

[Translation]

Quarterly Report

(The Third Quarter of 46th Business Term)

From October 1, 2018 to December 31, 2018

NIDEC CORPORATION

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[Cover]	
[Document Filed]	Quarterly Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed with]	Director-General of the Kanto Local Finance Bureau
[Filing Date]	February 13, 2019
[Fiscal Year]	The Third Quarter of 46th Business Term (from October 1, 2018 to December 31, 2018)
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This is an English translation of the Quarterly Report filed with the Director-General of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

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

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

Part I Information on the Company

I. Overview of the Company

1. Key Financial Data

(Yen in millions, unless otherwise indicated)

	For the nine months ended December 31,		For the year ended March 31, 2018
	2017	2018	
Net sales	1,105,921 [390,031]	1,154,306 [376,702]	1,488,090
Profit before income taxes	118,756	131,298	163,665
Profit attributable to owners of the parent	93,984 [34,563]	103,214 [24,704]	130,834
Comprehensive income attributable to owners of the parent	133,755	109,105	119,812
Total equity attributable to owners of the parent	948,276	985,484	932,501
Total assets	1,832,386	1,882,860	1,774,009
Earnings per share attributable to owners of the parent - basic (yen)	317.43 [116.74]	349.90 [83.94]	441.91
Earnings per share attributable to owners of the parent - diluted (yen)	-	-	-
Ratio of total equity attributable to owners of the parent to total assets (%)	51.8	52.3	52.6
Net cash provided by operating activities	133,401	137,510	175,568
Net cash used in investing activities	(87,377)	(118,625)	(113,915)
Net cash used in financing activities	(84,710)	(19,805)	(116,858)
Cash and cash equivalents at end of period	298,469	261,861	265,947

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

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

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

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

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

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

7. The figures of “Net sales”, “Profit attributable to owners of the parent” and “Earnings per share attributable to owners of the parent - basic (yen)” in square bracket are those for the three months ended December 31, 2017 and 2018, respectively.

2. Description of Business

There were no significant changes in NIDEC’s businesses during the nine months ended December 31, 2018. Moreover, there were no changes in principal subsidiaries and associates.

II. Business Overview

1. Risk Factors

There were no new risk factors recognized during the nine months ended December 31, 2018. There were no material changes in the risk factors stated in the annual securities report for the previous fiscal year pursuant to the Financial Instruments and Exchange Act of Japan.

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

Forward-looking statements below were determined as of December 31, 2018.

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

(1) Operating results

During the nine-month period ended December 31, 2018, the global economy saw the ongoing U.S.-China trade friction escalate and affect the financial performance of some U.S. businesses, while the U.S. Federal Reserve Board (FRB) maintained a cautious stance toward further interest hikes. Meanwhile, with the Chinese economy's slowdown in consumption becoming increasingly clear, the country's new auto and retail sales both declined, while companies in the manufacturing and other industries struggled with their financial performance. The Japanese economy, while maintaining its stability, started to exhibit a cautious stance toward the strong yen caused by the aforementioned U.S.-China trade conflict and the FRB's decision to procrastinate raising interest rates.

It was under such an environment that NIDEC continued to pursue our targets for the fiscal year ending March 31, 2021 of consolidated net sales of ¥2 trillion and an operating profit of ¥300 billion based on our mid-term strategic goal, "Vision 2020," and achieved in nine months ended December 31, 2018 the highest net sales, operating profit, profit before income taxes and profit for the period attributable to owners of the parent in our history.

The following table sets forth consolidated operating results for the nine months ended December 31, 2018:

(Yen in millions)

	For the nine months ended December 31,		Increase or decrease	Increase or decrease ratio
	2017	2018		
Net sales	1,105,921	1,154,306	48,385	4.4%
Operating profit	126,160	129,367	3,207	2.5%
Operating profit ratio	11.4%	11.2%	-	-
Profit before income taxes	118,756	131,298	12,542	10.6%
Profit attributable to owners of the parent	93,984	103,214	9,230	9.8%

Consolidated net sales increased 4.4% to ¥1,154,306 million for the nine months ended December 31, 2018 ("this nine-month period"), compared to the nine months ended December 31, 2017 ("the same period of the prior year"), recording the highest net sales for nine-month period in our history. Operating profit increased 2.5% to ¥129,367 million for this nine-month period compared to the same period of the prior year, also recording the highest operating profit for nine-month period in our history, although there were approximately ¥15,000 million of temporary expenses such as structural reform expense for streamlining of plants in Japan and abroad and M&A expense. Profit before income taxes increased 10.6% to ¥131,298 million for this nine-month period compared to the same period of the prior year and profit attributable to owners of the parent increased 9.8% to ¥103,214 million for this nine-month period compared to the same period of the prior year, achieving the highest profits for nine-month period in our history, respectively.

The following table sets forth operating results by segment:

(Yen in millions)

	For the nine months ended December 31,					
	Net sales			Operating profit		
	2017	2018	Increase or decrease	2017	2018	Increase or decrease
Nidec Corporation	170,173	173,234	3,061	19,141	16,881	(2,260)
Nidec Electronics (Thailand)	98,232	98,661	429	14,450	13,726	(724)
Nidec Singapore	38,218	37,612	(606)	597	617	20
Nidec (H.K.)	97,288	99,829	2,541	966	782	(184)
Nidec Sankyo	112,386	118,030	5,644	16,246	13,774	(2,472)
Nidec Copal	39,732	35,933	(3,799)	3,580	2,961	(619)
Nidec Techno Motor	63,554	63,883	329	7,101	7,808	707
Nidec Motor	322,186	343,109	20,923	22,214	27,606	5,392
Nidec Motors & Actuators	222,748	229,673	6,925	26,342	29,519	3,177
Others	287,543	308,844	21,301	31,544	32,669	1,125
Elimination/corporate	(346,139)	(354,502)	(8,363)	(16,021)	(16,976)	(955)
Consolidated total	1,105,921	1,154,306	48,385	126,160	129,367	3,207

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

Net sales of Nidec Corporation increased 1.8% to ¥173,234 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of other small precision motors, despite a decrease in sales of automotive motors. However, operating profit decreased 11.8% to ¥16,881 million for this nine-month period compared to the same period of the prior year. This decrease was primarily due to an increase in R&D cost and temporary expenses such as structural reform expense, despite the increase in sales and cost improvement.

Net sales of Nidec Electronics (Thailand) increased 0.4% to ¥98,661 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase of selling price of hard disk drives spindle motors, despite a decrease in the number of units sold. However, operating profit decreased 5.0% to ¥13,726 million for this nine-month period compared to the same period of the prior year. This decrease was due to the negative effect of the changes in the product mix, temporary expenses such as structural reform expense and other factors.

Net sales of Nidec Singapore decreased 1.6% to ¥37,612 million for this nine-month period compared to the same period of the prior year. This decrease was primarily due to a decrease in sales of hard disk drives spindle motors. However, operating profit increased 3.4% to ¥617 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to the positive effect of the changes in the product mix.

Net sales of Nidec (H.K.) increased 2.6% to ¥99,829 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of other small precision motors, despite the negative effect of the appreciation of the Japanese yen against the Hong Kong dollar. However, operating profit decreased 19.0% to ¥782 million for this nine-month period compared to the same period of the prior year. This decrease was primarily due to an increase in selling, general and administrative expenses, despite the increase in sales.

