

A *Nidec* Group Company
Sankyo

— All for dreams

2011 ANNUAL REPORT

Year ended March 31, 2011

MANAGEMENT PRINCIPLES & BUSINESS PERFORMANCE

Management Principles

1. Management Policy

Based on its management principles of considering the creation of employment as the greatest social contribution, supplying products that are indispensable to the world and aiming at being a top global provider, the Nidec Sankyo Group aims to strengthen its competitiveness through complete penetration of its customer-first principle, accumulation and development of core technologies, to maintain high profitability, and to realize a company that can achieve continuous development.

In addition, while pursuing globalization of management and greater efficiencies throughout the Group, Nidec Sankyo strives to implement environmental measures, company ethics and other compliance initiatives throughout the Group. Nidec Sankyo also works to maximize shareholder value by achieving strong growth, greater earnings and a rising share price over the long term and seeks to fulfill its responsibilities to all shareholders.

2. Mid- and Long-Term Management Strategies

The Nidec Sankyo Group develops its management strategies in order to maximize group synergy as a member of the Nidec Group.

In the future, the Nidec Sankyo Group will develop its business, giving first priority to expanding earnings in line with the expansion of sales, while proactively investing its management resources in the development of new products, new markets and new customers. Nidec Sankyo also aims to gain a competitive advantage in productivity through the development of thorough cost-saving measures such as reducing the purchase costs of parts and components as well as the promotion of innovation in manufacturing, returning to the starting line as a manufacturer, to establish a firm profitability structure.

3. Priority Issues

① Implement strategies to increase sales

We will work aggressively to increase sales through reinforcement of existing products and thoroughly developing new products, new markets, new customers.

② Implement strategies to improve earnings

We will further strengthen our profit structure, through a fundamental review of product designs, a promotion of in-house manufacturing, a drastic reform of our supply chains by procurement from overseas local suppliers, improvement of productivities in manufacturing

processes, and the domestic fixed structure reforms, etc.

③ Promotion of globalization

We aim to enter into a global market including the emerging countries which lead the world economic growth and to reform our business structure in accordance with the growth of a global market. And we also aim to realize the cost competitiveness and the speed to win the competition in a global market, especially in local markets of emerging countries.

④ Innovation of manufacturing

In order to address the trend toward a decline in product prices in markets, a sharp increase in the prices of raw materials, and inflation of overseas labor cost, we will make efforts to improve our productivity by actively introducing a low cost automation and promoting innovative manufacturing. We also focus our efforts on human resources development applied to a global market, based on the recognition that the development of human resources forms the foundation of manufacturing.

4. Profit-Sharing Policy

The Nidec Sankyo Group intends to build good relationships with stakeholders and expand its business, while contributing to the emergence of a better society. Stable dividends are important to our shareholders. At the same time, it is our responsibility to declare dividends in proportion to the Company's business performance. Profit sharing with shareholders, therefore, is based on comprehensive consideration of the Company's long-term welfare.

Nidec Sankyo makes it a basic policy to declare dividends from its surplus fund twice a year, that is, an interim dividend and a year-end dividend, and stipulates in its Articles of Incorporation that the Company may declare dividends from its surplus fund upon resolution of the Board of Directors in accordance with the provision set out in Clause 1 of Article 459 of the Corporation Law and that the Company may declare an interim dividend, setting out September 30th of each year as a record date, upon resolution of the Board of Directors.

Concerning dividends for the current fiscal year, based on the above policy, Nidec Sankyo has declared a dividend of ¥8.00 per share, including an interim dividend (¥3.00 per share). As a result, the dividend payout ratio in the current term is 33.2% (on a consolidated basis).

As for retained earnings, we will appropriate it to research and development as well as capital investment to promote further growth of our Group in the future.

5. Corporate Governance

Nidec Sankyo considers an active corporate governance program indispensable to increasing corporate value, retaining the trust of all stakeholders, including shareholders, and ensuring support for the Company. Nidec Sankyo has adopted an auditing system. The Board of Directors as of June 13, 2011, consists of 7 members, including one outside director. The term of office of each director is set as one year in order to ensure a timely response to the needs of shareholders. In addition, the Company introduced a system of executive officers as of June 16, 2008, with reform and reorganization of the Board meeting, in quick response to the global business expansion and rapid change of business environment. The Company abolished the directors' retirement benefit system, and the directors' compensation system was also changed to a system that is linked to the Company's business performance. And three out of five are outside auditors and they further work to strengthen corporate governance. Each auditor conducts from his higher expertise a rigorous audit of the legality of decision-making and business execution by directors. Under the internal auditor system that the Company adopted as its corporate governance structure, its organization framework consists of the outside auditors with a wide range of knowledge and expertise in addition to directors with extensive knowledge about the business environment and internal situation, and the members are involved in decision-making process with their own knowledge and experience interacting. As a result, rapidity and mobility of management are ensured while the audit system is enhanced.

6. Environmental Activities

Nidec Sankyo believes that as we enter the 21st century, the social mission of corporations is to protect the earth's irreplaceable resources. As we have made environmental conservation a management priority, our goal is to achieve coexistence with an environmentally friendly society that supports the global environment. Nidec Sankyo has acquired ISO 14001 certification, which acts as a tool for environmental conservation, for all of our business locations and is working to expand that coverage to our overseas subsidiaries as a means to becoming more conscious of the environmental impact of our own business activities as well contributing to the reduction of such impact.

We are determined to reduce the materials and energy used in our development processes, and we are also pursuing product design that gives ample consideration to recyclability. Additionally, in order to comply with regulations in every country regarding toxic

substances, such as the EU-RoHS Directive, we have introduced "X-ray fluorescence spectrometers" at all production bases in order to guarantee thorough analysis and testing to detect the presence of toxic substances in our products, thereby providing customers with peace of mind when using our products. We are actively establishing systems to ensure environmental quality such as the installation of an atomic absorption spectrometer in our headquarters as a research and development center and as evidenced by Nidec Sankyo's certification as a "Certified Environmental Measurement Workplace" in February 2008.

For details of our environmental preservation activities, please see our web site at http://www.nidec-sankyo.co.jp/e/envi/envi_01.htm

7. Issues Concerning the Parent Company

(1) Corporate name of parent company

		(As of March 31, 2011)	
Company name	Type	Percentage of voting shares	Stock exchange listings
Nidec Corporation	Parent company	76.7% (2.1%)	Tokyo Stock Exchange, No. 1 Market Osaka Stock Exchange, No. 1 Market New York Stock Exchange (USA)

Note: Listed in the percentage of voting shares column, in parentheses, is the parent company's percentage of indirectly owned shares in Nidec Sankyo.

(2) Relationship and position of Nidec Sankyo to the parent company and other listed companies within the Group

Nidec Corporation is the parent company of Nidec Sankyo and owns 74.8% of the Company's voting shares.

The Company maintains close relationships with Nidec Corporation, the parent company, and the Nidec Group companies in order to maximize group synergy as a member of the Nidec Group, while basically remaining independent with respect to business operations and transactions with them.

The Nidec Group is engaged in the manufacture and sales of products with a focus on motors in the domain identity of "For Everything That Spins and Moves." Business identities are segregated in the Group, and the Company is developing its own business utilizing its unique technologies without constraints on business on account of belonging to a business group.

Interlocking directors and loaned employees from the

parent company do not interfere with the Company's own management decisions, and the Company believes that its corporate identity is assured.

