etc.

(1) Corporate Governance

1) Corporate governance system

1. The Company's corporate governance system and reasons NIDEC uses the system

The Company, under the corporate slogan “high growth, high profit, and high share price,” follows its “Aim of Nidec Corporation” and “Three Principles of Our Nidec's Operations,” and ensures to exercise its basic policy of strengthening its business and corporate management capabilities.

The functions for the business management system to realize the above basic policy are as follows:

The Company has as its main corporate governance bodies a Board of Directors, an Audit & Supervisory Board, and an accounting auditor in accordance with the Companies Act of Japan, in addition to an Executive Management Meeting and an Executive Management Meeting (Keiei-kaigi) with Senior Vice Presidents and Above (Jomu-kai) as the Company's executive bodies.

The Company's Board of Directors makes decisions on material business management-related matters while supervising the execution of business operations. The members of the Audit & Supervisory Board and the Board itself audit the execution of business operations by the Board of Directors of the Company, and audit its accounts. The Company includes among its members of the Company's Board of Directors and the Audit & Supervisory Board highly independent outside people who have no special interests in the Company to strengthen the audit and supervisory function of its business management. The Company's two outside members of the Board of Directors, based on their broad experience and deep insight, make decisions on material business management-related matters from an objective and neutral standpoint, and supervise the execution of business operations. The Company's three outside members of the Audit & Supervisory Board based on their broad experience and deep insight, audit and supervise the Company's business operations from an objective and neutral standpoint.

The Company holds an Executive Management Meeting monthly to summarize its monthly financial performance and deliberate in a cross-sectional manner material matters concerning administrative departments, affiliated companies, Business Units, etc. in order to better understand the status of business executions, while making decisions on business executions going forward. The Executive Management Meeting with Senior Vice Presidents and Above (*Jomu-kai*), a weekly meeting to advise the Company's Representative Director and President and chaired by the Company's Representative Director and Executive Vice President, deliberates overall business execution policies and plans, as well as individual material matters.

To further enhance its business management efficiency, the Company adopts “vice president” and “site-based business management” systems. The vice president system aims to clearly divide the roles of the members of the Board of Directors, who are legally responsible for the Company's business management and supervising, and those of the vice presidents, who are in charge of executing business operations, and to make the roles of the Company's Board of Directors be more concentrated on decision making regarding company-wide business operations and ensure active discussions on those matters. The vice president system also aims to transfer authorities from the members of the Board of Directors to vice presidents to expedite the Company's decision-making process. The site-based business management system aims to clarify the areas of responsibility for individuals to maintain and strengthen the effective internal control system.

2. Status of establishing the Company's “internal control” and “risk management” systems

In September 2004, the Company established a “Nidec Policy Manual” as a set of the Nidec Group's (NIDEC's) basic internal control policies. Since then, Corporate Administration & Internal Audit Department has been conducting activities to maintain and improve the internal control's effectiveness in the Company's financial reports, as required by Article 24-4-4-1 of Financial Instruments and Exchange Act of Japan.

In accordance with the Companies Act of Japan and Ordinance for Enforcement of the Companies Act, the Company has in place the following system to ensure proper business operations by the Company and its subsidiaries:

(a) System to ensure the execution of duties by the Company's and its subsidiaries' members of the Board of Directors and employees comply with laws and regulations and the Articles of Incorporation

The Company has in place the following compliance system to obtain social trust by complying with laws and regulations, relevant rules, internal rules and standards, social ethics codes, etc. while enhancing the ethical awareness of the Officers and employees, and to establish corporate integrity:

- The Company has established "Compliance Regulations" to put in place the basic notions, the organization and operational methods for compliance throughout the Nidec Group, and establish a compliance system and promote total employee awareness of this system through properly executing business operations based on laws and regulations, and by continuously checking and improving the process of executing such business operations.
- The Company has a Compliance Committee under its Board of Directors, adopted basic compliance policies, and monitors NIDEC's compliance status.
- The Company adopts specific compliance-related action guidelines, i.e., "the Nidec Group Compliance Code of Conduct" and "the Nidec Group Compliance Manual," and ensures that all NIDEC Officers and employees understand and act on them.
- As part of its compliance promotion activity, the Company holds compliance seminars for individual NIDEC companies to help raise their Officers' and employees' awareness on compliance.
- To spread compliance in the entire NIDEC, the Company has in place a NIDEC-wide internal reporting system, "Nidec Global Compliance Hotline," to encourage its employees to report and report problems on violations of law, regulations, and internal rules, and to protect whistleblowers of such problems.
- To promote the aforementioned activity, the Company's Compliance Office work with NIDEC's regional compliance personnel in the Americas, China, Europe, and Southeast Asia to secure compliance in individual NIDEC companies, forming a global compliance system.
- To address compliance violations, the Company handles them based on reports, whistle blowing, etc. to its Compliance Office or internal point of contact for whistle blowing such violations, investigates them, and tries to prevent their recurrence. The Company tries hard to prevent, in particular, fraud by a business leader, employee, or third party that causes misstatements in financial statements. The Company deliberates compliance violations in a meeting of an internal disciplinary committee and the Board of Directors to decide on penalties.
- To exercise its corporate governance NIDEC-wide, the Company has its head office departments provide the entire NIDEC with internal control system-related instructions and support, and manage and audit NIDEC companies to ensure legal, proper, and efficient business operations.
- The internal audit departments of the Company and its subsidiaries conduct internal audit on individual NIDEC companies to provide them with instruction, support, and advice for better business operations.

(b) System to save and manage information concerning the execution of duties by the members of the Company's Board of Directors

The Company organizes and saves documents concerning the execution of duties by the members of its Board of Directors by a certain number of years based on "Document Regulations," and the members of the Company's Audit & Advisory Board may view those documents at any time.

(c) Regulations and systems to manage the risks of loss concerning the Company and its subsidiaries

- The Company established "Risk Management Regulations" to have in place a NIDEC-wide risk management system, as well as a Risk Management Committee and Risk Management Office. Risk Management Committee, supervised by the Company's Board of Directors, decides the Company's risk management policies each fiscal year, while the Company's individual department general managers and NIDEC companies work under the committee to make and implement the annual plan in order to manage, address, and report any and all risks. Risk

Management Office supports such actions and collects information on those actions' statuses, while Corporate Administration & Internal Audit Department audits NIDEC companies on their risk management systems.

- In addition to "Risk Management Regulations," which are intended to manage daily risks, the company adopts NIDEC-wide "Crisis Management Regulations" to address materialized risks that must be handled in reality.

(d) System to ensure an efficient execution of duties by the members of the Company's and its subsidiaries' Boards of Directors

- As the basis of the "system to ensure an efficient execution of duties by the members of the Company's Board of Directors," the Company adopts a vice president system to empower its Vice Presidents with authorities to execute business operations. The Company's Board of Directors makes decisions on material matters concerning the Company's business policies, management strategies, etc., elects and dismisses Vice Presidents, and supervises the execution of business operations.
- NIDEC adopts a mid-term business plan to realize its long-term vision that was set as a specific numerical and qualitative target, uses it as the basis of its annual business plans. When making the mid-term business plan, the Company identifies, deliberates, and makes decisions on issues and risks to overcome to successfully achieve the plan by checking its feasibility and compatibility with the long-term vision. The Company regularly reviews and rolls the plan based on changes in the market and the status of progress against the plan.
- The Company and NIDEC companies have in place "*Ringi* (Approval Request) Regulations" to define clearly the authorities to make judgments and decision on business operations and to improve business management efficiency and transparency.
- The Company and NIDEC companies hold a risk management meeting daily to promptly report and share material information, and the minutes of the meeting is sent to each department general manager every day for daily business operations, while, as necessary such important issues are discussed widely and shared among participants in the Executive Management Meeting with Senior Vice Presidents and Above (*Jomu-kai*) and the Executive Management Meeting (*Keiei-kaigi*).

(e) Matters concerning reports to the Company regarding the execution of duties by the members of the Board of Directors of the Company's subsidiaries

- The members of the Board of Directors and Vice Presidents of the Company serve as members of the Board of Directors and Vice Presidents of NIDEC companies as well, attend their Executive Management Meetings, hold a NIDEC-wide CEO Conference quarterly, and take other actions to efficiently share policies and information, and communicate instructions and requests within NIDEC.
- The departments that manage individual NIDEC companies' business operations try to work closely with those companies, and request them to submit reports, documents, etc. as necessary to understand their management status accurately.

(f) Matters concerning the Company's employees and their independency from the members of Company's Board of Directors when the members of the Company's Audit & Supervisory Board requests the Company to appoint employees to support the work of the members of the Company's Audit & Supervisory Board

- Based on Audit & Supervisory Board's request, Corporate Administration & Internal Audit Department audits matters that the members of Audit & Supervisory Board request to audit, and reports the audit's result to the Audit & Supervisory Board.
- In such an audit, support is provided for the audit duty if instructed or requested by the members of Audit & Supervisory Board. The members of the Board of Directors or Vice Presidents of the Company pose no improper restrictions on such report.

(g) System for the members of the Board of Directors and employees of the Company to report to the members of the Audit & Supervisory Board and the system concerning reports to the members of the Audit & Supervisory Board

The members of the Board of Directors and employees of the Company promptly report to

the Audit & Supervisory Board, in addition to statutory matters, matters that materially affect the entire NIDEC, the status of whistle blowing based on the internal whistle blowing system, and subjects reported by whistle blowing. The method used for whistle blowing is based on the decision made by discussion between the Company's Board of Directors and the Audit & Supervisory Board.

- (h) System for a member of the Board of Directors or the Audit & Supervisory Board, an employee who executes any business operation, an employee of any of the Company's subsidiaries, or someone who has received a report from any of these people, to report to the members of the Company's Audit & Supervisory Board, and to protect whistleblowers
- The Company's Corporate Administration & Internal Audit Department holds a meeting to report matters to the Company's Audit & Supervisory Board on a regular basis, and reports the reports of internal audits at NIDEC to the Board.
 - The Company's Compliance Office reports the status of whistle blowing by NIDEC's officers and employees to the members of the Company's Audit & Supervisory Board on a regular basis.
 - NIDEC protects whistleblowers so that they will not be affected negatively after whistle blowing based on the NIDEC-wide internal whistle blowing system, Nidec Global Compliance Hotline.

(i) Matters concerning a policy on handling advanced payments of the cost incurred due to the execution of duties by the members of the Company's audit & Supervisory Board, or on handling the cost or liability incurred due to the execution of a redemption procedure or any other duty by the members of the Company's audit & Supervisory Board

Based on the Company's Audit & Supervisory Board Audit & Supervisory Board Regulations and the standard of the Members of the Board, the Company's Audit & Supervisory Board Audit & Supervisory Board is entitled to independently deliberating matters, such as budget for auditing expenses, that the members of the Audit & Supervisory Board deem necessary for it to execute their duties, and may request the Company to redeem urgently or temporarily incurred cost at a later date.

- (j) System to ensure an effective audit by the members of the Audit & Supervisory Board
- The members of the Audit & Supervisory Board exchange their opinions with the Company's executives.
 - The members of the Audit & Supervisory Board prepare each month's activities in an audit report, and submit it to the Company's Board of Directors.
 - The members of the Audit & Supervisory Board visit individual NIDEC companies onsite to conduct 3Q6S and other audits.

3. Overview of the contents of the liability limitation contract

Based on Article 427-1 of the Companies Act of Japan, the Company is under contract with the outside members of its Board of Directors and Audit & Supervisory Board to limit the liability for damages stipulated in Article 423-1 of the Act. Based on the aforementioned contract, any member of the Company's Board of Directors and Audit & Supervisory Board must pay, as liability for damages, either a pre-determined amount no less than 8 million yen or an amount determined based on applicable laws and regulations, whichever is higher, at a maximum.

2) Internal audit and supervisory board

The Company's Corporate Administrative & Internal Audit Department, which reports directly to the president, conducts internal audit based on an audit plan. The members of the Audit & Supervisory Board are able to see internal audit reports through information system at any time. They receive reports from departments concerned such as Corporate Administrative & Internal Audit Department, and if necessary, exchange opinions and information and conduct an onsite audit. Corporate Administrative & Internal Audit Department consists of 15 members.

Mr. Ryuichi Tanabe, a full-time member of the Audit & Supervisory Board, has broad international concerns, rich experience and a considerable insight which he acquired through his various experience overseas as a diplomat.

Mr. Osamu Narumiya, a full-time member of the Audit & Supervisory Board, has rich experience

and insight in the area of finance or accounting which he acquired through his experience in risk management and audit as a bureaucrat.

Mr. Kazuya Murakami, a full-time member of the Audit & Supervisory Board Member, has rich experience and insight in the area of finance or accounting which he acquired through his duties in The Ministry of Finance of Japan. Mr. Eisuke Nagatomo, an outside member of the Audit & Supervisory Board, has rich experience and insight in the area of managements which he acquired through his duties at Tokyo Stock Exchange, Inc. Ms. Junko Watanabe, an outside member of the Audit & Supervisory Board Members, has rich experience and insight as a university professor.

3) The outside members of the Board of Directors and of the Audit & Supervisory Board

The Company elects two outside members of the Board of Directors and three outside members of the Audit & Supervisory Board.

The outside members of the Board of Directors make material management decisions and oversee, objectively and neutrally, NIDEC's overall business operations based on expertise and experience in the area of management and law.

The Company elects outside members of the Board of Directors by reference to the rules for Independent Executives defined by the TSE. They are highly independent members who have no personal, capital, trading or other conflicts of interest with the Company, or ordinary shareholders, and enhance the supervisory function of the Company's management to improve its transparency and objectivity.

The Company has notified the Tokyo Stock Exchange, Inc. (TSE) that two outside members of the Board of Directors are Independent Executives as defined by the TSE.

With regard to the two outside members of the Board of Directors appointed as such as of the end of the Ordinary General Meeting of Shareholders on June 16, 2017, their relationships with the Company and or the organizations they individually belong to are as follows:

Mr. Kiyoto Ido's experience includes the important posts at the Ministry of Finance of Japan and so forth and Executive Director of the Bank of Japan. Currently he holds the position of Deputy Chairman of the Institute for International Economic Studies (IIES). There is no current or past special interest between the Company and him or the organization he belongs to.

Ms. Noriko Ishida, who has held the important posts such as Deputy Chairperson of the Japan Federation of Bar Associations, currently serves as Chairperson of Lion Bashi Law Firm. There is no current or past special interest between the Company and her or the organization she belongs to.

The outside members of the Audit & Supervisory Board audit and objectively and neutrally oversee NIDEC's management based on their expertise and experience in the area of management and law.

The Company elects outside members of the Audit & Supervisory Board by reference to the rules for Independent Executives defined by the TSE. They are highly independent members who have no personal, capital, trading or other conflicts of interest with the Company, and possess no conflict of interest with ordinary shareholders. These members strengthen the audit and supervisory functions of the Company to improve its management's transparency and objectivity.

The Company has notified the TSE three outside members of the Audit & Supervisory Board as its Independent Executives as defined by the TSE.

With regard to the three outside members of the Audit & Supervisory Board as of the end of the Ordinary General Meeting of Shareholders on June 16, 2017, their relationship with the Company or the organizations they individually belong to are as follows:

Mr. Ryuichi Tanabe has held the important positions, including Director-General for International Affairs of the Tokyo Metropolitan Government, Ambassador Extraordinary and Plenipotentiary of Japan to Serbia and Montenegro, Ambassador Extraordinary and Plenipotentiary of Japan in charge of Afghanistan Assistance Coordination, Ambassador Extraordinary and Plenipotentiary of Japan to Poland, Ambassador Extraordinary and Plenipotentiary for Kansai Region and Representative of the Government of Japan. There is no current or past special interest between the Company and him or the organization he belongs to.

Mr. Eisuke Nagatomo has held the important positions at Tokyo Stock Exchange, Inc. and currently holds the position of Representative Director and Member of the Board of Directors, EN associates, Co., Ltd., Visiting Professor, Graduate School of Commerce, Waseda University,

outside member of the Board of Directors, kabu.com Securities Co., Ltd., outside member of the Board of Directors, Miroku Jyoho Service Co., Ltd. and outside member of the Audit & Supervisory Board, Nikkiso Co., Ltd. There is no current or past special interest between the Company and him or the organizations he belongs to.