Net sales of Nidec Sankyo increased 5.0% to ¥118,030 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of LCD panel handling robots and moldings, despite a decrease in sales of other small precision motors. However, operating profit decreased 15.2% to ¥13,774 million for this nine-month period compared to the same period of the prior year. This decrease was primarily due to the expense of the starting up of a factory in Mexico and the loss related to launching new models, despite the increase in sales.

Net sales of Nidec Copal decreased 9.6% to ¥35,933 million for this nine-month period compared to the same period of the prior year. This decrease was primarily due to a decrease in sales of other small precision motors. Operating profit decreased 17.3% to ¥2,961 million for this nine-month period compared to the same period of the prior year. This decrease was primarily due to the decrease in sales and the disposal of slow moving inventory.

Net sales of Nidec Techno Motor increased 0.5% to ¥63,883 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of motors for air conditioning equipment in China and the positive effect of the depreciation of the Japanese yen against Thai baht. Operating profit increased 10.0% to ¥7,808 million for this nine-month period compared to the same period of the prior year. This increase was due to cost improvement and other factors.

Net sales of Nidec Motor increased 6.5% to ¥343,109 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended September 30, 2017 and an increase in sales of industrial motors, generators and other products. Operating profit increased 24.3% to ¥27,606 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to the increase in sales and cost reduction benefits, despite temporary expenses such as structural reform expense.

Net sales of Nidec Motors & Actuators increased 3.1% to ¥229,673 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of products of control valves at Nidec Tosok Corporation and other products. Operating profit increased 12.1% to ¥29,519 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to the increase in sales and cost improvement, despite temporary expenses such as structural reform expense.

With respect to the Others segment, net sales increased 7.4% to ¥308,844 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to an increase in sales of press machines, speed reducers, test systems and other small precision motors. Operating profit increased 3.6% to ¥32,669 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to the increase in sales, despite temporary expenses such as structural reform expense.

Operating results by product category are as follows:

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

(Yen in millions)

	For the nine months ended December 31,					
	Net sales			Operating profit		
	2017	2018	Increase or decrease	2017	2018	Increase or decrease
Small precision motors	345,039	343,253	(1,786)	56,704	52,177	(4,527)
Automotive products	216,910	223,766	6,856	28,929	28,597	(332)
Appliance, commercial and industrial products	381,318	402,744	21,426	29,232	35,373	6,141
Machinery	105,869	124,946	19,077	19,384	21,709	2,325
Electronic and optical components	53,695	56,166	2,471	8,073	6,472	(1,601)
Other products	3,090	3,431	341	432	553	121
Elimination/corporate	-	-	-	(16,594)	(15,514)	1,080
Consolidated total	1,105,921	1,154,306	48,385	126,160	129,367	3,207

Net sales of small precision motors decreased 0.5% to ¥343,253 million for this nine-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥1,600 million for this nine-month period compared to the same period of the prior year. Net sales of spindle motors for HDDs for this nine-month period decreased 1.6% to ¥142,153 million compared to the same period of the prior year. Although there was an increase of selling price and other factors, the number of units sold of spindle motors for HDDs decreased approximately 8.8% compared to the same period of the prior year. Net sales of other small precision motors for this nine-month period increased 0.3% to ¥201,100 million compared to the same period of the prior year. This increase was due to an increase in sales of fan motors. Operating profit of small precision motors decreased 8.0% to ¥52,177 million for this nine-month period compared to the same period of the prior year. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥1,600 million for this nine-month period compared to the same period of the prior year. In addition, there were approximately ¥4,500 million expenses of structural reform and other factors.

Net sales of automotive products increased 3.2% to ¥223,766 million for this nine-month period compared to the same period of the prior year mainly due to an increase in sales of products of control valves at Nidec Tosok Corporation and other factors. The fluctuations of the foreign currency exchange rates had a positive effect on net sales of this category by approximately ¥200 million for this nine-month period compared to the same period of the prior year. Operating profit of this category decreased 1.1% to ¥28,597 million for this nine-month period compared to the same period of the prior year due to approximately ¥4,500 million of temporary expenses such as structural reform expense in spite of an increase in profit caused by the increase in sales, changes in product mix and cost improvement. The fluctuations of the foreign currency exchange rates had a positive effect on operating profit of this category by approximately ¥200 million for this nine-month period compared to the same period of the prior year.

Net sales of appliance, commercial and industrial products increased 5.6% to ¥402,744 million for this nine-month period compared to the same period of the prior year. This increase was primarily due to the newly consolidated subsidiaries acquired in the three months ended September 30, 2017 and an increase in sales of industrial motors, generators and other products. The fluctuations of the foreign currency exchange rates had a negative effect on net sales of this category by approximately ¥800 million for this nine-month period compared to the same period of the prior year. Operating profit of this category increased 21.0% to ¥35,373 million for this nine-month period compared to the same period of the prior year mainly due to the increase in sales and cost reduction benefits in spite of approximately ¥4,000 million temporary expenses such as structural reform expense. The fluctuations of the foreign currency exchange rates had a negative effect on operating profit of this category by approximately ¥100 million for this nine-month period compared to the same period of the prior year.

Net sales of machinery increased 18.0% to ¥124,946 million for this nine-month period compared to the same period of the prior year due to an increase in sales of LCD panel handling robots, press machines, speed reducers and test systems and other factors. Operating profit of this category increased 12.0% to ¥21,709 million for this nine-month period compared to the same period of the prior year mainly due to the increase in sales.

Net sales of electronic and optical components increased 4.6% to ¥56,166 million for this nine-month period compared to the same period of the prior year. Operating profit of this category decreased 19.8% to ¥6,472 million for this nine-month period compared to the same period of the prior year due to approximately ¥2,000 million expenses of the disposal of slow moving inventory at Nidec Copal Corporation and the starting up of a factory in Mexico, the loss related to launching new models and other factors at Nidec Sankyo Corporation although there was an increase in profit caused by the increase in sales.

Net sales of other products increased 11.0% to ¥3,431 million and operating profit of this category increased 28.0% to ¥553 million for this nine-month period compared to the same period of the prior year.

(2) Financial position

Total assets increased ¥108,851 million to ¥1,882,860 million as of December 31, 2018 compared to March 31, 2018. This was mainly due to increases of ¥44,677 million in property, plant and equipment, ¥42,352 million in inventories and ¥15,553 million in goodwill. On the other hand, there was a decrease of ¥10,811 million in trade and other receivables.

Total liabilities increased ¥48,597 million to ¥880,215 million as of December 31, 2018 compared to March 31, 2018. This was mainly due to an increase of ¥38,901 million in interest-bearing debt. Specifically, long term debt due within one year increased ¥66,060 million to ¥95,598 million, short term borrowings increased ¥12,732 million to ¥14,389 million, and long term debt decreased ¥39,891 million to ¥274,740 million as of December 31, 2018 compared to March 31, 2018.

