

[Translation]

Quarterly Report

(The Second Quarter of 46th Business Term)

From July 1, 2018 to September 30, 2018

NIDEC CORPORATION

CONTENTS

Cover.....	1
Part I Information on the Company	2
I. Overview of the Company	2
1. Key Financial Data	2
2. Description of Business	2
II. Business Overview.....	3
1. Risk Factors	3
2. Management Analysis of Financial Position, Operating Results and Cash Flows	3
3. Material Agreements, etc.	8
III. Information on the Company	9
1. Information on the Company's Shares, etc.	9
(1) Total number of shares, etc.	9
(2) Information on the share acquisition rights, etc.	9
(3) Information on moving strike convertible bonds, etc.	9
(4) Changes in the total number of issued shares, common stock, etc.	9
(5) Major shareholders	10
(6) Information on voting rights	12
2. Members of the Board of Directors and Members of the Audit & Supervisory Board	13
IV. Condensed Quarterly Consolidated Financial Statements and Other Information	14
1. Condensed Quarterly Consolidated Financial Statements	14
2. Other	42
Part II Information on Guarantors, etc. for the Company	43

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

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.

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(Yen in millions, unless otherwise indicated)

	For the six months ended September 30,		For the year ended March 31, 2018
	2017	2018	
Net sales	715,890 [372,799]	777,604 [393,839]	1,488,090
Profit before income taxes	75,783	98,267	163,665
Profit attributable to owners of the parent	59,421 [31,344]	78,510 [41,192]	130,834
Comprehensive income attributable to owners of the parent	88,690	118,918	119,812
Total equity attributable to owners of the parent	916,754	1,010,849	932,501
Total assets	1,779,620	1,894,588	1,774,009
Earnings per share attributable to owners of the parent - basic (yen)	200.69 [105.86]	265.84 [139.67]	441.91
Earnings per share attributable to owners of the parent - diluted (yen)	-	-	-
Ratio of total equity attributable to owners of the parent to total assets (%)	51.5	53.4	52.6
Net cash provided by operating activities	74,242	96,348	175,568
Net cash used in investing activities	(51,879)	(72,473)	(113,915)
Net cash used in financing activities	(67,643)	(18,266)	(116,858)
Cash and cash equivalents at end of period	287,172	277,488	265,947

(Notes) 1. The financial data above are based on the condensed quarterly consolidated financial statements and consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS).

2. As the Company prepares its condensed quarterly consolidated financial statements, its non-consolidated financial data are not presented.

3. Figures shown in yen in millions are rounded to the nearest million.

4. “Net sales” do not include consumption taxes.

5. “Earnings per share attributable to owners of the parent - basic” and “Earnings per share attributable to owners of the parent - diluted” have been calculated based on figures of “Profit attributable to owners of the parent”. “Earnings per share attributable to owners of the parent - diluted” are not presented because there were no securities with dilutive effect.

6. NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2018 and the six months ended September 30, 2018. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2018 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination. Details regarding for the six months ended September 30, 2018 are stated in “IV. Condensed Quarterly Consolidated Financial Statements and Other Information, 1. Condensed Quarterly Consolidated Financial Statements, Notes to Condensed Quarterly Consolidated Financial Statements, 6. Business combination”.

7. The figures of “Net sales”, “Profit attributable to owners of the parent” and “Earnings per share attributable to owners of the parent - basic (yen)” in square bracket are those for the three months ended September 30, 2017 and 2018, respectively.

2. Description of Business

There were no significant changes in NIDEC’s businesses during the six months ended September 30, 2018. Moreover, there were no changes in principal subsidiaries and associates.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the six months ended September 30, 2018. There were no material changes in the risk factors stated in the annual securities report for the 45th business term pursuant to the Financial Instruments and Exchange Act of Japan.

2. Management Analysis of Financial Position, Operating Results and Cash Flows

Forward-looking statements below were determined as of September 30, 2018.

NIDEC finalized the provisional accounting treatment for the business combination in the year ended March 31, 2018 and the six months ended September 30, 2018. Condensed quarterly consolidated financial statements and consolidated financial statements for the year ended March 31, 2018 reflect the revision of the initially allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

(1) Operating results

During the six-month period ended September 30, 2018, the global economy saw a moderate economic expansion continue in the U.S., while the trade friction between the U.S. and China intensified after Washington imposed its third round of import tariffs on Beijing in September. In addition, the recent interest rate hikes by the Federal Reserve Board (FRB), combined with inflation fears triggered by the current upward trends in the economy and taxable goods prices, caused an increase in the long-term interest rate in the U.S., generating concerns for possible negative impacts to emerging countries. In Europe, as the euro zone continued its economic recovery, political risks persisted in the southern region, while in Japan, though its economy expanded moderately, concerns remained for possible effects of the U.S.-China trade conflict to the Chinese economy.

It was under such an environment that 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 of ¥300 billion based on our mid-term strategic goal, “Vision 2020,” and achieved in six months ended September 30, 2018 the highest net sales, operating profit, profit before income taxes and profit for the period attributable to owners of the parent in our history.

The following table sets forth consolidated operating results for the six months ended September 30, 2018:

(Yen in millions)

	For the six months ended September 30,		Increase or decrease	Increase or decrease ratio
	2017	2018		
Net sales	715,890	777,604	61,714	8.6%
Operating profit	81,765	98,237	16,472	20.1%
Operating profit ratio	11.4%	12.6%	-	-
Profit before income taxes	75,783	98,267	22,484	29.7%
Profit attributable to owners of the parent	59,421	78,510	19,089	32.1%

Consolidated net sales increased 8.6% to ¥777,604 million for the six months ended September 30, 2018 (“this six-month period”), compared to the six months ended September 30, 2017 (“the same period of the prior year”), recording the highest net sales for six-month period in our history. Operating profit increased 20.1% to ¥98,237 million for this six-month period compared to the same period of the prior year, also recording the highest operating profit for six-month period in our history. Profit before income taxes increased 29.7% to ¥98,267 million for this six-month period compared to the same period of the prior year and profit attributable to owners of the parent increased 32.1% to ¥78,510 million for this six-month period compared to the same period of the prior year, achieving the highest profits for six-month period in our history, respectively.

The following table sets forth operating results by segment:

(Yen in millions)

	For the six months ended September 30,					
	Net sales			Operating profit		
	2017	2018	Increase or decrease	2017	2018	Increase or decrease
Nidec Corporation	108,342	112,656	4,314	11,170	12,812	1,642
Nidec Electronics (Thailand)	62,805	69,808	7,003	9,721	9,946	225
Nidec Singapore	24,965	25,747	782	366	418	52
Nidec (H.K.)	57,922	63,134	5,212	487	365	(122)
Nidec Sankyo	74,788	78,564	3,776	10,772	10,699	(73)
Nidec Copal	25,942	23,427	(2,515)	2,594	1,823	(771)
Nidec Techno Motor	42,300	44,767	2,467	4,858	5,422	564
Nidec Motor	210,401	230,420	20,019	14,301	22,829	8,528
Nidec Motors & Actuators	144,755	155,801	11,046	17,335	21,775	4,440
Others	182,691	203,719	21,028	20,093	23,434	3,341
Elimination/corporate	(219,021)	(230,439)	(11,418)	(9,932)	(11,286)	(1,354)
Consolidated total	715,890	777,604	61,714	81,765	98,237	16,472

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

Net sales of Nidec Corporation increased 4.0% to ¥112,656 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of other small precision motors, despite the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit increased 14.7% to ¥12,812 million for this six-month period compared to the same period of the prior year. This increase was primarily due to cost improvement, despite an increase in R&D cost.

Net sales of Nidec Electronics (Thailand) increased 11.2% to ¥69,808 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of hard disk drives spindle motors. Operating profit increased 2.3% to ¥9,946 million for this six-month period compared to the same period of the prior year. This increase was due to the increase in sales, despite the negative effect of the appreciation of Thai baht against the U.S. dollar and other factors.

Net sales of Nidec Singapore increased 3.1% to ¥25,747 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales for hard disk drives spindle motors. Operating profit increased 14.2% to ¥418 million for this six-month period compared to the same period of the prior year. This increase was primarily due to the positive effect of the changes in the product mix.

Net sales of Nidec (H.K.) increased 9.0% to ¥63,134 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales for other small precision motors, despite the negative effect of the appreciation of the Japanese yen against the Hong Kong dollar. However, operating profit decreased 25.1% to ¥365 million for this six-month period compared to the same period of the prior year. This decrease was primarily due to the negative effect of the changes in the product mix.