(Interlocking Directorate as of June 13, 2011)

Post	Name	Post at the Parent Company	Reason for Appointment
Chairman	Shigenobu Nagamori	President & CEO Parent Company Nidec Corporation	Guidance of the Group's management
Senior Executive Director	Tetsuo Inoue	Member of the Board, Vice President Parent Company Nidec Corporation	Guidance of the Group's management
Corporate Executive Auditor	Hideo Asahina	Corporate Executive Auditor Parent Company Nidec Corporation	Enhancement of the Group's auditing system
Corporate Executive Auditor	Osamu Narumiya	Vice President Parent Company Nidec Corporation	Enhancement of the Group's auditing system

Note: Three of the Company's seven directors and five auditors hold concurrent positions as directors of the parent company.

(3) Issues relating to parent company transactions

Important transactions with the parent company are described in the note regarding "related-party transactions."

Business Performance

1. Review of the Fiscal Year Ended March 31, 2011

Net sales for the consolidated fiscal year 2011 amounted to ¥92,142 million, an increase of ¥15,940 million (20.9%) from the previous fiscal year. Especially industrial robots still maintained the good condition, and we achieved the sales approximately twice as much as those of the previous fiscal year. In addition, we increased our sales by aggressively promoting three new activities (new product, new market and new customer) corporate-wide in new areas.

Operating income amounted to ¥11,253 million, an increase of ¥3,863 million over the previous fiscal year. This was due to sales increase and income improvement activities such as cost reduction absorbing the negative effect of the US dollar decline by about 8% in average from the previous fiscal year. As a result, we posted the operating profit margin of 12.2%, a new record.

Income before income taxes and minority interests amounted to ¥10,118 million, an increase of ¥2,919 million over the previous fiscal year mainly due to the increase of operating profit despite an increase of ¥1,036 million exchange loss over the previous fiscal year.

2. Results by Business Segment

Components business

Net sales in the components business amounted to ¥38,894 million, an increase of ¥2,954 million (+20.9%) over the previous fiscal year.

For stepping motors, we aimed at more progress in the markets of compact and small diameter where we kept the No.1 share and we expanded the share in the digital still camera market by active promotion of three new activities. We launched new products such as stepping motors for collimator used in blu-ray disc recorder and expanded share in the new markets though there were influence of the market related to ODD. As a result, we increased our sales from the previous fiscal year.

Motor drive units changed steadily by the influence of supporting measurements of economic growth such as eco-point system and the demand increase by extremely hot summer in the first half of this year. Especially the demand of high value added products with the theme (energy save home appliances, water saver home appliances, and low noise home appliances, etc.) moved actively. And in emerging countries including China, the market of simple function and low price products was making rapid expansion. In these markets, we aggressively expanded our sales based on proven past results to increase our sales

from the previous fiscal year.

Operating income amounted to ¥3,386 million, an increase of ¥572 million over the previous fiscal year by sales increase and income improvement activities steadily such as cost reduction etc.

Equipment & device business

Net sales in the equipment & device business amounted to ¥34,654 million, an increase of ¥12,393 million over the previous fiscal year.

Net sales in industrial robots roughly doubled those of the previous fiscal year. This was due to the good demand of LCD panel handling robots from local panel makers in China who invested in their plants and from South Korea & Taiwanese panel makers who invested in the 8th generation robots that we actively promoted. Moreover the market of semiconductor manufacturing equipment recovered to the level of good demand before the Lehman shock.

Net sales in card readers increased from the previous fiscal year because we strongly promoted three new activities in the new markets of emerging countries such as China, India and Eastern Europe despite the continued investment control in US & European sectors.

Operating income greatly improved to ¥7,230 million, an increase of ¥2,737 million over the previous fiscal year due to sales increase and steady income improvement activities.

Group companies' business

For Group companies' business, net sales amounted to ¥18,592 million, an increase of ¥12,393 million over the previous fiscal year. For plastic injection mold parts, we saw the effects of expanding sales into new markets and increased sales of existing products by active promotion of three new activities.

Operating income amounted to ¥1,230 million, an increase of ¥659 million over the previous fiscal year.

3. Cash Flows

Balance of cash and cash equivalents was ¥37,421 million (¥33,358 million in the previous year) including balance of CMS deposits at the end of current consolidated fiscal year was ¥26,608 million, an increase of ¥4,063 million compared to the results at the end of previous consolidated fiscal year

Net cash provided by operating activities was ¥11,967 million (¥9,291 million in the previous year) with the main components being ¥10,053 million of net profit before taxes and other adjustments, ¥3,840 million in depreciation expenses, and ¥2,217 in tax expenses.

Net cash used in investing activities was ¥4,458 million (¥3,114 million in the previous year) with the

main components being ¥4,645 million of capital expenditure.

Net cash used in financial activities was ¥2,356 million (¥3,292 million in the previous year) with the main components being ¥438 million in repayment of lease obligations and ¥1,910 million of dividends payment.

4. Outlook

In the fiscal year 2011, we will carry out as follows based on our growth strategy in each product.

Stepping motors are installed widely in optical, magnetic disc products (PC, household recorder, and game etc.), digital still cameras, blu-ray disc recorders, and white household electronics, and they are expected to keep growing continuously. The market of products with 3D function (blu-ray disc recorders with, digital video cameras with function recording animation with, and digital still cameras with, etc.) is establishing as one of new markets. We will propose timely, highly effective and compact products and low noise products to expand our market, making the best use of our high precision processing technology, based on our ability as the top share company. Moreover as household electronics market in the emerging countries is remarkably expanding, we will exert all our efforts to expand our market share in the emerging countries.

For lens actuators, the market of mobile devices continues to grow to a huge size with over 1.5 billion units expected because the use of mobile phones is expanding in the emerging countries, and the replacement demand of smart phones is also expanding mainly in advanced countries. As mobile telephones equipped with camera function become standard products, we expand our original lens actuators and also actively expand our sales by the new function that will be able to differentiate with other companies such as optical image stabilizer units and receiving to high function needs like 3D.

For the motor units business, we will promote the development of products and the markets for home appliances by our active promotion of proposal-based marketing by combining our proprietary motor technologies and sensor/servo technologies developed to meet the needs of Japanese home appliances suppliers with their world-leading energy-saving technology. As the market of high value added products related in particular to global trend of "energy-saving and ecology" are activated, we will actively expand our sales based on our proven performance. Also, the market of inexpensive products with single function is expanding rapidly in China as well as in other emerging markets and we propose new products fit to needs of emerging countries and concentrate on expanding sales. Moreover we strengthen our shares in emerging markets in order to tie in with higher sales by

establishing or expanding our development locations and sales offices.

For card readers, we will exert all our efforts to enter China and other emerging markets taking advantage of expertise gained so far in the world's major financial markets to tie in with increased sales. We will also expand out new market territories by continuing to develop and expand sales based on our proprietary technologies cultivated so far.

