

**FOR IMMEDIATE RELEASE**

***Nidec***

**NIDEC CORPORATION**

New York Stock Exchange symbol: NJ

Stock exchange code (Tokyo, Osaka): 6594

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**QUARTERLY FINANCIAL STATEMENTS (JAPANESE GAAP)**

**(JAPANESE GAAP) RESULTS FOR THE NINE MONTHS ENDED**

**DECEMBER 31, 2003 (Unaudited)**

**(FROM APRIL 1, 2003 TO DECEMBER 31, 2003)**

**CONSOLIDATED**

Released on February 2, 2004

## **NIDEC CORPORATION**

Stock Listings: Tokyo Stock Exchange, Osaka Securities Exchange and the New York Stock Exchange

Head Office: Kyoto, Japan

### ***1. Selected Consolidated Financial Performance (from April 1, 2003 to December 31, 2003)***

#### ***(1) Consolidated Financial Results***

|   | Japanese yen<br>(Millions except per share amounts) |         |
|---|---|---------|
|   | Three months ended December 31,                     |         |
|   | <b>2003</b>   | 2002    |
| Net sales                               | <b>¥84,471</b>                                      | ¥76,903 |
| Percent change from the previous period | <b>9.8%</b>   | 8.8%    |
| Operating income                        | <b>8,220</b>  | 6,266   |
| Percent change from the previous period | <b>31.2%</b>  | 47.0%   |
| Recurring profit                        | <b>5,511</b>  | 5,582   |
| Percent change from the previous period | <b>(1.3%)</b>                                       | (12.1%) |
| Net income                              | <b>1,371</b>  | 1,735   |
| Percent change from the previous period | <b>(20.9%)</b>                                      | (39.7%) |
| Net income per share, primary           | <b>¥21.33</b>                                       | ¥27.30  |
| Net income per share, diluted           | <b>¥20.33</b>                                       | ¥26.05  |

Notes:

1. Percentage change indicates the change relative to the same period of the previous fiscal year.

2. Average number of shares issued and outstanding (consolidated):

64,322,012 shares for the three months ended December 31, 2003

63,565,433 shares for the three months ended December 31, 2002

3. Change in accounting method: N/A

## ***(2) Consolidated Financial Results***

|   | Japanese yen (Millions except per share amounts) |          |                         |
|---|--|----------|-------------------------|
|   | Nine months ended December 31,                   |          | Year ended<br>March 31, |
|   | 2003   | 2002     | 2003                    |
| Net sales                                   | <b>¥242,737</b>                                  | ¥223,628 | ¥298,641                |
| Percent change from the previous period (3) | <b>8.5%</b>                                      | 8.6%     | 6.3%                    |
| Operating income                            | <b>22,717</b>                                    | 16,600   | 22,861                  |
| Percent change from the previous period (3) | <b>36.9%</b>                                     | 58.8%    | 41.1%                   |
| Recurring profit                            | <b>17,588</b>                                    | 11,905   | 17,816                  |
| Percent change from the previous period (3) | <b>47.7%</b>                                     | 4.5%     | 0.9%                    |
| Net income                                  | <b>7,785</b>                                     | 4,351    | 6,485                   |
| Percent change from the previous period (3) | <b>78.9%</b>                                     | 11.8%    | 0.4%                    |
| Net income per share, primary               | <b>¥121.93</b>                                   | ¥68.46   | ¥100.08                 |
| Net income per share, diluted (4)           | <b>¥117.55</b>                                   | ¥65.45   | ¥95.66                  |

Notes :

1. Percentage change indicates the change relative to the same period of the previous fiscal year.
2. Average number of shares issued and outstanding (consolidated):
  - 63,855,298 shares for the nine months ended December 31, 2003
  - 63,565,565 shares for the nine months ended December 31, 2002
  - 63,565,357 shares for the year ended March 31, 2003
3. Change in accounting method: N/A

### ***Qualitative information on business conditions (consolidated)***

Consolidated results for the three months ended December 31, 2003 remained on a steady upward trend, recording the best gains both in terms of sales and operating income. As compared to the exceptionally strong results for the last three months ended September 30, 2003, however, sequential consolidated growth stayed within a limited range. The increase in operating income as compared to the three months ended September 30, 2003 was limited, due to a decrease of ¥600 million in operating income resulting from further accelerated appreciation of the yen, in addition to a decrease of ¥400 million in the operating income of the affiliates. The average value of the yen against the dollar was ¥117.6, or an increase of 7.4% for the three months ended December 31, 2003, as compared to ¥108.9 for the three months ended September 30, 2003. Segmental highlights include a ¥450 million increase in operating income for the “Small Precision Motors” segment, marking the third straight quarterly profit growth of nearly 1%, despite a relatively modest ¥200 million sequential increase in sales during the same period.

Consolidated net sales for the three months ended December 31, 2003 increased

approximately ¥7,600 million, or 9.8%, to a record-high ¥84,471 million as compared to the same period of the previous year.

Consolidated operating income for the quarter increased approximately ¥1,950 million, or 31.2 %, to a record-high ¥8,220 million as compared to the same period of the previous year.

Consolidated recurring income decreased approximately ¥70 million to ¥5,511 million from the same period of the previous year. The decreases reflected a ¥1,300 million loss deriving from the impact of the financial results of Sankyo Seiki Mfg. Co., Ltd. for the three months ended December 31, 2003. Sankyo Seiki Mfg. Co., Ltd. became an equity-method affiliate of Nidec Corporation in October 2003 by means of capital alliance. Increases in exchange losses of ¥600 million in the valuation of assets and liabilities denominated in foreign currencies due to yen's appreciation against the dollar also account for the decreases.