Net sales of Nidec Sankyo increased 5.0% to ¥78,564 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of LCD panel handling robots, despite a decrease in sales of other small precision motors. However, operating profit decreased 0.7% to ¥10,699 million for this six-month period compared to the same period of the prior year. This decrease was due to the expense of the starting up of a factory in Mexico and the loss related to launching new models and other factors, despite the increase in sales.

Net sales of Nidec Copal decreased 9.7% to ¥23,427 million for this six-month period compared to the same period of the prior year. This decrease was primarily due to a decrease in sales of other small precision motors. Operating profit decreased 29.7% to ¥1,823 million for this six-month period compared to the same period of the prior year. This decrease was primarily due to the decrease in sales and the disposal of slow moving inventory.

Net sales of Nidec Techno Motor increased 5.8% to ¥44,767 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales for motors for air conditioning equipment in China. Operating profit increased 11.6% to ¥5,422 million for this six-month period compared to the same period of the prior year. This increase was primarily due to the increase in sales.

Net sales of Nidec Motor increased 9.5% to ¥230,420 million for this six-month period compared to the same period of the prior year. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended September 30, 2017 and an increase in sales of industrial motors, generators and other products. Operating profit increased 59.6% to ¥22,829 million for this six-month period compared to the same period of the prior year. This increase was primarily due to the increase in sales and cost reduction benefits.

Net sales of Nidec Motors & Actuators increased 7.6% to ¥155,801 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of automotive motors such as electric power steering motors and products of actuators at Nidec Motors & Actuators and the positive effect of the depreciation of the Japanese yen against the Euro. Operating profit increased 25.6% to ¥21,775 million for this six-month period compared to the same period of the prior year. This increase was primarily due to the increase in sales and cost reduction benefits.

With respect to the Others segment, net sales increased 11.5% to ¥203,719 million for this six-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of press machines, speed reducers, test systems and other small precision motors. Operating profit increased 16.6% to ¥23,434 million for this six-month period compared to the same period of the prior year. This increase was primarily due to the increase in sales.

Operating results by product category are as follows:

From the three months ended June 30, 2018, the product category “Automotive, appliance, commercial and industrial products” has been divided and presented as “Automotive products” and “Appliance, commercial and industrial products”.

(Yen in millions)

	For the six months ended September 30,					
	Net sales			Operating profit		
	2017	2018	Increase or decrease	2017	2018	Increase or decrease
Small precision motors	220,474	228,955	8,481	36,142	37,098	956
Automotive products	140,499	151,904	11,405	18,832	22,895	4,063
Appliance, commercial and industrial products	250,073	272,148	22,075	19,113	28,216	9,103
Machinery	67,849	85,413	17,564	12,438	16,059	3,621
Electronic and optical components	34,997	36,968	1,971	5,531	4,118	(1,413)
Other products	1,998	2,216	218	281	371	90
Elimination/corporate	-	-	-	(10,572)	(10,520)	52
Consolidated total	715,890	777,604	61,714	81,765	98,237	16,472

Net sales of small precision motors increased 3.8% to ¥228,955 million for this six-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥1,200 million for this six-month period compared to the same period of the prior year. Net sales of spindle motors for HDDs for this six-month period increased 6.8% to ¥100,103 million compared to the same period of the prior year. Although the number of units sold of spindle motors for HDDs decreased approximately 3.5% compared to the same period of the prior year, there was the increase in sales due to an increase of selling price and other factors. Net sales of other small precision motors for this six-month period increased 1.7% to ¥128,852 million compared to the same period of the prior year. This increase was mainly due to an increase in sales of DC motors and fan motors. Operating profit of small precision motors increased 2.6% to ¥37,098 million for this six-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥1,400 million for this six-month period compared to the same period of the prior year.

Net sales of automotive products increased 8.1% to ¥151,904 million for this six-month period compared to the same period of the prior year due to an increase in sales of automotive motors such as electric power steering motors and products of actuators at

Nidec Motors & Actuators. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥1,400 million for this six-month period compared to the same period of the prior year. Operating profit of this category increased 21.6% to ¥22,895 million for this six-month period compared to the same period of the prior year mainly due to the increase in sales. The fluctuations of the foreign currency exchange rates had a positive effect on operating profit of this category by approximately ¥600 million for this six-month period compared to the same period of the prior year.

Net sales of appliance, commercial and industrial products increased 8.8% to ¥272,148 million for this six-month period compared to the same period of the prior year. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended September 30, 2017 and an increase in sales of industrial motors, generators and other products. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥400 million for this six-month period compared to the same period of the prior year. Operating profit of this category increased 47.6% to ¥28,216 million for this six-month period compared to the same period of the prior year mainly due to the increase in sales and cost reduction benefits. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥200 million for this six-month period compared to the same period of the prior year.

Net sales of machinery increased 25.9% to ¥85,413 million for this six-month period compared to the same period of the prior year due to an increase in sales of LCD panel handling robots, press machines, speed reducers and test systems and other factors. Operating profit of this category increased 29.1% to ¥16,059 million for this six-month period compared to the same period of the prior year mainly due to the increase in sales.

Net sales of electronic and optical components increased 5.6% to ¥36,968 million for this six-month period compared to the same period of the prior year. Operating profit of this category decreased 25.5% to ¥4,118 million for this six-month period compared to the same period of the prior year mainly due to the disposal of slow moving inventory at Nidec Copal Corporation and the expense of the starting up of a factory in Mexico and the loss related to launching new models at Nidec Sankyo Corporation although there was an increase in profit caused by the increase of net sales.

Net sales of other products increased 10.9% to ¥2,216 million and operating profit of this category increased 32.0% to ¥371 million for this six-month period compared to the same period of the prior year.

(2) Financial position

Total assets increased ¥120,579 million to ¥1,894,588 million as of September 30, 2018 compared to March 31, 2018. This was mainly due to increases of ¥32,708 million in property, plant and equipment, ¥29,932 million in inventories, ¥14,256 million in goodwill, ¥11,541 million in cash and cash equivalents and ¥11,078 million in trade and other receivables, respectively.

Total liabilities increased ¥41,957 million to ¥873,575 million as of September 30, 2018 compared to March 31, 2018. This was mainly due to an increase of ¥30,720 million in interest-bearing debt. Specifically, long term debt due within one year increased ¥16,788 million to ¥46,326 million, long term debt increased ¥15,012 million to ¥329,643 million and short term borrowings decreased ¥1,080 million to ¥577 million as of September 30, 2018 compared to March 31, 2018.

Total equity attributable to owners of the parent increased ¥78,348 million to ¥1,010,849 million as of September 30, 2018 compared to March 31, 2018. Ratio of total equity attributable to owners of the parent to total assets increased to 53.4% as of September 30, 2018 from 52.6% as of March 31, 2018. This was mainly due to an increase in retained earnings of ¥63,341 million as of September 30, 2018 compared to March 31, 2018 and an increase in other components of equity of ¥40,967 million caused mainly by foreign currency translation adjustments, respectively. On the other hand, treasury stock increased ¥26,125 million.

(3) Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities increased ¥22,106 million to ¥96,348 million for this six-month period compared to the same period of the prior year. This increase in net cash provided by operating activities was mainly due to increases of ¥32,767 million of change in accounts receivable and ¥19,177 million of profit for the period, respectively. On the other hand, there was net negative impact of ¥31,766 million of change in accounts payable.

For the six months ended September 30, 2018, NIDEC had ¥96,348 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥78,908 million. However, net cash provided by operating activities was negatively impacted by an increase in inventories of ¥19,269 million and a decrease in accounts payable of ¥10,102 million. Inventories increased primarily due to an increase in customers demand as of September 30, 2018 compared to March 31, 2018.

For the six months ended September 30, 2017, NIDEC had ¥74,242 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥59,731 million and an increase in accounts payable of ¥21,664 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivable of ¥28,565 million and an increase in inventories of ¥17,099 million. Accounts receivable, inventories and accounts payable increased primarily due to an increase in customers demand as of September 30, 2017 compared to March 31, 2017.

(Cash flows from investing activities)

Net cash used in investing activities increased ¥20,594 million to ¥72,473 million for this six-month period compared to the same period of the prior year. The increase in net cash used in investing activities was mainly due to increases in additions to property, plant and equipment of ¥15,324 million and increases in additions to intangible assets of ¥4,898 million, respectively.

For the six months ended September 30, 2018, NIDEC had ¥72,473 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥57,165 million, acquisition of business, net of cash acquired of ¥8,290 million and additions to intangible assets of ¥6,419 million.

For the six months ended September 30, 2017, NIDEC had ¥51,879 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥41,841 million and acquisition of business, net of cash acquired of ¥7,919 million.

