[Translation]

Quarterly Report

(The First Quarter of 44th Business Term)
From April 1, 2016 to June 30, 2016

NIDEC CORPORATION

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[Company Name]	Nihon Densan Kabushiki Kaisha
[Company Name in English]	NIDEC CORPORATION
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Quarterly 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.

Unless the context indicates otherwise, the term "Company" refers to Nidec Corporation and the term "NIDEC" refers to the Company and its consolidated subsidiaries.

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

Consolidated financial data, etc.

(Yen in millions, unless otherwise stated)

	Three months ended June 30, 2015	Three months ended June 30, 2016	Year ended March 31, 2016
Net Sales	285,041	276,206	1,178,290
Profit before income taxes	31,591	29,103	117,405
Profit attributable to owners of the parent	23,251	22,041	90,120
Comprehensive income attributable to owners of the parent	34,610	(43,930)	31,146
Total equity attributable to owners of the parent	776,985	707,387	763,186
Total assets	1,399,921	1,310,504	1,376,577
Earnings per share attributable to owners of the parent- Basic (yen)	78.79	74.31	303.63
Earnings per share attributable to owners of the parent-Diluted (yen)	77.96	74.31	302.52
Ratio of total equity attributable to owners of the parent to total assets (%)	55.5	54.0	55.4
Net cash provided by operating activities	21,185	37,198	147,659
Net cash used in investing activities	(23,955)	(19,127)	(95,377)
Net cash provided by (used in) financing activities	700	(11,729)	7,775
Cash and cash equivalents at end of period	271,828	284,759	305,942

(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. Sales do not include consumption taxes.

2. Description of Business

There were no significant changes in NIDEC’s businesses for the three months ended June 30, 2016. Moreover, there were no changes in significant subsidiaries and associates.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the three months ended June 30, 2016. There were no material changes in the risk factors stated in the Annual Securities Report for the 43rd business term pursuant to the Financial Instruments and Exchange Act of Japan.

2. Material Agreements, etc.

The material agreements executed during the three months ended June 30, 2016 are as follows:

(1) Share purchase and transfer agreement

(ANA IMEP S.A.)

Nidec Sole Motor Corporation S.R.L., a subsidiary of Nidec Corporation, 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 (the "Transaction"), and completed the Transaction on May 31, 2016.

1. Purpose of the Transaction

IMEP is a developer, manufacturer, and seller of 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
Principal 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

(2) Asset and stock purchase agreement

(Emerson Electric Co.)

Nidec Corporation agreed to acquire the motors, drives and electric power generation businesses of Emerson Electric Co. and entered into an asset and stock purchase agreement on August 2, 2016 (the "Agreement"). Details of the Agreement are stated in "12. Events after the Reporting Period" of "Notes to Condensed Quarterly Consolidated Financial Statements" incorporated in this Quarterly Report.

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

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

(1) Operating Results

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

Under such a business environment, NIDEC continued to pursue its sales and profit growth strategies with a view to achieve its target for the fiscal year ending March 31, 2021 of consolidated sales of ¥2 trillion and an operating profit ratio of 15% based on its mid-term strategic goal "Vision 2020" and NIDEC achieved in the three months ended June 30, 2016 the highest operating profit since the third quarter of the fiscal year ended March 31, 2016.

The following table sets forth consolidated operating results for the three months ended June 30, 2016:

Yen in millions

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

Consolidated net sales decreased 3.1% to ¥276,206 million for this three-month period compared to the same period of the prior year. Operating profit increased 5.6% to ¥31,540 million for this three-month period compared to the same period of the prior year. Profit before income taxes decreased 7.9% to ¥29,103million for this three-month period compared to the same period of the prior year mainly due to a loss on exchange valuation on assets and liabilities caused by rapid Japanese yen appreciation, and profit attributable to owners of the parent decreased 5.2% to ¥22,041 million for this three-month period compared to the same period of the prior year.

The following table sets forth operating results by segment:

(Yen in millions)

	For the three months ended June 30					
	Net sales			Operating profit		
	2015	2016	Increase or decrease	2015	2016	Increase or decrease
Nidec Corporation	45,394	42,448	(2,946)	3,307	3,131	(176)
Nidec Electronics (Thailand)	31,526	27,854	(3,672)	4,845	4,174	(671)
Nidec Singapore	16,224	12,616	(3,608)	257	184	(73)
Nidec (H.K.)	20,547	23,958	3,411	158	196	38
Nidec Sankyo	31,836	32,222	386	4,181	4,550	369
Nidec Copal	12,925	11,791	(1,134)	607	1,074	467
Nidec Techno Motor	17,502	17,683	181	1,667	2,246	579
Nidec Motor	55,054	57,804	2,750	4,042	5,166	1,124
Nidec Motors & Actuators	65,504	64,908	(596)	5,199	6,343	1,144
All Others	83,453	68,640	(14,813)	8,924	7,346	(1,578)
Adjustments	(94,924)	(83,718)	11,206	(3,328)	(2,870)	458
Consolidated total	285,041	276,206	(8,835)	29,859	31,540	1,681

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

Net sales of Nidec Corporation decreased 6.5% to ¥42,448 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors and the negative effect of the appreciation of the Japanese yen against the U.S. dollar, despite an increase in sales of other small precision motors. Operating profit of Nidec Corporation decreased 5.3% to ¥3,131 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to the decrease in sales and an increase in research and development expenses.