Ms. Junko Watanabe currently holds the position of Professor of Graduate School of Economics & Faculty of Economics, Kyoto University. The Company makes donations to Kyoto University to support its educational and research activities, but, since the amount of the donations is less than 1% of the total amount of the university's donation-oriented income, we do not believe that NIDEC's donations to the university constitutes any problem with Ms. Watanabe's independence as an outside member of the Audit & Supervisory Board.

The ownership of the Company's shares by the outside members of the Board of Directors and of the Audit & Supervisory Board is stated in "5. Directors and Senior Management."

As stated above, the Company strengthens its functions to audit and monitor of its management by electing highly independent people who have no special interest with the Company as outside members of its Board of Directors and of the Audit & Supervisory Board.

The Company's Corporate Administrative & Internal Audit Department, which reports directly to its president, conducts internal audit based on an audit plan. The outside members of the Audit & Supervisory Board are able to use an information system to see internal audit reports through information system at any time. They also receive reports from Corporate Administrative & Internal Audit Department and other concerned departments, while, if necessary, exchanging opinions and information and conducting an onsite audit. The outside members of the Audit & Supervisory Board have meetings with accounting auditors twice to three times a year if necessary in addition to quarterly meetings, where they exchange information and opinions on audit results, audit structures, audit plans, and the progress of audit among other issues.

4) Compensation etc.

a) The total amount of compensation by position and the total amount by type and number of persons are as follows:

Position	Total amount of compensation (Yen in millions)	Total amount by type (Yen in millions)				Number of persons
		Remunerations	Stock Option	Bonuses	Retirement benefits	
Directors (excluding outside members of the Board of Directors)	311	311	-	-	-	9
Audit & Supervisory Board Members (excluding outside members of the Audit & Supervisory Board)	30	30	-	-	-	2
Outside members of the Board of Directors and outside members of the Audit & Supervisory Board	39	39	-	-	-	6

(Note) The above information includes the compensation of four members of the Board of Directors and one outside member of the Audit & Supervisory Board who retired during the fiscal year under review.

b) Consolidated Compensation for members of the Board of Directors and outside members of the Audit & Supervisory Board

No one is listed because none of the members was awarded remuneration of 100 million JPY or more in total.

c) Remuneration for corporate executives

Executive compensation is determined based on the company's performance. The total amount of the remuneration for the members of the Board of Directors is ¥1,000 million at the maximum annually, pursuant to the resolution at the 34th Ordinary General Meeting of Shareholders on June 22, 2007. The total amount of remuneration for the members of the Audit & Supervisory Board is the remuneration limit ¥100 million at the maximum annually, pursuant to the resolution at the 34th Ordinary General Meeting of Shareholders on June 22, 2007.

5) Status of stocks held

1. Stocks for investment held for any purpose other than pure investment

Number of such stocks held: 26

Total of the carrying value: ¥12,545 million

2. Holding classification, issuer, number of shares held, carrying value, and purposes for ownership of the stocks for investment held for any purpose other than pure investment

(Previous year)

Specific stocks for investment

Issuer	Number of shares held	Carrying value (Yen in millions)	Purposes for ownership
Brother Industries, Ltd.	1,120,300	1,450	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
ROHM Co., Ltd.	228,600	1,084	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
NICHICON Corporation	1,184,600	929	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
KYOCERA Corporation	175,600	870	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
The Shiga bank, Ltd.	1,592,440	755	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
The Bank of Kyoto, Ltd.	1,028,283	755	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
Mitsubishi UFJ Financial Group, Inc.	1,251,129	652	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution

HORIBA, Ltd.	124,500	523	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
SCREEN Holdings Co., Ltd.	288,000	256	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
Hibiya Engineering, Ltd.	130,200	205	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
Mizuho Financial Group, Inc	1,064,124	179	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
The Hachijuni Bank, Ltd.	256,439	124	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
Sumitomo Mitsui Financial Group, Inc.	31,483	107	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
Nissha Printing Co., Ltd.	56,300	93	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
The Fukui Bank, Ltd.	421,000	86	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution

The Dai-ichi Life Insurance Company, Limited.	17,400	24	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
NAGANO KEIKI Co., Ltd.	665	0	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship

(Current year)

Specific stocks for investment

Issuer	Number of shares held	Carrying value (Yen in millions)	Purposes for ownership
Brother Industries, Ltd.	1,120,300	2,605	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
ROHM Co., Ltd.	228,600	1,692	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
NICHICON Corporation	1,184,600	1,228	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
KYOCERA Corporation	175,600	1,089	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
The Shiga bank, Ltd.	1,592,440	909	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution

Mitsubishi UFJ Financial Group, Inc.	1,251,129	875	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
The Bank of Kyoto, Ltd.	1,028,283	834	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
HORIBA, Ltd.	124,500	743	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
SCREEN Holdings Co., Ltd.	57,600	472	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
Mizuho Financial Group, Inc	1,064,124	217	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
Hibiya Engineering, Ltd.	126,000	206	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship
The Hachijuni Bank, Ltd.	256,439	161	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
Nissha Printing Co., Ltd.	56,300	149	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship

Sumitomo Mitsui Financial Group, Inc.	31,483	127	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
The Fukui Bank, Ltd.	421,000	111	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
Dai-ichi Life Holdings, Inc.	17,400	35	Enhancing financial security including financing by maintaining smooth and close trust relationship with the financial institution
NAGANO KEIKI Co., Ltd.	665	0	Improving corporate value over the medium to long term by maintaining and enhancing business relationship and cooperative relationship

6) Status of auditing by the Independent Auditors, Audit & Supervisory Board Members and Internal Auditors

The Company has an auditing agreement with PricewaterhouseCoopers Kyoto to conduct audits required under the Companies Act and the Financial Instruments and Exchange Law. PricewaterhouseCoopers Kyoto conducts the financial statement audits from a standpoint of an independent third party. The Company receives reports of audit results from them, exchange opinions with them and be advised for improvement by them. The certified public accountants and their assistants for this term are as follows.

Certificated public accountants who executed audit are as follows:

Designated and Engagement Partner	Yukihiro Matsunaga
Designated and Engagement Partner	Tsuyoshi Yamamoto

(Note) Continuous audit years are not stated because any of them are as not more than seven years.

Assistants in auditing operations

5 CPAs, 5 members of the Japanese Institute of Junior Accountants, 11 others

The members of the Company's Audit & Supervisory Board have meetings with accounting auditors twice to three times a year as necessary in addition to the quarterly meetings. At these meetings, they exchange information and opinions regarding audit results, audit structures, audit plans, the progress of audits and so forth.

7) The number of the members of the Company's Board of Directors

The Company's Articles of Incorporation prescribe that the number of the members of the Company's Board of Directors be not more than 20.

8) Requirements for a resolution on the appointment of members of the Company's Board of Directors

The Company's Articles of Incorporation prescribe that a resolution on the appointment of members of the Company's Board of Directors be adopted by a majority of the voting rights of shareholders attending the General Meeting of Shareholders who collectively hold one-third or more of all voting rights, and that cumulative voting not be applied to pass a resolution on the appointment of the Directors.

9) The bodies that make a decision on the payment of dividends, etc.

To enable the expeditious return of profits to shareholders, the Company's Articles of Incorporation prescribe that matters specified in all items of Article 459-1 and Article 454-5 of the Companies Act, including those related to the payment of dividends, may be decided by the Board of Directors, as well as the General Meeting of Shareholders, unless otherwise stipulated by law.

10) Requirements for special resolutions of the General Meeting of Shareholders

For smooth management of the General Meeting of the Shareholders by easing the quorum of the General Meeting of Shareholders, the Articles of Incorporation set forth that a resolution of the General Meeting of Shareholders as specified by Article 309-2 of the Companies Act of Japan is valid if the shareholders who have at least one-third of the total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

(2) Audit fee, etc.

1) Payments made to the Certified Public Accountants and others involved in the audits of the Company and its consolidated subsidiaries

Category	For the year ended March 31, 2016		For the year ended March 31, 2017	
	Audit fees for audit services (Yen in millions)	Audit fees for non-audit services (Yen in millions)	Audit fees for audit services (Yen in millions)	Audit fees for non-audit services (Yen in millions)
The Company	257	-	218	2
The Company's subsidiaries	314	-	319	-
Total	571	-	537	2

2) Other important payments

(For the year ended March 31, 2016)

Audit fees paid by the Company and its consolidated subsidiaries Nidec Americas Holding Corporation and 54 other subsidiaries to the Company's accounting auditor (including PricewaterhouseCoopers and its group firms which belong to the same network as PricewaterhouseCoopers LLP), were ¥702 million. This fee is paid for audit services and non-audit services.

(For the year ended March 31, 2017)

Audit fees paid by the Company and its consolidated subsidiaries Nidec Americas Holding Corporation and 52 other subsidiaries to the Company's accounting auditor (including PricewaterhouseCoopers and its group firms which belong to the same network as PricewaterhouseCoopers LLP), were ¥665 million. This fee is paid for audit services and non-audit services.

3) Services other than certified auditing provided by the Certified Public Accountants and others to the Company

(For the year ended March 31, 2016)

Not applicable.

(For the year ended March 31, 2017)

The Company consigns and pays consideration to the accounting auditor for services concerning the preparation of comfort letters, which are non-auditing services outside the scope of Article 2-1 of Certified Public Accountants Act of Japan.

4) Policy for determining the audit fee

In determination of audit fees, factors such as the validity of the auditing plans are verified.

V. Consolidated Financial Statements and Other Information

1. Consolidated Financial Statements

(1) Consolidated Statements of Financial Position

(Yen in millions)

	Note	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Assets				
Current assets				
Cash and cash equivalents	7	269,902	305,942	321,580
Trade and other receivables	9	255,470	251,310	348,897
Other financial assets	29	262	2,010	2,951
Income tax receivables		1,551	2,063	1,676
Inventories	10	170,880	170,874	197,283
Other current assets	11	20,018	22,892	28,342
Total current assets		718,083	755,091	900,729
Non-current assets				
Property, plant, and equipment	12	342,556	346,932	394,051
Goodwill	13	162,959	162,043	260,183
Intangible assets	13	83,931	77,049	77,215
Investments accounted for using the equity method	31	2,167	1,896	1,125
Other investments	14 • 29	21,507	15,998	19,583
Other financial assets	29	2,274	1,804	3,764
Deferred tax assets	21	10,749	11,545	15,526
Other non-current assets	15	5,646	4,278	4,725
Total non-current assets		631,789	621,545	776,172
Total assets		1,349,872	1,376,636	1,676,901

(Yen in millions)

	Note	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Liabilities				
Current liabilities				
Short term borrowings	18 • 29	52,401	81,092	166,606
Long term debt due within one year	18 • 29	45,432	82,777	84,040
Trade and other payables	16	204,372	186,990	251,236
Other financial liabilities	29	2,941	3,192	1,844
Income tax payables		5,913	5,831	6,690
Provisions	22	18,583	18,886	25,210
Other current liabilities	17	31,151	40,891	66,461
Total current liabilities		360,793	419,659	602,087
Non-current liabilities				
Long term debt	18 • 29	184,432	136,798	161,785
Other financial liabilities	29	569	1,029	1,315
Retirement benefit liabilities	19	19,834	19,488	22,656
Provisions	22	2,904	3,337	3,614
Deferred tax liabilities	21	23,467	22,641	25,994
Other non-current liabilities		3,126	2,315	2,931
Total non-current liabilities		234,332	185,608	218,295
Total liabilities		595,125	605,267	820,382
Equity				
Common stock	23	77,071	87,784	87,784
Additional paid-in capital	23	107,732	118,341	118,340
Retained earnings		562,787	625,168	716,625
Other components of equity	20 • 23	(1,072)	(56,159)	(63,321)
Treasury stock		(27)	(12,111)	(12,143)
Total equity attributable to owners of the parent		746,491	763,023	847,285
Non-controlling interests		8,256	8,346	9,234
Total equity		754,747	771,369	856,519
Total liabilities and equity		1,349,872	1,376,636	1,676,901

(2) Consolidated Statements of Income

(Yen in millions)

		For the years ended March 31	
	Note	2016	2017
Net Sales	5	1,178,290	1,199,311
Cost of sales	25	(909,953)	(912,715)
Gross profit		268,337	286,596
Selling, general and administrative expenses	25	(98,697)	(93,458)
Research and development expenses	25	(51,978)	(52,807)
Operating profit	5	117,662	140,331
Financial income	26	1,913	3,368
Financial expenses	26	(2,410)	(3,063)
Derivative gain	28	151	405
Foreign exchange differences		(153)	1,771
Share of net profit (loss) from associate accounting using the equity method	31	1	(534)
Profit before income taxes		117,164	142,278
Income tax expenses	21	(26,166)	(29,607)
Profit for the year		90,998	112,671
Profit for the year attributable to:			
Owners of the parent		89,945	111,721
Non-controlling interests		1,053	950
Profit for the year		90,998	112,671
Earnings per share attributable to owners of the parent	27		
Basic (yen)		303.04	376.67
Diluted (yen)		301.93	376.67

(3) Consolidated Statements of Comprehensive income

(Yen in millions)

		For the years ended March 31	
	Note	2016	2017
Profit for the year		90,998	112,671
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		(941)	761
Fair value movements on FVTOCI equity financial assets		(2,909)	2,694
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		(56,190)	(8,319)
Effective portion of net changes in fair value of cash flow hedges		326	1,118
Fair value movements on FVTOCI debt financial assets		(6)	(0)
Total other comprehensive income for the year, net of taxation	20	(59,720)	(3,746)
Comprehensive income for the year		31,278	108,925
Comprehensive income for the year attributable to:			
Owners of the parent		30,983	108,024
Non-controlling interests		295	901
Comprehensive income for the year		31,278	108,925

(4) Consolidated Statements of Changes in Equity

For the year ended March 31, 2016

(Yen in millions)

	Note	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		
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 year				89,945			89,945	1,053	90,998
Other comprehensive income	20				(58,962)		(58,962)	(758)	(59,720)
Total comprehensive income							30,983	295	31,278
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(12,133)	(12,133)	-	(12,133)
Conversion of convertible bonds	23	10,713	10,615			22	21,350	-	21,350
Dividends paid to the owners of the parent	24			(23,690)			(23,690)	-	(23,690)
Dividends paid to non-controlling interests							-	(54)	(54)
Transfer to retained earnings				(3,874)	3,874		-	-	-
Other			(6)		1	27	22	(151)	(129)
As of March 31, 2016		87,784	118,341	625,168	(56,159)	(12,111)	763,023	8,346	771,369

For the year ended March 31, 2017

(Yen in millions)

	Note	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		
As of April 1, 2016		87,784	118,341	625,168	(56,159)	(12,111)	763,023	8,346	771,369
Comprehensive income									
Profit for the year				111,721			111,721	950	112,671
Other comprehensive income	20				(3,697)		(3,697)	(49)	(3,746)
Total comprehensive income							108,024	901	108,925
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(33)	(33)	-	(33)
Dividends paid to the owners of the parent	24			(23,728)			(23,728)	-	(23,728)
Dividends paid to non-controlling interests							-	(18)	(18)
Transfer to retained earnings				3,464	(3,464)		-	-	-
Other			(1)		(1)	1	(1)	5	4
As of March 31, 2017		87,784	118,340	716,625	(63,321)	(12,143)	847,285	9,234	856,519

(5) Consolidated Statements of Cash Flows

(Yen in millions)

		For the years ended March 31	
	Note	2016	2017
Cash flows from operating activities:			
Profit for the year		90,998	112,671
Adjustments to reconcile profit for the year to net cash provided by operating activities			
Depreciation		55,559	50,662
Amortization		9,391	9,038
Gain from sales, disposal or impairment of property, plant and equipment		(155)	(1,224)
Financial expenses (income)		420	(163)
Share of net (profit) loss from associate accounting using the equity method		(1)	534
Deferred income taxes		2,148	831
Current income taxes		24,019	28,775
Foreign currency adjustments		(368)	(6,636)
Increase (decrease) of retirement benefit liability		217	(94)
Increase in accounts receivable		(5,163)	(65,582)
Increase in inventories		(6,176)	(6,870)
(Decrease) increase in accounts payable		(6,897)	39,229
Other, net		8,028	(6,465)
Interests and dividends received		1,904	3,160
Interests paid		(1,797)	(3,052)
Income taxes paid		(24,468)	(24,961)
Net cash provided by operating activities		147,659	129,853

(Yen in millions)

For the years ended March 31

	Note	2016	2017
<hr/>			
Cash flows from investing activities:			
Additions to property, plant and equipment		(81,898)	(68,718)
Proceeds from sales of property, plant and equipment		1,417	1,786
Proceeds from sales or redemption of marketable securities		1,319	237
Acquisitions of business, net of cash acquired		(9,665)	(139,862)
Other, net		(6,550)	(4,919)
Net cash used in investing activities		<hr/> (95,377) <hr/>	<hr/> (211,476) <hr/>
Cash flows from financing activities:	8		
Increase in short term borrowings		32,412	93,784
Proceeds from issuance of long term debt		37,903	58,707
Repayments of long term debt		(26,210)	(32,782)
Proceeds from issuance of corporate bonds		-	50,001
Redemption of corporate bonds		-	(50,000)
Purchase of treasury stock		(12,133)	(33)
Dividends paid to the owner of the parent		(23,690)	(23,728)
Other, net		(507)	(101)
Net cash provided by financing activities		<hr/> 7,775 <hr/>	<hr/> 95,848 <hr/>
Effect of exchange rate changes on cash and cash equivalents		(24,017)	1,413
Net increase in cash and cash equivalents		<hr/> 36,040 <hr/>	<hr/> 15,638 <hr/>
Cash and cash equivalents at beginning of year		269,902	305,942
Cash and cash equivalents at end of year	7	<hr/> 305,942 <hr/>	<hr/> 321,580 <hr/>

Notes to 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>).