Consolidated net income for the three months ended December 31, 2003 decreased approximately ¥360 million to ¥1,371 million, mainly due to the exchange losses described above and a ¥300 million increase in minority interests.

As compared to the three months ended September 30, 2003, consolidated net sales and consolidated operating income increased approximately by 1.6% and ¥240 million respectively, while consolidated recurring income and consolidated net income decreased ¥280 million and ¥1,560 million respectively.

Despite yen's appreciation against the dollar by 11%, consolidated net sales for the three months ended December 31, 2003 increased approximately 9.8% as compared to the same period of the previous year.

Segmental information in detail is as follows:

#### Business Segments

##### (a) Small Precision Motors

Net sales for the "Small Precision Motors" segment increased by 4.7% to ¥46,452 million as compared to the same period of the previous year. Shipments and sales of spindle motors for hard disk drives increased approximately by 25% and 9%, respectively. The yen-based average sales price

accordingly fell slightly over 12%, including the impact of yen's appreciation against the dollar by 11% as compared to the same period of the previous year. The overall impact of exchange rate fluctuation on the dollar-based average sales price was negligible.

A noteworthy trend during the three months ended December 31, 2003 was a significant 70-80% increase in the unit shipments of spindle motors for 2.5-inch, 1.8-inch and other smaller hard disk drives.

Sales and shipments of other small precision DC motors maintained an upward trend, recording a 32% and 48% increase respectively, as compared to the same period of the previous year.

Sales and shipments of fan motors decreased by 8% and 7% respectively as compared to the same period of the previous year, reflecting decreases in the shipments for game machines and MPU cooling units.

#### (b) Mid-size Motors

Net sales for the "Mid-size Motors" segment decreased by 15% to ¥7,546 million as compared to the same period of the previous year. The sales decreases, which came with steadily increases in shipments, were largely due to a change in the form of transaction, in which an increasing number of mid-size motors for hydraulic power steering systems were sold singularly, rather than in combination with electronic control units. Sales of mid-size motors for home electric appliances increased approximately by 7%, while those for industrial equipment remained flat.

#### (c) Machinery

Net Sales for the "Machinery" segment increased approximately ¥1,870 million, or 25%, to ¥9,451 million as compared to the same period of the previous year, reflecting increases in shipments by Nidec-Kyori Corporation, Nidec Copal Corporation and Nidec-Shimpo Corporation.

#### (d) Other

Net sales for the "Other" segment increased approximately ¥5,000 million, or 31%, to ¥21,020 million as compared to the same period of the previous year. Net sales for this segment have been drawing a steady upward curve since the previous third quarter ended December 31, 2002. Sales of precision optics and electronic components, respectively produced by Nidec Copal Corporation and Nidec Copal Electronics, accounted for a large part of the increases.

Consolidated operating income increased approximately ¥2,000 million, or 31%, to ¥8,220 million as compared to the same period of the previous year.

Operating income increased across all business segments, most notably in the “Small Precision Motors” segment and “Other” segment. The income increases in these two segments mainly derived from the expansion in sales of new products and improved profitability.

Operating income for the “Small Precision Motors” segment increased ¥950 million as compared to the same period of the previous year. Profitability rose by 1% over the last quarter ended September 30, 2003 mainly due to increased production ratio of FDB (fluid dynamic bearing) motors, the productivity of which is higher than that of conventional ball-bearing motors. Other key factors include increases in sales of high-value added spindle motors for 2.5-inch and other smaller HDDs, and continuous growth in the shipment of optical-disk-drive motors. Operating income for the “Other” segment increased ¥600 million as compared to the same period of the previous year, as a result of favorable sales of electronic components from Nidec Copal Corporation and Nidec Copal Electronics. As compared to the last quarter ended September 30, 2003, however, operating income for this segment decreased ¥250 million mainly due to slowed sales of entertainment-associated equipment produced by Nidec Copal Electronics, and a decline in selling prices of various components produced by Nidec Copal Corporation.

### ***(3) Consolidated Financial Position***

|                                      | Japanese yen (Millions except per share amounts) |           |           |
|--------------------------------------|--|-----------|-----------|
|                                      | December 31,                                     |           | March 31, |
|                                      | <b>2003</b>                                      | 2002      | 2003      |
| Total assets                         | <b>¥334,757</b>                                  | ¥294,085  | ¥305,318  |
| Shareholders' equity                 | <b>96,503</b>                                    | 87,955    | 90,142    |
| Shareholders' equity to total assets | <b>28.8%</b>                                     | 29.9%     | 29.5%     |
| Shareholders' equity per share       | <b>¥1,500.34</b>                                 | ¥1,383.73 | ¥1,416.14 |

Note:

Number of shares issued and outstanding at end of period (consolidated):

64,321,216 shares at December 31, 2003

63,564,052 shares at December 31, 2002

63,566,081 shares at March 31, 2003

### ***Consolidated Results of Cash Flows***

|  | Japanese yen (Millions ) |          |          |
|--|--------------------------|----------|----------|
|  | December 31              |          | March 31 |
|  | 2003                     | 2002     | 2003     |
| Net cash provided by operating activities  | <b>¥20,476</b>           | ¥16,644  | ¥29,224  |
| Net cash used in investing activities      | <b>(35,485)</b>          | (22,854) | (29,168) |
| Net cash used in financing activities      | <b>11,930</b>            | (5,003)  | (2,717)  |
| Cash and cash equivalents at end of period | <b>¥44,283</b>           | ¥40,798  | ¥49,315  |

### ***Qualitative information on the financial conditions (consolidated)***

During the three months ended December 31, 2003, gross assets increased approximately ¥29,400 million as compared to March 31, 2003. The increases mainly consist of investment securities of approximately ¥17,500 million resulting from an expansion in the scope of consolidation. Other assets including fixed assets and inventories also increased.