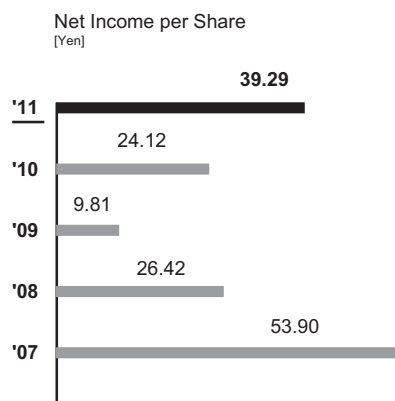
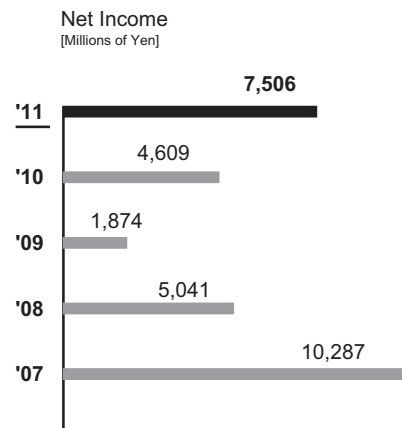
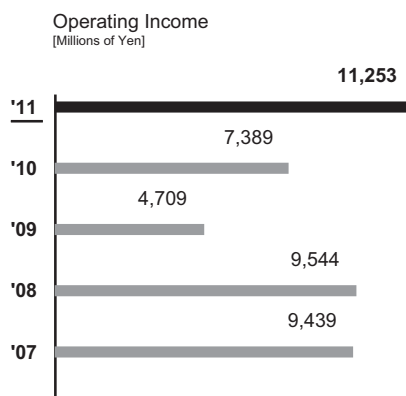
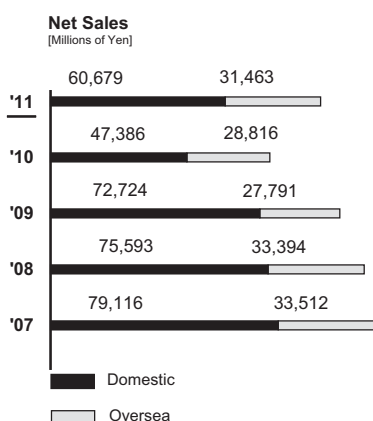
For industrial robots, the market will remain active because the movement of capital investments by the panel makers in China is activated and the investment in South Korea and Taiwan is also expected. Furthermore the market is expanding significantly and capital investment plans are realized due to enlargement of OLED displays and an increase of touchscreens used in smart phones and tablet PC. And in the market of the semiconductor manufacturing equipment, our special focus in recent years, we are promoting a plan to double the sales of the previous year as it recovers to the level of the demand before the Lehman shock. The new plant at NIDEC SANKYO (ZHEJIANG) CORPORATION dedicated to industrial robots started to operate from January 2011, and we are arranging the system to attend closely to customers' needs in China. Moreover we proceed to develop the next generation robots, enhance the line up of our robots, respond to various kinds of handling needs with high quality, and aim at further business growth

FIVE-YEAR SUMMARY

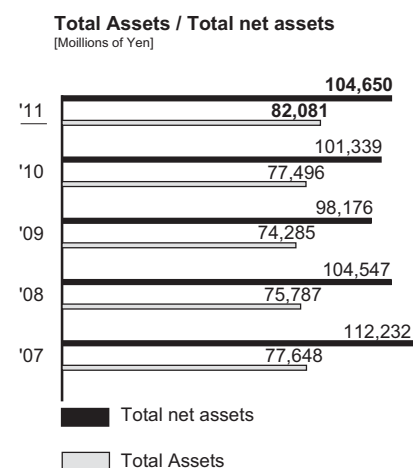
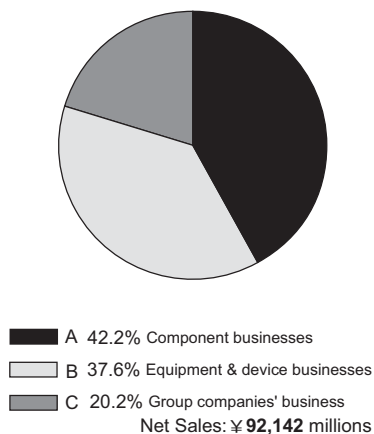
NIDEC SANKYO CORPORATION and Consolidated Subsidiaries

Year Ended March 31	Millions of Yen					Thousands of U.S. Dollars
	2011	2010	2009	2008	2007	2011
Net sales	¥92,142	¥76,202	¥100,515	¥108,987	¥112,628	\$1,108,145
Net income(loss)	7,506	4,609	1,874	5,041	10,287	90,283
Yen						
Per share :						
Net income(loss)	¥39.29	¥24.12	¥9.81	¥26.42	¥53.90	\$0.47
Cash dividends	10.00	8.00	9.00	10.00	10.00	0.12
Millions of Yen						
Total net assets	¥82,081	¥77,496	¥74,285	¥75,787	¥77,648	\$987,150
Total assets	104,650	101,339	98,176	104,547	112,232	1,258,575
Working capital	55,747	52,604	48,995	50,255	50,727	670,440
Long-term debt, less current portion	28	31	33	36	50	339
Capital expenditures	4,926	3,608	5,534	4,863	6,104	59,247
Depreciation and amortization	3,840	4,062	5,519	5,346	5,271	46,193

Note: U.S. dollar amounts are translated from Japanese yen, for convenience only, at the rate of ¥83.15 = US\$1.00.



Sales by Business Segment in the year Ending March 31, 2011
[%]



At our IR site, more detailed business performance and financial data are disclosed. Please visit our web site at http://www.nidec-sankyo.co.jp/e/ir/invest_01.htm

CONSOLIDATED BALANCE SHEETS

NIDEC SANKYO CORPORATION and Consolidated Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	¥ 10,814	¥ 13,987	\$ 130,052
Short-term investments (Note 3)	25	229	305
Notes and accounts receivable:			
Trade notes	2,183	2,132	26,257
Trade accounts	21,647	25,145	260,339
Unconsolidated subsidiaries and associated companies	—	6	—
Other	853	907	10,259
Allowance for doubtful receivables	(21)	(27)	(257)
Inventories (Note 2.d)	12,441	10,439	149,619
Money deposited	26,608	19,371	320,000
Deferred tax assets	1,549	1,061	18,638
Prepaid expenses and other current assets	432	455	5,187
Total current assets	76,531	73,705	920,399
PROPERTY, PLANT AND EQUIPMENT:			
Land	7,300	7,290	87,788
Buildings and structures (Note 2.e)	15,985	15,856	192,237
Machinery and equipment (Note 2.e)	38,193	39,192	459,328
Leased assets (Note 2.p)	1,758	773	21,148
Construction in progress	1,692	795	20,350
Total	64,928	63,906	780,851
Accumulated depreciation (Note 2.e)	(40,021)	(40,247)	(481,299)
Net property, plant and equipment	24,907	23,659	299,552
INVESTMENTS AND OTHER ASSETS:			
Investment securities (Note 3)	1,951	1,915	23,459
Investments in unconsolidated subsidiaries and associated companies	222	40	2,673
Software	183	183	2,197
Leased assets	21	40	247
Deferred tax assets	294	1,218	3,537
Other assets	541	580	6,511
Total investments and other assets	3,212	3,976	38,624
TOTAL	¥ 104,650	¥ 101,340	\$ 1,258,575

See notes to consolidated financial statements.