Total equity attributable to owners of the parent increased ¥52,983 million to ¥985,484 million as of December 31, 2018 compared to March 31, 2018. Ratio of total equity attributable to owners of the parent to total assets decreased to 52.3% as of December 31, 2018 from 52.6% as of March 31, 2018. This was mainly due to an increase in retained earnings of ¥69,485 million as of December 31, 2018 compared to March 31, 2018 and an increase in other components of equity of ¥9,393 million caused mainly by foreign currency translation adjustments. On the other hand, treasury stock increased ¥26,134 million.

(3) Cash flows

(Cash flows from operating activities)

Net cash provided by operating activities increased ¥4,109 million to ¥137,510 million for this nine-month period compared to the same period of the prior year. This increase in net cash provided by operating activities was mainly due to increases in accounts receivable net changes year on year of ¥54,745 million and in profit for the period of ¥9,336 million. On the other hand, there was net negative impact of ¥54,288 million of change in accounts payable.

For the nine months ended December 31, 2018, NIDEC had ¥137,510 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥103,857 million and a decrease in accounts receivable of ¥29,461 million. However, net cash provided by operating activities was negatively impacted by an increase in inventories of ¥32,682 million and a decrease in accounts payable of ¥13,818 million. Inventories increased primarily due to seasonal factors and a decrease in customers demand as of December 31, 2018 compared to March 31, 2018.

For the nine months ended December 31, 2017, NIDEC had ¥133,401 million of net cash inflows provided by operating activities primarily due to profit for the period of ¥94,521 million and an increase in accounts payable of ¥40,470 million. However, net cash provided by operating activities was negatively impacted by an increase in inventories of ¥26,446 million and an increase in accounts receivable of ¥25,284 million. Accounts receivable, inventories and accounts payable increased primarily due to an increase in customers demand as of December 31, 2017 compared to March 31, 2017.

(Cash flows from investing activities)

Net cash used in investing activities increased ¥31,248 million to ¥118,625 million for this nine-month period compared to the same period of the prior year. This increase in net cash used in investing activities was mainly due to increases in additions to property, plant and equipment of ¥22,966 million and in additions to intangible assets of ¥5,720 million.

For the nine months ended December 31, 2018, NIDEC had ¥118,625 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥90,101 million and acquisition of business, net of cash acquired of ¥17,987 million.

For the nine months ended December 31, 2017, NIDEC had ¥87,377 million of net cash outflows in investing activities mainly due to additions to property, plant and equipment of ¥67,135 million and acquisition of business, net of cash acquired of ¥20,021 million.

(Cash flows from financing activities)

Net cash used in financing activities decreased ¥64,905 million to ¥19,805 million for this nine-month period compared to the same period of the prior year. This decrease in net cash used in financing activities was mainly due to an increase in short term borrowings net changes year on year of ¥175,328 million and a decrease in redemption of corporate bonds of ¥65,000 million. On the other hand, proceeds from issuance of long term debt decreased ¥84,060 million, proceeds from issuance of corporate bonds decreased ¥75,359 million and purchase of treasury stock increased ¥20,957 million.

For the nine months ended December 31, 2018, NIDEC had ¥19,805 million of net cash outflows from financing activities mainly due to dividends paid to owners of the parent of ¥29,486 million, purchase of treasury stock of ¥26,134 million and repayments of long term debt of ¥15,814 million. On the other hand, there were proceeds from issuance of corporate bonds of ¥39,642 million.

For the nine months ended December 31, 2017, NIDEC had ¥84,710 million of net cash outflows from financing activities mainly due to decreases in short term borrowings of ¥163,083 million, redemption of corporate bonds of ¥65,000 million, dividends paid to owners of the parent of ¥26,670 million and repayments of long term debt of ¥23,345 million. On the other hand, there were proceeds from issuance of corporate bonds of ¥115,001 million and proceeds from issuance of long term debt of ¥84,060 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 ¥4,086 million from ¥265,947 million as of March 31, 2018 to ¥261,861 million as of December 31, 2018.

The main currencies we had as of December 31, 2018 were U.S. dollars, Chinese yuan, Thai baht, Japanese yen and Euros.

(4) Research and development

NIDEC's research and development expenses for the nine months ended December 31, 2018 were ¥45,195 million. There were no significant changes in research and development activities for the period.

(5) Major property, plant and equipment

In the nine months ended December 31, 2018, among the construction plans as of the end of the previous fiscal year, construction of manufacturing factory (home appliance components) of Nidec Sankyo Vietnam Corporation, construction of No.5 factory and renovation of No.1 factory of Nidec Sankyo Corporation in connection with the construction of No.5 factory have been completed in August 2018. In addition, the scheduled completion date and total planned investment of construction of the manufacturing factory of Nidec Tosok (Zhejiang) Corporation which is to manufacture automotive products have been updated to May 2019 and ¥2,028 million, respectively. And the total planned investment of construction of the manufacturing factory of Nidec Seimitsu Motor Technology (Dongguan) Co., Ltd. which is to manufacture small precision motor products has been updated to ¥2,048 million.

The construction plan which has been newly determined is as follows:

Name of company or business place	Location	Name of segment	Description	Total planned investment (Yen in millions)	Amount already paid (Yen in millions)	Funding measures	Launch	Completion
Nidec Corporation	Muko, Kyoto	Nidec Corporation	2nd head office and group companies' consolidation base	200,000	270	Own funds, borrowing	year 2020	year 2030

3. Material Agreements, etc.

The material agreement executed during the three months ended December 31, 2018 is as follows:

Share purchase and transfer agreement
(Chaun-Choung Technology Corp.)

NIDEC has completed the tender offer for 48.0% of the outstanding shares of Chaun-Choung Technology Corp. ("CCI") based in Taiwan which was commenced on October 3, 2018 (the "Tender Offer"), and the acquisition on November 30, 2018 (the "Transaction").

1. Purpose of the Transaction

NIDEC has dealt with a wide variety of motors including brushless DC motors featuring energy saving, long-life, low-noise, downsizing, lighter in weight, and provided them to customers in various segments including IT communication equipment, office automation appliances, industrial appliances, household electric appliances for a long time. These areas of business are managed by NIDEC's Small Precision Motor Business Unit aiming at sales of 600 billion yen under "Vision 2020", the Company's mid-term strategic goal.

Recently, customers' specification requirement relating to heat dissipation and cooling has been stricter than ever before in the foregoing industrial segments. At this point, NIDEC has realized to accommodate such customers' stringent request by enhancing our own quality for heat dissipation and cooling and by providing add-value proposition to customers with some extra value.

CCI, incorporated in 1973, has manufactured and provided thermal module product which composes of heat sink, heat pipe, vapor chamber etc., mainly to IT communication equipment sectors and CCI has strong expertise in this area.

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

2. Funds for the Transaction

Own funds

3. Number of shares acquired

41,444,831 shares (which are equivalent to 48.0% of the shares outstanding)

4. Information on CCI

Company Name: Chaun-Choung Technology Corp.
 Headquarters: 12F, No.123-1, Xingde Road, Sanchung, New Taipei City 241, Taiwan, R.O.C.
 Business: Development, manufacturing, and sales of thermal module products
 Capital: TWD 863,433,960
 Date of establishment: December 14, 1973

5. Execution date of the share purchase and transfer agreement

October 1, 2018

6. Date of the completion of the share acquisition

November 30, 2018

III. Information on the Company

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

(1) Total number of shares, etc.