Net sales of Nidec Electronics (Thailand) decreased 11.6% to ¥27,854 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. 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 the average selling price resulting from the changes in the product mix. Operating profit of Nidec Electronics (Thailand) decreased 13.8% to ¥4,174 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to the decrease in sales and an increase in material costs.

Net sales of Nidec Singapore decreased 22.2% to ¥12,616 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to the negative effect of the appreciation of the Japanese yen against the U.S. dollar and a decrease in demand for hard disk drives spindle motors from major customers. Operating profit of Nidec Singapore decreased 28.4% to ¥184 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to the decrease in sales.

Net sales of Nidec (H.K.) increased 16.6% to ¥23,958 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. 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 Hong Kong dollar. Operating profit of Nidec (H.K.) increased 24.1% to ¥196 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec Sankyo increased 1.2% to ¥32,222 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to an increase in sales of LCD panel handling robots, despite the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Sankyo increased 8.8% to ¥4,550 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to cost reduction, in addition to the increase in sales.

Net sales of Nidec Copal decreased 8.8% to ¥11,791 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to the negative effects of the appreciation of the Japanese yen against the Thai baht and the U.S. dollar. However, operating profit of Nidec Copal increased 76.9% to ¥1,074 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to cost reduction and the positive effect of the changes in the product mix, despite the decrease in sales.

Net sales of Nidec Techno Motor increased 1.0% to ¥17,683 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. 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 34.7% to ¥2,246 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to cost reduction, in addition to the increase in sales.

Net sales of Nidec Motor increased 5.0% to ¥57,804 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to increases in sales through NIDEC's "Three-new Strategy" (new products, new markets and new clients), despite the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit of Nidec Motor increased 27.8% to ¥5,166 million for three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to the increase in sales.

Net sales of Nidec Motors & Actuators decreased 0.9% to ¥64,908 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. 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 22.0% to ¥6,343 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase was primarily due to cost reduction.

With respect to the All Others segment, net sales decreased 17.8% to ¥68,640 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to a decrease in demand for hard disk drives spindle motors and other small precision motors and the negative effect of the appreciation of the Japanese yen against the U.S. dollar. Operating profit decreased 17.7% to ¥7,346 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This decrease was primarily due to the decrease in sales.

(2) Cash Flows

(Cash Flows from Operating Activities)

Net cash provided by operating activities increased ¥16,013 million to ¥37,198 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. This increase in net cash provided by operating activities was mainly due to net positive impact of ¥8,220 million of a change in accounts payable and ¥6,425 million of a change in inventories, despite of a decrease in profit for the period of ¥1,387 million.

For the three months ended June 30, 2016, NIDEC had ¥37,198 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥22,264 million and an increase in accounts payable of ¥8,841 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivable of ¥11,916 million. Accounts payable and accounts receivable increased primarily due to an increase in sales as of June 30, 2016 compared to March 31, 2015, except for the effect of exchange rate changes.

For the three months ended June 30, 2015, NIDEC had ¥21,185 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥23,651 million. However, net cash provided by operating activities was negatively impacted by an increase in accounts receivable of ¥15,496 million and an increase in inventories of ¥6,075 million. Accounts receivable and inventories increased primarily due to an increase in sales as of June 30, 2015 compared to March 31, 2015.

(Cash Flows from Investing Activities)

Net cash used in investing activities decreased ¥4,828 million to ¥19,127 million for the three months ended June 30, 2016 compared to the three months ended June 30, 2015. The decrease in net cash used in investing activities was mainly due to a decrease in additions to property, plant and equipment of ¥5,012 million.

For the three months ended June 30, 2016, NIDEC had ¥19,127 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥16,283 million.

For the three months ended June 30, 2015, NIDEC had ¥23,955 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥21,295 million.

(Cash Flows from Financing Activities)

Net cash used in financing activities was ¥11,729 million for the three months ended June 30, 2016, while net cash provided by financing activities was ¥700 million for the three months ended June 30, 2015.

For the three months ended June 30, 2016, NIDEC had ¥11,729 million of net cash outflows from financing activities mainly due to dividends paid to the owner of the parent of ¥11,864 million.

For the three months ended June 30, 2015, NIDEC had ¥700 million of net cash inflows from financing activities mainly due to an increase in short term borrowings of ¥23,643 million partially offset by dividends paid to the owner of the parent of ¥11,764 million and repayments of long term debt of ¥10,990 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 decreased ¥21,183 million from ¥305,942 million as of March 31, 2016 to ¥284,759 million as of June 30, 2016. NIDEC hold its cash and cash equivalents primarily in U.S. dollars, Thai baht, Chinese yuan, Japanese yen and Euros.

(3) Issues to address on business and finance

There were no material changes in the issues for NIDEC to address during the three months ended June 30, 2016.

(4) Research and Development

NIDEC's research and development expenses for the three months ended June 30, 2016 were ¥12,660 million. There were no significant changes in research and development activities for the period.

III. 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 the end of first quarter (shares) (June 30, 2016)	Number of shares issued as of the filing date (shares) (August 9, 2016)	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 the Company's 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)
From April 1, 2016 to June 30, 2016	-	298,142,234	-	87,784	-	92,005

(6) Major shareholders

Not applicable.