(Cash flows from financing activities)

Net cash used in financing activities decreased ¥49,377 million to ¥18,266 million for this six-month period compared to the same period of the prior year. This decrease was mainly due to a decrease in short term borrowings net changes year on year of ¥157,777 million and a decrease in redemption of corporate bonds of ¥65,000 million, respectively. On the other hand, proceeds from issuance of long term debt decreased ¥83,220 million, proceeds from issuance of corporate bonds decreased ¥75,359 million and purchase of treasury stock increased ¥20,963 million.

For the six months ended September 30, 2018, NIDEC had ¥18,266 million of net cash outflows from financing activities mainly due to purchase of treasury stock of ¥26,124 million, repayments of long term debt of ¥15,443 million and dividends paid to the owner of the parent of ¥14,798 million. On the other hand, there were proceeds from issuance of corporate bonds of ¥39,642 million.

For the six months ended September 30, 2017, NIDEC had ¥67,643 million of net cash outflows from financing activities mainly due to decreases in short term borrowings of ¥159,188 million, redemption of corporate bonds of ¥65,000 million, repayments of long term debt of ¥22,932 million and dividends paid to the owner of the parent of ¥13,347 million. On the other hand, there were proceeds from issuance of corporate bonds of ¥115,001 million and proceeds from issuance of long term debt of ¥83,220 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 ¥11,541 million from ¥265,947 million as of March 31, 2018 to ¥277,488 million as of September 30, 2018.

The main currencies we had as of September 30, 2018 were U.S. dollars, Chinese yuan, Thai baht, Euros and Japanese yen.

(4) Research and development

NIDEC's research and development expenses for the six months ended September 30, 2018 were ¥28,888 million. There were no significant changes in research and development activities for the period.

(5) Major property, plant and equipment

In the six months ended September 30, 2018, among the construction plans as of the end of the previous fiscal year, construction of manufacturing factory (home appliance components) of Nidec Sankyo Vietnam Corporation, construction of No.5 factory and renovation of No.1 factory of Nidec Sankyo Corporation in connection with the construction of No.5 factory have been completed in August 2018. In addition, the total planned investment of the manufacturing factory of Nidec Tosok (Zhejiang) Corporation which is to manufacture automotive products has been updated to ¥2,028 million.

3. Material Agreements, etc.

The material agreement executed during the three months ended September 30, 2018 is as follows:

Share purchase and transfer agreement

(MS-Graessner GmbH & Co. KG and its group companies)

NIDEC has acquired 100% ownership of MS-Graessner GmbH & Co. KG and its group companies (collectively “Graessner”) (the “Transaction”) through Nidec-Shimpo GmbH which is the Germany-based affiliate of Nidec’s subsidiary, Nidec-Shimpo Corporation (“Nidec-Shimpo”).

1. Purpose of the Transaction

NIDEC has been actively engaged in manufacture, sales and after-sales services associated with gearboxes through its subsidiary, Nidec-Shimpo. Nidec-Shimpo’s main line of gearboxes are precision planetary reducers*1 with a particular strength in the linear type reducers whose input and output shafts are aligned. These lines of products produced by Nidec-Shimpo are currently sold in Asia, mainly in Japan and China and the Americas. Graessner exhibits a very strong capability in right-angle precision gearboxes whose input and output shafts are arranged at an angle of 90 degrees, particularly in hypoid reducers*2. Graessner’s current main market for these products is Europe, mainly Germany.

As a result of the Transaction, Nidec-Shimpo is now capable of offering more comprehensive precision gearbox solutions, both linear and angular types, and leveraging Graessner’s sales network to expand its sales in Europe which offers a large market for planetary gearboxes. In addition, Nidec-Shimpo plans to manufacture its newly developed strain wave gearboxes*3 for robotic applications in Graessner’s German factory and offer its products along with after-sales services to Graessner’s customers serving the robot industry.

Likewise, Graessner can sell its products through Nidec-Shimpo’s sales and after-sales service network in Asia and the Americas. Also, Graessner’s cost performance will be improved by leveraging Nidec-Shimpo’s manufacturing capabilities in Asia. NIDEC expects the Transaction will offer mutually beneficial opportunities to capture the rapidly growing robotic demand.

(Notes) *1. Gearbox with the gearing mechanism where the planetary gears rotate around the center axis at the same time that it revolves around the center gear.

*2. Type of spiral bevel gearbox that the gears’ axes do not intersect and the gears’ geometry allows contact in multiple teeth allowing higher torque transmission.

*3. Gearbox mechanism where the main components are the cam, flexible bearing, flexible gear and internal gear which utilizes the differential movement between the oval flexible gear and the circular internal gear, applied in applications that require small size, light weight and high efficiency such as robotics applications.

2. Funds for the Transaction

Own funds

3. Information on Graessner

Company Name: MS-Graessner GmbH & Co. KG and its group companies

Headquarters: Dettenhausen, Baden-Württemberg Germany.

Business: Manufacture and sale of gearboxes

4. Execution date of the share purchase and transfer agreement

July 30, 2018

5. Date of the completion of the share acquisition

August 31, 2018

(Chaun-Choung Technology Corp.)

On October 1, 2018, NIDEC’s Board of Directors has resolved to acquire 48.0% shares of common stock outstanding of Chaun-Choung Technology Corp. in Taiwan by way of Tender Offer. Details of the Transaction are stated in “16. Events after the Reporting Period” of “Notes to Condensed Quarterly Consolidated Financial Statements” incorporated in this Quarterly Report.

III. Information on the Company

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

(1) Total number of shares, etc.

1) Total number of shares

Class	Total number of shares authorized to be issued (Shares)
Ordinary share	960,000,000
Total	960,000,000

2) Issued shares

Class	Number of shares issued as of the end of second quarter (Shares) (September 30, 2018)	Number of shares issued as of the filing date (Shares) (November 13, 2018)	Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered	Description
Ordinary share	298,142,234	298,142,234	Tokyo Stock Exchange, Inc. (the first section)	This is our standard share. There is no restriction on contents of the right of the share. The number of shares per one unit of shares is 100 shares.
Total	298,142,234	298,142,234	-	-

(2) Information on the share acquisition rights, etc.

1) Details of share option plans

Not applicable.

2) Other information about share acquisition rights

Not applicable.

(3) Information on moving strike convertible bonds, etc.

Not applicable.

(4) Changes in the total number of issued shares, common stock, etc.

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)
From July 1, 2018 to September 30, 2018	-	298,142,234	-	87,784	-	92,005

(5) Major shareholders

(As of September 30, 2018)

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of issued shares (Excluding treasury stock) (%)
Shigenobu Nagamori	Nishikyo-ku, Kyoto	24,736	8.40
Japan Trustee Services Bank, Ltd. (trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	18,206	6.18
The Master Trust Bank of Japan, Ltd. (trust account)	11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo	15,765	5.35
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	4.21
S.N. Kosan, Ltd.	518, Akinono-cho, Karasuma-dori, Nijyo-Sagaru, Nakagyo-ku, Kyoto	10,122	3.43
SSBTC CLIENT OMNIBUS ACCOUNT (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)	8,823	2.99
The Bank of Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	7,425	2.52
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	In Securities Operations Department, Nippon Life Insurance, 6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo (11-3 Hamamatsucho 2-chome, Minato-ku, Tokyo)	6,579	2.23
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	2.17
Japan Trustee Services Bank, Ltd. (trust account No.5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	4,690	1.59
Total	-	115,152	39.11

(Notes) 1. Number of shares held has been rounded down to the nearest 1,000 shares.

2. All shares owned by Japan Trustee Services Bank, Ltd. (trust account), The Master Trust Bank of Japan, Ltd. (trust account) and Japan Trustee Services Bank, Ltd. (trust account No.5) are related to trust services.

3. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on April 16, 2018, has been received from Mitsubishi UFJ Financial Group, Inc. and states that each of these companies held shares as of April 9, 2018, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of September 30, 2018, the status of major shareholders shown above is based on the content of the shareholders' register. The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

Name	Address	Number of share certificates, etc. held (Shares)	Ownership ratio of share certificates, etc. (%)
The Bank of 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	8,035,374	2.70
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo	1,426,100	0.48
Total	-	16,887,376	5.66

4. The Statement of Changes to a Statement of Large-Volume Holdings, made available for public inspection on May 8, 2018, has been received from Sumitomo Mitsui Trust Bank, Limited and states that each of these companies held shares as of April 30, 2018, as shown below. However, as the Company cannot confirm the actual status of shareholdings as of September 30, 2018, the status of major shareholders shown above is based on the content of the shareholders' register. The content of said Statement of Changes to a Statement of Large-Volume Holdings is as follows:

Name	Address	Number of share certificates, etc. held (Shares)	Ownership ratio of share certificates, etc. (%)
Sumitomo Mitsui Trust Bank, Limited	4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo	10,879,743	3.65
Sumitomo Mitsui Trust Asset Management Co., Ltd.	33-1, Shiba 3-chome, Minato-ku, Tokyo	460,200	0.15
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-chome, Minato-ku, Tokyo	3,046,000	1.02
Total	-	14,385,943	4.83

(6) Information on voting rights

1) Issued shares

(As of September 30, 2018)

Classification	Number of shares (Shares)	Number of voting rights	Description
Shares without voting rights	-	-	-
Shares with restricted voting rights (treasury stock, etc.)	-	-	-
Shares with restricted voting rights (others)	-	-	-
Shares with full voting rights (treasury stock, etc.)	Ordinary share 3,765,300	-	-
Shares with full voting rights (others)	Ordinary share 293,909,500	2,939,095	-
Shares less than one unit	Ordinary share 467,434	-	-
Number of issued shares	298,142,234	-	-
Total number of voting rights	-	2,939,095	-

- (Notes) 1. The “Shares with full voting rights (others)” row includes 35,500 shares registered in the name of Japan Securities Depository Center (“JASDEC”) and the “Number of voting rights” column includes 355 voting rights for those shares. The “Shares with full voting rights (others)” row includes 200 shares registered in the name of Nidec-Shimpo Corporation (shares that were not registered when the shares were exchanged with the Company on October 1, 2003) and the “Number of voting rights” column includes two voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 200 shares (2 voting rights) registered in its name.
2. Ordinary share in the “Shares less than one unit” column includes 56 shares of the Company’s treasury stock.
3. Ordinary share in the “Shares with full voting rights (others)” column includes 59,800 shares (598 voting rights) of the BIP Trust and 21,700 shares (217 voting rights) of the ESOP Trust.

2) Treasury stock, etc.

(As of September 30, 2018)

Name of shareholder	Address	Number of shares held under own name (Shares)	Number of shares held under the name of others (Shares)	Total number of shares held (Shares)	Ownership percentage to the total number of issued shares (%)
Nidec Corporation	338 Kuzetonoshiro-cho, Minami-ku, Kyoto	3,765,300	-	3,765,300	1.26
Total	-	3,765,300	-	3,765,300	1.26

(Note) The Company’s shares owned by the BIP Trust and the ESOP Trust are not included in the above treasury stock.

2. Members of the Board of Directors and Members of the Audit & Supervisory Board

Changes in the Members of the Board of Directors and the Members of the Audit & Supervisory Board of Nidec Corporation from the filing date of the annual securities report for the 45th business term pursuant to the Financial Instruments and Exchange Act of Japan to September 30, 2018 are as follows:

Changes in positions and responsibilities

New position	New responsibility	Former position	Former responsibility	Name	Effective date
Representative Director	Vice Chairman, Chief Sales Officer (CSO), Adviser to President (Global Business Promotion & Marketing Division, Global Centralized Purchasing Division, Secretarial Office, Corporate Administration & Internal Audit Dept., Compliance Office, Risk Management Office, Corporate Planning Dept., Public Relations & Advertising Dept., Legal Dept., General Affairs Dept., Human Resources Dept., Human Resource Planning Dept., Information Systems Dept., International Business Administration Dept., Sales Administration & Service Dept. and 3Q6S) and Representative Director and Chairman, Nidec Servo Corporation and Nidec Global Service Corporation	Representative Director	Vice Chairman, Chief Sales Officer (CSO), Adviser to President (Global Business Promotion & Marketing Division, Global Centralized Purchasing Division, Secretarial Office, Corporate Administration & Internal Audit Dept., Compliance Office, Risk Management Office, Corporate Planning Dept., Public Relations & Advertising Dept., Legal Dept., General Affairs Dept., Human Resources Dept., Human Resource Planning Dept., Information Systems Dept., International Business Administration Dept., Sales Administration & Service Dept. and 3Q6S) and Representative Director and Chairman, Nidec Servo Corporation	Hiroshi Kobe	July 7, 2018

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

		<i>(Yen in millions)</i>	
	Note	As of March 31, 2018	As of September 30, 2018
Assets			
Current assets			
Cash and cash equivalents		265,947	277,488
Trade and other receivables		388,741	399,819
Other financial assets	13	1,718	1,000
Income tax receivables		2,402	3,485
Inventories		227,766	257,698
Other current assets		30,155	38,629
Total current assets		916,729	978,119
Non-current assets			
Property, plant and equipment		451,298	484,006
Goodwill	7	234,915	249,171
Intangible assets	7	124,413	133,158
Investments accounted for using the equity method		1,112	1,923
Other investments	13	22,295	21,475
Other financial assets	13	5,464	7,514
Deferred tax assets		11,055	11,977
Other non-current assets		6,728	7,245
Total non-current assets		857,280	916,469
Total assets		1,774,009	1,894,588

(Yen in millions)

	Note	As of March 31, 2018	As of September 30, 2018
Liabilities			
Current liabilities			
Short term borrowings	13	1,657	577
Long term debt due within one year	13	29,538	46,326
Trade and other payables		317,031	317,239
Other financial liabilities	13	1,557	1,944
Income tax payables		7,582	9,907
Provisions		32,733	31,669
Other current liabilities		61,915	65,336
Total current liabilities		<u>452,013</u>	<u>472,998</u>
Non-current liabilities			
Long term debt	13	314,631	329,643
Other financial liabilities	13	2,373	1,968
Retirement benefit liabilities		24,178	26,643
Provisions		6,577	6,193
Deferred tax liabilities		28,922	32,739
Other non-current liabilities		2,924	3,391
Total non-current liabilities		<u>379,605</u>	<u>400,577</u>
Total liabilities		<u>831,618</u>	<u>873,575</u>
Equity			
Common stock		87,784	87,784
Additional paid-in capital		118,136	118,301
Retained earnings		822,589	885,930
Other components of equity		(76,857)	(35,890)
Treasury stock		(19,151)	(45,276)
Total equity attributable to owners of the parent		<u>932,501</u>	<u>1,010,849</u>
Non-controlling interests		9,890	10,164
Total equity		<u>942,391</u>	<u>1,021,013</u>
Total liabilities and equity		<u><u>1,774,009</u></u>	<u><u>1,894,588</u></u>

(2) Condensed Quarterly Consolidated Statements of Income
and Condensed Quarterly Consolidated Statements of Comprehensive Income
For the six months ended September 30, 2017 and 2018
Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the six months ended September 30,	
		2017	2018
Net Sales	5	715,890	777,604
Cost of sales		(541,952)	(582,304)
Gross profit		173,938	195,300
Selling, general and administrative expenses		(65,384)	(68,175)
Research and development expenses		(26,789)	(28,888)
Operating profit	5	81,765	98,237
Financial income		2,854	4,831
Financial expenses		(3,367)	(4,173)
Derivative gain		92	1,923
Foreign exchange differences		(5,581)	(2,289)
Share of net profit (loss) from associate accounting using the equity method		20	(262)
Profit before income taxes		75,783	98,267
Income tax expenses		(16,052)	(19,359)
Profit for the period		59,731	78,908
Profit for the period attributable to:			
Owners of the parent		59,421	78,510
Non-controlling interests		310	398
Profit for the period		59,731	78,908
Earnings per share attributable to owners of the parent	12		
Basic (yen)		200.69	265.84
Diluted (yen)		-	-

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the six months ended September 30,	
		2017	2018
Profit for the period		59,731	78,908
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		(46)	(66)
Fair value movements on FVTOCI equity financial assets		2,137	(524)
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		26,703	41,580
Effective portion of net changes in fair value of cash flow hedges		502	(557)
Fair value movements on FVTOCI debt financial assets		(2)	8
Total other comprehensive income for the period, net of taxation		29,294	40,441
Comprehensive income for the period		89,025	119,349
Comprehensive income for the period attributable to:			
Owners of the parent		88,690	118,918
Non-controlling interests		335	431
Comprehensive income for the period		89,025	119,349