Consolidated Financial Statements as of March 31, 2017 consist of the Company and its consolidated subsidiaries (NIDEC) and shares of associates of NIDEC. See "I. Overview of the Company 4. Information on Affiliates" for a structure of group companies.

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

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

2. Basis of Preparation

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

The consolidated financial statements of NIDEC have been prepared in accordance with IFRS pursuant to the provision of article 93 of Regulations for 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 39. First-Time Adoption of IFRS".

(2) Basis of measurement

As stated in "Note 3. Significant accounting policies", the 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 and level of rounding

The 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" (amended in July 2014).

(5) Issued IFRS standards and interpretations not yet adopted by NIDEC

The following is a list of new or amended IFRS standards and interpretations that are issued but not yet adopted by NIDEC. The potential impacts of the standards listed below on NIDEC are still under consideration and cannot be estimated at this time.

IFRSs		Effective date (Fiscal year beginning on or after)	NIDEC's application date (Fiscal year ending)	Summaries of new standards and amendments
IFRS15	Revenue from Contracts with Customers	January 1, 2018	March 31, 2019	Revised accounting standard for revenue recognition
IFRS16	Leases	January 1, 2019	March 31, 2020	Revised accounting standard for leases

3. Significant accounting policies

Significant accounting policies apply 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 control. 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 gets control to the date when NIDEC loses control of it.

The financial statements of the subsidiaries may be adjusted where accounting policies are different to those of NIDEC.

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, any 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 presented 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 the 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, the difference is recognized directly in the consolidated statement of income as a gain on bargain purchase.

Non-controlling interests are presented separately from the equity of the owners of the parent. The non-controlling interest can be measured using either of the following methods:

- 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.

This policy choice is made for each business combination.

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

Transactions with non-controlling interests that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid / received is recognized in equity.

(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 an exchange rate which approximates the prevailing rates. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies using closing rates are recognized in the consolidated statement of income, except for those deferred in equity as effective cash flow hedges.

(iii) Foreign operations

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

(4) Cash and cash equivalent

Cash and cash equivalents are cash, deposits readily withdrawn as needed and highly liquid investments which have original maturities within three months from the acquisition date that are readily convertible to cash and are subject to an insignificant risk of changes in value.

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 on the weighted average cost basis. Cost of projects in progress, which mainly relate to production of factory automation equipment based on contracts with customers, are determined by using specific identification of their individual costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable completion cost and selling expense.

(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 charged to the income statement during the financial year in which they are incurred.

The depreciable amounts of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives of each asset. 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. Any changes are regarded as 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 estimated useful lives of major intangible assets are described below.

Proprietary technology	9-20 years
Customer relationships	6-21 years
Software	2-11 years

The useful lives and amortization method of intangible assets are reviewed at the end of the period. Any changes are regarded as a change in accounting estimate and recognized prospectively.

For intangible assets with finite useful life, an impairment test is carried out when there is an indication that the unit may be impaired. Intangible assets with indefinite useful life or which are not available 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 split between 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 and measured at fair value, if there is reasonable assurance that NIDEC will comply with the conditions attached to them and that the grants will be received. Government grants that are intended to compensate for specific costs are recognized as income in the period 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 regular 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 recognized 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 initially recognized on the date such receivables arise. 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 costs that are directly attributable to the acquisition of FVTPL financial assets are recognized in 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.

Financial assets measured at amortized costs

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.
- Contractual cash flows represent solely payments of principal and interest.

FVTOCI financial assets

(a) FVTOCI debt financial assets

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

- It is held in a business model whose objective is achieved by both collecting contractual cash 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 financial assets 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 financial assets

NIDEC may make an irrevocable election to present changes in the fair value of an investment in equity financial assets 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 qualify 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 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 by amortization cost

For financial assets measured at amortized cost, expected credit losses or reversals of expected credit losses are presented as expected credit loss allowance in the consolidated statement of financial position and impairment losses or reversals of impairment losses in the consolidated statements of income 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. Especially the following indicators are incorporated:

- external credit rating (as far as available)
- actual or expected significant adverse change in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- significant increases in credit risk on other financial instruments of the same borrower

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. The amount of expected credit losses and reversal of them is recognized in net profit or loss.

(iv) Derecognition of non-derivative financial assets

Non-derivative financial assets are derecognized when the contractual rights to receive cash flows from the financial assets expire or 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 the effective interest method. The financial liabilities are derecognized when the obligations are fulfilled or when liabilities are discharged, cancelled, or expired.

(vi) Derivative 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 in profit or loss as incurred, and then subsequently measured at fair value with changes in fair value generally recognized in 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.

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 judges that the hedge is effective if all of the following requirements are met:

- there is an economic relationship between the hedged item and the hedging instruments;
- the effect of credit risk does not dominate the value changes that result from that economic relationship; and
- the hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

NIDEC also formally assesses, both at and after the hedge's inception, whether the derivatives used in hedging transactions are effective in offsetting cash flows of the hedged items. When it is determined that the hedge is not effective or that it has ceased to be 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. Tax rates and tax laws used to calculate tax amounts have been enacted or substantively enacted up to the end of the reporting period.

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 utilized. 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.

(13) Employee benefits

(i) Short-term employee benefits

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

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

(ii) Pensions

Pension of NIDEC includes defined benefits and defined contribution plans.

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

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

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

(14) Provisions

Provisions are recognized 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 follow:

Provision for product warranties

NIDEC provides warranties for specific products and services over an extended period. A provision for product warranties is calculated based on historical claims levels. The majority of the warranty costs is estimated to be incurred in the subsequent year.

(15) Revenue recognition

(i) Sales of goods

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

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

(ii) Construction contracts

Revenue from a part of sales of automotive, appliance, commercial and industrial products and from a part of sales of machinery is recognized under the percentage-of-completion

method. The stage of completion is measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. 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 stocks

(i) Common stocks

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 stocks

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 and loss when it purchases, sells and disposes treasury shares. When the Company sells treasury shares, the difference between the carrying amount and the consideration received from the sale is recognized in additional paid-in capital.

(18) Fair value estimation

NIDEC measures derivative financial instruments and financial instruments measured at fair value using their fair values at the end of the period. See “29 Fair values” for the definition of fair value and inputs (i.e. various presumptions) used to develop those measurements.

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

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 earnings per share is similar to the calculation of basic earnings per share, 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 consolidated financial statements requires management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the end of the financial statements and the reported amounts of income and expenses during the reporting period. Actual results may differ from those estimates.

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

Judgments and estimates with significant risks of causing material adjustments to the carrying amounts of assets and liabilities in the next fiscal year are as follows:

- Goodwill and intangible assets (see Notes 3 (7) and 13)
- Collectability of receivables (see Notes 3 (11), 9 and 33)
- Retirement benefit liabilities (see Notes 3 (13) and 19)
- Recoverability of deferred tax assets (see Notes 3 (12) and 21)
- Provisions (see Notes 3 (14) and 22)
- Fair value of financial instruments(see Notes 29)
- Contingent liabilities (see Notes 3 (14) and 35)

5. Segment Information

(Operating segment information)

The operating segments reported below are defined as components of an enterprise for which separate financial information is available and regularly reviewed by management, the chief operating decision maker. Companies and company groups are identified as reporting segments.

NIDEC's operating segments are as follows;

Name	Components and basic information
1. Nidec Corporation	Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors and automotive products.
2. Nidec Electronics (Thailand)	Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives.
3. Nidec Singapore	Nidec Singapore Pte. Ltd., a subsidiary in Singapore, and its consolidated subsidiary, which primarily sell hard disk drives spindle motors, and other small precision motors.
4. Nidec (H.K.)	Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drives spindle motors and other small precision motors.
5. Nidec Sankyo	Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell machinery, automotive products, electronic parts and other small precision motors.
6. Nidec Copal	Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell optical and electronic parts and machinery and other small precision motors.
7. Nidec Techno Motor	Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products.
8. Nidec Motor	Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec Americas Holding Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. This segment also includes Nidec Leroy-Somer Holding and Nidec Control Techniques Limited which was newly consolidated since February 2017.
9. Nidec Motors & Actuators	Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe and North America, and other manufacturing subsidiaries in Japan and Asia, which primarily produce and sell automotive products.
10. Others	Subsidiaries that are operating segments but not designated as reportable segments due to their immateriality.

The following tables show net sales to external customers and other financial information by operating segment:

Net sales to external customers:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Nidec Corporation	31,378	32,390
Nidec Electronics (Thailand)	89,802	89,573
Nidec Singapore	68,115	52,882
Nidec (H.K.)	113,470	128,940
Nidec Sankyo	128,969	135,687
Nidec Copal	39,525	36,649
Nidec Techno Motor	58,593	61,472
Nidec Motor	224,786	249,206
Nidec Motors & Actuators	247,587	243,914
Others	176,065	168,598
Consolidated net sales	1,178,290	1,199,311

There was no certain customer group which exceeded 10% of the consolidated net sales for the years ended March 31, 2017 and 2016.

Net sales to other operating segments:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Nidec Corporation	198,604	186,258
Nidec Electronics (Thailand)	41,951	37,549
Nidec Singapore	820	588
Nidec (H.K.)	1,315	4,360
Nidec Sankyo	335	474
Nidec Copal	19,841	10,027
Nidec Techno Motor	4,949	5,545
Nidec Motor	601	213
Nidec Motors & Actuators	22,579	22,177
Others	167,103	175,228
Total	458,098	442,419
Intersegment elimination	(458,098)	(442,419)
Consolidated total	-	-

Segment income (loss):

(Yen in millions)

	For the years ended March 31	
	2016	2017
Nidec Corporation	17,677	16,556
Nidec Electronics (Thailand)	18,910	18,792
Nidec Singapore	1,434	704
Nidec (H.K.)	381	1,698
Nidec Sankyo	15,047	19,408
Nidec Copal	718	4,628
Nidec Techno Motor	5,835	7,879
Nidec Motor	15,611	21,216
Nidec Motors & Actuators	25,885	29,572
Others	29,078	38,425
Total	130,576	158,878
Elimination and Corporate (Note)	(12,914)	(18,547)
Operating profit (loss)	117,662	140,331
Financial income (loss)	(497)	305
Derivative gain	151	405
Foreign exchange differences	(153)	1,771
Equity in net income (loss) of associates	1	(534)
Profit before income taxes	117,164	142,278

(Note) Elimination and Corporate includes corporate expenses, which do not belong to any operating segment, of ¥17,401 million and ¥12,955 million for the year ended March 31, 2017 and 2016, respectively. The corporate expenses include basic research expenses and head office expenses.

Depreciation:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Nidec Corporation	360	56
Nidec Electronics (Thailand)	6,488	6,074
Nidec Singapore	111	58
Nidec (H.K.)	7	10
Nidec Sankyo	5,354	5,080
Nidec Copal	4,652	4,001
Nidec Techno Motor	3,140	2,937
Nidec Motor	9,562	8,816
Nidec Motors & Actuators	10,856	10,100
Others	17,385	14,072
Subtotal	57,915	51,204
Others (*)	(3,723)	(2,654)
Corporate	1,367	2,112
Total	55,559	50,662

(Note) * The depreciation of each segment includes amortization of intangible assets, while depreciation in the consolidated statements of cash flows does not include the amortization of intangible assets. Therefore, “others” removes the amount of the amortization of intangible assets.

Total Assets:*(Yen in millions)*

	The date of transition to IFRS (April 1, 2015)	For the years ended March 31	
	2015	2016	2017
Nidec Corporation	87,181	89,358	52,954
Nidec Electronics (Thailand)	143,467	139,814	163,973
Nidec Singapore	32,158	25,580	26,689
Nidec (H.K.)	27,012	36,049	42,310
Nidec Sankyo	146,867	149,826	167,567
Nidec Copal	63,614	61,502	69,243
Nidec Techno Motor	61,357	62,271	72,915
Nidec Motor	157,602	232,493	449,390
Nidec Motors & Actuators	213,454	228,479	253,505
Others	375,404	372,073	530,857
Subtotal	1,308,116	1,397,445	1,829,403
Corporate and elimination (*)	(121,203)	(182,852)	(412,685)
Goodwill	162,959	162,043	260,183
Total	1,349,872	1,376,636	1,676,901

(Note) * Corporate assets included in corporate and elimination that do not belong to any segment amounted for ¥88,795 million at March 31, 2017, ¥75,790 million at March 31, 2016 and ¥61,613 million at the date of transition to IFRS. In addition, depreciation expenses of corporate assets are allocated to each applicable reporting segment based on a reasonable allocation method.

Capital equipment expenditures:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Nidec Corporation	735	427
Nidec Electronics (Thailand)	3,873	4,175
Nidec Singapore	36	27
Nidec (H.K.)	6	13
Nidec Sankyo	7,949	5,386
Nidec Copal	11,430	4,731
Nidec Techno Motor	4,614	3,113
Nidec Motor	9,321	12,328
Nidec Motors & Actuators	17,637	15,505
Others	25,993	18,066
Subtotal	81,594	63,771
Corporate	304	4,947
Total	81,898	68,718

NIDEC does not have any other significant non-cash transactions except for the depreciation expenses described above. Transactions between the operating segments are conducted at market value.

(Supplemental Information)

Sales by type of product

Sales by type of product are as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Small precision motors:		
Hard disk drives spindle motors	207,974	191,074
Other small precision motors	240,014	246,031
Sub-total	447,988	437,105
Automotive, appliance, commercial and industrial products	554,713	572,085
Machinery	107,811	122,341
Electronic and optical components	64,112	64,072
Others	3,666	3,708
Consolidated Total	1,178,290	1,199,311

(Notes) The “Small precision motors” group of products consists of “Hard disk drives spindle motors” and “Other small precision motors”. The “Other small precision motors” group of products consists of brushless motors, fan motors, vibration motors, brush motors and motor applications, etc.

The “Automotive, appliance, commercial and industrial products” group of products consists of automotive motors and components, home appliance, commercial and industrial motors and related products.

The “Machinery” group of products consists of industrial robots, card readers, test systems, pressing machines and power transmission drives, etc.

The “Electronic and optical components” group of products consists of switches, trimmer potentiometers, lens units and camera shutters, etc.

“Others” consists of services, etc.