	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES:			
Current portion of long-term debt	¥ 2	¥ 2	\$ 27
Current portion of lease obligation (Note 2.p)	258	389	3,101
Notes and accounts payable:			
Trade notes	992	911	11,926
Trade accounts	12,617	12,618	151,736
Unconsolidated subsidiaries and associated companies	4	4	46
Other	2,788	2,769	33,527
Income taxes payable	1,306	1,370	15,711
Accrued expenses	2,323	2,728	27,941
Deferred tax liabilities	6	—	74
Other current liabilities	488	310	5,871
Total current liabilities	20,784	21,101	249,960
LONG-TERM LIABILITIES:			
Long-term debt, less current portion	28	31	339
Lease obligation	113	256	1,356
Liability for retirement benefits	317	289	3,813
Deferred tax liabilities	84	78	1,006
Goodwill (Note 2.p)	444	720	5,335
Asset retirement obligations(Note 2.q)	8	—	96
Other	790	1,368	9,521
Total long-term liabilities	1,784	2,742	21,466
COMMITMENTS AND CONTINGENT LIABILITIES			
NET ASSETS			
Common stock—authorized, 400,000,000 shares; issued, 191,107,628 shares in 2011 and 191,107,628 shares in 2010	35,270	35,270	424,174
Accumulated earnings	50,476	44,880	607,044
Treasury stock—at cost, 53,619 shares in 2011 and 45,100 shares in 2010	(32)	(26)	(384)
Total shareholders' equity	85,714	80,124	1,030,834
REVALUATION AND TRANSLATION ADJUSTMENT			
Unrealized gain on available-for-sale securities	256	207	3,074
Foreign currency translation adjustments	(4,078)	(2,994)	(49,046)
Total revaluation and translation adjustment	(3,822)	(2,787)	(45,972)
MINORITY INTERESTS			
	190	160	2,287
Total net assets	82,082	77,497	987,149
TOTAL	¥ 104,650	¥ 101,340	\$ 1,258,575

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF OPERATIONS
NIDEC SANKYO CORPORATION and Consolidated Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
NET SALES	¥ 92,142	¥ 76,202	\$ 1,108,145
COST OF SALES	70,889	60,328	852,543
Gross profit	21,253	15,874	255,602
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	10,000	8,485	120,268
Operating income	11,253	7,389	135,334
OTHER INCOME (EXPENSES):			
Interest expense	(16)	(28)	(188)
Interest and dividend income	118	123	1,416
Foreign exchange loss	(1,708)	(672)	(20,548)
Gain on sales of marketable and investment securities	5	96	71
Gain on sales of property, plant and equipment	107	82	1,291
Loss on disposals of property, plant and equipment	(132)	(60)	(1,592)
Amortization of goodwill	277	277	3,328
Subsidy income	—	330	—
Labor cost on implementation of lay off	—	(445)	—
Gain on liquidation of subsidiaries	—	218	—
Loss on valuation of investment securities	—	(384)	—
Loss on operating restructuring	—	(128)	—
Influence of adopting the standards for Asset retirement obligations	(3)	—	(36)
Other—net	152	341	1,829
Other expenses—net	(1,200)	(250)	(14,429)
INCOME BEFORE INCOME TAXES AND MINORITY INTERESTS	¥ 10,053	¥ 7,139	\$ 120,905
INCOME TAXES			
Current	2,082	1,470	25,041
Deferred	412	1,036	4,948
Total income taxes	2,494	2,506	29,989
INCOME BEFORE MINORITY INTERESTS	7,559	—	90,916
MINORITY INTERESTS IN NET INCOME (LOSS)	(53)	(24)	(633)
NET INCOME	¥ 7,506	¥ 4,609	\$ 90,283
	Yen		U.S. Dollars
PER SHARE INFORMATION			
COMMON STOCK—Net income	¥ 39.29	¥ 24.12	\$ 0.47
CASH DIVIDENDS	¥ 10.00	¥ 6.00	\$ 0.12

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
NIDEC SANKYO CORPORATION and Consolidated Subsidiaries

Years Ended March 31, 2011 and 2010

	Thousands					Millions of Yen				
	Shareholders' Equity					Revaluation and Translation Adjustments				
	Outstanding Number of Shares of Common Stock	Common Stock	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized Gains (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Total Revaluation and Translation Adjustments	Minority Interest in Consolidated Subsidiaries	Total Net Assets
Balance, March 31, 2009	191,077	¥ 35,270	¥ 41,416	¥ (17)	¥ 76,669	¥ (249)	¥ (2,308)	¥ (2,557)	¥ 174	¥ 74,286
Cash dividends, ¥6.00 per share			(1,146)		(1,146)					(1,146)
Net income			4,609		4,609					4,609
Acquisition of treasury stock	(14)			(9)	(9)					(9)
Decrease according to change accounting policy of consolidated foreign subsidiaries										
Net increase in unrealized gain on available-for-sale securities						457		457		457
Net increase in foreign currency translation							(686)	(686)		(686)
Net increase in minority interest									(14)	(14)
Balance, March 31, 2010	191,063	¥ 35,270	¥ 44,879	¥ (26)	¥ 80,123	¥ 208	¥ (2,994)	¥ (2,786)	¥ 160	¥ 77,497
Cash dividends, ¥10.00 per share			(1,910)		(1,910)					(1,910)
Net income			7,507		7,507					7,507
Acquisition of treasury stock	(9)			(6)	(6)					(6)
Decrease according to change accounting policy of consolidated foreign subsidiaries										
Net increase in unrealized gain on available-for-sale securities						48		48		48
Net increase in foreign currency translation							(1,084)	(1,084)		(1,084)
Net increase in minority interest									30	30
Balance, March 31, 2011	191,054	¥ 35,270	¥ 50,476	¥ (32)	¥ 85,714	¥ 256	¥ (4,078)	¥ (3,822)	¥ 190	¥ 82,082

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NIDEC SANKYO CORPORATION and Consolidated Subsidiaries

Years Ended March 31, 2011 and 2010

Thousands of U.S. Dollars (Note 1)

	Shareholders' Equity				Revaluation and Translation Adjustments			Minority Interest in Consolidated Subsidiaries	Total Net Assets
	Common Stock	Retained Earnings	Treasury Stock	Total Shareholders' Equity	Unrealized Gains (Loss) on Available-for-sale Securities	Foreign Currency Translation Adjustments	Total Revaluation and Translation Adjustments		
Balance, March 31, 2010	\$ 424,174	\$ 539,740	\$ (313)	\$ 963,601	\$ 2,494	\$ (36,010)	\$ (33,516)	\$ 1,925	\$ 932,010
Cash dividends \$0.12 per share		(22,978)		(22,978)					(22,978)
Net income		90,283		90,283					90,283
Acquisition of treasury stock			(71)	(71)					(71)
Decrease according to change accounting policy of consolidated foreign subsidiaries									
Net increase in unrealized gain on available-for-sale securities					580		580		580
Net increase in foreign currency translation						(13,036)	(13,036)		(13,036)
Net increase in minority interest								362	362
Balance, March 31, 2011	<u>\$ 424,174</u>	<u>\$ 607,045</u>	<u>\$ (384)</u>	<u>\$ 1,030,835</u>	<u>\$ 3,074</u>	<u>\$ (49,046)</u>	<u>\$ (45,972)</u>	<u>\$ 2,287</u>	<u>\$ 987,150</u>

See notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS
NIDEC SANKYO CORPORATION and Consolidated Subsidiaries