(7) Information on voting rights

Information on voting rights as of March 31, 2016 is stated in this item because the Company does not identify the number of voting rights as of June 30, 2016 due to the lack of information on the details entered in the shareholders registry as of June 30, 2016.

1. Issued shares

As of June 30, 2016

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 1,541,200	-	-
Shares with full voting right (others)	Common stock 296,045,100	2,960,451	-
Shares less than one unit	Common stock 555,934	-	-
Number of issued shares	298,142,234	-	-
Total number of voting rights	-	2,960,451	-

(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 10 shares of the Company’s treasury stock.

2. Treasury stock, etc.

As of June 30, 2016

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	1,541,200	-	1,541,200	0.51
Total	-	1,541,200	-	1,541,200	0.51

(Note) As of June 30, 2016, the number of shares held under own name (except shares of less than one unit) is 1,541,700.

2. Changes in Directors and Senior Management

There were no changes in 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 43rd business term pursuant to the Financial Instruments and Exchange Act of Japan to June 30, 2016.

IV. Financial Information

1. Condensed Quarterly Consolidated Financial Statements

Refer to the "Condensed Quarterly Consolidated Financial Statements" incorporated in this Quarterly Report.

2. Other

On May 25, 2016, the Company's Board of Directors resolved to pay cash dividends to shareholders as of March 31, 2016 as follows:

(1) Total amount of dividends .... ¥11,864 million
(2) Amount per share ¥40.00
(3) Effective Date of Claim of Payment and Start Date of Payment .... June 2, 2016

Part II Information on Guarantors, etc. for the Company

Not applicable.

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

(Yen in millions)

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

(Yen in millions)

	Note	The date of transition to IFRS (April 1, 2015)	March 31, 2016	June 30, 2016
Liabilities				
Current liabilities				
Short term borrowings	11	52,401	81,092	79,956
Long term debt due within one year	11	45,432	82,777	86,344
Trade and other payables		204,372	186,990	182,623
Other financial liabilities	11	2,941	3,192	3,475
Income tax payables		5,913	5,831	5,607
Provisions		18,583	18,886	18,872
Other current liabilities		31,151	40,891	42,076
Total current liabilities		360,793	419,659	418,953
Non-current liabilities				
Long term debt	11	184,432	136,798	128,414
Other financial debt	11	569	1,029	3,265
Retirement benefit liabilities		19,834	19,488	18,347
Provisions		2,904	3,337	3,147
Deferred tax liabilities		23,467	22,419	21,364
Other non-current liabilities		3,126	2,315	1,850
Total non-current liabilities		234,332	185,386	176,387
Total liabilities		595,125	605,045	595,340
Equity				
Common stock		77,071	87,784	87,784
Additional paid-in capital		107,732	118,341	118,340
Retained earnings		562,787	625,343	634,460
Other components of equity		(1,072)	(56,171)	(121,082)
Treasury stock		(27)	(12,111)	(12,115)
Total equity attributable to owners of the parent		746,491	763,186	707,387
Non-controlling interests		8,256	8,346	7,777
Total equity		754,747	771,532	715,164
Total liabilities and equity		1,349,872	1,376,577	1,310,504

(2) Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the three months ended June 30	
		2015	2016
Net Sales	5	285,041	276,206
Cost of sales		(220,972)	(212,250)
Gross profit		64,069	63,956
Selling, general and administrative expenses		(22,556)	(19,756)
Research and development expenses		(11,654)	(12,660)
Operating profit	5	29,859	31,540
Financial income		560	689
Financial expenses		(390)	(2,949)
Foreign exchange differences		1,557	(152)
Equity in net income (loss) of associates		5	(25)
Profit before income taxes		31,591	29,103
Income tax expenses		(7,940)	(6,839)
Profit for the period		23,651	22,264
Profit attributable to:			
Owners of the parent		23,251	22,041
Non-controlling interests		400	223
Profit for the period		23,651	22,264
Earnings per share attributable to owners of the parent	10		
Basic (yen)		78.79	74.31
Diluted (yen)		77.96	74.31

(3) Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the three months ended June 30 2015	2016
Profit for the period		23,651	22,264
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		(70)	(113)
Fair value movements on FVTOCI equity financial assets		62	(962)
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		11,340	(65,772)
Effective portion of net changes in fair value of cash flow hedges		1	157
Fair value movements on FVTOCI debt financial assets		0	1
Other comprehensive income for the period, net of taxation		11,333	(66,689)
Comprehensive income for the period		34,984	(44,425)
Comprehensive income attributable to:			
Owners of the parent		34,610	(43,930)
Non-controlling interests		374	(495)
Comprehensive income for the period		34,984	(44,425)

(4) Condensed Quarterly Consolidated Statements of Changes in Equity

For the three months ended June 30, 2015

(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 period				23,251			23,251	400	23,651
Other comprehensive income					11,359		11,359	(26)	11,333
Total comprehensive income							34,610	374	34,984
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(13)	(13)	-	(13)
Conversion of convertible bonds		3,830	3,777			13	7,620	-	7,620
Dividends paid to the owners of the parent	9			(11,764)			(11,764)	-	(11,764)
Dividends paid to non-controlling interests							-	(1)	(1)
Transfer to retained earnings				4	(4)		-	-	-
Other			41				41	(66)	(25)
As of June 30, 2015		80,901	111,550	574,278	10,283	(27)	776,985	8,563	785,548