For the three months ended September 30, 2017 and 2018
 Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the three months ended September 30,	
		2017	2018
Net Sales	5	372,799	393,839
Cost of sales		(283,055)	(294,002)
Gross profit		89,744	99,837
Selling, general and administrative expenses		(33,301)	(34,466)
Research and development expenses		(13,545)	(13,722)
Operating profit	5	42,898	51,649
Financial income		1,591	2,408
Financial expenses		(1,944)	(2,178)
Derivative gain		74	540
Foreign exchange differences		(3,012)	(939)
Share of net profit (loss) from associate accounting using the equity method		5	(101)
Profit before income taxes		39,612	51,379
Income tax expenses		(8,062)	(9,989)
Profit for the period		31,550	41,390
Profit for the period attributable to:			
Owners of the parent		31,344	41,192
Non-controlling interests		206	198
Profit for the period		31,550	41,390
Earnings per share attributable to owners of the parent	12		
Basic (yen)		105.86	139.67
Diluted (yen)		-	-

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the three months ended September 30,	
		2017	2018
Profit for the period		31,550	41,390
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		0	(66)
Fair value movements on FVTOCI equity financial assets		821	79
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		17,936	28,499
Effective portion of net changes in fair value of cash flow hedges		37	212
Fair value movements on FVTOCI debt financial assets		(2)	4
Total other comprehensive income for the period, net of taxation		18,792	28,728
Comprehensive income for the period		50,342	70,118
Comprehensive income for the period attributable to:			
Owners of the parent		50,015	69,806
Non-controlling interests		327	312
Comprehensive income for the period		50,342	70,118

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the six months ended September 30, 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		
Balance at April 1, 2017		87,784	118,340	715,911	(63,320)	(12,143)	846,572	9,234	855,806
Comprehensive income									
Profit for the period				59,421			59,421	310	59,731
Other comprehensive income					29,269		29,269	25	29,294
Total comprehensive income							88,690	335	89,025
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(5,161)	(5,161)	-	(5,161)
Dividends paid to the owners of the parent	11			(13,347)			(13,347)	-	(13,347)
Dividends paid to non-controlling interests							-	(39)	(39)
Transfer to retained earnings				2,113	(2,113)		-	-	-
Other			(0)	1	(1)		(0)	20	20
Balance at September 30, 2017		87,784	118,340	764,099	(36,165)	(17,304)	916,754	9,550	926,304

For the six months ended September 30, 2018

(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		
Balance at April 1, 2018		87,784	118,136	822,589	(76,857)	(19,151)	932,501	9,890	942,391
Changes in accounting policies	3			199			199		199
Balance after restatement		87,784	118,136	822,788	(76,857)	(19,151)	932,700	9,890	942,590
Comprehensive income									
Profit for the period				78,510			78,510	398	78,908
Other comprehensive income					40,408		40,408	33	40,441
Total comprehensive income							118,918	431	119,349
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(26,125)	(26,125)	-	(26,125)
Dividends paid to the owners of the parent	11			(14,798)			(14,798)	-	(14,798)
Dividends paid to non-controlling interests							-	(87)	(87)
Share-based payment transactions			151				151	-	151
Transfer to retained earnings				(559)	559		-	-	-
Other			14	(11)			3	(70)	(67)
Balance at September 30, 2018		87,784	118,301	885,930	(35,890)	(45,276)	1,010,849	10,164	1,021,013

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

	For the six months ended September 30,	
	Note	
	2017	2018
Cash flows from operating activities:		
Profit for the period	59,731	78,908
Adjustments to reconcile profit for the period to net cash provided by operating activities		
Depreciation and amortization	33,071	33,874
Loss from sales, disposal or impairment of property, plant and equipment	210	178
Financial expenses (income)	164	(896)
Share of net (profit) loss from associate accounting using the equity method	(20)	262
Deferred income taxes	(2,063)	2,264
Current income taxes	18,114	17,098
Foreign currency adjustments	1,628	9,158
Increase in retirement benefit liability	1,083	1,625
(Increase) decrease in accounts receivable	(28,565)	4,202
Increase in inventories	(17,099)	(19,269)
Increase (decrease) in accounts payable	21,664	(10,102)
Other, net	4,595	(5,805)
Interests and dividends received	2,806	4,783
Interests paid	(3,166)	(3,844)
Income taxes paid	(17,911)	(16,088)
Net cash provided by operating activities	74,242	96,348

(Yen in millions)

		For the six months ended September 30,	
	Note	2017	2018
Cash flows from investing activities:			
Additions to property, plant and equipment		(41,841)	(57,165)
Proceeds from sales of property, plant and equipment		2,185	1,229
Additions to intangible assets		(1,521)	(6,419)
Acquisitions of business, net of cash acquired		(7,919)	(8,290)
Other, net		(2,783)	(1,828)
Net cash used in investing activities		(51,879)	(72,473)
Cash flows from financing activities:			
Decrease in short term borrowings		(159,188)	(1,411)
Proceeds from issuance of long term debt		83,220	-
Repayments of long term debt		(22,932)	(15,443)
Proceeds from issuance of corporate bonds	8	115,001	39,642
Redemption of corporate bonds	8	(65,000)	-
Purchase of treasury stock		(5,161)	(26,124)
Dividends paid to the owner of the parent	11	(13,347)	(14,798)
Other, net		(236)	(132)
Net cash used in financing activities		(67,643)	(18,266)
Effect of exchange rate changes on cash and cash equivalents		10,872	5,932
Net (decrease) increase in cash and cash equivalents		(34,408)	11,541
Cash and cash equivalents at beginning of period		321,580	265,947
Cash and cash equivalents at end of period		287,172	277,488

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

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

Condensed quarterly consolidated financial statements as of September 30, 2018 and for the six months then ended consist of the Company and its consolidated subsidiaries (“NIDEC”) and interests in associates of NIDEC.

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 products, which include automotive motors and components.
- 3) Appliance, commercial and industrial products, which include home appliance, commercial and industrial motors and related products.
- 4) Machinery, which includes industrial robots, card readers, test systems, press machines and power transmission drives.
- 5) Electronic and optical components, which include switches, trimmer potentiometers, lens units and camera shutters.
- 6) Others, which include services.

2. Basis of preparation of condensed quarterly consolidated financial statements

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

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

The condensed quarterly consolidated financial statements do not include all the information that must be disclosed in the annual consolidated financial statements, and therefore should be used in conjunction with the consolidated financial statements for the year ended March 31, 2018.

(2) Basis of measurement

The condensed quarterly consolidated financial statements have been prepared on a historical cost basis, except for some assets and liabilities, including derivative and other financial instruments measured at fair value.

(3) Presentation currency and level of rounding

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

(4) Changes in presentation methods

(Condensed quarterly consolidated statements of cash flows)

“Additions to intangible assets” included on the “Other, net” line of “Cash flows from investing activities” in the same period of the prior year, are presented as a separate line item in this six-month period under review because their quantitative materiality increased.

Condensed quarterly consolidated financial statements for the six months ended September 30, 2017 contained herein have been reclassified to reflect this change in presentation.

As a result, the (¥4,304) million reported as “Cash flows from investing activities” on the “Other, net” line of the same period of the prior year’s condensed quarterly consolidated statements of cash flows have been reclassified herein with (¥1,521) million on the “Additions to intangible assets” line and (¥2,783) million on the “Other, net” line.

3. Significant accounting policies

With the exception of the item explained below, significant accounting policies adopted in preparation of the condensed quarterly consolidated financial statements are consistent with those used in the preparation of the NIDEC’s consolidated financial statements for the year ended March 31, 2018.

Income taxes for the six months ended September 30, 2018 are computed using the estimated annual effective tax rate.

(Share-Based Payment)

NIDEC has adopted a performance-linked share-based compensation plan (the “Plan”) from the three months ended June 30, 2018. NIDEC has adopted equity-settled share-based payments and cash-settled share-based payments.

(1) Equity-settled share-based payments

Equity-settled share-based payments measured with the Plan is recognized as an expense, and an equivalent amount is recognized as an increase in additional paid-in capital.

(2) Cash-settled share-based payments

Cash-settled share-based payments measured with the Plan is recognized as an expense, and an equivalent amount is recognized as an increase in liabilities.

(Revenue Recognition)

NIDEC has adopted the following standard from the three months ended June 30, 2018.

IFRS		Summary of new standard and amendment
IFRS15	Revenue from Contracts with Customers	Revised accounting standard for revenue recognition

IFRS 15 replaces IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer – so the notion of control replaces the existing notion of risks and rewards.

In applying IFRS 15, NIDEC adopts the methods where cumulative effect is applied retrospectively to contracts that have not been completed as of the initial application date (April 1, 2018) and the cumulative effect is recognized as an adjustment to the opening balance of retained earnings, as permitted as a transition method (modified retrospective approach).

As a result of the adoption of IFRS 15, revenues are recognized based on the following five-step approach. This will result in the following main change in accounting policies and impact on condensed quarterly consolidated financial statements.