Geographic information

Net sales attributed to countries based on the location of the Company or its subsidiaries that transacted with external customers and non-current assets for each county are as follows:

Net Sales

(Yen in millions)

Name	For the years ended March 31	
	2016	2017
Japan	271,571	283,178
U.S.A	197,235	208,964
Singapore	72,727	57,733
Thailand	106,998	105,897
Germany	87,502	89,574
China	293,353	293,059
Other	148,904	160,906
Consolidated net sales	1,178,290	1,199,311

Non-current assets (Property, plant, and equipment, Goodwill, Intangible assets and Long term prepaid expense)

(Yen in millions)

Name	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Japan	171,888	176,546	185,758
U.S.A	119,713	110,152	123,565
Singapore	9,334	8,507	8,449
Thailand	43,488	37,021	36,164
Germany	32,998	34,740	33,334
China	87,058	87,636	91,535
Other	127,945	134,013	255,110
Total non-current assets	592,424	588,615	733,915

6. Business combination

On May 20, 2016, NIDEC acquired all of the voting rights in E.C.E. S.r.l., an Italian company for cash of ¥675 million. The company designs, manufactures and sells hoists for building constructions. Through this acquisition, NIDEC expects to expand its sales in the building construction machines market mainly in the Middle East and North Africa. This acquisition did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

On May 31, 2016, NIDEC acquired approximately 94.8% of the voting rights in ANA IMEP S.A. (currently Nidec Motor Corporation Romania), a Romanian company from its major shareholder for cash of ¥2,285 million. The company develops, manufactures and sells washing machine and drying machine motors. Through this acquisition, NIDEC not only expects to enhance the competitiveness of its appliance motor business in the European market but also intends to build up Nidec Motor Corporation Romania as a major manufacturing base for NIDEC's appliance, commercial and industrial motors business. This acquisition did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

On December 5, 2016, NIDEC acquired all of the voting rights in Canton Elevator, Inc., a US company from the shareholders for cash of ¥3,677 million. The company designs, manufactures and sells commercial, residential, and freight elevator systems and components. This acquisition will enable NIDEC to provide a broader range of Canton Elevator, Inc.'s customers with comprehensive elevator solutions by adding Canton Elevator, Inc.'s competitive elevator packages to NIDEC's existing product line-up and, accelerate the growth of NIDEC's business of Elevator & Drive Systems in North America. It did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

On January 31, 2017(U.S. time), NIDEC acquired the voting rights as follows in drives and electric power generation business (the "Acquired Business") of Emerson Electric Co. ("Emerson"), a US company from the shareholders for cash of ¥144,315 million. The company develops, manufactures and sells motors, drives and alternators, and the Acquired Business has a strong brand, solid business foundation and excellent customer base, particularly in Europe and North America. This acquisition will enable NIDEC to further enhance its appliance, commercial, and industrial motor businesses on which NIDEC provides particular focus and significantly grow its presence in the market. NIDEC expects the Acquired Business to grow as the cycle recovers and as synergies are realized in the mid- to long-term perspective.

Overview of major merged companies

Company Name	Country	Ownership	Way of acquisition
Leroy-Somer Holding SA (Currently, Nidec Leroy-Somer Holding)	France	99.85%	Stock acquisition
Control Techniques Ltd (Currently, Nidec Control Techniques Limited)	U.K.	100.00%	Stock acquisition
Emerson Industrial Automation USA LCC (Currently, Nidec Industrial Automation USA)	U.S.A.	100.00%	Stock acquisition
Kato Engineering, Inc. (Currently, Kato Engineering Inc.)	U.S.A.	100.00%	Stock acquisition
Emerson Industrial Automation Electric Power Generation Pte Ltd (Currently, Nidec Industrial Automation India Limited)	India	99.99%	Stock acquisition

On March 27, 2017, NIDEC acquired all of the voting rights in Vamco International Inc. (currently Nidec Vamco Corporation), a US company from the shareholders for cash of ¥6,664 million. The company designs, manufactures, sells and provides after sales customer service for high-speed servo feeding equipment for the metal-forming industry. This acquisition will enable NIDEC to enhance strong brand and high quality in high-speed servo feeding industry, particularly in North America and Asia. It did not have a material impact on NIDEC's consolidated financial position, results of operations or liquidity.

Fair values of the Acquired Business of Emerson's assets acquired and liabilities assumed as of the acquisition date are as follows:

(Yen in millions)

The fair value of the total consideration transferred	
Current assets	
Cash and cash equivalents	16,366
Trade and other receivables	26,367
Inventories	21,011
Others current assets	9,650
Non-current assets	
Property, plant, and equipment	27,153
Other non-current assets	9,087
Acquired assets at fair value	109,634
Current liabilities	
Long term debt due within one year	594
Trade and other payable	18,458
Other current liabilities	32,847
Non-current liabilities	
Long term debt	34
Other non-current liabilities	9,603
Assumed liabilities at fair value	61,536
Acquired assets and assumed liabilities at fair value (net amount)	48,098
Non-controlling interests at fair value	0
Goodwill	96,216

Goodwill is mainly the reflection of excess earning power and synergies with the existing business expected from future business evolution.

The acquired assets and assumed liabilities shown above are being assessed and measured based on preliminary estimate at acquisition date. Inventories, property, plant, and equipment, and intangible assets have been initially measured using provisional values.

The current year sales and profit attributable to owners of the parent include the sales and profit of the Acquired Business for the period subsequent to January 31 2017 , ¥ 25,140 million and ¥ 1,272 million respectively.

All goodwill was allocated to the Nidec Motor segment and not considered to be tax-deductible.

The amount of acquisition-related costs of this business combination is ¥547 million, which is recognized in “Selling, general and administrative expenses”.

Supplemental information of the combined entity for the current reporting period, as though the acquisition of this business combination occurred as of April 1,2016, is as follows (non-audited):

	For the year ended March 31, 2017
Net sales (Yen in millions)	1,318,360
Profit attributable to owners of the parent (Yen in millions)	114,016
Earnings per share attributable to owners of the parent	
Basic (Yen)	384.41
Diluted (Yen)	384.41

During the three months ended September 30, 2016, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of KB Electronics, Inc. (merged into Nidec Motor Corporation in March 2016) Consolidated financial statements for the previous fiscal year reflect the revision of the initially provisional amounts.

The amounts of assets acquired and liabilities assumed as a result of acquisitions in the previous consolidated fiscal year are as follows:

	<i>(Yen in millions)</i> Retrospective amendment
Current assets	
Inventories	66
Others current assets	192
Non-current assets	
Property, plant, and equipment	371
Intangible assets	(522)
Acquired assets at fair value	107
Non-current liabilities	
Deferred tax liabilities	222
Assumed liabilities at fair value	222
Acquired assets and assumed liabilities at fair value (net amount)	(115)
Goodwill	(48)

In addition, during the three months ended March 31, 2017, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition of E.C.E. S.r. l. and ANA IMEP S.A. (currently, Nidec Motor Corporation Romania).

NIDEC has been evaluating the fair values of the assets acquired and the liabilities assumed upon the acquisitions of companies in the year ended March 31, 2017. The assets and liabilities which are currently under evaluation have been recorded on NIDEC's consolidated statement of financial position based on provisional management estimation as of March 31, 2017.

The amounts of assets acquired and liabilities assumed as a result of acquisitions in this consolidated fiscal year are as follows:

	<i>(Yen in millions)</i>
	Retrospective amendment
Current assets	
Trade and other receivable	2
Inventories	18
Others current assets	571
Non-current assets	
Property, plant, and equipment	234
Intangible assets	821
Deferred tax assets	3
Other noncurrent assets	(1)
Acquired assets at fair value	1,648
Current liabilities	
Income tax payables	200
Provisions	64
Other current liabilities	670
Non-current liabilities	
Long term debt	99
Deferred tax liabilities	79
Assumed liabilities at fair value	1,112
Acquired assets and assumed liabilities at fair value (net amount)	536
Goodwill	(539)

7. Cash and cash equivalents

The breakdown of cash and cash equivalents is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	For the years ended March 31	
		2016	2017
Cash on hand	108	322	81
Cash in banks	251,940	275,934	314,663
Cash equivalents	17,854	29,686	6,836
Cash and cash equivalents in consolidated statement of financial position	269,902	305,942	321,580
Cash and cash equivalents in consolidated statement of cash flows	269,902	305,942	321,580

Cash in banks includes cash deposits net of cash withdrawals that are allowed for by a notional pooling arrangement. As of March 31, 2016 and 2017, the cash deposits that were offset by the cash withdrawals are ¥3,898 million and ¥42,439 million, respectively.

Cash equivalents consist mainly of time deposit within 3 months, call deposit and short term investment.

8. Supplemental cash flow information

The supplemental information associated with cash flow is as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Non-cash investing and financing activities:		
Accrued amount of finance lease liabilities	8,045	581
Conversion of convertible bonds	21,449	-

9. Trade and other receivables

The breakdown of trade and other receivable is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	For the years ended March 31	
		2016	2017
Notes receivable	15,228	16,591	28,899
Trade receivable	223,436	219,723	297,269
Other accounts receivable	18,161	16,321	24,375
Expected credit loss allowances	(1,355)	(1,325)	(1,646)
Total	255,470	251,310	348,897

10. Inventories

The breakdown of inventories is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Finished products	75,398	77,713	79,528
Raw materials	51,182	52,261	65,241
Work in progress	39,194	36,251	46,119
Supplies and other	5,106	4,649	6,395
Total	170,880	170,874	197,283

The acquisition costs of inventories that are recognized as expenses for the year ended March 31, 2017 are mainly included in 'Cost of sales'. The amounts of write-down of inventories for the years ended March 31, 2016 and 2017 are ¥38 million and ¥528 million, respectively.

11. Other current assets

The breakdown of other current assets is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Prepaid expenses	5,256	4,742	8,382
Costs on uncompleted construction contracts	9,701	12,941	14,008
Other	5,061	5,209	5,952
Total	20,018	22,892	28,342

12. Property, plant and equipment

The changes in acquisition cost, accumulated depreciation and impairment losses and book value of property, plant, and equipment for the years ended March 31, 2016 and 2017 were as follows:

Acquisition cost

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2015	48,184	193,997	436,070	33,849	712,100
Acquisitions	4	2,102	32,287	48,696	83,089
Acquisitions through business combinations	718	1,495	886	238	3,337
Disposals	(13)	(2,586)	(13,724)	(7)	(16,330)
Reclassification	150	8,459	37,268	(46,406)	(529)
Foreign currency translation adjustment	(958)	(9,706)	(32,232)	(1,860)	(44,756)
Other	333	(415)	(7,004)	(1,084)	(8,170)
Balance at March 31, 2016	48,418	193,346	453,551	33,426	728,741
Acquisitions	1,514	4,313	13,574	51,387	70,788
Acquisitions through business combinations	3,364	9,528	16,572	1,422	30,886
Disposals	(76)	(2,009)	(19,912)	(463)	(22,460)
Reclassification	59	10,618	31,948	(42,693)	(68)
Foreign currency translation adjustment	(249)	(1,458)	(6,276)	(498)	(8,481)
Other	4	2,260	2,335	(1,018)	3,581
Balance at March 31, 2017	53,034	216,598	491,792	41,563	802,987

Accumulated depreciation and impairment losses

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2015	(1,868)	(96,492)	(271,165)	(19)	(369,544)
Depreciation	-	(8,758)	(46,801)	-	(55,559)
Impairment losses	(1)	(1)	(161)	(74)	(237)
Reversal of impairment losses	-	195	7	-	202
Disposals	0	2,467	12,996	-	15,463
Reclassification	-	243	(495)	-	(252)
Foreign currency translation adjustment	-	4,717	18,974	4	23,695
Changes in the scope of consolidation	-	-	-	-	-
Other	-	687	3,733	3	4,423
Balance at March 31, 2016	(1,869)	(96,942)	(282,912)	(86)	(381,809)
Depreciation	-	(8,467)	(42,195)	-	(50,662)
Impairment losses	(12)	(149)	(396)	49	(508)
Reversal of impairment losses	15	783	478	-	1,276
Disposals	26	1,767	18,087	-	19,880
Reclassification	-	(52)	14	-	(38)
Foreign currency translation adjustment	(0)	186	3,061	2	3,249
Changes in the scope of consolidation	-	(68)	(373)	-	(441)
Other	(3)	(1,588)	1,690	18	117
Balance at 31 March 2017	(1,843)	(104,530)	(302,546)	(17)	(408,936)

Carrying amount

(Yen in millions)

	Land	Buildings	Machinery and equipment	Construction in progress	Total
Balance at April 1, 2015	46,316	97,505	164,905	33,830	342,556
Balance at March 31, 2016	46,549	96,404	170,639	33,340	346,932
Balance at March 31, 2017	51,191	112,068	189,246	41,546	394,051

(Notes) “Construction in progress” includes the amount of expenditures related to property, plant and equipment in the course of its construction.

Depreciation expense of property, plant and equipment is included in “Cost of products sold”, “Selling, general and administrative expenses” and “Research and development expenses” in the consolidated statements of income. Impairment loss of property, plant and equipment is included in “Selling, general and administrative expenses” in the consolidated statements of income. In addition, the reversal of the impairment loss is mainly due to the review of the recoverable value of assets (e.g. Buildings and, Machinery and equipment) located in Thailand during the year.

13. Goodwill and intangible assets

Acquisition cost, changes in accumulated amortization and impairment losses and carrying amount of goodwill and intangible assets are as follows:

Acquisition cost		<i>(Yen in millions)</i>				
	Goodwill	Proprietary technology	Customer relationships	Software	Other	Total
Balance at April 1, 2015	162,959	15,652	58,881	21,835	19,937	279,264
Acquisitions	-	-	-	3,640	23	3,663
Acquisitions through business combinations	4,076	2	797	10	542	5,427
Disposals	-	-	-	(1,121)	(123)	(1,244)
Foreign currency translation adjustment	(4,992)	(472)	(3,250)	(514)	(1,060)	(10,288)
Others	0	-	-	178	(1)	177
Balance at March 31, 2016	162,043	15,182	56,428	24,028	19,318	276,999
Acquisitions	-	-	-	3,476	14	3,490
Acquisitions through business combinations	101,990	-	5,153	712	470	108,325
Disposals	-	-	-	(1,398)	(8)	(1,406)
Foreign currency translation adjustment	(3,850)	(751)	(1,141)	(119)	(478)	(6,339)
Others	-	(399)	(80)	611	819	951
Balance at March 31, 2017	260,183	14,032	60,360	27,310	20,135	382,020

Accumulated amortization and impairment losses

(Yen in millions)

	Goodwill	Proprietary technology	Customer relationships	Software	Other	Total
Balance at April 1, 2015	-	(3,485)	(13,934)	(11,150)	(3,805)	(32,374)
Amortization	-	(1,125)	(3,914)	(2,861)	(319)	(8,219)
Impairment losses	-	-	-	-	-	-
Disposals	-	-	-	1,109	31	1,140
Foreign currency translation adjustment	-	166	940	309	136	1,551
Other	-	-	-	(4)	(1)	(5)
Balance at March 31, 2016	-	(4,444)	(16,908)	(12,597)	(3,958)	(37,907)
Amortization	-	(839)	(3,518)	(3,258)	(222)	(7,837)
Impairment losses	-	-	-	(50)	(3)	(53)
Disposals	-	-	-	1,394	5	1,399
Foreign currency translation adjustment	-	181	273	95	65	614
Other	-	301	(472)	(150)	(517)	(838)
Balance at March 31, 2017	-	(4,801)	(20,625)	(14,566)	(4,630)	(44,622)

Carrying amount

(Yen in millions)

	Goodwill	Proprietary technology	Customer relationships	Software	Others	Total
Balance at April 1, 2015	162,959	12,167	44,947	10,685	16,132	246,890
Balance at March 31, 2016	162,043	10,738	39,520	11,431	15,360	239,092
Balance at March 31, 2017	260,183	9,231	39,735	12,744	15,505	337,398

Amortization of intangible assets is included in “costs of sales”, “selling, general and administrative expenses” and “research and development costs” of consolidated statements of income. Impairment loss of intangible assets is included in “selling, general and administrative expenses” of consolidated statements of income.

Goodwill that arises from a business combination is allocated to cash-generating units which are expected to receive a benefit from the synergies of the business combination. The carrying amount of goodwill and intangible assets with indefinite useful lives allocated to the unit are as follows:

Goodwill		<i>(Yen in millions)</i>	
	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Nidec Electronics (Thailand)	8,948	9,626	9,586
NIDEC Sankyo	28,794	28,843	28,745
NIDEC Copal	16,462	16,462	16,462
NIDEC Techno motor	2,049	2,049	2,049
NIDEC Motor	66,302	66,486	160,588
NIDEC Motors & actuators	21,484	20,982	20,459
Other	18,920	17,595	22,294
Total	162,959	162,043	260,183

Intangible assets with indefinite useful lives		<i>(Yen in millions)</i>	
	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
NIDEC motor	6,833	6,574	6,545
Other	5,429	5,458	5,246
Total	12,262	12,032	11,791

Intangible assets with indefinite useful lives are mainly trademarks. Those trademarks were acquired through the business combination. NIDEC regards them as intangible assets with indefinite useful lives because those trademarks continue as long as business lasts.

NIDEC performs the impairment test of goodwill and intangible assets with indefinite useful lives annually or whenever there is an indication of impairment.