1) Total number of shares

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

2) Issued shares

Class	Number of shares issued as of the end of third quarter (Shares) (December 31, 2018)	Number of shares issued as of the filing date (Shares) (February 13, 2019)	Stock exchange on which the Company is listed or authorized financial instruments firms association where the Company is registered	Description
Ordinary share	298,142,234	298,142,234	Tokyo Stock Exchange, Inc. (the first section)	This is our standard share. There is no restriction on contents of the right of the share. The number of shares per one unit of shares is 100 shares.
Total	298,142,234	298,142,234	-	-

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

1) Details of share option plans

Not applicable.

2) Other information about share acquisition rights

Not applicable.

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

Not applicable.

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

Date	Change in the total number of issued shares (Shares)	Balance of the total number of issued shares (Shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in capital reserve (Yen in millions)	Balance of capital reserve (Yen in millions)
From October 1, 2018 to December 31, 2018	-	298,142,234	-	87,784	-	92,005

(5) Major shareholders

Not applicable.

(6) Information on voting rights

Information on voting rights as of September 30, 2018 is stated in this item because the Company cannot identify the number of voting rights as of December 31, 2018 due to the lack of information on the details entered in the shareholders registry as of December 31, 2018.

1) Issued shares

(As of December 31, 2018)

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

(Notes) 1. The “Shares with full voting rights (others)” row includes 35,500 shares registered in the name of Japan Securities Depository Center (“JASDEC”) and the “Number of voting rights” column includes 355 voting rights for those shares. The “Shares with full voting rights (others)” row includes 200 shares registered in the name of Nidec-Shimpo Corporation (shares that were not registered when the shares were exchanged with the Company on October 1, 2003) and the “Number of voting rights” column includes 2 voting rights for those shares. Nidec-Shimpo Corporation does not substantially own the 200 shares (2 voting rights) registered in its name.

2. Ordinary share in the “Shares less than one unit” row includes 56 shares of the Company’s treasury stock.

3. Ordinary share in the “Shares with full voting rights (others)” row includes 59,800 shares (598 voting rights) of the BIP Trust and 21,700 shares (217 voting rights) of the ESOP Trust.

2) Treasury stock, etc.

(As of December 31, 2018)

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

(Notes) 1. The Company’s shares owned by the BIP Trust and the ESOP Trust are not included in the above treasury stock.

2. The number of shares held under own name (except for shares less than one unit) is 3,765,900, as of December 31, 2018.

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

Changes in the members of the board of directors and the members of the audit & supervisory board of Nidec Corporation from the filing date of the annual securities report for the previous fiscal year pursuant to the Financial Instruments and Exchange Act of Japan to December 31, 2018 are as follows:

(1) Resigned members of the board of directors and members of the audit & supervisory board

Position	Responsibility	Name	Effective date
Member of the Board of Directors	Executive Vice President and Executive GM, Appliance, Commercial & Industrial Motor Business Unit, Representative Director and Chairman, Nidec Motor Holdings Corporation and Member of the Board of Directors and Chairman, Nidec ASI S.p.A. and Nidec Motor Corporation	Tetsuo Onishi	October 31, 2018

(2) Changes in positions and responsibilities

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

New position	New responsibility	Former position	Former responsibility	Name	Effective date
Representative Director	President, Chief Operating Officer (COO) and Executive GM, Automotive Motor & Electronic Control Business Unit, Member of the Board of Directors and Chairman, Nidec (Dalian) Limited, Nidec Automotive Motor (Zhejiang) Corporation and Nidec India Private Limited, Representative Director and Chairman, Nidec Tosok Corporation, Nidec Elesys Corporation, Nidec Copal Corporation and Nidec Seimitsu Corporation, Member of the Board of Directors and Chairman, Nidec Motor Corporation and Chairman, Nidec Automotive Motor Americas, LLC	Representative Director	President, Chief Operating Officer (COO) and Executive GM, Automotive Motor & Electronic Control Business Unit, Member of the Board of Directors and Chairman, Nidec (Dalian) Limited, Nidec Automotive Motor (Zhejiang) Corporation and Nidec India Private Limited, Representative Director and Chairman, Nidec Tosok Corporation, Nidec Elesys Corporation, Nidec Copal Corporation and Nidec Seimitsu Corporation and Chairman, Nidec Automotive Motor Americas, LLC	Hiroyuki Yoshimoto	November 1, 2018

(3) The number of man and woman members of the board of directors and members of the audit & supervisory board after the changes
12 men and a woman
(Percentage of the members of the board of directors and the members of the audit & supervisory board of Nidec Corporation that are women: 7.7%)

IV. Condensed Quarterly Consolidated Financial Statements and Other Information

1. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statements of Financial Position

		<i>(Yen in millions)</i>	
	Note	As of March 31, 2018	As of December 31, 2018
Assets			
Current assets			
Cash and cash equivalents		265,947	261,861
Trade and other receivables		388,741	377,930
Other financial assets	13	1,718	403
Income tax receivables		2,402	11,114
Inventories		227,766	270,118
Other current assets		30,155	39,208
Total current assets		916,729	960,634
Non-current assets			
Property, plant and equipment		451,298	495,975
Goodwill	7	234,915	250,468
Intangible assets	7	124,413	129,431
Investments accounted for using the equity method		1,112	3,180
Other investments	13	22,295	16,987
Other financial assets	13	5,464	6,222
Deferred tax assets		11,055	11,611
Other non-current assets		6,728	8,352
Total non-current assets		857,280	922,226
Total assets		1,774,009	1,882,860

(Yen in millions)

	Note	As of March 31, 2018	As of December 31, 2018
Liabilities			
Current liabilities			
Short term borrowings	13	1,657	14,389
Long term debt due within one year	13	29,538	95,598
Trade and other payables		317,031	316,213
Other financial liabilities	13	1,557	4,535
Income tax payables		7,582	14,655
Provisions		32,733	26,573
Other current liabilities		61,915	65,886
Total current liabilities		<u>452,013</u>	<u>537,849</u>
Non-current liabilities			
Long term debt	13	314,631	274,740
Other financial liabilities	13	2,373	2,036
Retirement benefit liabilities		24,178	26,092
Provisions		6,577	4,478
Deferred tax liabilities		28,922	32,330
Other non-current liabilities		2,924	2,690
Total non-current liabilities		<u>379,605</u>	<u>342,366</u>
Total liabilities		<u>831,618</u>	<u>880,215</u>
Equity			
Common stock		87,784	87,784
Additional paid-in capital		118,136	118,375
Retained earnings		822,589	892,074
Other components of equity		(76,857)	(67,464)
Treasury stock		(19,151)	(45,285)
Total equity attributable to owners of the parent		<u>932,501</u>	<u>985,484</u>
Non-controlling interests		9,890	17,161
Total equity		<u>942,391</u>	<u>1,002,645</u>
Total liabilities and equity		<u><u>1,774,009</u></u>	<u><u>1,882,860</u></u>