Step 1: Identify the contract(s) with a customer.

Step 2: Identify the performance obligation in the contract.

Step 3: Calculate the transaction price.

Step 4: Allocate the transaction price to each performance obligation in the contract.

Step 5: An entity recognizes revenue when a performance obligation is satisfied.

(i) Sales of goods

NIDEC manufactures and sells small precision motors, automotive products, certain appliance, commercial and industrial products, certain machinery, and electronic and optical components. In selling such goods, NIDEC deems its performance obligations to be satisfied upon completion of delivery of the goods, the point at which the customer acquires control of the goods. NIDEC accordingly recognizes revenue from sales of goods at the time of the goods delivery.

(ii) Construction contracts

Additionally, for certain appliance, commercial and industrial products and certain machinery, NIDEC transfers control of a good or service over time and therefore, satisfies a performance obligation and recognizes revenue over time. NIDEC is able to reasonably measure progress toward complete satisfaction of its performance obligations. Accordingly, NIDEC recognizes revenue from sales of certain appliance, commercial and industrial products and certain machinery based on the degree of progress toward complete satisfaction of its performance obligations as of the end of the reporting period.

Of costs incurred in fulfilling contracts with customers, NIDEC recognizes costs as assets when those costs are not within the scope of another accounting standard, are directly related to a contract or an anticipated contract that NIDEC can specifically identify, are expected to be recovered, and generate or enhance resources of NIDEC that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

As a result of the adoption of IFRS 15, compared with reported figures under the standard NIDEC applied previously, at the beginning of the three months ended June 30, 2018, inventories decreased by ¥72 million and other non-current assets, deferred tax liabilities and retained earnings increased by ¥350 million, ¥79 million and ¥199 million, respectively. The impact of this change on income for the six months ended September 30, 2018 is immaterial.

4. Significant accounting estimates, judgments and assumptions

The preparation of the condensed quarterly 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 reporting period 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.

Significant accounting estimates and judgments that accompany estimates for the condensed quarterly consolidated financial statements as of September 30, 2018 are same as those estimates and judgments for the consolidated financial statements for the year ended March 31, 2018.

5. Segment information

(Operating segment information)

The operating segments reported below are defined as components of NIDEC about which separate financial information is available that is evaluated regularly by management in deciding how to allocate resources and in assessing performance. Companies and company groups that are currently profit management units of NIDEC are identified as its reportable segments.

As noted in “3. Significant accounting policies,” NIDEC has adopted IFRS 15 from the three months ended June 30, 2018. In applying IFRS 15, NIDEC has elected to recognize the cumulative effect of applying IFRS 15 at the date of initial application. Accordingly, data for the six months and the three months ended September 30, 2017 are not restated.

NIDEC’s operating segments are as follows:

Name	Outline of operating segment
1. Nidec Corporation	Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors, automotive products and machinery.
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, which primarily sells 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 components and other small precision motors.
6. Nidec Copal	Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell electronic and optical components, 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 Global Appliance Compressors which was consolidated in the three months ended September 30, 2017.
9. Nidec Motors & Actuators	Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe, North America and South 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 six months ended September 30,	
	2017	2018
Nidec Corporation	18,736	16,178
Nidec Electronics (Thailand)	50,668	60,089
Nidec Singapore	24,642	25,467
Nidec (H.K.)	57,450	61,844
Nidec Sankyo	74,185	77,529
Nidec Copal	20,295	18,532
Nidec Techno Motor	39,577	41,598
Nidec Motor	210,227	229,954
Nidec Motors & Actuators	130,485	141,110
Others	89,625	105,303
Consolidated net sales	715,890	777,604

(Yen in millions)

	For the three months ended September 30,	
	2017	2018
Nidec Corporation	9,603	8,329
Nidec Electronics (Thailand)	26,965	30,332
Nidec Singapore	13,567	13,230
Nidec (H.K.)	32,449	35,698
Nidec Sankyo	36,689	39,466
Nidec Copal	10,968	10,732
Nidec Techno Motor	18,484	17,844
Nidec Motor	111,305	115,504
Nidec Motors & Actuators	66,503	69,391
Others	46,266	53,313
Consolidated net sales	372,799	393,839

Net sales to other operating segments:

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Nidec Corporation	89,606	96,478
Nidec Electronics (Thailand)	12,137	9,719
Nidec Singapore	323	280
Nidec (H.K.)	472	1,290
Nidec Sankyo	603	1,035
Nidec Copal	5,647	4,895
Nidec Techno Motor	2,723	3,169
Nidec Motor	174	466
Nidec Motors & Actuators	14,270	14,691
Others	93,066	98,416
Total	219,021	230,439
Intersegment elimination	(219,021)	(230,439)
Consolidated net sales	-	-

(Yen in millions)

	For the three months ended September 30,	
	2017	2018
Nidec Corporation	51,354	54,620
Nidec Electronics (Thailand)	4,931	4,971
Nidec Singapore	161	136
Nidec (H.K.)	253	815
Nidec Sankyo	301	590
Nidec Copal	2,909	3,041
Nidec Techno Motor	1,468	1,761
Nidec Motor	78	80
Nidec Motors & Actuators	7,409	7,610
Others	55,132	53,411
Total	123,996	127,035
Intersegment elimination	(123,996)	(127,035)
Consolidated net sales	-	-

Segment profit/loss:

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Nidec Corporation	11,170	12,812
Nidec Electronics (Thailand)	9,721	9,946
Nidec Singapore	366	418
Nidec (H.K.)	487	365
Nidec Sankyo	10,772	10,699
Nidec Copal	2,594	1,823
Nidec Techno Motor	4,858	5,422
Nidec Motor	14,301	22,829
Nidec Motors & Actuators	17,335	21,775
Others	20,093	23,434
Total	91,697	109,523
Elimination and Corporate (Note)	(9,932)	(11,286)
Operating profit (loss)	81,765	98,237
Financial (expenses) income	(513)	658
Derivative gain	92	1,923
Foreign exchange differences	(5,581)	(2,289)
Share of net profit (loss) from associate accounting using the equity method	20	(262)
Profit before income taxes	75,783	98,267

(Note) "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥10,050 million and ¥10,130 million for the six months ended September 30, 2018 and 2017, respectively. The corporate expenses include basic research expenses and head office expenses.

(Yen in millions)

	For the three months ended September 30,	
	2017	2018
Nidec Corporation	7,375	7,829
Nidec Electronics (Thailand)	3,999	5,242
Nidec Singapore	233	210
Nidec (H.K.)	125	47
Nidec Sankyo	5,564	4,785
Nidec Copal	1,248	1,677
Nidec Techno Motor	2,437	2,411
Nidec Motor	8,046	11,806
Nidec Motors & Actuators	8,980	11,260
Others	9,971	11,821
Total	47,978	57,088
Elimination and Corporate (Note)	(5,080)	(5,439)
Operating profit (loss)	42,898	51,649
Financial (expenses) income	(353)	230
Derivative gain	74	540
Foreign exchange differences	(3,012)	(939)
Share of net profit (loss) from associate accounting using the equity method	5	(101)
Profit before income taxes	39,612	51,379

(Note) "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥5,093 million and ¥5,526 million for the three months ended September 30, 2018 and 2017, respectively. The corporate expenses include basic research expenses and head office expenses.

(Supplemental Information)

Net sales by type of product are as follows:

Net sales by type of product

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Small precision motors:		
Hard disk drives spindle motors	93,722	100,103
Other small precision motors	126,752	128,852
Subtotal	220,474	228,955
Automotive products	140,499	151,904
Appliance, commercial and industrial products	250,073	272,148
Machinery	67,849	85,413
Electronic and optical components	34,997	36,968
Other products	1,998	2,216
Consolidated net sales	715,890	777,604

(Yen in millions)

	For the three months ended September 30,	
	2017	2018
Small precision motors:		
Hard disk drives spindle motors	48,992	51,321
Other small precision motors	67,729	71,301
Subtotal	116,721	122,622
Automotive products	71,790	74,723
Appliance, commercial and industrial products	129,889	133,590
Machinery	35,266	42,797
Electronic and optical components	18,058	18,981
Other products	1,075	1,126
Consolidated net sales	372,799	393,839

- (Notes) 1. “Small precision motors” consists of “hard disk drives spindle motors” and “other small precision motors”. “Other small precision motors” consists of brushless motors, fan motors, vibration motors, brush motors, motor and applications, etc.
“Automotive products” consists of automotive motors and components.
“Appliance, commercial and industrial products” consists of home appliance, commercial and industrial motors and related products.
“Machinery” consists of industrial robots, card readers, test systems, press machines and power transmission drives, etc.
“Electronic and optical components” consists of switches, trimmer potentiometers, lens units and camera shutters, etc.
“Other products” consists of services, etc.
2. From the three months ended June 30, 2018, the product category “Automotive, appliance, commercial and industrial products” has been divided and presented as “Automotive products” and “Appliance, commercial and industrial products”.