The recoverable amount of the impairment test reflects past experience and external information and is calculated using a value in use. The value in use is a discounted cash flow model. It is based on a management approved budget for five years. The discount rate is calculated on the basis of weighted average cost of capital before income tax of each group of cash-generating unit (3.99% - 7.31%). The growth rate in the terminal value is determined based on the long term average growth rate of industries or countries to which each group of cash-generating unit belongs (1.40% - 4.08%).

Even if the key assumptions used in the impairment test varies with a reasonable foreseeable range, management assumes that it is not probable that the value in use will be lower than the carrying amount.

14. Other investments

The breakdown of other investments is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Other investments			
FVTOCI equity financial assets	20,777	14,816	18,654
FVTOCI debt financial assets	330	281	228
Amortized costs	400	901	701
Total	21,507	15,998	19,583

Equity instruments held with the principal objective of maintaining and strengthening business relations with the issuers are classified as FVTOCI equity financial assets.

These FVTOCI equity financial assets consist mainly of common stocks. The FVTOCI equity financial assets and fair values of these assets are as follows:

The date of transition to IFRS (April 1, 2015)

(Yen in millions)

Principal FVTOCI financial assets	Fair value
Canon Inc.	3,203
Brother Industries, Ltd.	2,143
ROHM Co., Ltd.	1,881
The Bank of Kyoto	1,691
Nichicon Corporation	1,330

March 31, 2016

(Yen in millions)

Principal FVTOCI financial assets	Fair value
Canon Inc.	2,530
Brother Industries, Ltd.	1,450
ROHM Co., Ltd	1,084
NEDEC. CO.,LTD.	1,014
The Bank of Kyoto	986

March 31, 2017

(Yen in millions)

Principal FVTOCI financial assets	Fair value
Canon Inc.	2,617
Brother Industries, Ltd.	2,605
ROHM Co., Ltd	1,692
Nichicon Corporation	1,228
The Bank of Kyoto	1,089

The information on FVTOCI equity financial assets that were derecognized for the year ended March 31, 2017 and 2016 is as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Fair value at the time of derecognition	893	11
Accumulated gains at the time of derecognition	498	7

15. Other non-current assets

The breakdown of other non-current assets is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Prepaid pension expenses	2,010	873	1,736
Other	3,636	3,405	2,989
Total	5,646	4,278	4,725

16. Trade and other payables

The breakdown of trade and other payables is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Notes payable	4,366	4,126	8,122
Accounts payable	190,675	173,171	225,930
Other account payable	8,548	9,307	16,244
Equipment notes payable	783	386	940
Total	204,372	186,990	251,236

17. Other current liabilities

The breakdown of other current liabilities is as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Accrued expense	19,882	20,030	48,810
Advances received	7,813	15,817	12,448
Other	3,456	5,044	5,203
Total	31,151	40,891	66,461

18. Short term borrowings and long term debt

(1) Short term borrowings

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Unsecured loans, principally from banks average interest per annum: 2015 0.17% 2016 0.23% 2017 0.36%	52,401	81,004	166,525
Secured loans, principally from banks average interest per annum: 2016 5.98% 2017 6.09%	-	88	81
Total	52,401	81,092	166,606

As of March 31, 2017, NIDEC had unused lines of credit amounting to ¥953,241 million with banks. Under these programs, NIDEC is authorized to obtain short term financing at prevailing interest rates.

(2) Long term debt

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Unsecured loans, principally from banks			
Due 2015 to 2026 at the IFRS transition date with interest ranging from 0.17% to 6.40% per annum	53,789	-	-
Due 2016 to 2026 in 2016 with interest ranging from 0.00% to 14.79% per annum	-	59,615	-
Due 2017 to 2026 in 2017 with interest ranging from 0.00% to 7.29% per annum	-	-	87,638
Secured loans, principally from banks			
Due 2015 to 2024 at the IFRS transition date with interest ranging from 1.45% to 3.50% per annum	1,372	-	-
Due 2016 to 2023 in 2016 with interest ranging from 1.95% to 3.50% per annum	-	1,326	-
Due 2017 to 2023 in 2017 with interest ranging from 1.95% to 3.45% per annum	-	-	954
Euro Yen denominated zero coupon convertible bonds with stock acquisition rights The IFRS transition date: due 2015 at ¥5,313 for one common share	21,402	-	-
Unsecured straight bonds due 2017 Interest at 0.39% per annum at the IFRS transition date, in 2016 and 2017	64,937	64,964	64,989
Unsecured straight bonds due 2019 Interest at 0.60% per annum at the IFRS transition date, in 2016 and 2017	14,973	14,980	14,986
Unsecured straight bonds due 2022 Interest at 0.96% per annum at the IFRS transition date, in 2016 and 2017	19,954	19,961	19,967
Unsecured straight bonds due 2026 Interest at 0.21% per annum at the IFRS transition date, in 2016 and 2017	49,956	49,981	-
Unsecured straight bonds due 2019 Interest at 0.001% per annum at the IFRS transition date, in 2016 and 2017	-	-	50,001
Finance lease liabilities			
Due 2015 to 2020 at the IFRS transition date with interest ranging from 0.00% to 15.74% per annum	3,481	-	-
Due 2016 to 2023 in 2016, with interest ranging from 0.00% to 15.74% per annum	-	8,748	-
Due 2017 to 2025 in 2017, with interest ranging from 0.00% to 15.74% per annum	-	-	7,290
Subtotal	229,864	219,575	245,825
Less - Bonds current portion due within one year	(21,402)	(49,981)	(64,989)
Less - Long term debt current portion due within one year	(22,106)	(30,523)	(12,726)
Less - Finance lease liabilities current portion due within one year	(1,924)	(2,273)	(6,325)
Total	184,432	136,798	161,785

(3) The aggregate amounts of annual maturity of long term debt

The aggregate amounts of annual maturity of long term debt are as follows:

(Yen in millions)

Term	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Within 1 year	45,485	82,796	84,051
Between one year and two years	81,842	72,386	12,585
Between two years and three years	66,601	562	77,349
Between three years and four years	442	15,544	39,892
Between four years and five years	15,295	28,161	11,861
Over five years	20,432	20,241	20,143

(Note) Amounts are based on contractual cash flows.

Standard agreements with certain banks in Japan include provisions that collateral (including sums on deposit with such banks) or guarantees will be furnished upon the banks' request and that any collateral furnished, pursuant to such agreements or otherwise, will be applicable to all present or future indebtedness to such banks.

(4) Assets pledged as security for long term debts

Assets pledged as security for long term debt are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Property, plant and equipment, net	2,176 (-)	2,744 (854)	2,526 (794)
Other investments	460 (-)	901 (-)	701 (-)
Total	2,636 (-)	3,645 (854)	3,227 (794)

(Note) Amounts in parenthesis represent assets pledged as collateral related to factory foundations.

As of April 1, 2015, March 31, 2016 and 2017, financial assets measured by amortized costs of ¥400 million, ¥901 million and ¥701 million were pledged as collateral for the deferred payments of certain taxes based on the Japanese Custom Act and Consumption Tax Law, respectively.

(5) Debts attributable to collateral pledged assets

Debts attributable to collateral pledged assets are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Short term borrowings	- (-)	88 (88)	81 (81)
Long term debt current portion due within one year	- (-)	293 (-)	234 (-)
Long term debt	1,372 (-)	1,033 (-)	720 (-)
Total	1,372 (-)	1,414 (88)	1,035 (81)

(Note) Amounts in parenthesis represent debts attributable to collateral pledged assets related to factory foundations.

19. Employee Benefits

(1) Retirement Benefits

1) Defined benefit plan

The Company and certain subsidiaries' pension and retirement plans usually entitle employees lump-sum indemnities or pension payments based on current rates of pay and length of service at the time of termination or the number of "points". Under normal circumstances, the minimum payment prior to retirement age is an amount based on voluntary retirement. Employees receive additional benefits upon involuntary retirement, including retirement at the mandatory retirement age. The defined benefit plan is subjected to the actuarial risks of changes in cost, interest rate and life expectancy.

The breakdown of retirement benefit plan recognized in the consolidated statements of financial position is as follows:

The date of transition to IFRS (April 1, 2015)

(Yen in millions)

	Pension and lump sum payment plans		
	Japanese plan	Non-Japanese plan	Total
Present value of defined benefit obligations	18,194	27,888	46,082
Fair value of plan assets	14,929	13,329	28,258
Funded status	3,265	14,559	17,824
Net defined benefit liability (asset)	3,265	14,559	17,824
Amounts in the consolidated statements of financial position:			
Other non-current assets	(1,851)	(159)	(2,010)
Retirement benefit liabilities	5,116	14,718	19,834

March31, 2016

(Yen in millions)

	Pension and lump sum payment plans		
	Japanese plan	Non-Japanese plan	Total
Present value of defined benefit obligations	19,711	24,701	44,412
Fair value of plan assets	15,323	10,707	26,030
Funded status	4,388	13,994	18,382
Net defined benefit liability (asset)	4,388	13,994	18,382
Amounts in the consolidated statements of financial position:			
Other non-current assets	(1,012)	(94)	(1,106)
Retirement benefit liabilities	5,400	14,088	19,488

March 31, 2017

(Yen in millions)

	Pension and lump sum payment plans		
	Japanese plan	Non-Japanese plan	Total
Present value of defined benefit obligations	19,218	34,667	53,885
Fair value of plan assets	16,031	16,934	32,965
Funded status	3,187	17,733	20,920
Net defined benefit liability (asset)	3,187	17,733	20,920
Amounts in the consolidated statements of financial position:			
Other non-current assets	(1,736)	-	(1,736)
Retirement benefit liabilities	4,923	17,733	22,656

The breakdown of retirement benefit expenses of defined benefit plans recognized in the consolidated statements of income is as follows:

(Yen in millions)

	For the years ended 31 March	
	2016	2017
Current service cost	1,814	2,162
Past service cost	-	26
Interest cost (net)	541	298
Total retirement benefit expenses	2,355	2,486

Changes in the present value of defined benefit obligations are as follows:

(Yen in millions)

	Japanese plan	Non-Japanese plan	Total
Balance at April 1, 2015	18,194	27,888	46,082
The amount recognized in profit or loss			
Current service cost	1,182	632	1,814
Past service cost	-	-	-
Interest cost	171	737	908
Total	1,353	1,369	2,722
The amount recognized in other comprehensive income			
Remeasurements			
- actuarial gains or losses arising from changes in demographic assumptions	(5)	(128)	(133)
- actuarial gains or losses arising from changes in financial assumptions	1,630	(811)	819
- actuarial gains or losses arising from changes in experience adjustments	815	190	1,005
Total	2,440	(749)	1,691
Others			
Benefits paid	(2,276)	(1,249)	(3,525)
Settlement	-	(1,306)	(1,306)
Effects of business combinations	-	-	-
Effect of foreign currency translation	-	(1,252)	(1,252)
Total	(2,276)	(3,807)	(6,083)
Balance at March 31, 2016	19,711	24,701	44,412
The amount recognized in profit or loss			
Current service cost	1,536	626	2,162
Past service cost	26	-	26
Interest cost	83	630	713
Total	1,645	1,256	2,901
The amount recognized in other comprehensive income			
Remeasurements			
- actuarial gains or losses arising from changes in demographic assumptions	17	(59)	(42)
- actuarial gains or losses arising from changes in financial assumptions	(395)	(720)	(1,115)
- actuarial gains or losses arising from changes in experience adjustments	(348)	304	(44)
Total	(726)	(475)	(1,201)
Others			
Benefits paid	(1,412)	(1,083)	(2,495)
Settlement	-	-	-
Effects of business combinations	-	10,236	10,236
Effect of foreign currency translation	-	32	32
Total	(1,412)	9,185	7,773
Balance at 31 March 2017	19,218	34,667	53,885

Changes in the fair value of plan assets are as follows:

(Yen in millions)

	Japanese plan	Non-Japanese plan	Total
Balance at April 1, 2015	14,929	13,329	28,258
The amount recognized in profit and loss			
Interest income	193	174	367
Total	193	174	367
The amount recognized in OCI			
Remeasurement			
- Return on plan assets	630	(165)	465
Total	630	(165)	465
Others:			
Employer's contributions	625	160	785
Benefits paid	(1,167)	(799)	(1,966)
Trust dividend	113	-	113
Settlement	-	(1,306)	(1,306)
Effects of business combinations	-	-	-
Effect of foreign currency translation	-	(687)	(687)
Total	(429)	(2,632)	(3,061)
Balance at March 1, 2016	15,323	10,706	26,029
The amount recognized in profit and loss			
Interest revenue	74	341	415
Total	74	341	415
The amount recognized in OCI			
Remeasurement			
- Return on plan assets	402	328	730
Total	402	328	730
Others:			
Employer's contributions	1,016	155	1,171
Benefits paid	(895)	(835)	(1,730)
Trust dividend	111	-	111
Settlement	-	-	-
Effects of business combinations	-	6,303	6,303
Effect of foreign currency translation	-	(64)	(64)
Total	232	5,559	5,791
Balance at March 31, 2017	16,031	16,934	32,965

NIDEC expects to contribute ¥2,837 million to its defined benefit plans in the fiscal year ending 31 March 2018

The fair values of plan assets (Japanese plan) by asset category are as follows:

(Yen in millions)

	Japanese plan					
	With a quoted market price in an active market			Without a quoted market price in an active market		
	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Equity instruments						
Domestic equities	335	264	352	-	-	-
Overseas equities	262	201	288	-	-	-
Debt instruments:						
Pooled funds *1	-	-	-	1,019	1,334	1,232
Other assets:						
Cash and cash equivalents	3,328	3,534	3,494	-	-	-
General accounts of insurance companies	-	-	-	6,063	5,532	6,711
Pooled funds *2	-	-	-	3,863	4,395	3,891
Others	-	-	-	59	63	63
Total	3,925	3,999	4,134	11,004	11,324	11,897

(Notes) *1 As at the date of transition to IFRS, Japanese pooled funds categorized as debt instruments invested approximately 65% in Japanese bonds and 35% in foreign bonds. As at March 31, 2016, Japanese pooled funds categorized as debt instruments invested approximately 65% in Japanese bonds and 35% in foreign bonds. As at March 31, 2017, they invested approximately 77% in Japanese bonds and 23% in foreign bonds.

*2 As at the date of transition to IFRS, Japanese pooled funds categorized as other assets invested approximately 14% in Japanese stocks, 15% in foreign stocks, 24% in Japanese bonds and 14% in foreign bonds. As at March 31, 2016, Japanese pooled funds categorized as other assets invested approximately 25% in Japanese stocks, 13% in foreign stocks, 22% in Japanese bonds and 16% in foreign bonds. As at March 31, 2017, they invested approximately 18% in Japanese stocks, 14% in foreign stocks, 22% in Japanese bonds and 20% in foreign bonds.

The fair values of plan assets (non-Japanese plan) by asset category are as follows:

(Yen in millions)

	Non-Japanese plan					
	With a quoted market price in an active market			Without a quoted market price in an active market		
	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Equity instruments						
Domestic equities	-	-	-	-	-	-
Overseas equities	-	-	1,660	-	-	-
Debt instruments:						
Pooled funds	-	-	-	-	-	-
Other assets:						
Cash and cash equivalents	847	363	481	-	-	-
General accounts of insurance companies	-	-	-	-	-	3,339
Pooled funds *	-	-	816	9,422	7,364	7,198
Others	-	-	-	3,060	2,979	3,440
Total	847	363	2,957	12,482	10,343	13,977

(Note) * As at the date of transition to IFRS, non-Japanese pooled funds categorized as other assets invested approximately 35% in foreign stocks and 65% in foreign bonds. As of March 31, 2016, non-Japanese pooled funds categorized as other assets invested approximately 35% in foreign stocks and 65% in foreign bonds. As of March 31, 2017, they invested approximately 37% in foreign stocks and 63% in foreign bonds.

NIDEC's policy and objective for plan asset management is to generate, under the acceptable risk exposed to NIDEC, a stable return on the investment over the long term, which enables NIDEC's pension funds to meet future benefit payment requirements. NIDEC formulates a "basic" portfolio that suits the above-mentioned policy. NIDEC evaluates its actual return and revises the "basic" portfolio, if necessary.

NIDEC's portfolio for plans consists of three major components: approximately 7% is invested in equity instruments, approximately 4% is invested in debt instruments, and approximately 89% is invested in other investment vehicles, primarily consisting of investments in pooled funds and life insurance companies' general accounts.

The equity instruments are selected from stocks that are listed on the securities exchanges. The debt instruments are selected from Japanese and foreign government bonds, public debt instruments, and corporate bonds. Pooled funds included in other assets invest in equity and debt instruments selected from the same portfolios as the two instruments mentioned above. As for investments in life insurance companies' general accounts, the contracts with the insurance companies include a guaranteed interest rate and return of capital.