(2) Condensed Quarterly Consolidated Statements of Income
and Condensed Quarterly Consolidated Statements of Comprehensive Income
For the nine months ended December 31, 2017 and 2018
Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the nine months ended December 31,	
		2017	2018
Net Sales	5	1,105,921	1,154,306
Cost of sales		(838,431)	(875,796)
Gross profit		267,490	278,510
Selling, general and administrative expenses		(100,324)	(103,948)
Research and development expenses		(41,006)	(45,195)
Operating profit	5	126,160	129,367
Financial income		4,597	7,690
Financial expenses		(5,119)	(6,384)
Derivative gain		693	992
Foreign exchange differences		(7,686)	6
Share of net profit (loss) from associate accounting using the equity method		111	(373)
Profit before income taxes		118,756	131,298
Income tax expenses		(24,235)	(27,441)
Profit for the period		94,521	103,857
Profit for the period attributable to:			
Owners of the parent		93,984	103,214
Non-controlling interests		537	643
Profit for the period		94,521	103,857
Earnings per share attributable to owners of the parent	12		
Basic (yen)		317.43	349.90
Diluted (yen)		-	-

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the nine months ended December 31,	
		2017	2018
Profit for the period		94,521	103,857
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		(72)	20
Fair value movements on FVTOCI equity financial assets		3,545	(3,581)
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		36,378	10,271
Effective portion of net changes in fair value of cash flow hedges		371	(1,162)
Fair value movements on FVTOCI debt financial assets		(1)	4
Total other comprehensive income for the period, net of taxation		40,221	5,552
Comprehensive income for the period		134,742	109,409
Comprehensive income for the period attributable to:			
Owners of the parent		133,755	109,105
Non-controlling interests		987	304
Comprehensive income for the period		134,742	109,409

For the three months ended December 31, 2017 and 2018
Condensed Quarterly Consolidated Statements of Income

(Yen in millions)

	Note	For the three months ended December 31,	
		2017	2018
Net Sales	5	390,031	376,702
Cost of sales		(296,479)	(293,492)
Gross profit		93,552	83,210
Selling, general and administrative expenses		(34,940)	(35,773)
Research and development expenses		(14,217)	(16,307)
Operating profit	5	44,395	31,130
Financial income		1,743	2,859
Financial expenses		(1,752)	(2,211)
Derivative gain (loss)		601	(931)
Foreign exchange differences		(2,105)	2,295
Share of net profit (loss) from associate accounting using the equity method		91	(111)
Profit before income taxes		42,973	33,031
Income tax expenses		(8,183)	(8,082)
Profit for the period		34,790	24,949
Profit for the period attributable to:			
Owners of the parent		34,563	24,704
Non-controlling interests		227	245
Profit for the period		34,790	24,949
Earnings per share attributable to owners of the parent	12		
Basic (yen)		116.74	83.94
Diluted (yen)		-	-

Condensed Quarterly Consolidated Statements of Comprehensive Income

(Yen in millions)

	Note	For the three months ended December 31,	
		2017	2018
Profit for the period		34,790	24,949
Other comprehensive income, net of taxation			
Items that will not be reclassified to net profit or loss:			
Remeasurement of defined benefit plans		(26)	86
Fair value movements on FVTOCI equity financial assets		1,408	(3,057)
Items that may be reclassified to net profit or loss:			
Foreign currency translation adjustments		9,675	(31,309)
Effective portion of net changes in fair value of cash flow hedges		(131)	(605)
Fair value movements on FVTOCI debt financial assets		1	(4)
Total other comprehensive income for the period, net of taxation		10,927	(34,889)
Comprehensive income for the period		45,717	(9,940)
Comprehensive income for the period attributable to:			
Owners of the parent		45,065	(9,813)
Non-controlling interests		652	(127)
Comprehensive income for the period		45,717	(9,940)

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

For the nine months ended December 31, 2017

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2017		87,784	118,340	715,911	(63,320)	(12,143)	846,572	9,234	855,806
Comprehensive income									
Profit for the period				93,984			93,984	537	94,521
Other comprehensive income					39,771		39,771	450	40,221
Total comprehensive income							133,755	987	134,742
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(5,177)	(5,177)	-	(5,177)
Dividends paid to owners of the parent	11			(26,670)			(26,670)	-	(26,670)
Dividends paid to non-controlling interests							-	(39)	(39)
Transfer to retained earnings				3,469	(3,469)		-	-	-
Other			(204)	1	(1)		(204)	15	(189)
Balance at December 31, 2017		87,784	118,136	786,695	(27,019)	(17,320)	948,276	10,197	958,473

For the nine months ended December 31, 2018

(Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Additional paid-in capital	Retained earnings	Other components of equity	Treasury stock	Total		
Balance at April 1, 2018		87,784	118,136	822,589	(76,857)	(19,151)	932,501	9,890	942,391
Changes in accounting policies	3			199			199		199
Balance after restatement		87,784	118,136	822,788	(76,857)	(19,151)	932,700	9,890	942,590
Comprehensive income									
Profit for the period				103,214			103,214	643	103,857
Other comprehensive income					5,891		5,891	(339)	5,552
Total comprehensive income							109,105	304	109,409
Transactions with owners directly recognized in equity:									
Purchase of treasury stock						(26,134)	(26,134)	-	(26,134)
Dividends paid to owners of the parent	11			(29,486)			(29,486)	-	(29,486)
Dividends paid to non-controlling interests							-	(81)	(81)
Share-based payment transactions			224				224	-	224
Transfer to retained earnings				(3,500)	3,500		-	-	-
Changes in equity by purchase of shares of consolidated subsidiaries							-	7,140	7,140
Other			15	(942)	2		(925)	(92)	(1,017)
Balance at December 31, 2018		87,784	118,375	892,074	(67,464)	(45,285)	985,484	17,161	1,002,645

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Yen in millions)

	For the nine months ended December 31,	
	Note	
	2017	2018
Cash flows from operating activities:		
Profit for the period	94,521	103,857
Adjustments to reconcile profit for the period to net cash provided by operating activities		
Depreciation and amortization	52,009	53,045
(Gain) loss from sales, disposal or impairment of property, plant and equipment	(174)	419
Financial expenses (income)	100	(1,564)
Share of net (profit) loss from associate accounting using the equity method	(111)	412
Deferred income taxes	(1,225)	3,071
Current income taxes	25,461	24,370
Foreign currency adjustments	380	8,277
Increase in retirement benefit liability	1,106	1,699
(Increase) decrease in accounts receivable	(25,284)	29,461
Increase in inventories	(26,446)	(32,682)
Increase (decrease) in accounts payable	40,470	(13,818)
Other, net	86	(14,697)
Interests and dividends received	4,089	6,975
Interests paid	(3,529)	(4,775)
Income taxes paid	(28,052)	(26,540)
Net cash provided by operating activities	133,401	137,510

(Yen in millions)

		For the nine months ended December 31,	
	Note	2017	2018
Cash flows from investing activities:			
Additions to property, plant and equipment		(67,135)	(90,101)
Proceeds from sales of property, plant and equipment		3,343	2,307
Additions to intangible assets		(3,027)	(8,747)
Acquisitions of business, net of cash acquired		(20,021)	(17,987)
Other, net		(537)	(4,097)
Net cash used in investing activities		(87,377)	(118,625)
Cash flows from financing activities:			
(Decrease) increase in short term borrowings		(163,083)	12,245
Proceeds from issuance of long term debt		84,060	-
Repayments of long term debt		(23,345)	(15,814)
Proceeds from issuance of corporate bonds	8	115,001	39,642
Redemption of corporate bonds	8	(65,000)	-
Purchase of treasury stock		(5,177)	(26,134)
Dividends paid to owners of the parent	11	(26,670)	(29,486)
Other, net		(496)	(258)
Net cash used in financing activities		(84,710)	(19,805)
Effect of exchange rate changes on cash and cash equivalents		15,575	(3,166)
Net decrease in cash and cash equivalents		(23,111)	(4,086)
Cash and cash equivalents at beginning of period		321,580	265,947
Cash and cash equivalents at end of period		298,469	261,861

Notes to Condensed Quarterly Consolidated Financial Statements

1. Reporting entity

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

Condensed quarterly consolidated financial statements as of December 31, 2018 and for the nine months then ended consist of the Company and its consolidated subsidiaries (“NIDEC”) and interests in associates of NIDEC.