Years Ended March 31, 2011 and 2010	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2011	2010	2011
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	¥ 10,053	¥ 7,139	\$ 120,905
Adjustments for:			
Income taxes—paid	(2,217)	(968)	(26,663)
Depreciation and amortization	3,840	4,063	46,182
Amortization of goodwill	(276)	(277)	(3,319)
Transfer (reversal) of allowance for doubtful receivables	(16)	(32)	(192)
Provision for retirement benefits—net	35	(3)	420
Loss (Gain) on sales of marketable and investment securities	(5)	299	(60)
Gain on sales of property, plant and equipment	(107)	(82)	(1,287)
Loss on disposals of property, plant and equipment	149	60	1,792
Loss on discontinued operation	—	—	—
Decrease (increase) in trade receivables	2,908	(1,367)	34,972
Decrease (increase) in inventories	(2,413)	(2,202)	(29,020)
Increase (decrease) in trade payables	334	2,672	4,016
Other—income	553	1,338	6,650
Other—expenses	(871)	(1,348)	(10,475)
Total adjustments	1,914	2,153	23,016
Net cash provided by operating activities	11,967	9,292	143,921
INVESTING ACTIVITIES:			
Proceeds from sales of property, plant and equipment	239	345	2,874
Purchases of property, plant and equipment	(4,694)	(3,661)	(56,453)
Proceeds from sales of marketable and investment securities	—	137	—
Purchases of marketable and investment securities	(192)	(1)	(2,309)
Maturity of time deposits	194	29	2,333
Decrease (increase) in other assets	(7)	36	(84)
Net cash used in investing activities	(4,460)	(3,115)	(53,639)
FINANCING ACTIVITIES:			
Increase (Decrease) in short-term bank loans—net	—	(1,500)	—
Repayments of long-term debt	(2)	(2)	(24)
Payment of cash dividends	(1,910)	(1,146)	(22,971)
Payment of lease obligation	(438)	(635)	(5,267)
Other—net	(6)	(10)	(73)
Net cash used in financing activities	(2,356)	(3,293)	(28,335)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(1,087)	(698)	(13,073)
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,064	2,186	48,874
CASH AND CASH EQUIVALENTS OF NEWLY CONSOLIDATED SUBSIDIARIES, BEGINNING OF YEAR	—	9	—
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	33,358	31,163	401,178
CASH AND CASH EQUIVALENTS, END OF YEAR (Note 4)	¥ 37,422	¥ 33,358	\$ 450,052
ADDITIONAL CASH FLOW INFORMATION:			
Interest paid	15	28	180
Interest and dividends received	117	123	1,407

See notes to consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

NIDEC SANKYO CORPORATION and consolidated subsidiaries

Years Ended March 31, 2011	Millions of Yen	Thousands of U.S. dollars (Note 1)
	2011	2011
Profit for the year before minority interests:	¥ 7,559	\$ 90,916
Other comprehensive income:		
Net gain (loss) on revaluation of securities	48	580
Exchange differences on translating foreign operations	(1,098)	(13,205)
Total other comprehensive income/(loss)	(1,050)	(12,625)
Total comprehensive income/loss	6,509	78,291
Total comprehensive income/loss attributable to		
Owners of the company	6,471	77,830
Minority interests	38	461

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NIDEC SANKYO CORPORATION and consolidated subsidiaries

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which differ in certain respects with regard to application and disclosure requirements of International Financial Reporting Standards.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form that is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2010 financial statements to conform to the classifications used in 2011.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which NIDEC SANKYO CORPORATION (the "Company") is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥83 to \$1, the approximate rate of exchange as of March 31, 2011. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Consolidation—The accompanying consolidated financial statements as of March 31, 2011 include the accounts of the Company and its 24 (same as in 2010) significant subsidiaries (together, the "Group").

Under the control or influence concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated, and those companies over which the Group has the ability to exercise significant influence are accounted for by the equity method.

There were no investments in associated companies that should be accounted for by the equity method for the year ended March 31, 2011 and 2010.

Investments in the remaining unconsolidated subsidiaries and associated companies are stated at cost. If the equity method of accounting had been applied to the investments in these companies, the effect on the accompanying consolidated financial statements would not be material.

The excess of the cost of the Company's investments in consolidated subsidiaries and associated companies accounted for by the equity method, over its equity in

the net assets at the respective dates of acquisition, is charged to income when incurred.

All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profit included in assets resulting from transactions within the Group has been eliminated.

b. Cash and Cash Equivalents in Consolidated Statements of Cash Flows—Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificates of deposit, commercial paper and mutual funds invested in bonds that represent short-term investments, all of which mature or become due within three months of the date of acquisition and deposited money.

c. Marketable and Investment Securities—Marketable and investment securities are classified and accounted for, depending on management's intent, as follows: (1) held-to-maturity debt securities, which are expected to be held to maturity with the positive intent and ability to hold to maturity are reported at amortized cost and (2) available-for-sale securities, which are not classified as the aforementioned securities, are reported at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of shareholders' equity. The cost of securities sold is determined based on the weighted-average method.

Non-marketable available-for-sale securities are stated at cost determined by the weighted-average method. For other than temporary declines in fair value, non-marketable available-for-sale securities are reduced to net realizable value by a charge to income.

d. Inventories—Inventories held by the Company, all of its domestic consolidated subsidiaries and most of its foreign consolidated subsidiaries are valued at lower of cost or market. All cost of inventories is determined by the first-in, first-out method.

e. Property, Plant and Equipment—Property, plant and equipment are stated at cost. Significant renewals and additions are capitalized; maintenance and repairs, and minor renewals and improvements, are charged to income as incurred. Interest costs relating to construction of property, plant and equipment are not capitalized.

Depreciation of property, plant and equipment of the Company and its consolidated domestic subsidiaries is computed by the declining-balance method, while the straight-line method is applied to buildings acquired by

the Company and its domestic consolidated subsidiaries on or after April 1, 1998. Those of foreign subsidiaries are principally computed by the straight-line method. The range of the estimated useful lives of the assets is principally as follows:

Buildings and structures	15 – 60 years
Machinery and equipment	2 – 20 years

f. Software—Costs for development of software that have a bright prospect of future economic benefit or expense reduction in utilization, are capitalized and stated less accumulated amortization, which is calculated by the straight-line method principally over the estimated useful life (5 years).

g. Allowance for Doubtful Receivables—The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Company's past credit loss experience and an evaluation of potential losses in the receivables outstanding.

h. Retirement and Pension Plans—Effective April 1, 2000, the Group adopted a new accounting standard for employees' retirement benefits and accounting for the liability for retirement benefits based on the projected benefit obligations and plan assets at the balance sheet date.

In accordance with the Defined Benefit Pension Plan Law, the Company and its domestic affiliated companies received authorization to dissolve the Sankyo Seiki Pension Fund from the Ministry of Health, Labor and Welfare on April 27, 2004, and dissolved the fund on that same date. Because a defined contribution pension plan system was implemented at the Company as of January 1, 2005, and at affiliated companies as of May 1, 2004, the Company is applying the guidelines "Accounting for Transfers between Retirement Benefit Plans," as laid out in the Financial Accounting Standards Implementation Guidance No.1, issued by the Accounting Standards Board of Japan (ASBJ).

i. Leases—The Company's leased assets are depreciated by the declining balance method over lease period with zero residual value. The consolidated domestic subsidiaries' leased assets are depreciated by the straight-line method over lease period with zero residual value.

j. Income Taxes—The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. 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 taxes are measured by applying currently enacted tax laws to the temporary differences.

k. Foreign Currency Transactions—All short-term and long-term monetary receivables and payables of the Company and its consolidated domestic subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the statements of operations to the extent that they are not hedged by forward exchange contracts.

l. Foreign Currency Financial Statements—The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rate as of the balance sheet date except for shareholders' equity, which is translated at the historical rate.