For the three months ended June 30, 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, 2016		87,784	118,341	625,343	(56,171)	(12,111)	763,186	8,346	771,532
Comprehensive income									
Profit for the period				22,041			22,041	223	22,264
Other comprehensive income					(65,971)		(65,971)	(718)	(66,689)
Total comprehensive income							(43,930)	(495)	(44,425)
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(4)	(4)	-	(4)
Dividends paid to the owners of the parent	9			(11,864)			(11,864)	-	(11,864)
Dividends paid to non-controlling interests							-	(8)	(8)
Transfer to retained earnings				(1,060)	1,060		-	-	-
Other			(1)				(1)	(66)	(67)
As of June 30, 2016		87,784	118,340	634,460	(121,082)	(12,115)	707,387	7,777	715,164

(5) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

	Note	For the three months ended June 30 2015	2016
Cash flows from operating activities:			
Profit for the period		23,651	22,264
Adjustments to reconcile profit for the period to net cash provided by operating activities			
Depreciation and amortization		15,256	12,092
Gain from sales, disposal or impairment of property, plant and equipment		(156)	(1,032)
Financial income		(97)	(181)
Equity in net (income) loss of associates		(5)	25
Deferred income taxes		3,127	624
Current income taxes		4,813	6,216
Foreign currency adjustments		(671)	3,197
(Decrease) increase in retirement benefit liability		(91)	252
Increase in accounts receivable		(15,496)	(11,916)
(Increase) decrease in inventories		(6,075)	350
Increase in accounts payable		621	8,841
Other, net		3,540	3,509
Interests and dividends received		515	641
Interests paid		(348)	(460)
Income taxes paid		(7,399)	(7,224)
Net cash provided by operating activities		21,185	37,198

(Yen in millions)

	Note	For the three months ended June 30 2015	2016
Cash flows from investing activities:			
Additions to property, plant and equipment		(21,295)	(16,283)
Proceeds from sales of property, plant and equipment		503	249
Proceeds from sales or redemption of marketable securities		1,012	24
Acquisitions of business, net of cash acquired		(2,244)	(1,935)
Other, net		(1,931)	(1,182)
Net cash used in investing activities		(23,955)	(19,127)
Cash flows from financing activities:			
Increase in short term borrowings		23,643	1,674
Repayments of long term debt		(10,990)	(1,771)
Purchase of treasury stock		(13)	(4)
Payments for additional investments in subsidiaries		(36)	-
Dividends paid to the owner of the parent	9	(11,764)	(11,864)
Other, net		(140)	236
Net cash provided by (used in) financing activities		700	(11,729)
Effect of exchange rate changes on cash and cash equivalents		3,996	(27,525)
Net increase (decrease) in cash and cash equivalents		1,926	(21,183)
Cash and cash equivalents at beginning of period		269,902	305,942
Cash and cash equivalents at end of period		271,828	284,759

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 address of headquarters and principal business offices are available on the Company's website (http://www.nidec.com/en-Global/).

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

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

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

2. Basis of Preparation

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

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

NIDEC adopts IFRS for the first time this financial year (commencing on April 1, 2016 and ending on March 31, 2017), and so the annual consolidated financial statements for the year are the first ones prepared in conformity with IFRS. The date of transition of NIDEC to IFRS is April 1, 2015. Explanations of how the first time adoption of, and the transition to, IFRS have affected NIDEC's financial position, business results and cash flows are provided in "Note 14. First-Time Adoption of IFRS".

(2) Basis of measurement

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

(3) Presentation currency

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

(4) Early adoption of new IFRS standards

NIDEC has early adopted IFRS 9 "Financial instruments", issued in July 2014.

3. Significant accounting policies

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

(1) Basis of consolidation

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

(i) Subsidiaries

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

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

In case accounting policies that subsidiaries adopt are different to those of NIDEC, the financial statements of the subsidiaries may be adjusted as needed.
Inter-company receivables and payables, transactions, and unrealized gains and losses on transactions between group companies are eliminated in the preparation of the consolidated financial statements.
There may be additional purchase and/or partial sale of stocks of the subsidiaries by NIDEC. Changes in NIDEC's ownership interests in subsidiaries that do not result in a loss of control are reported as equity transactions. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributed to the owner of the parent company. When losing control, gain or loss associated with the loss of control is recognized as net profit or loss.

(ii) Non-controlling interests
Non-controlling interests of consolidated subsidiaries are identified separately from the equity of the owners of the parent.
Non-controlling interests consist of those interests on the date of the initial business combination and changes of the non-controlling interests from the date of the combination. Comprehensive income is allocated to the controlling and non-controlling interests, even when the allocation results in negative non-controlling interests.

(iii) Associates
Associates are all entities over which NIDEC has the ability to exercise significant influence on their financial and operating policies but does not have control.
Associates are accounted for using equity method from the date when NIDEC acquires significant influence to the date when NIDEC loses it. The investments in associates include goodwill recognized upon acquisition.