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

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

2. Basis of preparation of condensed quarterly consolidated financial statements

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

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

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

(2) Basis of measurement

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

(3) Presentation currency and level of rounding

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

(4) Changes in presentation methods

(Condensed quarterly consolidated statements of cash flows)

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

Condensed quarterly consolidated financial statements for the nine months ended December 31, 2017 contained herein have been reclassified to reflect this change in presentation.

As a result, the ¥(3,564) million reported as “Cash flows from investing activities” on the “Other, net” line of the same period of the prior year’s condensed quarterly consolidated statements of cash flows have been reclassified herein with ¥(3,027) million on the “Additions to intangible assets” line and ¥(537) million on the “Other, net” line.

3. Significant accounting policies

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

Income taxes for the nine months ended December 31, 2018 are computed using the estimated annual effective tax rate.

(Share-Based Payment)

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

(1) Equity-settled share-based payments

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

(2) Cash-settled share-based payments

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

(Revenue Recognition)

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

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

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

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

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

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

Step 2: Identify the performance obligation in the contract.

Step 3: Calculate the transaction price.

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

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

(i) Sales of goods

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

(ii) Construction contracts

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

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

As a result of the adoption of IFRS 15, compared with reported figures under the standard NIDEC applied previously, at the beginning of the three months ended June 30, 2018, inventories decreased by ¥72 million and other non-current assets, deferred tax liabilities and retained earnings increased by ¥350 million, ¥79 million and ¥199 million, respectively. The impact of this change on income for the nine months ended December 31, 2018 is immaterial.

4. Significant accounting estimates, judgments and assumptions

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

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

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

5. Segment information

(Operating segment information)

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

As noted in “3. Significant accounting policies,” NIDEC has adopted IFRS 15 from the three months ended June 30, 2018. In applying IFRS 15, NIDEC has elected to recognize the cumulative effect of applying IFRS 15 at the date of initial application. Accordingly, data for the nine months and the three months ended December 31, 2017 are not restated.

NIDEC’s operating segments are as follows:

Name	Outline of operating segment
1. Nidec Corporation	Nidec Corporation in Japan, which primarily develops and sells hard disk drives spindle motors, other small precision motors, automotive products and machinery.
2. Nidec Electronics (Thailand)	Nidec Electronics (Thailand) Co., Ltd., a subsidiary in Thailand, and its consolidated subsidiaries, which primarily produce and sell hard disk drives spindle motors. This segment also includes other subsidiaries in Asia which produce components for hard disk drives.
3. Nidec Singapore	Nidec Singapore Pte. Ltd., a subsidiary in Singapore, which primarily sells hard disk drives spindle motors and other small precision motors.
4. Nidec (H.K.)	Nidec (H.K.) Co., Ltd., a subsidiary in Hong Kong, and its consolidated subsidiaries, which primarily sell hard disk drives spindle motors and other small precision motors.
5. Nidec Sankyo	Nidec Sankyo Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell machinery, automotive products, electronic components and other small precision motors.
6. Nidec Copal	Nidec Copal Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell electronic and optical components, machinery and other small precision motors.
7. Nidec Techno Motor	Nidec Techno Motor Corporation, a subsidiary in Japan, and its consolidated subsidiaries, which primarily produce and sell commercial and industrial products.
8. Nidec Motor	Nidec Motor Corporation and other subsidiaries in North America, which are subsidiaries of Nidec Americas Holding Corporation, an intermediate holding company in the United States, as well as other subsidiaries in Latin America, Asia and Europe, which primarily produce and sell home appliance, commercial and industrial products. This segment also includes Nidec Global Appliance Compressors which was consolidated in the three months ended September 30, 2017.
9. Nidec Motors & Actuators	Nidec Motors & Actuators (Germany) GmbH in Germany, other subsidiaries in Europe, North America and South America, and other manufacturing subsidiaries in Japan and Asia, which primarily produce and sell automotive products.
10. Others	Subsidiaries that are operating segments but not designated as reportable segments due to their immateriality.

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

Net sales to external customers:

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Nidec Corporation	28,134	24,838
Nidec Electronics (Thailand)	80,907	84,332
Nidec Singapore	37,749	37,226
Nidec (H.K.)	96,525	97,967
Nidec Sankyo	111,489	116,045
Nidec Copal	31,072	28,727
Nidec Techno Motor	58,925	59,137
Nidec Motor	321,908	342,599
Nidec Motors & Actuators	200,969	207,296
Others	138,243	156,139
Consolidated net sales	1,105,921	1,154,306

(Yen in millions)

	For the three months ended December 31,	
	2017	2018
Nidec Corporation	9,398	8,660
Nidec Electronics (Thailand)	30,239	24,243
Nidec Singapore	13,107	11,759
Nidec (H.K.)	39,075	36,123
Nidec Sankyo	37,304	38,516
Nidec Copal	10,777	10,195
Nidec Techno Motor	19,348	17,539
Nidec Motor	111,681	112,645
Nidec Motors & Actuators	70,484	66,186
Others	48,618	50,836
Consolidated net sales	390,031	376,702

Net sales to other operating segments:

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Nidec Corporation	142,039	148,396
Nidec Electronics (Thailand)	17,325	14,329
Nidec Singapore	469	386
Nidec (H.K.)	763	1,862
Nidec Sankyo	897	1,985
Nidec Copal	8,660	7,206
Nidec Techno Motor	4,629	4,746
Nidec Motor	278	510
Nidec Motors & Actuators	21,779	22,377
Others	149,300	152,705
Total	346,139	354,502
Intersegment elimination	(346,139)	(354,502)
Consolidated net sales	-	-

(Yen in millions)

	For the three months ended December 31,	
	2017	2018
Nidec Corporation	52,433	51,918
Nidec Electronics (Thailand)	5,188	4,610
Nidec Singapore	146	106
Nidec (H.K.)	291	572
Nidec Sankyo	294	950
Nidec Copal	3,013	2,311
Nidec Techno Motor	1,906	1,577
Nidec Motor	104	44
Nidec Motors & Actuators	7,509	7,686
Others	56,234	54,289
Total	127,118	124,063
Intersegment elimination	(127,118)	(124,063)
Consolidated net sales	-	-

Segment profit/loss:

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Nidec Corporation	19,141	16,881
Nidec Electronics (Thailand)	14,450	13,726
Nidec Singapore	597	617
Nidec (H.K.)	966	782
Nidec Sankyo	16,246	13,774
Nidec Copal	3,580	2,961
Nidec Techno Motor	7,101	7,808
Nidec Motor	22,214	27,606
Nidec Motors & Actuators	26,342	29,519
Others	31,544	32,669
Total	142,181	146,343
Elimination and Corporate (Note)	(16,021)	(16,976)
Operating profit	126,160	129,367
Financial (expenses) income	(522)	1,306
Derivative gain	693	992
Foreign exchange differences	(7,686)	6
Share of net profit (loss) from associate accounting using the equity method	111	(373)
Profit before income taxes	118,756	131,298

(Note) "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥14,622 million and ¥15,921 million for the nine months ended December 31, 2018 and 2017, respectively. The corporate expenses include basic research expenses and head office expenses.