6. Business combination

On April 30, 2018 (U.S. time), NIDEC acquired 100% equity shares in Genmark Automation, Inc. (“Genmark”), a U.S. company, from the shareholders for cash of ¥2,873 million. Genmark develops, manufactures and sells semiconductor wafer handling robots, motion control products and integrated tool automation. Through the transaction, Nidec Sankyo will utilize Genmark's product development, production capabilities and network to strengthen its product lineup and global network. Also Nidec Sankyo will conduct sales activities utilizing customer bases of both Nidec Sankyo and Genmark. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

On July 2, 2018, NIDEC acquired 100% of the ownership interest in CIMA S.p.A. (“CIMA”), an Italian company, from its main shareholders for cash of ¥2,328 million. CIMA designs, manufactures and sells commercial motors. Through the transaction, FIR Elettromeccanica S.r.l., NIDEC's subsidiary, can expand its product portfolio. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

On August 31, 2018, NIDEC acquired 100% in the equity shares in MS-Greassner GmbH & Co. KG and its group companies (“Greassner”), a German company, from its main shareholders for cash of ¥4,193 million. Greassner manufactures and sells gearboxes. Through the transaction, Nidec-Shimpo is capable of leveraging Graessner's sales network to expand its sales in Europe. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

Completion of purchase price allocation to the assets and the liabilities

During the three months ended June 30, 2018, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition in the previous fiscal year of Secop Holding GmbH (currently, Nidec Global Appliance Compressors GmbH), Secop s.r.o. (currently, Nidec Global Appliance Slovakia s.r.o.), Secop Compressors (Tianjin) Co., Ltd. (currently, Nidec Compressors (Tianjin) Co., Ltd.) and Secop Inc. (currently, Nidec Global Appliance USA Inc.) (herein collectively "Secop") and LGB Elettropompe S. r. l. In addition, during the three months ended September 30, 2018, NIDEC completed its valuation of the assets acquired and the liabilities assumed upon the acquisition in the previous fiscal year of SV Probe Pte. Ltd. NIDEC's condensed quarterly consolidated financial statements for the six months ended September 30, 2017 and consolidated financial statements for the year ended March 31, 2018 reflects the revision of the initial allocated amounts of acquisition price as NIDEC finalized the provisional accounting treatment for the business combination.

Effect on the consolidated statement of financial position as of March 31, 2018 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

	Secop	Others
Current assets		
Inventories	-	(26)
Other current assets	(1,424)	116
Non-current assets		
Property, plant and equipment	3,747	228
Intangible assets	(685)	2,375
Deferred tax assets	132	-
Acquired assets at fair value	1,770	2,693
Current liabilities		
Income tax payables	(40)	39
Provisions	4,170	65
Other current liabilities	144	-
Non-current liabilities		
Long term debt	29	-
Retirement benefit liabilities	(17)	-
Provisions	2,033	-
Deferred tax liabilities	(1,599)	1,025
Assumed liabilities at fair value	4,720	1,129
Acquired assets and assumed liabilities at fair value (net amount)	(2,950)	1,564
Goodwill	2,499	(1,700)

For further information on the changes in goodwill, refer to “7. Goodwill and intangible assets”. Details of the intangible assets in above table are as follows:

(Yen in millions)

	Weighted average amortization period	Secop	Others
Proprietary technology	15 years	-	888
Customer relationships	19 years	-	1,419
Other	-	(685)	68

Effect on the consolidated statement of income for the year ended March 31, 2018 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

	Secop	Others
Operating profit	(592)	(203)
Profit before income taxes	(592)	(203)
Profit for the year attributable to owners of the parent	(458)	(142)

Effect on the condensed quarterly consolidated statement of income for the three months ended June 30, 2018 by the amendments of assets acquired and liabilities assumed upon the acquisitions in the previous fiscal year is as follows:

(Yen in millions)

	Secop	Others
Operating profit	-	(53)
Profit before income taxes	-	(53)
Profit for the period attributable to owners of the parent	-	(35)

Of the assets acquired and the liabilities assumed upon the acquisitions of companies in the fiscal year ended March 31, 2018 and the six months ended September 30, 2018, the assets and liabilities which are currently under evaluation have been recorded on NIDEC's consolidated statement of financial position based on preliminary management estimation as of September 30, 2018.

7. Goodwill and intangible assets

Changes in the carrying amounts of goodwill are as follows:

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Balance at beginning of period		
Goodwill	218,786	234,915
Acquisitions	13,220	4,855
Translation adjustments and others	4,564	9,401
Balance at end of period		
Goodwill	236,570	249,171

Intangible assets subject to amortization are as follows:

(Yen in millions)

	As of March 31, 2018		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Proprietary technology	18,626	(6,163)	12,463
Customer relationships	79,189	(24,472)	54,717
Software	29,098	(17,917)	11,181
Other	17,831	(5,111)	12,720
Total	144,744	(53,663)	91,081

(Yen in millions)

	As of September 30, 2018		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Proprietary technology	19,237	(6,778)	12,459
Customer relationships	85,659	(27,829)	57,830
Software	29,837	(18,579)	11,258
Other	21,943	(5,777)	16,166
Total	156,676	(58,963)	97,713

Total amortization of intangible assets for the year ended March 31, 2018 and for the six months ended September 30, 2018 amounted to ¥9,899 million and ¥5,052 million, respectively. Total indefinite lived intangible assets amounted to ¥33,332 million and ¥35,445 million as of March 31, 2018 and September 30, 2018, respectively.

8. Bonds

For the six months ended September 30, 2017

Summary of the terms of issued bonds is as follows:

Company name	Description	Issued date	Total amount of issuance (Yen in millions)	Interest rate (%)	Maturity date
Nidec Corporation	The Sixth Series of Domestic Unsecured Bonds	May 26, 2017	50,000	0.001	May 26, 2020
Nidec Corporation	The Seventh Series of Domestic Unsecured Bonds	August 30, 2017	65,000	0.114	August 30, 2022

Summary of the terms of redeemed bonds is as follows:

Company name	Description	Issued date	Total amount of issuance (Yen in millions)	Interest rate (%)	Maturity date
Nidec Corporation	The First Series of Domestic Unsecured Bonds	November 13, 2012	65,000	0.386	September 20, 2017

For the six months ended September 30, 2018

Summary of the terms of issued bonds is as follows:

Company name	Description	Issued date	Total amount of issuance	Interest rate (%)	Maturity date
Nidec Corporation	Euro-Denominated Senior Unsecured Bonds Due 2021	September 27, 2018	300 million euro	0.487	September 27, 2021

9. Employee benefits

The amounts of net periodic benefit cost in pension and severance plans for the six months ended September 30, 2017 and 2018 are as follows:

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Net periodic pension cost for defined benefit plans:		
Current service cost	1,394	1,590
Interest cost (net)	254	357
Net periodic pension cost for defined benefit plans	1,648	1,947
Payments to defined contribution pension plans	1,906	1,406
Payments to multi-employer plans	13	-

10. Related party transactions

Transactions with related parties for the six months ended September 30, 2017 and 2018 are as follows:

Sales of goods and services

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Related parties		
SN Kosan Limited Company*1	0	-
Nagamori Foundation*2	6	6
Kyoto Gakuen Educational Foundation*3	-	17

(Notes) *1. NIDEC's directors and other officers, and their close relatives own a majority of voting rights of SN Kosan Limited Company.

*2. A director of NIDEC concurrently serves as president of Nagamori Foundation.

*3. A director of NIDEC concurrently serves as chairman of the board of trustees of Kyoto Gakuen Educational Foundation.

Sales of goods and services to related parties are conducted on an arm's-length basis.

Purchase of goods and services

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Related parties		
SN Kosan Limited Company	7	7
Green Kohsan Limited Liability Company*4	-	87

(Note) *4. A director of NIDEC concurrently serves as representative member of Green Kohsan Limited Liability Company.

Purchase of goods and services from related parties are conducted on an arm's-length basis.