The weighted-average assumptions used to estimate the benefit obligations are set forth as follows:

	Domestic			Overseas		
	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Discount rate	1.2%	0.5%	0.6%	3.3%	3.5%	2.9%
Rate of increase in future compensation levels	4.1%	2.9%	2.4%	3.5%	3.0%	1.9%

The impacts on the pension obligation as a result of change in actuarial rates are summarized as below, holding all other assumptions consistent:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Discount rate		
0.5% increase	(3,198)	(2,456)
0.5% decrease	3,703	2,787

The weighted-average duration of the defined benefit obligation is as follows:

	For the years ended 31 March	
	2016	2017
Domestic	15.8 years	15.1 years
Overseas	12.8 years	13.2 years

2) Defined contribution pension plan

Total amounts of cost recognized for the contribution to the plans were ¥3,270 million and ¥2,156 million for the years ended March 31, 2016 and 2017, respectively. NIDEC expects to contribute approximately ¥2,553 million for the year ending March 31, 2018.

3) Multi-employer Plan

Certain subsidiary companies have employee's pension funds of multi-employer plans. The contributions to the plans were ¥115 million and ¥37 million for the years ended March 31, 2016 and 2017, respectively. The estimated contribution is ¥4 million for the year ended March 31, 2018.

20. Other components of equity and other comprehensive income

The changes in other components of equity (net of tax) are as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Fair value movements on FVTOCI debt financial assets		
Balance at the beginning of the year	-	(6)
Changes during the period	(6)	(1)
Balance at the end of the year	(6)	(7)
Fair value movements on FVTOCI equity financial assets		
Balance at the beginning of the year	-	-
Changes during the period	(2,909)	2,694
Translation to retained earnings	2,909	(2,694)
Balance at the end of the year	-	-
Foreign currency translation adjustments		
Balance at the beginning of the year	-	(55,407)
Changes during the period	(55,407)	(8,279)
Balance at the end of the year	(55,407)	(63,686)
Effective portion of net changes in fair value of cash flow hedges		
Balance at the beginning of the year	(1,072)	(746)
Changes during the period	326	1,118
Balance at the end of the year	(746)	372
Remeasurements of defined benefit plans		
Balance at the beginning of the year	-	-
Changes during the period	(965)	770
Translation to retained earnings	965	(770)
Balance at the end of the year	-	-
Others		
Balance at the beginning of the year	(1,072)	(56,159)
Changes during the period	(58,961)	(3,698)
Translation to retained earnings	3,874	(3,464)
Balance at the end of the year	(56,159)	(63,321)

The amounts of other comprehensive income included in non-controlling interests, reclassification adjustment and tax effect accounting are as follows:

(Yen in millions)

	For the years ended March 31					
	2016			2017		
	Before tax	Tax effect accounting	Net of tax	Before tax	Tax effect accounting	Net of tax
Fair value movements on FVTOCI debt financial assets						
Incurred	(9)	3	(6)	(2)	1	(1)
Reclassification adjustment	0	(0)	0	2	(1)	1
Increase and decrease in accounting period	(9)	3	(6)	(0)	0	(0)
Fair value movements on FVTOCI equity financial assets						
Incurred	(4,601)	1,692	(2,909)	3,876	(1,182)	2,694
Increase and decrease in accounting period	(4,601)	1,692	(2,909)	3,876	(1,182)	2,694
Foreign currency translation adjustments						
Incurred	(56,231)	-	(56,231)	(8,145)	-	(8,145)
Reclassification adjustment	41	-	41	(174)	-	(174)
Increase and decrease in accounting period	(56,190)	-	(56,190)	(8,319)	-	(8,319)
Effective portion of net changes in fair value of cash flow hedges						
Incurred	(1,945)	735	(1,210)	2,588	(908)	1,680
Reclassification adjustment	2,480	(944)	1,536	(868)	306	(562)
Increase and decrease in accounting period	535	(209)	326	1,720	(602)	1,118
Remeasurements of defined benefit plans						
Incurred	(1,298)	357	(941)	1,190	(429)	761
Increase and decrease in accounting period	(1,298)	357	(941)	1,190	(429)	761
Other comprehensive income	(61,563)	1,843	(59,720)	(1,533)	(2,213)	(3,746)

21. Income taxes

(1) Income tax expense

The breakdown of income tax expense recognized in profit or loss is as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Current income tax	(24,018)	(28,775)
Deferred income tax		
Origination and reversal of temporary differences	(1,461)	(798)
Changes in tax rates	(687)	(34)
Total	(2,148)	(832)
Income tax expense total	(26,166)	(29,607)

(2) Reconciliation of effective tax rate

NIDEC is subject to several taxes and an effective statutory income tax rate in Japan for the fiscal year ended 31 March 2017 was 30.8%. Differences between the effective statutory income tax rate in Japan and effective tax rate in income tax expense on consolidated financial statement are as follows:

	For the years ended March 31	
	2016	2017
Effective statutory income tax rate in Japan	33.0%	30.8%
Increase (decrease) in taxes resulting from:		
in foreign subsidiaries	(12.6%)	(9.9%)
Tax on undistributed earnings	0.9%	(1.7%)
Assessment of the realizability of deferred tax assets	(1.7)%	0.6%
Deduction for foreign taxes	1.6%	1.5%
Change in deferred tax assets and liabilities resulting from change in tax rate	0.6%	0.0%
Withholding tax on dividends from overseas subsidiaries	1.0%	0.2%
Other	0.5%	(0.7%)
Effective tax rate in income tax expense on the consolidated financial statement	22.3%	20.8%

(3) Main reasons and changes in deferred tax assets and liabilities

The main reasons and changes in deferred tax assets and liabilities are as follows:
For the year ended March 31, 2016

(Yen in millions)

	The date of transition to IFRS April 1, 2015	Recognized in profit or loss	Recognized in other comprehensive income	Others	As of 31 March 2016
Deferred tax assets:					
Inventories	4,183	(733)	-	-	3,450
Property, plant and equipment	7,093	(1,308)	(7)	-	5,778
Accrued bonus	2,054	(264)	-	-	1,790
Accrued enterprise tax	338	(122)	-	-	216
Pension and severance plans	3,281	(647)	618	-	3,252
Operating loss carry forwards for tax purposes	4,162	1,116	-	-	5,278
Accrued vacation	1,171	(209)	-	-	962
Accrued expense	1,323	(552)	-	-	771
Others	4,774	(2,677)	463	-	2,560
Total	28,379	(5,396)	1,074	-	24,057
Deferred tax liabilities:					
FVTOCI financial assets	(4,818)	-	1,899	-	(2,919)
Basis difference of acquired assets	(1,343)	390	(1)	-	(954)
Undistributed earnings	(13,165)	(1,640)	2,030	-	(12,775)
Intangible assets	(14,115)	1,190	(473)	-	(13,398)
Others	(7,656)	2,558	(9)	-	(5,107)
Total	(41,097)	2,498	3,446	-	(35,153)
Net	(12,718)	(2,898)	4,520	-	(11,096)

The differences between the total amount recognized through net profit or loss, and total deferred tax expense are due to currency fluctuations.

For the year ended March 31, 2017

(Yen in millions)

	As of April 1, 2016	Recognized in profit or loss	Recognized in other comprehensive income	Others	As of March 31, 2017
Deferred tax assets:					
Inventories	3,450	1,162	-	123	4,735
Property, plant and equipment	5,778	(752)	(6)	(1,157)	3,863
Accrued bonus	1,790	497	-	(38)	2,249
Accrued enterprise tax	216	143	-	1	360
Pension and severance plans	3,252	167	(267)	1,039	4,191
Operating loss carry forwards for tax purposes	5,278	(4,012)	-	1,891	3,157
Accrued vacation	962	448	5	(11)	1,404
Accrued expense	771	463	-	198	1,432
Other	2,560	(1,623)	(99)	(265)	573
Total	24,057	(3,507)	(367)	1,781	21,964
Deferred tax liabilities:					
FVTOCI financial assets	(2,919)	-	(771)	-	(3,690)
Basis difference of acquired assets	(954)	132	-	-	(822)
Undistributed earnings	(12,775)	2,321	(1,315)	-	(11,769)
Intangible assets	(13,398)	(3,099)	-	3,516	(12,981)
Other	(5,107)	3,116	(30)	(1,149)	(3,170)
Total	(35,153)	2,470	(2,116)	2,367	(32,432)
Net	(11,096)	(1,037)	(2,483)	4,148	(10,468)

The differences between the total amount recognized through net profit or loss, and total deferred tax expense are due to currency fluctuations.

Others mainly consisted of business combinations.

In the recognition of a deferred tax asset, NIDEC considers the possibility that future deductible temporary differences and all or a part of tax loss carry forwards will be available against future taxable income. In assessing the recoverability of deferred tax assets, the planed reversal of future deferred tax liabilities, foreseeable future taxable income and tax planning will be considered. Regarding the recognized deferred tax asset, NIDEC determines that it is more likely to realize tax benefit based on the forecast of future taxable income in the period when the previous taxable standard and deferred tax assets are recognized. However, the amount of realizable deferred tax assets will decrease providing the expectation of generating future taxable income in the deductible period decreases as well. In assessing the recoverability of deferred tax assets for the year ended 2016 and 2017 the deferred tax assets decreased ¥9,094 million and ¥13,548 million, respectively.

(4) Deferred tax assets and liabilities on the consolidated statement of financial position

Deferred tax assets and liabilities on consolidated statement of financial position are as follow:

(Yen in millions)

	The date of transition to IFRS April, 2015	March 31, 2016	March 31, 2017
Deferred tax asset	10,749	11,545	15,526
Deferred tax liabilities	(23,467)	(22,641)	(25,994)
Net	(12,718)	(11,096)	(10,468)

(5) Future deductible temporary differences etc. for unrecognized tax assets

Future deductible temporary differences, tax loss carry-forwards and unused tax credit for unrecognized tax assets are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Temporary difference	27,528	25,680	26,822
Tax loss carry forward	27,354	15,118	18,140
Total	54,882	40,798	44,962

NIDEC does not recognize the deferred tax assets for some of the tax losses carry forwards and future deductible temporary differences. They are related to tax losses carry forwards mainly arising in domestic subsidiaries. To assess the recoverability of these deferred tax assets, NIDEC analyses the applicable subsidiaries individually and decreases a portion that it is less likely to realize tax benefit. As it is less likely to realize future taxable income, future deductible temporary differences, tax loss carry forwards and deferred tax deduction for unrecognized deferred tax assets are ¥40,798 million and ¥44,962 million, respectively. There is no expiration date for future deductible temporary differences.

(6) The expiration date of tax loss carryforward for unrecognized deferred tax assets

The expiration date and amount of the tax losses carry-forwards not recognized assets are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Year 1	849	878	1,477
Year 2	763	2,041	6,779
Year 3	5,137	4,806	2,484
Year 4	6,316	2,240	884
Year 5 or later	10,899	3,417	5,904
No expiration	3,390	1,736	612
Total	27,354	15,118	18,140

(7) Future taxable temporary differences for unrecognized deferred tax liability

At the date of transition to IFRS (April 1, 2015), and the year ended March 31, 2016 and 2017, NIDEC does not recognize the deferred tax liabilities regarding future taxable temporary differences related to the investment in some subsidiaries. NIDEC can control the timing of reversal of temporary differences and ensure that these differences are not reversal in foreseeable period. At the date of transition to IFRS (April 1, 2015), and the year ended March 31, 2016 and 2017, future taxable temporary differences related to the investment in subsidiaries etc. for unrecognized deferred tax liabilities are ¥271,756 million, ¥289,894 million and ¥439,362 million, respectively.

22. Provisions

Changes in the balance and components of provisions are as follows:

(Yen in millions)

	Provision for product warranties	Others	Total
Balance at April 1, 2016	4,015	18,208	22,223
Increase during the year	1,486	22,270	23,756
Acquisitions through business combinations	3,694	2,316	6,010
Decrease due to intended use	(1,538)	(16,725)	(18,263)
Reversal during the year	(1,076)	(3,337)	(4,413)
Effect of changes in foreign exchange rates	(222)	(238)	(460)
Others	(58)	29	(29)
Balance at March 31, 2017	6,301	22,523	28,824

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Current	18,583	18,886	25,210
Non-current	2,904	3,337	3,614
Total	21,487	22,223	28,824

Provision for product warranties

NIDEC provides warranties for specific products and services over an extended period. A provision for product warranties is calculated based on historical claims levels. The majority of the warranty costs is estimated to be incurred in the subsequent year.

Provision for others

Provision for others consists of mainly accrued bonus and accrued compensated absence. The majority of these costs is estimated to be incurred in the subsequent year.

23. Equity and earnings

(1) Common Stock

The number and changes of authorized and issued shares for the years ended March 31, 2016 and 2017 are as follows:

	For the years ended March 31	
	2016	2017
	The number of shares	The number of shares
Total number of authorized shares: Common stock (no-par value)	960,000,000	960,000,000
Total number of issued shares:		
Balance at beginning of the year	294,108,416	298,142,234
Increase (decrease) (*2)	4,033,818	-
Balance at end of the year	298,142,234	298,142,234

(Notes) 1. The number of treasury stocks included in the total number of issued shares in the above table for the years ended March 31, 2016 and 2017 are 1,541,210 and 1,544,634 respectively.

*2. It was due to the exercise of issuance of Euro Yen Convertible-Bonds-Type Bonds with Stock Acquisition Right Due 2015.

(2) Additional paid-in capital and retained earnings

Additional paid-in capital mainly consists of legal reserve. The changes in additional paid-in capital for the years ended March 31, 2016 and 2017 are as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Balance at beginning of the year	107,732	118,341
Conversion of convertible bond	10,615	-
Others	(6)	(1)
Balance at end of the year	118,341	118,340

Retained earnings consist of a legal reserve and inappropriate retained earnings. The Companies Act of Japan provides that an amount equal to 10% of dividends must be appropriated as legal reserves until the total of aggregate amount of the legal reserves equals 25% of the common stock.

(3) Other components of equity

1) Fair value movements on FVTOCI debt financial assets

Fair value movements on FVTOCI debt financial assets through other comprehensive income

2) Fair value movements on FVTOCI equity financial assets

Fair value movements on FVTOCI equity financial assets through other comprehensive income

3) Foreign currency translation adjustment

Gains and losses arising from translating the financial statements of a foreign operation

4) Effective portion of net changes in fair value of cash flow hedges

Effective portion of gains and losses on hedging instruments in a cash flow hedge

- 5) Remeasurements of defined benefit plans
 Remeasurements of the net defined benefit liability (asset)

24. Dividends

Dividends declared and paid to the common stock holders are as follows:

For the year ended March 31, 2016

Resolution	Stock Category	Dividends Amount (Yen in millions)	Dividends per share (Yen)	Record Date	Effective Date
May 27, 2015 Board of directors meeting	Common Stock	11,764	40	March 31, 2015	June 3, 2015
October 21, 2015 Board of directors meeting	Common Stock	11,925	40	September 30, 2015	November 30, 2015

For the year ended March 31, 2017

Resolution	Stock Category	Dividends Amount (Yen in millions)	Dividends per share (Yen)	Record Date	Effective Date
May 25, 2016 Board of directors meeting	Common Stock	11,864	40	March 31, 2016	June 2, 2016
October 24, 2016 Board of directors meeting	Common Stock	11,864	40	September 30, 2016	December 1, 2016

Among the dividends whose record date falls in the year ended March 31, 2017, those whose effective date falls in the next fiscal year are as follows

Resolution	Stock Category	Dividends Amount (Yen in millions)	Dividends per share (Yen)	Record Date	Effective Date
May 24, 2017 Board of directors meeting	Common Stock	13,347	45	March 31, 2017	June 1, 2017

25. Operating expenses

Operating expenses (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥50,662 million of depreciation, ¥9,038 million of amortization and ¥186,158 million of employee benefits for the year ended March 31, 2017. Operating expenses (cost of sales, selling, general and administrative expenses and research and development expenses) include ¥55,559 million of depreciation, ¥9,391 million of amortization and ¥184,072 million of employee benefits for the year ended March 31, 2016.