(Yen in millions)

	For the three months ended December 31,	
	2017	2018
Nidec Corporation	7,971	4,069
Nidec Electronics (Thailand)	4,729	3,780
Nidec Singapore	231	199
Nidec (H.K.)	479	417
Nidec Sankyo	5,474	3,075
Nidec Copal	986	1,138
Nidec Techno Motor	2,243	2,386
Nidec Motor	7,913	4,777
Nidec Motors & Actuators	9,007	7,744
Others	11,451	9,235
Total	50,484	36,820
Elimination and Corporate (Note)	(6,089)	(5,690)
Operating profit	44,395	31,130
Financial (expenses) income	(9)	648
Derivative gain (loss)	601	(931)
Foreign exchange differences	(2,105)	2,295
Share of net profit (loss) from associate accounting using the equity method	91	(111)
Profit before income taxes	42,973	33,031

(Note) "Elimination and Corporate" includes corporate expenses, which do not belong to any operating segment, of ¥4,572 million and ¥5,791 million for the three months ended December 31, 2018 and 2017, respectively. The corporate expenses include basic research expenses and head office expenses.

(Supplemental Information)

Net sales by type of product are as follows:

Net sales by type of product

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Small precision motors:		
Hard disk drives spindle motors	144,516	142,153
Other small precision motors	200,523	201,100
Subtotal	345,039	343,253
Automotive products	216,910	223,766
Appliance, commercial and industrial products	381,318	402,744
Machinery	105,869	124,946
Electronic and optical components	53,695	56,166
Other products	3,090	3,431
Consolidated net sales	1,105,921	1,154,306

(Yen in millions)

	For the three months ended December 31,	
	2017	2018
Small precision motors:		
Hard disk drives spindle motors	50,794	42,050
Other small precision motors	73,771	72,248
Subtotal	124,565	114,298
Automotive products	76,411	71,862
Appliance, commercial and industrial products	131,245	130,596
Machinery	38,020	39,533
Electronic and optical components	18,698	19,198
Other products	1,092	1,215
Consolidated net sales	390,031	376,702

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

6. Business combination

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

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

On August 31, 2018, NIDEC acquired 100% in the equity shares in MS-Graessner GmbH & Co. KG and its group companies (“Graessner”), a German company, from its main shareholders for cash of ¥4,166 million. Graessner manufactures and sells gearboxes. Through the transaction, Nidec-Shimpo is capable of leveraging Graessner's sales network to expand its sales in Europe. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

On November 30, 2018, NIDEC acquired 48.0% in the equity shares in Chaun-Choung Technology Corp. (“CCI”), a Taiwan company, from its main shareholders for cash of ¥16,472 million. CCI develops, manufactures and sells thermal module products. Through the transaction, NIDEC aims to improve thermal management technology and its product development capability through collaboration with CCI and to propose a thermal solution by combining motor products with CCI's thermal module to customers in a wide range of markets. This acquisition did not have a material impact on NIDEC's consolidated financial position and results of operations.

Completion of purchase price allocation to the assets and the liabilities

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

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

(Yen in millions)

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

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

(Yen in millions)

	Weighted average amortization period	Secop	Others
Proprietary technology	15 years	-	888
Customer relationships	18 years	-	1,419
Other	-	(685)	68

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

(Yen in millions)

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

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

7. Goodwill and intangible assets

Changes in the carrying amounts of goodwill are as follows:

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Balance at beginning of period		
Goodwill	218,786	234,915
Acquisitions	19,335	13,790
Translation adjustments and others	4,648	1,763
Balance at end of period		
Goodwill	242,769	250,468

Intangible assets subject to amortization are as follows:

(Yen in millions)

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

(Yen in millions)

	As of December 31, 2018		
	Gross carrying amounts	Accumulated amortization	Carrying amounts
Proprietary technology	18,708	(6,794)	11,914
Customer relationships	83,418	(28,219)	55,199
Software	29,832	(18,881)	10,951
Other	22,655	(5,876)	16,779
Total	154,613	(59,770)	94,843

Total amortization of intangible assets for the year ended March 31, 2018 and for the nine months ended December 31, 2018 amounted to ¥9,899 million and ¥7,721 million, respectively. Total indefinite lived intangible assets amounted to ¥33,332 million and ¥34,588 million as of March 31, 2018 and December 31, 2018, respectively.

8. Bonds

For the nine months ended December 31, 2017

Summary of the terms of issued bonds is as follows:

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

Summary of the terms of redeemed bonds is as follows:

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

For the nine months ended December 31, 2018

Summary of the terms of issued bonds is as follows:

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

9. Employee benefits

The amounts of net periodic benefit cost in pension and severance plans for the nine months ended December 31, 2017 and 2018 are as follows:

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Net periodic pension cost for defined benefit plans:		
Current service cost	1,769	2,426
Interest cost (net)	334	493
Net periodic pension cost for defined benefit plans	2,103	2,919
Payments to defined contribution pension plans	2,894	2,032
Payments to multi-employer plans	19	-

10. Related party transactions

Transactions with related parties for the nine months ended December 31, 2017 and 2018 are as follows:

Sales of goods and services

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Related parties		
SN Kosan Limited Company*1	0	-
Nagamori Foundation*2	9	9
Kyoto Gakuen Educational Foundation*3	-	31

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

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

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

Sales of goods and services to related parties are entered into on terms consistent with third-party transactions and considering market prices.

Purchase of goods and services

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Related parties		
SN Kosan Limited Company	10	11
Green Kohsan Limited Liability Company*4	-	92

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

Purchase of goods and services from related parties are entered into on terms consistent with third-party transactions and considering market prices.

Outstanding balances arising from sales and purchases of goods and services

(Yen in millions)

	March 31, 2018	December 31, 2018
Receivables from related parties		
SN Kosan Limited Company	1	1
Nagamori Foundation	-	0
Kyoto Gakuen Educational Foundation	-	9
Payables to related parties		
SN Kosan Limited Company	-	-
Green Kohsan Limited Liability Company	-	-

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

11. Dividends

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

For the nine months ended December 31, 2017

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 24, 2017 Board of directors	Ordinary shares	13,347	45	March 31, 2017	June 1, 2017
October 24, 2017 Board of directors	Ordinary shares	13,323	45	September 30, 2017	December 1, 2017

For the nine months ended December 31, 2018

Resolution date	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date
May 28, 2018 Board of directors	Ordinary shares	14,798	50	March 31, 2018	June 4, 2018
October 23, 2018 Board of directors	Ordinary shares	14,719	50	September 30, 2018	December 3, 2018

(Note) In the above table, total dividends resolved at the board of directors on October 23, 2018 included dividends of ¥4 million paid to the treasury shares held by the BIP Trust and the ESOP Trust.