(2) Business combinations
Business combinations are accounted for on the date when NIDEC acquires controls over the businesses according to the acquisition method. Acquisition-related costs are expensed as incurred.
Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.
The excess of the aggregate of the consideration transferred, acquiree's non-controlling interest, and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of NIDEC's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized directly in the consolidated statement of income.
Non-controlling interests are identified separately from the equity of the owners of the parent. How to measure a non-controlling interest in the acquiree will be determined upon each business combination transaction using either of the methods described below:

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

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, NIDEC reports in its consolidated financial statements provisional amounts, and retrospectively adjusts them during the measurement period, which shall not exceed one year from the acquisition date.
For NIDEC's transactions of its subsidiaries' equity with owners of non-controlling interests that do not result in a loss of control over the subsidiaries, differences between amounts of adjustments to the non-controlling interests and fair values of considerations are treated as additional paid-in capital, and therefore do not result in goodwill or gains and losses.

(3) Foreign currency translation
(i) Functional currency
Each entity in NIDEC group determines its own functional currencies and transactions of each entity are measured in its own functional currency.

(ii) Transactions and balances

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

(iii) Foreign operations

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

(4) Cash and cash equivalents

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

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

(5) Inventories

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

(6) Property, plant, and equipment

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

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

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

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

Building	3-50 years
Machinery	2-15 years

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

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

(7) Goodwill and intangible assets

(i) Goodwill

Goodwill is stated at cost less accumulated impairment losses. Goodwill is not amortized, but allocated to cash-generating units, based on the allocation of expected benefits from business combination, and tested for impairment annually or whenever there is an indication of impairment. Impairment losses of goodwill are recognized on the consolidated statement of income and cannot be reversed.
Initial measurement policies of goodwill are stated in “(2) Business combinations”.

(ii) Intangible assets

Intangible assets are measured by using the cost model and are stated at cost less accumulated amortization and impairment losses.
Intangible assets acquired separately are measured at cost upon initial recognition, and those acquired by business combination are recognized separately from goodwill at fair value at acquisition date if these intangible assets meet the definition of intangible assets, are identifiable, and are able to be measured reliably at fair value.
Research expenditure, which is defined as investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized as an expense as incurred.
Costs incurred on development projects are recognized as intangible assets when the following conditions are met: the costs incurred can be measured reliably, the assets are technologically feasible to be industrialized, the assets are estimated to provide economic benefit to NIDEC, and NIDEC has intention to complete the development and utilize and/or commercialize the assets. Other development expenditure is recognized as an expense as incurred.
Intangible assets that have a definite useful life are amortized by a straight-line method based on estimated useful lives. These weighted average amortizable years are described below.

Proprietary technology	12 years
Customer relationships	18 years
Software	6 years

The useful lives, residual values, and amortization method of intangible assets are reviewed at the end of the period, and changed if any. It is regarded as a change in accounting estimate and recognized prospectively.
For intangible assets having finite useful life, impairment test is carried out when there is an indication that the unit may be impaired. Intangible assets having indefinite useful life or which are still not possible for use are not amortized, and impairment test is carried out on an annual basis (January 1) or at time when there is an indication that the unit may be impaired, or situation is changed.

(8) Lease

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

(i) Finance lease

Leased assets and liabilities are initially recognized in the consolidated statement of financial position at the lower of the fair value of the leased property or the present value of the minimum lease payments at the inception of the lease.
Lease obligations are recognized as long term debt due within one year and long term debt in the consolidated statement of financial position.
The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of liabilities.
Depreciation method is stated in “(6) Property, plant and equipment”.

(ii) Operating lease

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

(9) Government grants

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

(10) Impairment of non-financial assets

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

When it is not possible to estimate the recoverable amount of an individual asset, NIDEC estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

NIDEC assesses whether there is any indication that an impairment loss recognized in prior years for all non-financial assets other than goodwill may no longer exist or may have decreased. If such indication exists, the recoverable amount of the asset or the cash-generating unit is estimated. If the recoverable amount of the asset or the cash-generating unit is greater than its carrying amount, a reversal of an impairment loss is recognized, to the extent the increased carrying amount does not exceed the lower of the recoverable amount and the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been 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 recognized as incurred. Financial liabilities such as debt instruments issued by NIDEC are recognized at issuance date, and other financial liabilities are recognized when NIDEC becomes a party to the contractual provisions of the instrument (at the transaction date).

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

(ii) Non-derivative financial assets

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

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

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

・ Financial assets are held in a business model with the objective to collect contractual cash flows.
・ The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

<u>FVTOCI financial assets</u>

(a) FVTOCI debt 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.

<u>FVTPL financial assets</u>

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

(iii) Impairment of financial assets measured at amortized costs

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

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

(iv) Derecognition of non-derivative financial assets

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

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

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

(vi) Derivatives and hedge accounting

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

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

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

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

Cash flow hedge is accounted for as follows:
When derivative instruments are designated as hedging instruments to offset against the change in cash flows arising from the specific risk that relates to recognized assets or liabilities or highly probable forecast transactions that could affect profit or loss, the effective portion of changes in fair value of derivatives is recognized in other components of equity. The ineffective portion of changes in fair value of hedging derivative instruments is recognized in profit or loss.
The amount that has been accumulated in the separate component of equity is reclassified to profit or loss in the same period or periods during which the hedged expected future cash flows affect profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset (for example, inventories, property, plant, and equipment, etc.) or a liability, the gains and losses previously deferred in equity are transferred from equity and included directly in the initial cost or other carrying amount of the asset or liability.
If the transactions do not meet the criteria of hedge accounting, or if the hedging instruments expires, or is sold, terminated or exercised, or if the designations have been revoked, the application of hedge accounting shall be prospectively terminated. When a cash flow hedge is discontinued, the previously recognized net derivative gains or losses remain in accumulated other comprehensive income until forecast transaction impacts profit for the period. If it is probable that the forecast transaction will not occur, the balance of cash flow hedge are transferred into gains or losses immediately.