Cash and cash equivalents decreased approximately ¥4,600 million as compared to March 31, 2003.

Shareholders' equity increased approximately ¥6,400 million as compared to March 31, 2003.

### ***Overview of Cash Flow***

The balance of cash and cash equivalents on December 31, 2003 decreased ¥5,032 million to ¥44,283 million as compared to March 31, 2003.

For "Cash flows from operating activities," cash inflow amounted to ¥20,476 million. Income before corporate tax, depreciation expenses and amortization of goodwill totaled approximately ¥30,700 million. Corporate tax of approximately ¥5,900 million accounted for a major part of the payment.

For "Cash flows from investing activities," cash outflow amounted to ¥35,485 million. Costs for fixed asset acquisitions (capital investments) of approximately ¥16,300 million and purchase of shares in affiliates of ¥14,900 million comprised the overwhelming portion of the cash outflow.

For "Cash flows from financing activities," cash inflow amounted to ¥11,930 million. Income accrued from bond issuance totaled ¥30,900 million.

The repayment of borrowings and the payment of dividends totaled approximately ¥16,700 million and ¥2,700 million, respectively.

***Qualitative information on financial forecasts (consolidated)***

Financial forecasts for the year ending March 31, 2004 remains unchanged from the previous ones released on October 28, 2003.

Sankyo Seiki Mfg. Co., Ltd., which became Nidec's equity-method affiliate on October 1, 2003, revised its forecast for FY2003 net income loss from ¥35,900 million to ¥30,000 million in its financial reports for the three months ended December 31, 2003.

This upward revision could technically reduce our previously forecasted FY2003 losses from the equity-method affiliate by approximately ¥2,000 million. However, in consideration of the exchange loss of ¥1,100 million incurred during the three month ended December 31, 2003 and the possible impact of further exchange rate fluctuation, we have concluded that our previous forecasts for consolidated results for the year ending March 31, 2004 should stay valid.

**Disclaimer Regarding Forward-Looking Statements**

This press release contains forward-looking statements including financial forecasts that are based on our current expectations, assumptions, estimates and projections about our business including the impact of the capital alliance with Sankyo Seiki Mfg. Co., Ltd., our industry and capital markets around the world. These forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "may," "will," "expect," "anticipate," "estimate," "plan" or similar words. These statements discuss future expectations, identify strategies, contain projections of results of operations or of our financial condition, or state other forward-looking information. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contained.

## CONSOLIDATED FINANCIAL STATEMENTS

### 1) Consolidated Balance Sheets

#### Assets

|  | Japanese yen (Millions) |              |                     |       |                  |       |                  |
|--|-------------------------|--------------|---------------------|-------|------------------|-------|------------------|
|  | December 31<br>2003     |              | December 31<br>2002 |       | March 31<br>2003 |       | Amount<br>change |
|  | Amount                  | %            | Amount              | %     | Amount           | %     |                  |
| Current assets:  |                         |              |                     |       |                  |       |                  |
| Cash and bank deposits   | <b>¥44,849</b>          |              | ¥40,962             |       | ¥49,491          |       | ¥3,887           |
| Notes and accounts receivable  | <b>89,561</b>           |              | 81,379              |       | 80,144           |       | 8,182            |
| Marketable securities  | <b>171</b>              |              | 275                 |       | 266              |       | (104)            |
| Inventories  | <b>30,139</b>           |              | 25,394              |       | 24,298           |       | 4,745            |
| Deferred income taxes  | <b>1,875</b>            |              | 1,942               |       | 4,144            |       | (67)             |
| Other current assets   | <b>10,505</b>           |              | 9,583               |       | 10,176           |       | 922              |
| Allowance for doubtful accounts  | <b>(473)</b>            |              | (483)               |       | (550)            |       | 10               |
| Total current assets   | <b>176,630</b>          | <b>52.8</b>  | 159,055             | 54.1  | 167,972          | 55.0  | 17,575           |
| Fixed assets:  |                         |              |                     |       |                  |       |                  |
| Tangible assets  | <b>116,074</b>          | <b>34.7</b>  | 108,333             | 36.8  | 112,484          | 36.9  | 7,741            |
| Buildings and structures   | <b>33,209</b>           |              | 28,203              |       | 35,372           |       | 5,006            |
| Machinery and vehicles   | <b>33,843</b>           |              | 34,249              |       | 34,419           |       | (406)            |
| Tools, furniture and fixtures  | <b>11,377</b>           |              | 10,787              |       | 11,541           |       | 590              |
| Land   | <b>33,331</b>           |              | 28,844              |       | 28,691           |       | 4,487            |
| Construction in progress   | <b>4,312</b>            |              | 6,248               |       | 2,459            |       | (1,936)          |
| Intangible assets  | <b>8,279</b>            | <b>2.4</b>   | 10,219              | 3.5   | 9,174            | 3.0   | (1,940)          |
| Difference between net assets of consolidated subsidiaries and investment cost | <b>7,548</b>            |              | 9,248               |       | 8,402            |       | (1,700)          |
| Others   | <b>730</b>              |              | 971                 |       | 771              |       | (241)            |
| Investments and other assets   | <b>33,772</b>           | <b>10.1</b>  | 16,453              | 5.6   | 15,673           | 5.1   | 17,319           |
| Investment securities  | <b>24,796</b>           |              | 7,359               |       | 7,342            |       | 17,437           |
| Deferred income taxes  | <b>5,444</b>            |              | 5,818               |       | 4,608            |       | (374)            |
| Others   | <b>4,182</b>            |              | 3,895               |       | 4,374            |       | 287              |
| Allowance for doubtful accounts  | <b>(650)</b>            |              | (619)               |       | (651)            |       | (31)             |
| Total fixed assets   | <b>158,126</b>          | <b>47.2</b>  | 135,006             | 45.9  | 137,332          | 45.0  | 23,120           |
| Deferred charges   | <b>0</b>                | <b>0.0</b>   | 23                  | 0.0   | 13               | 0.0   | (23)             |
| Total assets   | <b>¥334,757</b>         | <b>100.0</b> | ¥294,085            | 100.0 | ¥305,318         | 100.0 | ¥40,672          |