26. Financial income and expenses

(1) Financial income

The breakdown of financial income is as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Interest income		
Financial assets measured at amortized costs	1,481	2,695
Dividend income		
FVTOCI equity financial assets	431	566
Other	1	107
Total	1,913	3,368

(2) Financial expenses

The breakdown of financial expenses is as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Interest expense		
Financial liabilities measured at amortized costs	(2,332)	(2,684)
Other	(78)	(379)
Total	(2,410)	(3,063)

27. Earnings per Share

For the year ended March 31, 2016

	Profit attributable to owners of the parent (Yen in millions)	Weighted average shares (Thousands of shares)	Earnings per share attributable to owners of the parent (Yen)
Earnings per share attributable to owners of the parent -Basic	89,945	296,808	303.04
Effect of dilutive securities	(3)	1,083	
Convertible bonds			
Earnings per share attributable to owners of the parent -Diluted	89,942	297,891	301.93

For the year ended March 31, 2017

	Profit attributable to owners of the parent (Yen in millions)	Weighted average shares (Thousands of shares)	Earnings per share attributable to owners of the parent (Yen)
Earnings per share attributable to owners of the parent -Basic	111,721	296,599	376.67
Effect of dilutive securities	-	-	
Convertible bonds			
Earnings per share attributable to owners of the parent -Diluted	111,721	296,599	376.67

28. Derivatives

NIDEC manages the exposure of the fluctuations in foreign exchange rate, interest rate and commodity prices through the use of derivative financial instruments which include foreign exchange forward contracts, interest rate swap agreements, currency swap agreements and commodity future contracts. NIDEC does not hold derivative financial instruments for trading purpose. NIDEC is exposed to credit risk in the event of non-performance by counterparties to the derivative contracts, but such risk is considered to be mitigated by the high credit rating of the counterparties.

(1) Cash flow hedge

NIDEC uses foreign exchange forward contracts, interest rate swap agreements and commodity future contracts designated as cash flow hedges to protect against foreign exchange risks, interest rate risks and commodity prices risks inherent in a portion of its forecasted transactions related to purchase commitments.

(2) Derivatives not designated as hedges

NIDEC is unable or has elected not to apply hedge accounting to some of these derivatives from time to time. The changes in the fair value of these contracts are recorded in “Derivative gain”.

Derivatives designated as cash flow hedges are as follows:

The date of transition to IFRS (April 1, 2015) *(Yen in millions)*

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign currency risk Foreign exchange forward contracts	21,746	8	1,584	Other financial assets Other financial liabilities
Interest rate risk Interest rate swap	10,014	-	12	Other financial liabilities
Commodity price risk Commodity futures contracts	4,929	47	324	Other financial assets Other financial liabilities

March 31, 2016 *(Yen in millions)*

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign currency risk Foreign exchange forward contracts	11,252	-	1,032	Other financial liabilities
Commodity price risk Commodity futures contracts	4,773	48	254	Other financial assets Other financial liabilities

March 31, 2017

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign currency risk Foreign exchange forward contracts	14,882	155	83	Other financial assets Other financial liabilities
Commodity price risk Commodity futures contracts	4,076	604	-	Other financial assets

Derivatives not designated as hedging instruments are as follows:

The date of transition to IFRS (April 1, 2015)

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign exchange forward contracts	1,321	-	142	Other financial liabilities

March 31, 2016

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign exchange forward contracts	1,510	-	7	Other financial liabilities
Currency swap contracts	27,550	55	117	Other financial assets Other financial liabilities

March 31, 2017

(Yen in millions)

	Notional amount	Carrying amount		Line item in the consolidated financial statements
		Assets	Liabilities	
Foreign exchange forward contracts	2,275	20	4	Other financial assets Other financial liabilities
Currency swap contracts	27,550	328	-	Other financial assets

Carrying amounts of cash flow hedge reserve are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Foreign currency risk Foreign exchange forward contracts	(943)	(649)	(4)
Interest rate risk Interest rate swap	(3)	-	-
Commodity price risk Commodity futures contracts	(126)	(97)	376

The effects of derivatives designated as cash flow hedges on profit or loss are as follows:

For the year ended March 31, 2016

(Yen in millions)

	Hedging gain or loss recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the Consolidated statements of income that includes the reclassification adjustment
Foreign currency risk Foreign exchange forward contracts	(737)	1,031	Cost of sales
Interest rate risk Interest rate swap	-	3	Financial expense
Commodity price risk Commodity futures contracts	(473)	502	Cost of sales

For the year ended March 31, 2017

(Yen in millions)

	Hedging gain or loss recognized in OCI	Amount reclassified from OCI to profit or loss	Line item in the Consolidated statements of income that includes the reclassification adjustment
Foreign currency risk Foreign exchange forward contracts	1,240	(595)	Cost of sales
Commodity price risk Commodity futures contracts	440	33	Cost of sales

The amount of hedge ineffectiveness or exclusion from the assessment of hedge effectiveness recognized in net gains (losses) was not material for the year ended March 31, 2017.

As at March 31, 2017, the maximum length of time over which NIDEC hedged its exposure to variability in future cash flows for highly probable forecast transactions was approximately 23 months.

The effects of derivatives not designated as hedging instruments on profit or loss are as follows:

(Yen in millions)

	Line item in the consolidated financial statements	For the years ended March 31	
		2016	2017
Foreign exchange forward contracts	Foreign exchange differences	268	(1)
Currency swap contracts	Derivative gains/losses	(62)	389
	Financial income	9	472

29. Fair values

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The levels of the fair value hierarchy are as follows:

- Level 1: Fair value measured using quoted prices (unadjusted) in active markets for identical assets or liabilities;
 - Level 2: Fair value measured using inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; and
 - Level 3: Fair value measured using significant unobservable inputs for the assets or liabilities.
- 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.

Financial instruments measured at amortized cost

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)		March 31, 2016		March 31, 2017	
	Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Short term investments	2	2	1,947	1,947	2,103	2,103
Long term investments	160	160	38	38	-	-
Short term loan receivable	171	171	49	49	34	34
Long term loan receivable	42	41	134	135	118	116
Short term borrowings	(52,401)	(52,401)	(81,092)	(81,092)	(166,606)	(166,606)
Long term debt (including the current portion and excluding the finance lease obligation and bonds)	(55,161)	(55,099)	(60,941)	(61,066)	(88,591)	(89,111)
Bonds (including the current portion)	(171,222)	(183,687)	(149,886)	(151,541)	(149,943)	(151,087)

The following are explanatory notes relating to fair value estimation of the financial instruments.

(1) Short term investments, short term loan receivable and short term borrowings

In the normal course of business, substantially all short term investments (time deposits), short term loan receivable and short term borrowings are highly liquid and are carried at amounts that approximate their fair values.

(2) Long term investments

NIDEC's long term investments are mainly time deposits which are due over one year from the end of the period to their original maturity dates and are classified as Level 2. The fair value of long term investments is estimated by discounting expected future cash flows.

(3) Long term loan receivable

The fair value of long term loan receivable is estimated by discounting expected future cash flows and classified as Level 2.

(4) Long term debt

The fair value of long term debt (including the current portion and excluding the finance lease obligation and bonds) is estimated based on the discounted amounts of future cash flows using NIDEC's current incremental borrowing rates for similar liabilities and classified as Level 2.

(5) Bonds

The fair value of bonds (including the current portion) issued by NIDEC is estimated based on the quoted market price for the NIDEC's bonds in markets that are not active and classified as Level 2.

The carrying amount of "Cash and cash equivalents", "Trade and other receivable" and "Trade and other payable" approximate their fair values because of the short maturity of these instruments. The table described above excludes these financial instruments.

Breakdown of financial instruments measured at fair value on a recurring basis by levels of the fair value hierarchy

The following is an analysis of financial instruments measured at fair value after they are initially recognized.

The breakdown of financial assets or liabilities categorized by the levels of the fair value hierarchy used in the analysis is as follows:

The date of transition to IFRS (April 1, 2015)

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities and other securities				
FVTOCI equity financial assets	19,053	-	1,724	20,777
FVTOCI debt financial assets	-	330	-	330
Derivatives	47	8	-	55
Total financial assets	19,100	338	1,724	21,162
Liabilities				
Derivatives	324	1,738	-	2,062
Total financial liabilities	324	1,738	-	2,062

March 31, 2016

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities and other securities				
FVTOCI equity financial assets	13,227	-	1,589	14,816
FVTOCI debt financial assets	-	281	-	281
Derivatives	48	55	-	103
Total financial assets	13,275	336	1,589	15,200
Liabilities				
Derivatives	254	1,156	-	1,410
Total financial liabilities	254	1,156	-	1,410

There were no significant transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2016.

March 31, 2017

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities and other securities				
FVTOCI equity financial assets	17,135	-	1,519	18,654
FVTOCI debt financial assets	-	228	-	228
Derivatives	604	503	-	1,107
Total financial assets	17,739	731	1,519	19,989
Liabilities				
Derivatives	-	87	-	87
Total financial liabilities	-	87	-	87

There were no significant transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2017.

Level 1 securities and derivatives including commodity futures are valued using an unadjusted quoted market price in active markets with sufficient volume and frequency of transactions.

Level 2 securities are valued using non-active market prices for identical assets. Level 2 derivatives including foreign exchange contracts are valued using quotes obtained from counterparties or third parties, which are periodically validated by pricing models using observable market inputs, such as foreign currency exchange rates, and interest rates.

Level 3 securities are composed mainly of unlisted equity shares. Fair values of those unlisted

equity shares are calculated by discounted cash flow method and others. For securities of level 3, no significant changes in fair value are expected to occur as a result of changing unobservable inputs to other alternative assumptions that are considered reasonable.

The movement of fair value of financial assets categorized within Level 3 of the fair value hierarchy is as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
Balance at the beginning of the year	1,724	1,589
Gains or losses:		
Recognized in other comprehensive income (*1)	(105)	(98)
Purchases	-	30
Sales	(30)	(2)
Transfers to/from Level 3	-	-
Balance at the end of the year	1,589	1,519

(Note) *1 Those are included in “Fair value movements on FVTOCI equity financial assets” and “Foreign currency translation adjustments” in the consolidated statements of other comprehensive income.

30. Related Party Transactions

(1) Transactions with related parties for the fiscal years ended March 31, 2016 and 2017 are as follows:

Sales of goods and services

(Yen in millions)

	For the years ended March31	
	2016	2017
Related parties		
SN Kosan Limited Company*1	0	0
Nagamori foundation*2	6	12

Sales of goods and services to associates are conducted on an arms-length basis.

*1 Members of the board of directors or their close relatives own a majority of voting rights of SN Kosan Limited Company.

*2 A member of the board of directors is a president of Nagamori foundation.

Purchase of goods and services*(Yen in millions)*

	For the years ended March 31	
	2016	2017
Related parties		
SN Kosan Limited Company	15	14

Outstanding balances arising from sales and purchases of goods and services*(Yen in millions)*

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Receivables from related parties			
SN Kosan Limited Company	1	1	1
Nagamori foundation	0	0	0
Payables to related parties			
SN Kosan Limited Company	0	0	0

No expected credit loss allowances for receivables from related parties is recognized at March 31, 2016 and 2017 and the date of transition to IFRS. In addition, there are no expenses recognized during the years ended March 31, 2016 and 2017 in respect of receivables from related parties.

(2) NIDEC's key management personnel compensation is 380 million yen in total.

31. Subsidiaries and Associates

(1) Composition of the group

A list of major companies the Company controls is presented in "I. Overview on the Company 4. Information on Affiliates".

(2) Subsidiaries that have non-controlling interests that are material

There is no subsidiary that has non-controlling interests that are material.

(3) Aggregate financial information about investments in associates that are not individually material

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Carrying amount of the interest in the associates	2,167	1,896	1,125

(Yen in millions)

	For the years ended March 31	
	2016	2017
Net income	1	(534)
Other comprehensive income	-	-
Comprehensive income	1	(534)

32. Lease

NIDEC leases certain assets under finance lease and operating lease arrangements. The summary of leased assets under finance leases is as follows:

(Yen in millions)

Class of property	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Machinery and equipment	7,322	13,389	11,736
Other leased assets	107	134	285
Less - Accumulated amortization	(3,289)	(8,262)	(10,059)
Total	4,140	5,261	1,962

Amortization expenses under finance leases for the years ended March 31, 2016 and 2017 are ¥5,970 million and ¥948 million, respectively.

The future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

(Yen in millions)

Term	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Within one year	2,060	2,314	6,350
Between one year and five years	1,653	6,757	931
Over five years	-	11	56
Total minimum lease payments	3,713	9,082	7,337
Less - Amount representing interest	(232)	(334)	(47)
Present value of net minimum lease payments	3,481	8,748	7,290
Less - Current finance lease obligations	(1,924)	(2,273)	(6,325)
Long term finance lease obligations	1,557	6,475	965

Rental expenses under operating leases for the years ended March 31, 2016 and 2017 are ¥2,882 million and ¥2,750 million, respectively.

The minimum rental payments required under operating leases relating primarily to land, buildings and equipment having initial or remaining non-cancelable lease terms in excess of one year are as follows:

(Yen in millions)

Term	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Within one year	3,016	2,363	2,830
Between one year and five years	6,610	5,431	5,148
Over five years	2,084	1,489	967
Total future minimum rentals	11,710	9,283	8,945

NIDEC is a lessor of a portion of the land, buildings and equipment in operating leases.

Rental revenues under operating leases for the years ended March 31, 2016 and 2017 are ¥151 million and ¥87 million, respectively.

The future minimum rental incomes under operating leases with remaining non-cancellable terms are as follows:

(Yen in millions)

Term	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Within one year	147	127	68
Between one year and five years	187	162	52
Over five years	78	59	1
Total future minimum rentals	412	348	121

33. Financial Instruments

(1) Capital management

NIDEC's capital management principle is to optimize capital structure by achieving a balance between capital efficiency and financial strength, with sustainable high corporate value and dividend payments aiming at 30% of net income attributable to Nidec Corporation per share (basic). In our Medium-Term Strategic Target "Vision 2020", we target for return on equity of 18%, assuming ratio of total equity attributable to owners of the parent to total assets of 60%, and monitor these indexes considering a better credit rating.

NIDEC's ratio of total equity attributable to owners of the parent to total assets and return on equity are as follows:

	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Ratio of total equity attributable to owners of the parent to total assets	55.3%	55.4%	50.5%

	For the years ended March 31	
	2016	2017
Return on equity	11.9%	13.9%

There are no material capital regulations applicable to NIDEC.

(2) Credit risk management

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

NIDEC's maximum exposure to credit risks is the carrying amount of financial instruments less impairment losses in the Consolidated Financial Statements.

The analysis of aging of receivables that are past due and expected credit loss of those financial assets are as follows:

The date of transition to IFRS (April 1, 2015)

(Yen in millions)

	Past due			
	Total	Within six months	Between six months and one year	Over one year
Trade and other receivables:				
Gross	12,811	10,777	980	1,054
Expected credit loss allowances	(460)	(36)	(7)	(417)
Net	12,351	10,741	973	637
Rate of expected credit loss	3.6%	0.3%	0.7%	39.6%
Other financial assets:				
Gross	453	-	-	453
Expected credit loss allowances	(453)	-	-	(453)
Net	-	-	-	-
Rate of expected credit loss	100.0%	-	-	100.0%

March 31, 2016

(Yen in millions)

	Past due			
	Total	Within six months	Between six months and one year	Over one year
Trade and other receivables:				
Gross	15,050	12,098	1,892	1,060
Expected credit loss allowances	(393)	(198)	(18)	(177)
Net	14,657	11,900	1,874	883
Rate of expected credit loss	2.6%	1.6%	0.9%	16.7%
Other financial assets:				
Gross	498	2	-	496
Expected credit loss allowances	(449)	(2)	-	(447)
Net	49	-	-	49
Rate of expected credit loss	90.3%	100.0%	-	90.2%

March 31, 2017

(Yen in millions)

	Past due			
	Total	Within six months	Between six months and one year	Over one year
Trade and other receivables:				
Gross	28,171	23,820	2,353	1,998
Expected credit loss allowances	(1,247)	(12)	(103)	(1,132)
Net	26,924	23,808	2,250	866
Rate of expected credit loss	4.4%	0.1%	4.4%	56.7%
Other financial assets:				
Gross	491	-	-	491
Expected credit loss allowances	(444)	-	-	(444)
Net	47	-	-	47
Rate of expected credit loss	90.6%	-	-	90.6%

The changes in the balance of expected credit loss allowances are as follows:

(Yen in millions)

	For the year ended March 31, 2016		For the year ended March 31, 2017	
	Trade and other receivables	Other financial assets	Trade and other receivables	Other financial assets
Expected credit loss allowances at beginning of the year	1,355	466	1,325	470
Expected credit loss allowance, net of reversal	326	10	609	(12)
Usage as intended	(296)	(5)	(232)	-
Foreign currency translation and other	(60)	(1)	(56)	0
Expected credit loss allowances at the end of the year	1,325	470	1,646	458

(3) Liquidity risk management

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

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

See “18. Short term borrowings and long term debts” for the aggregate amounts of annual maturity of long term debts.