(12) Income tax

Current tax

Income tax expenses are comprised of current and deferred taxes, and recognized in net profit or loss, except for those recognized in other comprehensive income or directly in equity.
Income tax payables and income tax receivables at the end of the reporting period are calculated at the amount expected to be paid to or recovered from the taxation authority. Current taxes for a quarterly reporting period are calculated based on an estimated annual effective tax rate.
Current taxes related to items that are recognized in other comprehensive income are recognized in other comprehensive income. Taxes related to items that are recognized directly in equity are recognized directly in equity.
Income tax receivable and income tax payables are offset if, NIDEC has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred tax

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities.
Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled.
Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available to allow deductible temporary differences, unused tax losses, and unused tax credits to be utilised. The carrying amounts of the deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available.
Unrecognized deferred tax assets are also reviewed for collectability at each reporting date, and are recognized to the extent that it is probable that the deferred tax assets will be collectible from future taxable income.
Deferred tax liabilities are recognized for all taxable temporary differences in general.
Deferred tax assets and liabilities relating to following temporary differences are not recognized:
・ Taxable temporary differences arising from the initial recognition of goodwill.
・ Temporary differences arising from the initial recognition of assets and liabilities from transactions that do not affect both accounting income and taxable income, except for business combinations.

- Taxable temporary differences associated with investments in subsidiaries and associates when NIDEC is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.
- Deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

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

(13) Employee benefits
(i) Short-term employee benefits
The undiscounted amount of short-term employee benefits such as wages, salaries, social security contributions and other non-monetary benefits are recognized as an expense when service has been rendered by employees.
The cost of bonus payments expected to be paid in respect of service rendered by employees based on relative plans is recognized as a liability only when NIDEC has a present legal or constructive obligation to make such payments and a reliable estimate of the obligation can be made.

(ii) Post-retirement benefits
NIDEC's post-retirement benefit plans for its employees include defined benefits and defined contribution plans. Net defined benefit assets or liabilities are calculated as the present value of the defined benefit obligation less the fair value of plan assets and recognized in the consolidated statements of financial position. The defined benefit obligation is calculated by using the projected unit credit method. The present value of the defined benefit obligation is calculated by the expected future payments using discount rate. The discount rate is determined by referencing to market yield on high-quality corporate bonds with maturity terms consistent with the estimated term of the related pension obligations. Service cost and net interest expense (income) on the net defined benefit liabilities (assets) are recognized in net profit or loss. Actuarial gains and losses, returns on plan assets except those included in net interest expense (income), and any change in the effect of the asset ceiling are recognized immediately in other comprehensive income under "Remeasurement of defined benefit plans", and transferred from other components of equity to retained earnings immediately.
Contributions paid for defined contribution plans are expensed in the period in which the amounts to be contributed are determined.

(14) Provisions
Provisions are 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 follows:

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

(15) Revenue recognition

(i) Sale of goods

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

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

(ii) Construction contracts

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

(16) Borrowing costs

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

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

(i) Common stock

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

(ii) Treasury stock

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

(18) Fair value estimation

NIDEC measures derivative financial instruments and financial instruments measured at fair value by their fair values at the end of the period. See “11 Fair value” 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

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

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

4. Significant accounting estimates, judgments and assumptions

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

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

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

・Goodwill and intangible assets (see Notes 3 (7) and 7)
・Recoverability of receivables (see Notes 3(11))
・Retirement benefit liabilities (see Notes 3(13))
・Recoverability of deferred tax assets (see Notes 3(12))
・Uncertain tax position (see Notes 3(12))
・Provisions (see Notes 3(14))
・Fair value of financial instruments (see Notes 11)
・Contingent liabilities (see Notes 3(14))

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. Companies and company groups which are the current profit management unit 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, 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.
9. Nidec Motors & Actuators	Nidec Motors & Actuators (Germany) GmbH in Germany and other subsidiaries in Europe, North America, Latin America, 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)

Name	For the three months ended June 30	
	2015	2016
Nidec Corporation	7,488	8,075
Nidec Electronics (Thailand)	20,015	18,843
Nidec Singapore	15,996	12,462
Nidec (H.K.)	20,153	23,696
Nidec Sankyo	31,765	32,146
Nidec Copal	11,213	8,745
Nidec Techno Motor	16,565	16,503
Nidec Motor	54,734	57,741
Nidec Motors & Actuators	59,474	59,800
Others	47,638	38,195
Consolidated total	285,041	276,206

Net sales to other operating segments:

(Yen in millions)

Name	For the three months ended June 30	
	2015	2016
Nidec Corporation	37,906	34,373
Nidec Electronics (Thailand)	11,511	9,011
Nidec Singapore	228	154
Nidec (H.K.)	394	262
Nidec Sankyo	71	76
Nidec Copal	1,712	3,046
Nidec Techno Motor	937	1,180
Nidec Motor	320	63
Nidec Motors & Actuators	6,030	5,108
Others	35,815	30,445
Total	94,924	83,718
Intersegment elimination	(94,924)	(83,718)
Consolidated total	-	-