**Liabilities and Shareholders' Equity**

|  | Japanese yen (Millions) |              |                     |       |                  |       |                  |
|--|-------------------------|--------------|---------------------|-------|------------------|-------|------------------|
|  | December 31<br>2003     |              | December 31<br>2002 |       | March 31<br>2003 |       | Amount<br>change |
|  | Amount                  | %            | Amount              | %     | Amount           | %     |                  |
| Current liabilities:                       |                         |              |                     |       |                  |       |                  |
| Notes and accounts payable                 | <b>¥63,089</b>          |              | ¥51,908             |       | ¥53,113          |       | ¥11,181          |
| Short-term borrowings                      | <b>52,010</b>           |              | 56,088              |       | 65,496           |       | (4,078)          |
| Current portion of long-term debt          | <b>1,530</b>            |              | 2,963               |       | 3,349            |       | (1,433)          |
| Current portion of convertible bonds       | <b>4,688</b>            |              | 10,161              |       | 5,027            |       | (5,473)          |
| Income taxes payable                       | <b>2,080</b>            |              | 2,190               |       | 3,045            |       | (110)            |
| Deferred income taxes                      | <b>181</b>              |              | 0                   |       | 0                |       | 181              |
| Accrued bonus to employees                 | <b>1,883</b>            |              | 1,881               |       | 3,325            |       | 2                |
| Other current liabilities                  | <b>22,928</b>           |              | 16,073              |       | 19,129           |       | 6,855            |
| Total current liabilities                  | <b>148,393</b>          | <b>44.4</b>  | 141,267             | 48.0  | 152,485          | 49.9  | 7,126            |
| Non-current liabilities:                   |                         |              |                     |       |                  |       |                  |
| Convertible bonds                          | <b>39,277</b>           |              | 13,978              |       | 9,279            |       | 25,299           |
| Long-term debt                             | <b>2,798</b>            |              | 3,382               |       | 5,187            |       | (584)            |
| Deferred income taxes                      | <b>1,913</b>            |              | 1,292               |       | 1,192            |       | 621              |
| Accrued severance and benefit costs        | <b>9,158</b>            |              | 8,861               |       | 9,081            |       | 297              |
| Accrued retirement benefit to directors    | <b>1,163</b>            |              | 1,257               |       | 1,255            |       | (94)             |
| Others                                     | <b>2,341</b>            |              | 854                 |       | 811              |       | 1,487            |
| Total non-current liabilities              | <b>56,653</b>           | <b>16.9</b>  | 29,626              | 10.1  | 26,807           | 8.8   | 27,027           |
| Total liabilities                          | <b>205,046</b>          | <b>61.3</b>  | 170,893             | 58.1  | 179,293          | 58.7  | 34,153           |
| Minority interests                         | <b>33,207</b>           | <b>9.9</b>   | 35,236              | 12.0  | 35,882           | 11.8  | (2,029)          |
| Shareholders' equity:                      |                         |              |                     |       |                  |       |                  |
| Common stock                               | <b>26,653</b>           | <b>8.0</b>   | 26,477              | 9.0   | 26,485           | 8.7   | 176              |
| Additional paid-in capital                 | <b>30,037</b>           | <b>9.0</b>   | 26,352              | 9.0   | 26,360           | 8.6   | 3,685            |
| Accumulated earnings                       | <b>50,027</b>           | <b>14.9</b>  | 42,148              | 14.3  | 44,282           | 14.5  | 7,879            |
| Land revaluation reserve                   | <b>(701)</b>            | <b>(0.2)</b> | (701)               | (0.2) | (701)            | (0.2) | -                |
| Net unrealized loss on securities          | <b>1,094</b>            | <b>0.3</b>   | (532)               | (0.2) | (561)            | (0.2) | 1,626            |
| Foreign currency translation adjustment    | <b>(10,505)</b>         | <b>(3.2)</b> | (5,725)             | (2.0) | (5,656)          | (1.9) | (4,780)          |
| Treasury stock                             | <b>(101)</b>            | <b>(0.0)</b> | (63)                | (0.0) | (65)             | (0.0) | (38)             |
| Total shareholders' equity                 | <b>96,503</b>           | <b>28.8</b>  | 87,955              | 29.9  | 90,142           | 29.5  | 8,548            |
| Total liabilities and shareholders' equity | <b>¥334,757</b>         | <b>100.0</b> | ¥294,085            | 100.0 | ¥305,318         | 100.0 | ¥40,672          |