Differences arising from such translation were shown as "Foreign currency translation adjustments" in a separate component of shareholders' equity.

Revenue and expense accounts of consolidated foreign subsidiaries are translated into yen at the average exchange rate.

m. Derivative Financial Instruments—The Group uses derivative financial instruments to manage their exposures to fluctuations in foreign exchange and interest rates. Foreign exchange forward contracts, currency options, interest rate caps, collars, floors and swaps are utilized by the Group to reduce foreign currency exchange and interest rate risks. The Group does not enter into derivatives for trading or speculative purposes.

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: (a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the statements of operations; and (b) for derivatives used for hedging purposes, if derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign currency forward contracts and currency options are utilized to hedge foreign currency exposures for export sales. Trade receivables denominated in foreign currencies are translated at the contracted rates if the forward contracts qualify for hedge accounting. Currency options applied for forecasted (or committed) transactions are also

measured at the fair value, but the unrealized gains/losses are deferred until the underlying transactions are completed.

Interest rate swaps that qualify for hedge accounting specific criteria are not re-measured at market value, but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

n. Per Share Information—Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits. The average number of common shares used in the computation was 191,059 thousand shares for 2011 and 191,071 thousand shares for 2010.

Cash dividends per share presented in the accompanying consolidated statements of operations are calculated by dividends applicable to the respective years and those dividends are paid during the year and are to be paid after the end of the respective fiscal year.

In 2011 and 2010, the Company did not disclose the diluted net income per share since potential dilutive securities are not issued.

o. Impairment of Fixed Assets—In August 2002, the Business Accounting Council issued a Statement of Opinion, "Accounting for Impairment of Fixed Assets," and in October 2003 the Accounting Standards Board of Japan (ASBJ) issued ASB Guidance No. 6, "Guidance for Accounting Standards for Impairment of Fixed Assets." The standard shall be effective for fiscal years beginning April 1, 2005.

Fixed assets are grouped at the lowest level for which they have identifiable cash flows that are independent from cash flows of other groups of assets. A loss of ¥32 million (\$384 thousand) for the year ended March 31, 2011 ¥117 million for the year ended March 31, 2010 was recognized.

p. Amortization of Goodwill—Goodwill is amortized by the straight-line method over five years or, in the case of immaterial amount, expensed as incurred.

q. Asset Retirement Obligation—Effective from the year ended March 31, 2011, the company and its domestic consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Asset Retirement Obligation" and its guidance (Statement No.18 and No.21 issued by the Accounting Standards Board of Japan on March 20, 2008). As a result of the adoption, there was no significant impact on operating income, income before taxes and income before minority interests, and net income.

3. SHORT-TERM INVESTMENTS AND INVESTMENT SECURITIES

Short-term investments and investment securities as of March 31, 2011 and 2010, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Current:			
Time deposits	¥ 25	¥ 229	\$ 305
Total	¥ 25	¥ 229	\$ 305

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Non-current:			
Marketable equity securities	¥ 1,675	¥ 1,639	\$ 20,149
Trust fund investments and other	276	276	3,310
Total	¥ 1,951	¥ 1,915	\$ 23,459

Information regarding the category of the securities and marketable bonds classified as available-for-sale and held-to-maturity as of March 31, 2011 and 2010, was as follows:

	Millions of Yen			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2011				
Securities classified as:				
Available-for-sale				
Marketable equity securities	¥ 1,237	¥ 492	¥ (54)	¥ 1,675
Held-to-maturity				
Marketable bonds	200	2	–	202
March 31, 2010				
Securities classified as:				
Available-for-sale				
Marketable equity securities	¥ 1,663	¥ 403	¥ (427)	¥ 1,639
Held-to-maturity				
Marketable bonds	200	4	–	204

	Thousands of U.S. Dollars			
	Cost	Unrealized Gains	Unrealized Losses	Fair Value
March 31, 2011				
Securities classified as:				
Available-for-sale				
Marketable equity securities	\$ 14,878	\$ 5,918	\$ (647)	\$ 20,149
Held-to-maturity				
Marketable bonds	2,405	36	–	2,441

Available-for-sale securities whose fair value is not readily determinable as of March 31, 2011 and 2010, were as follows:

Proceeds from sales of available-for-sale securities for the years ended March 31, 2011 and 2010, were ¥49 million (\$587 thousand) and ¥137 million, respectively. Gross realized gains on these sales, computed on the weighted-average cost basis, were ¥6million (\$71 thousand), and ¥96 million for the year ended March 31, 2011 and 2010 respectively.

4. CASH AND CASH EQUIVALENTS (CONSOLIDATED STATEMENT OF CASH FLOWS)

Reconciliation between “Cash and cash equivalents (Consolidated Balance Sheets)” and “Cash and cash equivalents (Consolidated Statements of Cash Flows)” is as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Cash and cash equivalents (Balance Sheets)	¥ 10,814	¥ 13,987	\$ 130,052
Money deposited	26,608	19,371	320,000
Cash and cash equivalents (Statements of Cash Flows)	¥ 37,422	¥ 33,358	\$ 450,052

5. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings as of March 31, 2011 and 2010

Not applicable.

Long-term debt as of March 31, 2011 and 2010 was comprised of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
3.15% to 6.40% (3.15% to 6.40% in 2010) loans from government financing institutions, due serially to 2026	¥ 30	¥ 33	365
Total	30	33	365
Less current portion	(2)	(2)	(26)
Long-term debt, less current portion	¥ 28	¥ 31	\$ 339

Annual maturities of long-term debt as of March 31, 2011 are as follows:

Year Ending March 31	Millions of Yen	Thousands of U.S. Dollars
2012	¥ 2	\$ 26
2013	2	28
2014	2	28
2015	3	29
2016 and thereafter	21	254
Total	¥ 30	\$ 365

6. RETIREMENT AND PENSION PLANS

The Company and certain consolidated domestic subsidiaries have severance payment plans for employees, directors and corporate auditors.

Under most circumstances, employees terminating their employment are entitled to retirement benefits determined based on the rate of pay at the time of termination, years of service and certain other factors. Such retirement benefits are made in the form of a lump-sum severance payment from the Company or from certain consolidated subsidiaries and annuity payments from a trustee. Employees are entitled to larger payments if the termination is involuntary, by retirement at the mandatory retirement age, by death, or by voluntary retirement at certain specific ages prior to the mandatory retirement age.

The liability for employees' retirement benefits as of March 31, 2011 and 2010, consisted of the following:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Projected benefit obligation	¥ 503	¥ 467	\$ 6,046
Fair value of plan assets	(152)	(142)	(1,822)
Unfunded retirement benefit obligation	351	325	4,224
Unrecognized actuarial loss	34	36	411
Net liability	¥ 317	¥ 289	\$ 3,813

The Company and certain consolidated domestic subsidiaries have defined contribution pension plan systems and severance payment plans. In accordance with the Defined Benefit Pension Plan Law, the Company and its domestic affiliated companies received authorization to dissolve the Sankyo Seiki Pension Fund from the Ministry of Health, Labor and Welfare on April 27, 2004, and dissolved the fund on that same date. Because a defined contribution pension plan system was implemented at the Company as of January 1, 2005, and at affiliated companies as of May 1, 2004, we are applying the guidelines "Accounting for Transfers between Retirement Benefit Plans," as laid out in Financial Accounting Standards Implementation Guidance No.1, issued by the ASBJ.