Segment income (loss):

(Yen in millions)

Name	For the three months ended June 30	
	2015	2016
Nidec Corporation	3,307	3,131
Nidec Electronics (Thailand)	4,845	4,174
Nidec Singapore	257	184
Nidec (H.K.)	158	196
Nidec Sankyo	4,181	4,550
Nidec Copal	607	1,074
Nidec Techno Motor	1,667	2,246
Nidec Motor	4,042	5,166
Nidec Motors & Actuators	5,199	6,343
Others	8,924	7,346
Total	33,187	34,410
Elimination and Corporate (Note)	(3,328)	(2,870)
Operating profit (loss)	29,859	31,540
Financial income (loss)	170	(2,260)
Foreign exchange differences	1,557	(152)
Equity in net income (loss) of associates	5	(25)
Profit before income taxes	31,591	29,103

(Note) Elimination and Corporate includes corporate expenses, which do not belong to any operating segment, of ¥3,349 millions and ¥3,346 millions for the three months ended June 30, 2016 and 2015, respectively. The coporate expenses mainly include basic research expenses and head office expenses.

(Supplemental Information)

<u>Sales by type of product</u>

Sales by type of product are as follows:

(Yen in millions)

Type of product	For the three months ended June 30	
	2015	2016
Small precision motors:		
Hard disk drives spindle motors	49,940	42,799
Other small precision motors	54,118	52,002
Sub-total	104,058	94,801
Automotive, appliance, commercial and industrial products	137,317	138,250
Machinery	26,995	27,146
Electronic and optical components	15,823	15,161
Others	848	848
Consolidated Total	285,041	276,206

(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.

6. Business combinations

On May 20, 2016, NIDEC acquired all of the voting rights in E.C.E. S.r.l., an Italian company from the shareholders for cash of ¥511 million. Its business is design, manufacturing and sales of 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. (present Nidec Motor Corporation Romania), a Romanian company from its major shareholder for cash of ¥2,314 million. Its business is development, manufacturing and sales of 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.

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

7. Goodwill and intangible assets

The changes in the carrying amount of goodwill are as follows:

(Yen in millions)

	For the three months ended June 30	
	2015	2016
Balance at the beginning of the period		
Goodwill	162,959	162,091
Acquisition	647	193
Translation adjustments and others	2,893	(8,289)
Balance at the end of the period		
Goodwill	166,499	153,995

Intangible assets subject to amortization are summarized as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Proprietary technology	15,652	(3,485)	12,167
Customer relationships	58,881	(13,934)	44,947
Software	21,660	(10,979)	10,681
Other	7,608	(3,734)	3,874
Total	103,801	(32,132)	71,669

(Yen in millions)

	March 31, 2016		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Proprietary technology	15,182	(4,444)	10,738
Customer relationships	56,914	(16,908)	40,006
Software	24,085	(12,676)	11,409
Other	7,218	(3,887)	3,331
Total	103,399	(37,915)	65,484

(Yen in millions)

	June 30, 2016		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Proprietary technology	13,820	(4,262)	9,558
Customer relationships	51,356	(16,175)	35,181
Software	24,059	(12,956)	11,103
Other	6,616	(3,612)	3,004
Total	95,851	(37,005)	58,846

Total amortization of intangible assets for the years ended March 31, 2016 and for the three months ended June 30, 2016 amounted to ¥8,303 million and ¥1,935 million, respectively. Total indefinite lived intangible assets amounted to ¥12,262 million, ¥12,087 million and ¥10,761 million as of April 1, 2015, March 31, 2016 and June 30, 2016, respectively.

8. Employee Benefits

The amounts of net periodic benefit cost in pension and severance plans for the three months ended June 30, 2015 and 2016 are as follows:

(Yen in millions)

	For the three months ended June 30	
	2015	2016
Net periodic pension cost for defined benefit plans:		
Current service cost	430	434
Net interest cost	69	73
Net periodic pension cost for defined benefit plans	499	507
Payments to multiemployer pension plans	41	22
Payments to defined contribution plans	850	787

9. Dividends

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

For the three months ended June 30, 2015

Resolution	Stock Category	Dividend Amounts *(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

For the three months ended June 30, 2016

Resolution	Stock Category	Dividend Amounts *(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

10. Earnings per Share

For the year ended June 30, 2015

	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:			
Profit attributable to owners of the parent	23,251	295,107	78.79
Effect of dilutive securities:			
Convertible bonds	13	3,289	
Earnings per share attributable to owners of the parent -Diluted:			
Profit attributable to owners of the parent	23,264	298,396	77.96

For the year ended June 30, 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:			
Profit attributable to owners of the parent	22,041	296,601	74.31
Effect of dilutive securities:			
Convertible bonds	-	-	
Earnings per share attributable to owners of the parent -Diluted:			
Profit attributable to owners of the parent	22,041	296,601	74.31

11. 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.