## 2) Consolidated Statements of Income

|  | Japanese yen (Millions)         |       |         |       |                                |       |          |       |
|--|---------------------------------|-------|---------|-------|--------------------------------|-------|----------|-------|
|  | Three months ended December 31, |       |         |       | Nine months ended December 31, |       |          |       |
|  | 2003                            |       | 2002    |       | 2003                           |       | 2002     |       |
|  | Amount                          | %     | Amount  | %     | Amount                         | %     | Amount   | %     |
| Net sales  | <b>¥84,471</b>                  | 100.0 | ¥76,903 | 100.0 | ¥242,737                       | 100.0 | ¥223,628 | 100.0 |
| Cost of sales  | <b>65,687</b>                   | 77.8  | 61,553  | 80.0  | 189,367                        | 78.0  | 180,033  | 80.5  |
| <b>Gross profit</b>  | <b>18,784</b>                   | 22.2  | 15,350  | 20.0  | 53,369                         | 22.0  | 43,594   | 19.5  |
| Selling, general and administrative expenses                   | <b>10,563</b>                   | 12.5  | 9,083   | 11.8  | 30,652                         | 12.6  | 26,994   | 12.1  |
| Amortization of consolidation difference included in the above | <b>901</b>                      |       | 842     |       | 2,627                          |       | 2,493    |       |
| <b>Operating income</b>  | <b>8,220</b>                    | 9.7   | 6,266   | 8.2   | 22,717                         | 9.4   | 16,600   | 7.4   |
| Other income   | <b>310</b>                      | 0.4   | 338     | 0.4   | 1,130                          | 0.4   | 1,526    | 0.7   |
| Interest income  | <b>41</b>                       |       | 67      |       | 141                            |       | 263      |       |
| Dividend income  | <b>16</b>                       |       | 17      |       | 118                            |       | 148      |       |
| Other  | <b>252</b>                      |       | 253     |       | 869                            |       | 1,115    |       |
| Other expenses   | <b>3,020</b>                    | 3.6   | 1,022   | 1.3   | 6,259                          | 2.6   | 6,221    | 2.8   |
| Interest expenses  | <b>177</b>                      |       | 223     |       | 564                            |       | 686      |       |
| Foreign currency transaction loss                              | <b>1,156</b>                    |       | 538     |       | 2,949                          |       | 3,828    |       |
| Equity in loss of affiliates                                   | <b>1,308</b>                    |       | 14      |       | 1,367                          |       | 86       |       |
| Loss on write-off of inventory                                 | <b>219</b>                      |       | 122     |       | 771                            |       | 996      |       |
| Other  | <b>158</b>                      |       | 124     |       | 607                            |       | 623      |       |
| <b>Recurring profit</b>  | <b>5,511</b>                    | 6.5   | 5,582   | 7.3   | 17,588                         | 7.2   | 11,905   | 5.3   |
| Extraordinary gains  | <b>93</b>                       | 0.1   | 31      | 0.0   | 791                            | 0.3   | 150      | 0.1   |
| Gain on sale of fixed assets                                   | <b>12</b>                       |       | 6       |       | 58                             |       | 38       |       |
| Equity in earnings (losses) of affiliates                      | <b>92</b>                       |       | 22      |       | 169                            |       | 22       |       |
| Gain on reversal of allowance for retirement                   | <b>-</b>                        |       | -       |       | 459                            |       | -        |       |
| Other, net   | <b>(11)</b>                     |       | 1       |       | 103                            |       | 89       |       |
| Extraordinary losses   | <b>496</b>                      | 0.6   | 1,293   | 1.7   | 2,043                          | 0.8   | 2,671    | 1.2   |
| Loss on disposal of property, plant and equipment              | <b>143</b>                      |       | 247     |       | 749                            |       | 806      |       |
| Loss on write-down of investment securities                    | <b>-</b>                        |       | 651     |       | -                              |       | 670      |       |
| Amortization of net transition obligation                      | <b>302</b>                      |       | 364     |       | 906                            |       | 1,096    |       |
| Relocation of headquarters and laboratory                      | <b>-</b>                        |       | -       |       | 316                            |       | -        |       |
| Other  | <b>49</b>                       |       | 30      |       | 71                             |       | 97       |       |
| <b>Income before income taxes and minority interests</b>       | <b>5,108</b>                    | 6.0   | 4,320   | 5.6   | 16,336                         | 6.7   | 9,384    | 4.2   |
| Income taxes (Current)   | <b>1,430</b>                    | 1.7   | 958     | 1.2   | 4,935                          | 2.0   | 3,317    | 1.5   |
| Income taxes (Deferred)  | <b>1,341</b>                    | 1.6   | 942     | 1.2   | 757                            | 0.3   | 17       | 0.0   |
| Minority interests in subsidiaries                             | <b>964</b>                      | 1.1   | 683     | 0.9   | 2,858                          | 1.2   | 1,697    | 0.8   |
| <b>Net income</b>  | <b>¥1,371</b>                   | 1.6   | ¥1,735  | 2.3   | ¥7,785                         | 3.2   | ¥4,351   | 1.9   |