(4) Market risk management

1) Foreign exchange risk management

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

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

The financial impacts on profit before income taxes in the case of appreciation of Japanese yen against the U.S. dollar and Euro by 1% on the foreign currency denominated financial instrument held by NIDEC while all other variables are held constant as of March 31, 2016 and 2017 are as follows:

(Yen in millions)

	For the years ended March 31	
	2016	2017
U.S. dollar (appreciation of Japanese yen by 1%)	(93)	43
Euro (appreciation of Japanese yen by 1%)	(181)	298

2) Interest rate risk management

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

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

3) Stock price fluctuation risk management

For shares that NIDEC holds, we regularly check their stock price and financial condition of the issuers and monitor fluctuations. In addition, we review the shareholding continuously, taking into consideration the relationship with the issuers.

34. Government Grants

The government grants recognized in the consolidated statements of income and the carrying amount of deferred income were as follows:

	<i>(Yen in millions)</i>	
	For the years ended March 31	
	2016	2017
Balance at April 1	-	327
The granted amount from government for the year	873	875
Government grants recognized in the consolidated statements of income	(534)	(807)
Effect of foreign currency translation	(12)	(20)
Balance at March 31	327	375
Current	18	29
Non-current	309	346
	327	375

Government grants are mainly provided for purchase of certain property, plant and equipment. There are no unfulfilled conditions or other contingencies attaching to the grants.

35. Contingent Liabilities

NIDEC has guaranteed ¥111 million of lease contracts for customers in connection with the purchase of NIDEC's products at March 31, 2017. No material claims have been made against guarantees and NIDEC does not anticipate any material claims.

At March 31, 2017, NIDEC was aware of total contingent liabilities of ¥9,943 million relating to bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds. Such contingencies relate to the performance of the undergoing projects or projects in its warranty periods. No material claims have been made against guarantees and NIDEC does not anticipate any material claims.

36. Commitments

Commitments for expenditures after the closing date are as follows:

	<i>(Yen in millions)</i>		
	The date of transition to IFRS (April 1, 2015)	March 31, 2016	March 31, 2017
Property, plant and equipment and other assets	3,356	6,101	8,473

37. Events after the Reporting Period

(1) A significant borrowing

NIDEC executed borrowings under the decision of the Board of Directors meeting on April 8, 2017.

1) Purpose of the Loan	A portion of the funds necessary to acquire the motors, drives and electric power generation businesses of Emerson Electric Co. (currently, Nidec Leroy-Somer Holding and Nidec Control Techniques Limited, etc.)
2) The lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd and Sumitomo Mitsui Banking Corporation
3) Total amount of the loan	\$750 million
4) Rate of the interest	The aggregate of 0.60% per annum and the London interbank offered rate administered by ICE Benchmark Administration Limited for US Dollars for a period of 6 month. NIDEC concluded Interest-swap contracts between the lender above described in order to fix the amount of interest expenses under the same borrowing period and amount. (Fixed rate per annum : 2.509%)
5) Execution date	May 31, 2017
6) Repayment date	March 31, 2022
7) Collateral assets or guarantee	None

(2) A stock purchase agreement of Secop Group (Secop Holding GmbH and other 3 entities), a German compressor manufacturer

NIDEC acquired 100% equity shares of Secop Holding GmbH, Secop s.r.o., Secop Compressors (Tianjin) Co. Ltd. and Secop Inc. (herein collectively "Secop") and shareholder loans from Secop Beteiligungs GmbH, a portfolio management company owned by AURELIUS Equity Opportunities SE & Co KGaA (the "Transaction"). For this purpose, NIDEC entered into a stock purchase agreement on April 25, 2017.

1) Purpose	Secop develops, manufactures and sells products of compressors for consumer and commercial type refrigerators. Under the Transaction, our appliance motor business in Global Appliance Division which is our new growth platform with particular focus on appliance, industrial and commercial business improve competitiveness in European market. Through the Transaction, NIDEC is adding compressors to its product portfolio, which allows NIDEC to expand further into refrigeration market.
2) Payment and funding method and schedule	Acquisition method is to finance the Transaction with debt finance. Closing of the Transaction will be completed at the end of June 2017.
3) Purchase Price	€185 million (on enterprise value basis)

(3) Determination of Terms of Sixth Series of Domestic Unsecured Bonds

On May 19, 2017, NIDEC determined the terms of tranche of straight bonds (which rank pari passu among themselves) (the “Bonds”) in the principal amount of ¥50 billion to be issued in Japan under a shelf registration statement filed in Japan for the issuance from time to time of up to ¥200 billion aggregate principal amount of domestic bonds. The issuance of the Bonds has completed as of the date of this report.

The sixth series unsecured bonds		
1	Total principal amount	¥50 billion
2	Book-entry bonds	The provisions of the Law Concerning Book-Entry Transfer of Corporate Bonds and Shares, etc. applies to the bonds.
3	Denomination of each bond	¥100 million
4	Interest rate	0.001% per annum
5	Issue price	100.002% of the principal amount
6	Redemption price	100% of the principal amount
7	Maturity date	May 26, 2020
8	Offering period	May 19, 2017
9	Payment date	May 26, 2017
10	Method of offering	Public offering in Japan. The bonds were not be offered in the United States or to any U.S. persons.
11	Security or guarantee	The bonds are unsecured and not guaranteed. There is no assets reserved as security for the bonds.
12	Financial covenants	The bonds are subject to certain negative pledge restrictions.
13	Redemption prior to maturity	NIDEC may, at any time on or after the day following the issue date, repurchase the bonds and cause such repurchased bonds to be canceled, unless otherwise required by Japan Securities Depository Center, Inc.
14	Use of the bonds	Repayment of a part of short-term borrowings

38. Authorization of consolidated financial statements

NIDEC’s consolidated financial statements were authorized for issue on June 19, 2017 by Shigenobu Nagamori, Representative Director, Member of the Board of Directors, Chairman of the Board, President and Chief Executive Officer, and Akira Sato, Member of the Board of Directors, Executive Vice President and Chief Financial Officer.

39. 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, etc.” 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 notes 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
	-	342,122	434	342,556		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 were 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 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 the 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 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 notes 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	-	(77)	170,874		Inventories
Other current assets	53,150	(30,380)	122	22,892		Other current assets
Total current assets	765,312	(10,367)	146	755,091		Total current assets
	-	347,729	(797)	346,932		Non-current assets
	-	347,729	(797)	346,932		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	-	(920)	162,043	E	Goodwill
	-	76,859	190	77,049	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	(7,982)	621,545		Total non-current assets
Total assets	1,384,472	-	(7,836)	1,376,636		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	(7,348)	22,641	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	(7,060)	185,608		Total non-current liabilities
Total liabilities	611,967	-	(6,700)	605,267		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	-	129,407	625,168	C	Retained earnings
	-	76,729	(132,888)	(56,159)	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	-	(1,198)	763,023		Total equity attributable to owners of the parent
Noncontrolling interests	8,284	-	62	8,346		Non-controlling interests
Total equity	772,505	-	(1,136)	771,369		Total equity
Total liabilities and equity	1,384,472	-	(7,836)	1,376,636		Total liabilities and equity

Notes to reconciliation of equity as of March 31, 2016

The major items of the reconciliation of equity as of March 31, 2016 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 were 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 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 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, 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 the 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 six months ended September 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."

(iii) 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)	(1,511)	(909,953)	A,D	Cost of sales
Gross profit	269,979	(131)	(1,511)	268,337		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)	(1,165)	117,662		Operating profit
	-	2,859	(946)	1,913	C	Financial income
	-	(2,356)	(54)	(2,410)	C	Financial expenses
	-	151	-	151		Derivative gain
	-	(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	(2,165)	117,164		Profit before income taxes
Income taxes	(26,466)	-	300	(26,166)		Income tax expenses
Equity in net income of affiliated companies	1	(1)	-	-		
Consolidated net income	92,863	-	(1,865)	90,998		Profit for the period
Net income attributable to:						Profit attributable to:
Nidec Corporation	91,810	-	(1,865)	89,945		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	-	(1,865)	90,998		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)	-	(1,699)	(56,190)		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)	-	(860)	(59,720)		Other comprehensive income for the period, net of taxation
Total comprehensive income	34,003	-	(2,725)	31,278		Comprehensive income for the period
(Breakdown)						Comprehensive income attributable to:
Comprehensive income (loss) attributable to Nidec Corporation	33,711	-	(2,728)	30,983		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 of income and comprehensive income for the year ended March 31, 2016 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 were 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 profit or loss.

As a result of the factors described above, retirement benefit costs have increased by ¥378 million 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 equity financial assets designated as measured at fair value through other comprehensive income ("FVTOCI equity financial assets") 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 presented separately.

D. Retrospective adjustment on business combinations

During the six months ended September 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) Disclosure of material items of reconciliation of the consolidated statements of cash flows for 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.

2. Others

Quarterly information from April 1, 2016 to March 31, 2017

(Yen in millions, unless otherwise stated)

	Three months ended June 30, 2016	Six months ended September 30, 2016	Nine months ended December 31, 2016	Year ended March 31, 2017
Net sales	276,206	564,030	868,228	1,199,311
Profit before income taxes	29,087	66,274	107,747	142,278
Profit attributable to owners of the parent	22,028	50,094	81,617	111,721
Earnings per share attributable to owners of the parent-Basic (yen)	74.27	168.89	275.18	376.67

	Three months ended June 30, 2016	Three months ended September 30, 2016	Three months ended December 31, 2016	Three months ended March 31, 2017
Earnings per share attributable to owners of the parent-Basic (yen)	74.27	94.63	106.28	101.50

(Note) NIDEC finalized the provisional accounting treatment for the business combination in the three month ended March 31, 2017. A related quarterly item for the year ended March 31, 2017 reflects the revision of the initially allocated amount of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

VI. Stock-related Administration of the Company

Fiscal year	April 1 - March 31
Annual General Meeting of Shareholders	During June
Record date	March 31
Record dates for dividends of surplus	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback in holdings of shares less than one unit	
Place of handling	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency Business Planning Dept. 5-33,Kitahama 4-chome,Chuo-ku, Osaka
Administrator of shareholder registry	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	-----
Fees for buyback in holdings	Amount separately specified as an amount equivalent to fees for entrusting sale or purchase of stock
Method of giving public notice	Nidec carries out its public notifications by means of electronic public notice http://www.nidec.com/ja-JP/ However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholders privileges	Hospitality programs for stockholders 1.Target stockholder We target all recorded stockholders on the list of shareholders as of March 31 every year. 2.Content of hospitality programs We give all stockholders a leaflet of Nidec Sankyo Orgel Museum Suwanone, with which they can enter it in free of charge

- (Notes) 1. The Articles of Incorporation provide that a holder of shares representing less than one unit does not have any other rights of a shareholder in respect of those shares, other than rights under each item of Article 189, Paragraph 2 of the Companies Act or rights to be allotted rights to subscribe for free for new shares and stock acquisition rights when such rights are granted to shareholders.
2. We assume that a buy of less than one unit is charged through the account administration authority, it's for a brokerage firm and so on. (in case of the special account, the above Sumitomo Mitsui Trust Bank, Limited).

VII. Reference Information on the Company

1. Information on Parent Company, etc. of the Company

The Company has no parent company pursuant to Article 24-7, Paragraph 1 of Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

The Company filed the following documents during the period from the commencing date of the fiscal year ended March 31, 2017 to the filing date of the Annual Securities Report.

1. Annual Securities Report and the attachments thereto, and Confirmation Letter
(The 43th business term)
(From April 1, 2015 To March 31, 2016)
Filed with the Director of the Kanto Local Finance Bureau on June 20, 2016
2. Internal Control Report and the attachments thereto
Filed with the Director of the Kanto Local Finance Bureau on June 20, 2016
3. Quarterly Report and Confirmation Letter
(First Quarter of the 44th business term)
(From April 1, 2016 To June 30, 2016)
Filed with the Director of the Kanto Local Finance Bureau on August 9, 2016
(Second Quarter of the 44th business term)
(From July 1, 2016 To September 30, 2016)
Filed with the Director of the Kanto Local Finance Bureau on November 11, 2016
(Third Quarter of the 44th business term)
(From October 1, 2016 To December 31, 2016)
Filed with the Director of the Kanto Local Finance Bureau on February 13, 2017
4. Extra Ordinary Report
Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 9-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.
Filed with the Director of the Kanto Local Finance Bureau on June 20, 2016
Pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act and Article 19, Paragraph 2, Item 16 and 16-2 of the Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.
Filed with the Director of the Kanto Local Finance Bureau on August 4, 2016
5. Registration Form of Issuance
Filed with the Director of the Kanto Local Finance Bureau on June 20, 2016
Filed with the Director of the Kanto Local Finance Bureau on August 4, 2016
6. Shelf Registration Supplements (Bonds)
Filed with the Director of the Kinki Local Finance Bureau on November 18, 2016
Filed with the Director of the Kinki Local Finance Bureau on May 19, 2017

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| 7. Status Report of Acquisition of Treasury Stock
(From June 1, 2016 to June 30, 2016) | Filed with the Director of the Kanto Local
Finance Bureau on July 6, 2016 |
| (From July 1, 2016 to July 31, 2016) | Filed with the Director of the Kanto Local
Finance Bureau on August 4, 2016 |
| (From August 1, 2016 to August 31, 2016) | Filed with the Director of the Kanto Local
Finance Bureau on September 6, 2016 |
| (From September 1, 2016 to September 30,
2016) | Filed with the Director of the Kanto Local
Finance Bureau on October 6, 2016 |
| (From October 1, 2016 to October 31, 2016) | Filed with the Director of the Kanto Local
Finance Bureau on November 7, 2016 |
| (From November 1, 2016 to November 30,
2016) | Filed with the Director of the Kanto Local
Finance Bureau on December 6, 2016 |
| (From December 1, 2016 to December 31,
2016) | Filed with the Director of the Kanto Local
Finance Bureau on January 11, 2017 |
| (From January 1, 2017 to January 31, 2017) | Filed with the Director of the Kanto Local
Finance Bureau on February 6, 2017 |
| (From February 1, 2017 to February 28, 2017) | Filed with the Director of the Kanto Local
Finance Bureau on March 6, 2017 |
| (From March 1, 2017 to March 31, 2017) | Filed with the Director of the Kanto Local
Finance Bureau on April 6, 2017 |
| (From April 1, 2017 to April 30, 2017) | Filed with the Director of the Kanto Local
Finance Bureau on May 9, 2017 |
| (From May 1, 2017 to May 31, 2017) | Filed with the Director of the Kanto Local
Finance Bureau on June 6, 2017 |

Part II Information on Guarantors, etc. for the Company

Not applicable.

TRANSLATION

Following is an English translation of the Independent Auditors' report filed under the Financial Instrument and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditors' Report

(filed under the Financial Instruments and Exchange Act of Japan)

June 19, 2017

To the Board of Directors of
NIDEC CORPORATION (Nihon Densan Kabushiki Kaisha):

PricewaterhouseCoopers Kyoto

Designated and Engagement Partner,
Certified Public Accountant: Yukihiro Matsunaga

Designated and Engagement Partner,
Certified Public Accountant: Tsuyoshi Yamamoto

Audit of Financial Statements

Pursuant to the Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the Financial Section, namely, the consolidated statement of financial position as at March 31, 2017 of Nidec Corporation (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income, comprehensive income, changes in equity and cash flows for the year then ended, including notes to the consolidated financial statements.

Managements' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provision of Article 93 of the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements, and for such internal control as management determines its necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the

reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2017, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2017.

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit as independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

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

Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2017 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Emphasis of Matter

The Company excluded the evaluation of internal control relating to financial reporting of Nidec Leroy-Somer Holding and Nidec Control Techniques Limited as of March 31, 2017 which of those became its consolidated subsidiaries after the acquisition of stocks and related assets and liabilities on January 31, 2017. It was because the acquisition took place just before the fiscal year end closing and the Company, for unavoidable reasons, did not have adequate time to prepare for the evaluation.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.