<u>Financial instruments measured at amortized cost.</u>

(Yen in millions)

	The date of transition to IFRS (April 1, 2015)		March 31, 2016		June 30, 2016	
	Book value	Fair value	Book value	Fair value	Book value	Fair value
Short term investments	2	2	1,947	1,947	1,646	1,646
Long term investments	160	160	38	38	34	34
Short term loan receivable	171	171	49	49	42	42
Long term loan receivable	42	41	134	135	117	119
Short term borrowings	(52,401)	(52,401)	(81,092)	(81,092)	(79,956)	(79,956)
Long term debt (including the current portion and excluding capital lease obligation and bonds)	(55,161)	(55,099)	(60,941)	(61,066)	(58,341)	(58,434)
Bonds (including the current portion)	(171,222)	(183,687)	(149,886)	(151,541)	(149,901)	(151,656)

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 June 30, 2016 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 capital 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 amounts 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 based on the 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 to 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

June 30, 2016

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets				
Marketable securities and other securities				
FVTOCI equity financial assets	11,930	-	1,495	13,425
FVTOCI debt financial assets	-	230	-	230
Derivatives	49	58	-	107
Total financial assets	11,979	288	1,495	13,762
Liabilities				
Derivatives	157	3,330	-	3,487
Total financial liabilities	157	3,330	-	3,487

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 instruments categorized within Level 3 of the fair value hierarchy is as follows:

(Yen in millions)

	For the three months ended June 30	
	2015	2016
Balance at the beginning of the period	1,724	1,589
Gains or losses:		
Recognized in other comprehensive income (*1)	21	(92)
Purchases	-	-
Sales	-	(2)
Transfers to/from Level 3	-	-
Balance at the end of the period	1,745	1,495

*1 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.

12. Events after the Reporting Period

An asset and stock purchase agreement to aquire Emerson Electric Co.'s Motors, Drives and Electric Power Generation Businesses

On August 2, 2016, Nidec Corporation agreed to acquire the Motors, Drives and Electric Power Generation businesses (the "Business") of Emerson Electric Co., (the "Transaction").

1) Purpose of the Transaction	The Business develops, manufactures and sells motors, drives and alternators. The Transaction enables NIDEC to further enhance its appliance, commercial and industrial motors business on which NIDEC provides particular focus and significantly grow NIDEC's scale in this market. The Business has a strong brand, solid business foundation and excellent customer base, particularly in Europe and North America. Through the Transaction, NIDEC can expect a complementary product fit with full lineup in industrial products and geographic fit and enhancement of proposal to customers by combining the Business' drives with NIDEC's existing products.
2) Purchase price for the Transaction	US$1,200 million (on a cash and debt-free enterprise value basis)
3) Considerations for the Transaction	All cash
4) Schedule for the Transaction	Closing is expected in the three months ending December 31, 2016. However, schedule is subject to change based on approvals from antitrust authorities. Also, the closing may be deferred in some regions.

13. Authorization of condensed quarterly consolidated financial statements

NIDEC's condensed quarterly consolidated financial statements were authorised for issue on August 9, 2016 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.

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

(Yen in millions)

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

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

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

A. Retirement benefit liabilities

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

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

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

B. Deferred tax

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

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

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

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

C. Translation adjustment of foreign operations

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

D. Reclassification on consolidated statement of financial position

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

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

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

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

(Yen in millions)

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

(Yen in millions)

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

Notes to reconciliation of equity as of June 30, 2015

The major items of the reconciliation of equity as af June 30, 2015 are as follows:

A. Retirement benefit liabilities

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

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

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

B. Deferred tax

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

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

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

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

C. Translation adjustment of foreign operations

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

D. Reclassification on condensed quarterly consolidated statement of financial position

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

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

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

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

(Yen in millions)

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

(Yen in millions)

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

Notes to reconciliation of equity as of March 31, 2016

The major items of the reconciliation 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 incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

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

As a result of the factors described above, the amount that was reclassified from accumulated other comprehensive income (loss) to a decrease in “Retained earnings” as of 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 consolidated statement of financial position

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

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

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

E. Retrospective adjustment on business combinations

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

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

(Yen in millions)

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

(Yen in millions)

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

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

The major items of the reconciliation of income and comprehensive income for the three months ended June 30, 2015 are as follows:

A. Retirement benefit liabilities

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

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

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

B. Equity financial assets

Under U.S. GAAP, gains and losses from the sales of investment securities and impairment of the securities are recognized through profit or loss. Under IFRS, however, NIDEC adopts IFRS 9 and accordingly any gain or loss arising from a difference between the carrying value and fair value of 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 condensed quarterly 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 condensed quarterly consolidated statement of income is as follows:
(a) Based on an IFRS provision concerning presentations, the financial income and financial expenses are presented separately.

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

(Yen in millions)

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

(Yen in millions)

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

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

The major items of the reconciliation 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 incurred during the fiscal year but not recognized as the same periodic pension cost are recognized as accumulated other comprehensive income (loss) by the amount after tax. The amount recognized as accumulated other comprehensive income (loss) is amortized into net periodic pension costs over the certain future periods.

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

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

B. Equity financial assets

Under U.S. GAAP, gains and losses from the sales of investment securities and impairment of the securities are recognized through profit or loss. Under IFRS, however, NIDEC adopts IFRS 9 and accordingly any gain or loss arising from a difference between the carrying value and fair value of 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 three months ended June 30, 2016, NIDEC completed some of its valuation of the fair values of the assets acquired and the liabilities assumed upon the acquisition in the previous years. Accordingly, retrospective adjustments are included in “Recognition and measurement differences, etc.”

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

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