### 3) Consolidated Statement of Cash Flows

|  | Japanese yen (Millions)           |                                   |                         |
|--|-----------------------------------|-----------------------------------|-------------------------|
|  | Nine months ended<br>December 31, | Nine months ended<br>December 31, | Year ended<br>March 31, |
|  | 2003                              | 2002                              | 2003                    |
| <b>Cash flows from operating activities:</b>   |                                   |                                   |                         |
| Net income before income taxes and minority interests  | ¥16,336                           | ¥9,384                            | ¥12,712                 |
| Depreciation   | 11,900                            | 11,229                            | 15,138                  |
| Amortization of consolidation difference   | 2,443                             | 2,309                             | 3,070                   |
| Provision for doubtful accounts  | (48)                              | 8                                 | 105                     |
| Accrued severance and benefit cost   | 194                               | 1,248                             | 1,433                   |
| Interest and dividend income   | (260)                             | (411)                             | (554)                   |
| Interest expenses  | 564                               | 686                               | 897                     |
| Exchange loss (gain)   | 1,259                             | 964                               | 443                     |
| Equity in loss of affiliates   | 1,367                             | 86                                | 110                     |
| Loss on sale of property, plant and equipment  | 20                                | 30                                | 30                      |
| Loss on disposal of property, plant and equipment  | 670                               | 738                               | 1,134                   |
| Decrease (increase) in notes and accounts receivable   | (13,923)                          | (8,299)                           | (6,839)                 |
| Decrease (increase) in inventories   | (6,897)                           | (1,582)                           | (405)                   |
| Increase (decrease) in notes and accounts payable  | 14,757                            | 8,224                             | 9,154                   |
| Other, net   | (1,691)                           | (1,653)                           | (2)                     |
| Sub-total  | 26,691                            | 22,963                            | 36,430                  |
| Interest and dividend income received  | 261                               | 413                               | 557                     |
| Interest expenses paid   | (576)                             | (916)                             | (1,119)                 |
| Income taxes paid  | (5,899)                           | (5,816)                           | (6,642)                 |
| Net cash provided by operating activities  | 20,476                            | 16,644                            | 29,224                  |
| <b>Cash flows from investing activities:</b>   |                                   |                                   |                         |
| Payments for fixed deposits over three months  | (632)                             | (309)                             | (166)                   |
| Proceeds from fixed deposits over three months   | 281                               | 160                               | 319                     |
| Payments for purchase of marketable securities   | (60)                              | (152)                             | (186)                   |
| Proceeds from sales of marketable securities   | 38                                | 139                               | 157                     |
| Payments for purchase of property, plant and equipment                                       | (16,295)                          | (19,901)                          | (25,806)                |
| Proceeds from sales of property, plant and equipment   | 334                               | 258                               | 516                     |
| Payments for purchase of investments in securities   | (2,180)                           | (47)                              | (557)                   |
| Proceeds from sale of investments in securities  | 25                                | 119                               | 120                     |
| Proceeds for purchase of investments in affiliates   | (14,878)                          | (2,555)                           | (2,895)                 |
| Payments for purchase of investments of newly consolidated subsidiaries                      | (1,548)                           | -                                 | -                       |
| Proceeds from sales of subsidiaries' share resulting in change in the scope of consolidation | -                                 | 11                                | 11                      |
| Disbursement of loan receivables   | (454)                             | (60)                              | (275)                   |
| Collection of loan receivables   | 195                               | 51                                | 179                     |
| Other  | (311)                             | (570)                             | (587)                   |
| Net cash used in investing activities  | (35,485)                          | (22,854)                          | (29,168)                |
| <b>Cash flows from financing activities:</b>   |                                   |                                   |                         |
| Increase (decrease) in short-term borrowings   | (12,398)                          | (986)                             | 8,872                   |
| Proceeds from issuance of long-term debt   | -                                 | 2,569                             | 5,552                   |
| Payments of long-term debt   | (4,274)                           | (4,772)                           | (5,599)                 |
| Issuance of common stock to minority interests   | 444                               | 167                               | 273                     |
| Dividends paid   | (1,909)                           | (1,271)                           | (1,271)                 |
| Payment of dividends to minority interests   | (767)                             | (656)                             | (656)                   |
| Redemption of long-term debt   | -                                 | -                                 | (9,832)                 |
| Proceeds from issuance of corporate bonds  | 30,872                            | -                                 | -                       |
| Other  | (35)                              | (54)                              | (56)                    |
| Net cash used in financing activities  | 11,930                            | (5,003)                           | (2,717)                 |
| Effect of exchange rate changes on cash and cash equivalents                                 | (2,125)                           | (2,717)                           | (2,752)                 |
| Net increase (decrease) in cash and cash equivalents   | (5,203)                           | (13,932)                          | (5,413)                 |
| Cash and cash equivalents at beginning of year   | 49,315                            | 53,586                            | 53,586                  |
| Cash increased in change in the scope of consolidation                                       | 171                               | 1,145                             | 1,142                   |
| Cash and cash equivalents at end of year   | ¥44,283                           | ¥40,798                           | ¥49,315                 |

#### **4) BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS**

##### **1. Scope of consolidation:**

Number of consolidated subsidiaries: 65

(Comparison to the preceding quarter ended September 30, 2003)

Newly consolidated from September 30, 2003: 1

(Newly established)

Nidec-Shimpo (ZheJiang) Corporation

(Comparison to the same period of the previous year)

Newly consolidated: 12; Excluded from consolidation: 1

(Newly established: 8)

Nidec (Shanghai) International Trading Co., Ltd.

Nidec Power Motor (Shanghai) International Trading Co., Ltd.

Nidec Total Service (ZheJiang) Corporation

Nemicon Noise Corporation

Nidec-Shimpo (Shanghai) International Trading Co., Ltd.

Nidec Shibaura (H.K.) Limited

Nidec Steel Products (ZheJiang) Co., Ltd.

Nidec-Shimpo (ZheJiang) Corporation

(Newly consolidated because of being material as a whole: 3)

Nidec Copal Electronics (ZheJiang) Co., Ltd.

Nidec Tosok (Shanghai) Co., Ltd.

Nidec Copal Electronics (Korea) Co.,Ltd.

(Increased in consolidation because Nidec Corporation's share of ownership and voting rights increased: 1)

Sankyo Ryutsu Kogyo Co., Ltd.