Outstanding balances arising from sales and purchases of goods and services

(Yen in millions)

	March 31, 2018	September 30, 2018
Receivables from related parties		
SN Kosan Limited Company	1	1
Nagamori Foundation	-	0
Kyoto Gakuen Educational Foundation	-	3
Payables to related parties		
SN Kosan Limited Company	-	-
Green Kohsan Limited Liability Company	-	36

No expected credit loss allowance for receivables from related parties was recognized at March 31, 2018 and September 30, 2018. In addition, there were no expenses recognized during the year ended March 31, 2018 and the six months ended September 30, 2018 in respect of receivables from related parties.

11. Dividends

Dividends declared and paid to the ordinary shareholders are as follows:

For the six months ended September 30, 2017

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 24, 2017 Board of directors meeting	Ordinary shares	13,347	45	March 31, 2017	June 1, 2017

For the six months ended September 30, 2018

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 28, 2018 Board of directors meeting	Ordinary shares	14,798	50	March 31, 2018	June 4, 2018

The dividend whose record date falls in the six months ended September 30, 2018 and the effective date falls in the next period is as follows:

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
October 23, 2018 Board of directors meeting	Ordinary shares	14,719	50	September 30, 2018	December 3, 2018

(Note) In the above table, total dividends included dividends of ¥4 million paid to the treasury shares held by the BIP and ESOP Trust.

12. Earnings per share

The basis for calculating earnings per share attributable to owners of the parent - basic is as follows:

“Earnings per share attributable to owners of the parent - diluted” are not presented because there were no securities with dilutive effect outstanding.

	For the six months ended September 30,	
	2017	2018
Profit attributable to owners of the parent (Yen in millions)	59,421	78,510
Weighted average shares (Shares)	296,076,556	295,322,474
Earnings per share attributable to owners of the parent - basic (Yen)	200.69	265.84

	For the three months ended September 30,	
	2017	2018
Profit attributable to owners of the parent (Yen in millions)	31,344	41,192
Weighted average shares (Shares)	296,075,927	294,919,780
Earnings per share attributable to owners of the parent - basic (Yen)	105.86	139.67

(Note) In the calculation of “Earnings per share attributable to owners of the parent - basic” for the six months ended September 30, 2018 and the three months ended September 30, 2018, the Company’s shares owned by the BIP Trust and the ESOP Trust are included in treasury stock. Therefore, the number of those shares is deducted from calculating the number of “Weighted average shares”.

13. 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: Quoted prices for identical assets or liabilities in active markets;
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, inputs that are corroborated by observable market data by correlation or other means; and
- Level 3: Unobservable inputs for the asset or liability.

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 by reassessing the level to be applied to the asset or liability for measuring its fair value.

Fair values of financial instruments measured at amortized cost

(Yen in millions)

	As of March 31, 2018		As of September 30, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Short term investments	118	118	76	76
Long term investments	2	2	25	25
Short term loans receivable	43	43	26	26
Long term loans receivable	131	128	136	129
Short term borrowings	(1,657)	(1,657)	(577)	(577)
Long term debt (including long term debt due within one year and excluding the finance lease obligations and corporate bonds)	(143,183)	(143,575)	(135,107)	(135,376)
Corporate bonds (including corporate bonds due within one year)	(199,966)	(200,624)	(239,614)	(240,521)

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

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

In the normal course of business, substantially all short term investments (time deposits), short term loans 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 September 30, 2018 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 to their present values.

(3) Long term loans receivable

The fair value of long term loans receivable is estimated by discounting expected future cash flows to their present values and classified as Level 2.

(4) Long term debt

The fair value of long term debt (including long term debt due within one year and excluding the finance lease obligations and corporate bonds) is estimated based on the present value of future repayment amounts by discounting at NIDEC's expected incremental borrowing rates for similar liabilities and classified as Level 2.

(5) Corporate bonds

The fair value of bonds issued by NIDEC (including corporate bonds due within one year) 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 fair values of "cash and cash equivalents", "trade and other receivables" and "trade and other payables" approximate their carrying amounts because of the short maturity of these instruments. Therefore, 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 and financial liabilities categorized by the levels of the fair value hierarchy used in the analysis is as follows:

As of March 31, 2018

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other investment securities				
FVTOCI equity financial assets	19,934	-	1,390	21,324
FVTOCI debt financial assets	-	271	-	271
Derivatives	134	2,353	-	2,487
Total financial assets	20,068	2,624	1,390	24,082
Liabilities:				
Derivatives	143	1,063	-	1,206
Total financial liabilities	143	1,063	-	1,206

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2018.

As of September 30, 2018

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other investment securities				
FVTOCI equity financial assets	19,145	-	1,464	20,609
FVTOCI debt financial assets	-	166	-	166
Derivatives	48	3,939	-	3,987
Total financial assets	19,193	4,105	1,464	24,762
Liabilities:				
Derivatives	270	242	-	512
Total financial liabilities	270	242	-	512

(Note) There were no transfers between Level 1, Level 2 and Level 3 during the six months ended September 30, 2018.

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 forward 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 shares. Fair values of those unlisted shares are calculated by discounted cash flow method, etc. 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 reconciliation of financial instruments categorized as Level 3 is as follows:

(Yen in millions)

	For the six months ended September 30,	
	2017	2018
Balance at beginning of period	1,519	1,390
Gains or losses:		
Recognized in other comprehensive income (Note)	25	67
Purchases	-	15
Sales	-	(8)
Balance at end of period	1,544	1,464

(Note) Those are included in “fair value movements on FVTOCI equity financial assets” and “foreign currency translation adjustments” in the condensed quarterly consolidated statements of other comprehensive income.

14. Contingent liabilities

NIDEC was aware of total contingent liabilities of ¥17,022 million relating to bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds at September 30, 2018. 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 has not found any event that may result in material claims.

15. Commitments

Commitments for expenditures after the closing date are as follows:

(Yen in millions)

	As of March 31, 2018	As of September 30, 2018
Property, plant and equipment and other assets	4,236	5,946

16. Events after the reporting period

Tender Offer for Shares of Chaun-Choung Technology Corp.

On October 1, 2018, NIDEC's Board of Directors has resolved to acquire 48.0% shares of common stock outstanding of Chaun-Choung Technology Corp. ("CCI") in Taiwan by way of Tender Offer (the "Tender Offer"). As of November 12, 2018, all the conditions of the Tender Offer have been fulfilled.

1) Purpose

CCI develops, manufactures and sells thermal module products. Through this Tender Offer, NIDEC aims to improve thermal management technology and its product development capability through collaboration with CCI and to propose a thermal solution by combining motor products with CCI's thermal module to customers in a wide range of markets.

2) Outline of the Tender Offer

Number of shares to be purchased	41,444,831 shares
Minimum number of shares to be purchased	28,838,695 shares (which are equivalent to 33.4% of the shares outstanding)
Maximum number of shares to be purchased	41,444,831 shares (which are equivalent to 48.0% of the shares outstanding)
Tender Offer period	October 3, 2018 through November 21, 2018 ("Tender Offer Period")
Tender Offer price	TWD 108 per share
Tender Offer funds	Approximately TWD 4,476 million Note) This number is the amount required to make payment related to the purchase of 48.0% of CCI's outstanding shares.
Funds for Tender Offer	Own funds
Date of stock transfer	November 30, 2018 (tentative)
Terms of Tender Offer	The Tender Offer closing will condition on fulfilling 28,838,695 shares (which are equivalent to 33.4% of the shares outstanding) subscription, obtaining approval from MOEAIC (Investment Commission of the Ministry of Economic Affairs) and FSC (Financial Supervisory Commission) and will be carried out on the premise that the Tender Offer meets various conditions which normally required for similar transactions.
Other	In parallel with the Tender Offer, we will apply for obtaining approval from competition regulatory authorities.

3) Summary of target company

Company name	Chaun-Choung Technology Corp.
Headquarters	12F, No.123-1, Xingde Road, Sanchung, New Taipei City, Taiwan, R.O.C.
Name and title of representative	Chairman, Wu Shih Ling
Description of business	Development, manufacturing, and sales of thermal module products
Capital	TWD 863,433,960
Date of establishment	December 14, 1973

17. Authorization of condensed quarterly consolidated financial statements

NIDEC's condensed quarterly consolidated financial statements were authorized for issue on November 13, 2018 by Shigenobu Nagamori, Representative Director, Chairman and Chief Executive Officer and Akira Sato, Member of the Board of Directors, Executive Vice President and Chief Financial Officer.

2. Other

On October 23, 2018, the Company's Board of Directors resolved to pay cash dividends to shareholders as of September 30, 2018 as follows:

- (1) Total amount of dividends:¥14,719 million
- (2) Amount per share:¥50.00
- (3) Effective date of claim of payment and start date of payment: December 3, 2018

Part II Information on Guarantors, etc. for the Company

Not applicable.