The components of net periodic benefit costs for the years ended March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Service cost	¥ 52	¥ 45	\$ 628
Interest cost	7	7	79
Expected return on plan assets	(3)	(4)	(33)
Recognized actuarial loss	2	2	24
Others	240	243	2,888
Net periodic benefit costs	¥ 298	¥ 293	\$ 3,586

The assumptions used in accounting for the above plans for the years ended March 31, 2011 and 2010 are as follows

	2011	2010
Discount rate	1.75%	2.00%
Expected rate of return on plan assets	1.75%	2.00%
Recognition period of actual gain/loss	20	20

7. SHAREHOLDERS' EQUITY

The Japanese Corporation Law (the "Law") became effective on May 1, 2006, replacing the Commercial Code.

The Law was revised whereby common stock par value was eliminated resulting in all shares being recorded with no par value and at least 50% of the contribution of new shares being recorded, as required, as common stock and the remaining net proceeds as additional paid-in capital.

The revised Law also provides that an amount at least equal to 10% of the aggregate amount of cash dividends and certain other appropriations of retained earnings associated with cash outlays applicable to each period shall be appropriated as a legal reserve (a component of retained earnings) until such reserve and additional paid-in capital equals 25% of common stock.

Dividends declared by the Company will be approved at the shareholder's meeting held subsequent to the fiscal year to which the dividends are applicable. Interim dividends may also be paid upon resolution of the Board of Directors, subject to the limitations imposed by the Law.

8. INCOME TAXES

The Company and its domestic subsidiaries are subject to the Japanese national and local income tax law, which, in the aggregate, effective statutory tax rate of approximately 40% and 40% for the years ended March 31, 2011 and 2010. Foreign subsidiaries are subject to income taxes of the jurisdiction where they operate.

The tax effects of significant temporary differences and loss carry forwards that resulted in deferred tax assets and liabilities as of March 31, 2011 and 2010 are as follows:

	Millions of Yen		Thousands of
	2011	2010	U.S. Dollars
Current:			2011
Deferred tax assets:			
Accrued bonuses	¥ 380	¥ 457	\$ 4,570
Accrued business tax	149	48	1,798
Loss on devaluation of inventories	221	183	2,657
Property and equipment	8	83	108
Tax loss carry forward	1,062	416	12,768
Other	(3)	(119)	(40)
Offsetting of balances within the same tax jurisdiction	(268)	(7)	(3,223)
Total	¥ 1,549	¥ 1,061	\$ 18,638
Deferred tax liabilities:			
Other	¥ 9	¥ 119	\$ 113
Offsetting of balances within the same tax jurisdiction	(3)	(119)	(39)
Total	¥ 6	¥ -	\$ 74

	Millions of Yen		Thousands of
	2011	2010	U.S. Dollars
Non-current:			2011
Deferred tax assets:			
Tax loss carry forward	¥ 387	¥ 1,020	\$ 4,652
Pension and severance costs	96	83	1,152
Investment securities	7	8	95
Allowance for doubtful receivables	-	1	-
Property, plant and equipment	1,591	1,640	19,132
Long-term payables	313	543	3,767
Lease obligation	21	72	254
Other	15	698	179
Offsetting of balances within the same tax jurisdiction	(980)	(806)	(11,786)
Less valuation allowance	(1,156)	(2,042)	(13,908)
Total	¥ 294	¥ 1,218	\$ 3,537
Deferred tax liabilities:			
Property and equipment	¥ 44	¥ 61	\$ 546
Unrealized gain on available-for-sale securities	170	138	2,048
Undistributed earnings of foreign subsidiaries	717	511	8,617
Lease assets	46	81	546
Other	87	93	1,035
Offsetting of balances within the same tax jurisdiction	(980)	(806)	(11,786)
Total	¥ 84	¥ 78	\$ 1,006

A reconciliation between the statutory effective tax rate for the years ended March 31, 2011 and 2010, and the actual effective tax rates reflecting the applicable tax effect accounting is as follows:

	2011	2010
Statutory effective tax rate	40.0%	40.0%
Expenses not deductible for income tax purposes	0.4	4.6
Income not taxable for income tax purposes	(6.6)	(5.1)
Per capita portion of inhabitants' taxes	0.3	0.3
Foreign tax credit	(1.8)	5.7
Valuation allowance	(3.8)	(2.3)
Tax on undistributed earnings of particular foreign subsidiaries	1.9	(1.0)
Effect of applied tax rates at foreign subsidiaries	(10.8)	(16.3)
Undistributed earnings of foreign subsidiaries	9.4	14.7
Experimental and research expenses tax credit	(3.4)	(3.9)
Change of deferred income tax by tax rate change	(1.0)	(0.8)
Other—net	0.2	(0.8)
Effective tax rate	24.8%	35.1%

9. RELATED PARTY/EMPLOYEE TRANSACTIONS

Money deposited through utilization of the Cash Management System within the Nidec Group based on a signed contract with Nidec, the parent company, as of April 1, 2006.

The interest of money is determined rationally in view of money market interest rates.

Transactions of the Company with Nidec, the parent company, for the year ended March 31, 2011 and 2010, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Money deposited	¥ 7,500	¥ 4,861	\$ 90,186
Money deposited interest	40	57	481

Money deposited for the years ended March 31, 2011 and 2010 was ¥26,395 million (\$317,426 thousand) and ¥18,855 million.

10. RESEARCH AND DEVELOPMENT COSTS

Research and development costs relating to new products and technologies, except development costs incurred and deferred at certain foreign subsidiaries, were ¥3,779 million (\$45,447 thousand) and ¥ 3,473 million for the years ended March 31, 2011 and 2010, respectively.

11. DERIVATIVES

a. Utilization

The Group utilizes various derivative financial instruments ("derivatives") to mitigate the risk of

fluctuating foreign currency exchange rates and interest rates. The derivatives utilized by the Group include foreign exchange forward contracts, currency option contracts, interest rate caps and swaps.

The Group enters into contracts with major financial institutions in order to avoid credit loss in the event of nonperformance by counterparties to the contracts.

Exposure to market risk is managed through position limits, approvals and monitoring procedures. The operational reports prepared by the executive section, with transaction reports sent directly from financial institutions to the administrative section, are regularly submitted to the Board of Directors for their analysis and monitoring of the current status of derivative activities.

For derivatives to hedge interest risk exposure, pre-approval from the Board of Directors is required, and basic policy and credit limits are established and approved by the Board of Directors.

b. Market Value of Contracts

The Group didn't have any derivative contracts outstanding on March 31, 2011 and 2010.

12. CONTINGENT LIABILITIES

On March 31, 2011 and 2010, the Group had the following contingent liabilities:

	Millions of Yen		Thousands of U.S. Dollars
	2011	2010	2011
Guarantees and items of a similar nature: Employees' housing loans	¥ 103	¥ 136	\$ 1,242
Total	¥ 103	¥ 136	\$ 1,242

13. SEGMENT INFORMATION

The reportable segments are constituent units of the Group for which separate financial information is obtained and examined on regular basis by the Board of Directors, the chief operation decision maker, to determine the allocation of management resources and evaluate the business performance.