(Excluded from consolidation by liquidation: 1)

Shimpo-Ceramics Corporation

##### **2. Application of the equity method:**

Number of affiliates accounted for by the equity method: 8

(Comparison to the preceding quarter ended September 30, 2003)

Newly accounted for by the equity method: 1

(Increased because Nidec Corporation's share of ownership and voting rights increased: 1)

Sankyo Seiki Mfg. Co., Ltd.

(Comparison to the same period of the previous year)

Newly accounted for by the equity method: 3

(Newly established: 1)

Copal Yamada Corporation

(Newly accounted for by the equity method because of being material as a whole: 1)

NTN-Nidec (Zhejiang) Corporation

(Increased because Nidec Corporation's share of ownership and voting rights increased: 1)

Sankyo Seiki Mfg. Co., Ltd.

**3. Items regarding accounting standards:**

Change in accounting method: N/A

(Additional note)

On April 1, 2003, Nidec Tosok Corporation, settled the defined benefit plans and established new defined contribution pension plans pursuant to the Japanese Welfare Pension Insurance Law. Nidec Tosok Corporation recognized an extraordinary gain of ¥459 million upon settlement of the plans in the nine month period ended December 31, 2003.

## 5) BUSINESS SEGMENT INFORMATION

### (1) Business Segment Information

| Japanese yen (Millions)              |                        |                 |           |         |         |                        |              |
|--------------------------------------|------------------------|-----------------|-----------|---------|---------|------------------------|--------------|
| Three months ended December 31, 2003 |                        |                 |           |         |         |                        |              |
|                                      | Small precision motors | Mid-size motors | Machinery | Other   | Total   | Eliminations/Corporate | Consolidated |
| Net sales:                           |                        |                 |           |         |         |                        |              |
| Customers                            | ¥46,452                | ¥7,546          | ¥9,451    | ¥21,020 | ¥84,471 | -                      | ¥84,471      |
| Intersegment                         | 0                      | 3               | 1,439     | 168     | 1,612   | (¥1,612)               | -            |
| Total                                | 46,453                 | 7,550           | 10,891    | 21,188  | 86,084  | (1,612)                | 84,471       |
| Operating expenses                   | 40,805                 | 7,184           | 10,135    | 18,986  | 77,113  | (862)                  | 76,250       |
| Operating income                     | ¥5,647                 | ¥365            | ¥755      | ¥2,202  | ¥8,971  | (¥750)                 | ¥8,220       |

| Japanese yen (Millions)              |                        |                 |           |         |         |                        |              |
|--------------------------------------|------------------------|-----------------|-----------|---------|---------|------------------------|--------------|
| Three months ended December 31, 2002 |                        |                 |           |         |         |                        |              |
|                                      | Small precision motors | Mid-size motors | Machinery | Other   | Total   | Eliminations/Corporate | Consolidated |
| Net sales:                           |                        |                 |           |         |         |                        |              |
| Customers                            | ¥44,387                | ¥8,864          | ¥7,580    | ¥16,071 | ¥76,903 | -                      | ¥76,903      |
| Intersegment                         | 0                      | 6               | 1,457     | 118     | 1,583   | (¥1,583)               | -            |
| Total                                | 44,387                 | 8,870           | 9,038     | 16,190  | 78,486  | (1,583)                | 76,903       |
| Operating expenses                   | 39,694                 | 8,819           | 8,580     | 14,598  | 71,691  | (1,055)                | 70,636       |
| Operating income                     | ¥4,693                 | ¥51             | ¥457      | ¥1,592  | ¥6,794  | (¥527)                 | ¥6,266       |

| Japanese yen (Millions)             |                        |                 |           |         |          |                        |              |
|-------------------------------------|------------------------|-----------------|-----------|---------|----------|------------------------|--------------|
| Nine months ended December 31, 2003 |                        |                 |           |         |          |                        |              |
|                                     | Small precision motors | Mid-size motors | Machinery | Other   | Total    | Eliminations/Corporate | Consolidated |
| Net sales:                          |                        |                 |           |         |          |                        |              |
| Customers                           | ¥132,418               | ¥24,211         | ¥26,943   | ¥59,164 | ¥242,737 | -                      | ¥242,737     |
| Intersegment                        | 1                      | 12              | 3,997     | 480     | 4,492    | (¥4,492)               | -            |
| Total                               | 132,420                | 24,223          | 30,941    | 59,644  | 247,229  | (4,492)                | 242,737      |
| Operating expenses                  | 117,428                | 22,925          | 28,824    | 52,997  | 222,175  | (2,155)                | 220,019      |
| Operating income                    | ¥14,992                | ¥1,297          | ¥2,116    | ¥6,647  | ¥25,054  | (¥2,336)               | ¥22,717      |

| Japanese yen (Millions)             |                        |                 |           |         |          |                        |              |
|-------------------------------------|------------------------|-----------------|-----------|---------|----------|------------------------|--------------|
| Nine months ended December 31, 2002 |                        |                 |           |         |          |                        |              |
|                                     | Small precision motors | Mid-size motors | Machinery | Other   | Total    | Eliminations/Corporate | Consolidated |
| Net sales:                          |                        |                 |           |         |          |                        |              |
| Customers                           | ¥127,991               | ¥27,824         | ¥23,151   | ¥44,660 | ¥223,628 | -                      | ¥223,628     |
| Intersegment                        | 3                      | 10              | 5,364     | 390     | 5,769    | (¥5,769)               | -            |
| Total                               | 127,995                | 27,835          | 28,516    | 45,050  | 229,398  | (5,769)                | 223,628      |
| Operating expenses                  | 114,211                | 27,997          | 27,121    | 41,345  | 210,676  | (3,648)                | 207,028      |
| Operating income                    | ¥13,784                | (¥161)          | ¥1,394    | ¥3,704  | ¥18,721  | (¥2,121)               | ¥16,600      |