12. Earnings per share

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

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

	For the nine months ended December 31,	
	2017	2018
Profit attributable to owners of the parent (Yen in millions)	93,984	103,214
Weighted average shares (Shares)	296,076,060	294,979,958
Earnings per share attributable to owners of the parent - basic (Yen)	317.43	349.90

	For the three months ended December 31,	
	2017	2018
Profit attributable to owners of the parent (Yen in millions)	34,563	24,704
Weighted average shares (Shares)	296,075,066	294,294,926
Earnings per share attributable to owners of the parent - basic (Yen)	116.74	83.94

(Note) In the calculation of “Earnings per share attributable to owners of the parent - basic” for the nine months ended December 31, 2018 and the three months ended December 31, 2018, the Company’s shares owned by the BIP Trust and the ESOP Trust are included in treasury stock. Therefore, the number of those shares is deducted from calculating the number of “Weighted average shares”.

13. Fair values

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

The levels of the fair value hierarchy are as follows:

- Level 1: Quoted prices for identical assets or liabilities in active markets;
- Level 2: Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, inputs that are corroborated by observable market data by correlation or other means; and
- Level 3: Unobservable inputs for the asset or liability.

For recurring fair value measurements of assets and liabilities, NIDEC reviews whether there are transfers between levels of the fair value hierarchy at the end of the period by reassessing the level to be applied to the asset or liability for measuring its fair value.

Fair values of financial instruments measured at amortized cost

(Yen in millions)

	As of March 31, 2018		As of December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Short term investments	118	118	93	93
Long term investments	2	2	29	29
Short term loans receivable	43	43	26	26
Long term loans receivable	131	128	147	141
Short term borrowings	(1,657)	(1,657)	(14,389)	(14,389)
Long term debt (including long term debt due within one year and excluding the finance lease obligations and corporate bonds)	(143,183)	(143,575)	(131,103)	(131,469)
Corporate bonds (including corporate bonds due within one year)	(199,966)	(200,624)	(238,074)	(238,787)

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

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

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

(2) Long term investments

NIDEC's long term investments are mainly trust funding which is contributed for the performance-linked share-based compensation plan and are classified as Level 2. The fair value of long term investments is estimated by discounting expected future cash flows to their present values.

(3) Long term loans receivable

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

(4) Long term debt

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

(5) Corporate bonds

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

The fair values of "cash and cash equivalents", "trade and other receivables" and "trade and other payables" approximate their carrying amounts because of the short maturity of these instruments. Therefore, the table described above excludes these financial instruments.

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

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

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

As of March 31, 2018

(Yen in millions)

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

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

As of December 31, 2018

(Yen in millions)

	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities and other investment securities				
FVTOCI equity financial assets	14,765	-	1,566	16,331
FVTOCI debt financial assets	-	156	-	156
Derivatives	-	2,314	-	2,314
Total financial assets	14,765	2,470	1,566	18,801
Liabilities:				
Derivatives	507	187	-	694
Total financial liabilities	507	187	-	694

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

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

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

Level 3 securities are composed mainly of unlisted shares. Fair values of those unlisted shares are calculated by discounted cash flow method, etc. For securities of level 3, no significant changes in fair value are expected to occur as a result of changing unobservable inputs to other alternative assumptions that are considered reasonable.

The reconciliation of financial instruments categorized as Level 3 is as follows:

(Yen in millions)

	For the nine months ended December 31,	
	2017	2018
Balance at beginning of period	1,519	1,390
Gains or losses:		
Recognized in other comprehensive income (Note)	28	42
Purchases	-	15
Sales	-	(8)
Acquisition by business combination	-	127
Balance at end of period	1,547	1,566

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

14. Contingent liabilities

NIDEC was aware of total contingent liabilities of ¥8,932 million relating to bid bonds, advance payment bonds, performance bonds, warranty bonds and payment bonds at December 31, 2018. Such contingencies relate to the performance of the undergoing projects or projects in its warranty periods. No material claims have been made against guarantees and NIDEC has not found any event that may result in material claims.

15. Commitments

Commitments for expenditures after the closing date are as follows:

(Yen in millions)

	As of March 31, 2018	As of December 31, 2018
Property, plant and equipment and other assets	4,236	6,291

16. Events after the reporting period

(1) Own share repurchase

On January 23, 2019, the Company's Board of Directors resolved to repurchase its own shares according to the provisions of the Articles of Incorporation pursuant to the provisions of Article 459, Paragraph 1, Item 1 of the Company Law of Japan. This resolution is a part of efforts to ensure agile capital management highly responsive to the changing business environment. The details of the share repurchase are as follows:

1. Class of shares:	Common stock
2. Total number of shares to be repurchased:	Up to 5,000,000 shares (1.70% of total number of shares issued excluding treasury stock)
3. Total repurchase amount:	Up to 50 billion yen
4. Period of repurchase:	From January 29, 2019 to January 23, 2020

(2) A share purchase agreement of DESCH Antriebstechnik GmbH & Co. KG and its group companies

NIDEC has agreed to acquire 70% of the ownership of a privately owned German company, DESCH Antriebstechnik GmbH & Co. KG and its group companies (collectively "DESCH") (the "Transaction"). For this purpose, NIDEC entered into a share purchase agreement on January 31, 2019.

1) Purpose of the Transaction	DESCH manufactures and sells large precision gearboxes. Through the Transaction, NIDEC can sell and propose the modules of Servo presses and speed reducers to customers of press machine. Furthermore, Nidec-Shimpo will sell their products through DESCH's customer channel in Europe. Likewise, DESCH will expand their business by using Nidec-Shimpo's sales and service network in Asia and the Americas.
2) Funds for the Transaction	Own funds

(3) Completion of Acquisition of Systeme + Steuerungen GmbH and its group companies

On February 4, 2019, NIDEC has acquired 100% of the ownership of a privately owned German company, Systeme + Steuerungen GmbH and its group companies (collectively "SYS") (the "Transaction").

1) Purpose of the Transaction	SYS manufactures and sells high-speed and high-precision feeding equipment and serves the retrofit for press machines. Through the Transaction, NIDEC will take a deeper root in the metal forming industry in Europe. Furthermore, NIDEC can jointly sell presses and feeders for motor core lamination manufacturers who serve the fast growing electric vehicle market.
2) Funds for the Transaction	Own funds

17. Authorization of condensed quarterly consolidated financial statements

NIDEC's condensed quarterly consolidated financial statements were authorized for issue on February 13, 2019 by Shigenobu Nagamori, Representative Director, Chairman and Chief Executive Officer and Akira Sato, Member of the Board of Directors, Executive Vice President and Chief Financial Officer.

2. Other

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

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

Part II Information on Guarantors, etc. for the Company

Not applicable.