As a result, the Group consists of three reportable business segments: the Components, the Systems Machinery, and the business relation to subsidiary companies.

In the Components, the Group produces micro motors with/without brush, stepping motors, motor drive units, optical lens actuators.

In the System machinery, the group produces card readers and industrial robots.

In the business relation to subsidiary companies mainly consist of business that provides units for office

machinery and other equipments or musical movements.

The unallocated operating expenses are principally composed of general corporate expenses incurred by the Administration Headquarters of the Company.

(1) Operations in the reportable segments

Year Ended March 31, 2011	Millions of Yen				
	Components	Systems Machinery	Business relation to sub companies	Eliminations and Corporate	Consolidated
Sales to customers	¥ 38,895	¥ 34,655	¥ 18,592	-	¥ 92,142
Inter-segment sales	1,389	0	424	¥ (1,813)	-
Total sales	40,284	34,655	19,016	(1,813)	92,142
Operating income	¥ 3,387	¥ 7,230	¥ 1,231	¥ (595)	¥ 11,253
Assets	¥ 31,552	¥ 21,828	¥ 15,738	¥ 35,532	¥ 104,650
Depreciation	1,881	369	1,400	190	3,840
Increasing in tangible and intangible assets	3,354	559	815	198	4,926

Year Ended March 31, 2011	Thousands of U.S. Dollars				
	Components	Systems Machinery	Business relation to sub companies	Eliminations and Corporate	Consolidated
Sales to customers	\$ 467,768	\$ 416,775	\$ 223,602	-	\$ 1,108,145
Inter-segment sales	16,707	3	5,099	\$ (21,809)	-
Total sales	484,475	416,778	228,701	(21,809)	1,108,145
Operating income	\$ 40,728	\$ 86,956	\$ 14,802	\$ (7,152)	\$ 135,334
Assets	\$ 379,453	\$ 262,513	\$ 189,280	\$ 427,329	\$ 1,258,575
Depreciation	22,621	4,447	16,836	2,288	46,192
Increasing in tangible and intangible assets	40,336	6,715	9,813	2,383	59,247

Year Ended March 31, 2010	Millions of Yen				
	Components	Systems Machinery	Business relation to sub companies	Eliminations and Corporate	Consolidated
Sales to customers	¥ 35,940	¥ 22,262	¥ 18,000	-	¥ 76,202
Inter-segment sales	340	0	169	¥ (509)	-
Total sales	36,280	22,262	18,169	(509)	76,202
Operating income	¥ 2,813	¥ 4,493	¥ 571	¥ (488)	¥ 7,389
Assets	¥ 30,558	¥ 22,741	¥ 17,165	¥ 30,876	¥ 101,340
Depreciation	1,639	385	1,837	202	4,063
Capital expenditures	2,025	495	1,048	41	3,609

(2) Information about geographical areas

Revenue from external customers for the year ended March 31, 2011:

Year Ended March 31, 2011	Millions of yen/Thousands of U.S. Dollars						
	Japan	Asia	China	North America	Europe	Other	Total
Revenue from external customers	¥35,691	¥17,680	¥28,227	¥6,002	¥3,845	¥697	¥92,142
	\$429,242	\$212,628	\$339,468	\$72,188	\$46,239	\$8,380	\$1,108,145

Notes: Geographical areas are based on the location of customers.
The China area includes Hong Kong.

Property, Plant and Equipment

Year Ended March 31, 2011	Millions of yen/Thousands of U.S. Dollars				
	Japan	Asia	North America	Europe	Total
Property, Plant and Equipment	¥ 14,606	¥ 10,164	¥ 134	¥ 3	¥ 24,907
	\$ 175,663	\$ 122,241	\$ 1,612	\$ 36	\$ 299,552

Notes: Geographical areas are based on the where non current assets are located.
The Asia area is composed of China, Hong Kong, Singapore, Chinese Taipei, etc.
The North America area represents the United States of America.
The Europe area represents Germany.

Supplemental information

Effective from the year ended March 31, 2011, the company and its domestic consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Disclosures about Segments of an enterprise and Related information" and its implementation guidance (Statement no. 17 and 20 issued by the Accounting Standards Board of Japan on March 21, 2008.)

(3) Segment information for the year ended March 31, 2010, in accordance with the former accounting standard for disclosure about segment.

Operations in Different Industries:

Year Ended March 31, 2010	Millions of Yen				
	Electronic Components	Systems Machinery	Others	Eliminations and Corporate	Consolidated
Sales to customers	¥ 52,580	¥ 21,684	¥ 1,938	-	¥ 76,202
Inter-segment sales	57	265	185	¥ (507)	-
Total sales	52,637	21,949	2,123	(507)	76,202
Operating expenses	49,404	17,650	1,788	(29)	68,813
Operating income	¥ 3,233	¥ 4,299	¥ 335	¥ (478)	¥ 7,389
Assets	¥ 48,038	¥ 22,402	¥ 646	¥ 30,254	¥ 101,340
Depreciation	3,464	383	14	202	4,063
Impairment losses	55	1	-	61	117
Capital expenditures	3,072	491	5	41	3,609

Notes: The electronic components segment consists of micromotors, lens actuators, stepping motors motor units, optical pick-up units, office equipment and mechanisms unit etc.
The systems machinery segment consists of card readers and machinery units.
The others segment contains musical movements and other items.
The unallocated operating expenses are principally composed of general corporate expenses incurred by the Administration Headquarters of the Company.

Revenue from external customers and non current assets:

Year Ended March 31, 2010	Millions of Yen					Eliminations and Corporate	Consolidated
	Japan	Asia	North America	Europe			
Sales:							
Outside customers	¥ 47,387	¥ 24,112	¥ 3,078	¥ 1,625	–	¥ 76,202	
Inter-area	11,250	20,905	73	12	¥ (32,240)	–	
Total sales	58,637	45,017	3,151	1,637	(32,240)	76,202	
Operating expenses	54,940	41,145	3,114	1,339	(31,725)	68,813	
Operating income	¥ 3,697	¥ 3,872	¥ 37	¥ 298	¥ (515)	¥ 7,389	
Assets	¥ 54,588	¥ 30,325	¥ 1,802	¥ 670	¥ 13,955	¥ 101,340	

Notes: The Asia area is composed of China, Hong Kong, Singapore, Chinese Taipei, etc.
The North America area represents the United States of America.
The Europe area represents Germany.

Sales to Foreign Customers:

	Thousands of U.S. Dollars	
	Millions of yen 2010	2010
North America	¥ 3,143	\$ 33,785
Europe	3,384	36,369
Asia	35,693	383,637
Others	864	9,284
Total	¥ 43,084	\$ 463,075

Corporate Data

(As of march 31, 2011)

Head office:

5329,Shimosuwa-machi,Suwa-gun,
Nagano 393-8511,Japan
Telephone:+81-299-27-3111
Facsimile:+81-266-28-5833

Established:
June 18, 1946

Paid-in Capital:
35,270 million

Number of Employees:
1,241(unconsolidated)

Web Site
<http://www.nidec-sankyo.co.jp/e/>

Cautionary Note on Forward-Looking Statements

This annual report contains forward looking statements, including information about estimates, expectations, beliefs, plans and strategies. Such forward-looking statements are based on currently available information and are subject to various uncertainties and risks, including changes in market and economic conditions. These statements do not guarantee future results, Actual results may differ from those anticipated in these statements.