| Japanese yen (Millions)   |                              |                    |           |         |          |                            |              |
|---------------------------|------------------------------|--------------------|-----------|---------|----------|----------------------------|--------------|
| Year ended March 31, 2003 |                              |                    |           |         |          |                            |              |
|                           | Small<br>precision<br>motors | Mid-size<br>motors | Machinery | Other   | Total    | Eliminations/<br>Corporate | Consolidated |
| Net sales:                |                              |                    |           |         |          |                            |              |
| Customers                 | ¥168,591                     | ¥37,479            | ¥31,763   | ¥60,807 | ¥298,641 | -                          | ¥298,641     |
| Intersegment              | 4                            | 18                 | 6,694     | 490     | 7,208    | (¥7,208)                   | -            |
| Total                     | 168,595                      | 37,498             | 38,457    | 61,298  | 305,849  | (7,208)                    | 298,641      |
| Operating expenses        | 150,927                      | 37,002             | 36,331    | 55,496  | 279,758  | (3,979)                    | 275,779      |
| Operating income          | ¥17,667                      | ¥495               | ¥2,125    | ¥5,801  | ¥26,090  | (¥3,229)                   | ¥22,861      |

Notes:

1. Segments are classified based on similarities in product type, product attributes, and production and sales methods.

2. Major products of each business segment:

(1) Small precision motors: Small precision DC motors (including spindle motors for HDDs), Small precision fans, brush motors, vibration motors

(2) Mid-size motors: Motors for home appliances, automobiles and industrial use

(3) Machinery: High-speed press machines, semiconductor production equipment, precision equipment, FA equipment

(Note) Former segment of "Machinery and power supplies" changed into "Machinery" in the third quarter due to the change that Machinery had accounted for major portion of this segment.

(4) Other: Automobile components, optical components, electronic components, pivot assemblies, other components, service etc

3. Unallocated operating expenses included in Eliminations/Corporate (Consolidated)

|   | Japanese yen (Millions)           |        |                         |
|---|-----------------------------------|--------|-------------------------|
|   | Nine months ended December<br>31, |        | Year ended<br>March 31, |
|   | 2003                              | 2002   | 2003                    |
| Amount of unallocated<br>expenses included in<br>Eliminations/Corporate | ¥2,212                            | ¥1,742 | ¥2,673                  |

Expenses derived from the overhead department of the parent company's Administration and accounting divisions

## (2) Geographic Segment Information

| Japanese yen (Millions)              |         |               |         |       |         |                            |              |
|--------------------------------------|---------|---------------|---------|-------|---------|----------------------------|--------------|
| Three months ended December 31, 2003 |         |               |         |       |         |                            |              |
|                                      | Japan   | North America | Asia    | Other | Total   | Eliminations/<br>Corporate | Consolidated |
| Net sales:                           |         |               |         |       |         |                            |              |
| Customers                            | ¥49,939 | ¥1,318        | ¥32,393 | ¥820  | ¥84,471 | -                          | ¥84,471      |
| Intersegment                         | 18,727  | 268           | 34,210  | 2     | 53,208  | (¥53,208)                  | -            |
| Total                                | 68,667  | 1,587         | 66,603  | 822   | 137,680 | (53,208)                   | 84,471       |
| Operating expenses                   | 65,402  | 1,469         | 60,943  | 772   | 128,587 | (52,336)                   | 76,250       |
| Operating income                     | ¥3,265  | ¥117          | ¥5,659  | ¥50   | ¥9,092  | (¥871)                     | ¥8,220       |

| Japanese yen (Millions)              |         |               |         |       |         |                            |              |
|--------------------------------------|---------|---------------|---------|-------|---------|----------------------------|--------------|
| Three months ended December 31, 2002 |         |               |         |       |         |                            |              |
|                                      | Japan   | North America | Asia    | Other | Total   | Eliminations/<br>Corporate | Consolidated |
| Net sales:                           |         |               |         |       |         |                            |              |
| Customers                            | ¥47,943 | ¥2,029        | ¥26,034 | ¥896  | ¥76,903 | -                          | ¥76,903      |
| Intersegment                         | 19,441  | 251           | 32,340  | 6     | 52,039  | (¥52,039)                  | -            |
| Total                                | 67,384  | 2,280         | 58,374  | 903   | 128,942 | (52,039)                   | 76,903       |
| Operating expenses                   | 64,344  | 2,167         | 54,827  | 882   | 122,222 | (51,585)                   | 70,636       |
| Operating income                     | ¥3,039  | ¥113          | ¥3,546  | ¥20   | ¥6,720  | (¥453)                     | ¥6,266       |

| Japanese yen (Millions)             |          |               |         |        |          |                            |              |
|-------------------------------------|----------|---------------|---------|--------|----------|----------------------------|--------------|
| Nine months ended December 31, 2003 |          |               |         |        |          |                            |              |
|                                     | Japan    | North America | Asia    | Other  | Total    | Eliminations/<br>Corporate | Consolidated |
| Net sales:                          |          |               |         |        |          |                            |              |
| Customers                           | ¥146,134 | ¥4,496        | ¥89,330 | ¥2,775 | ¥242,737 | -                          | ¥242,737     |
| Intersegment                        | 53,490   | 666           | 98,007  | 8      | 152,173  | (¥152,173)                 | -            |
| Total                               | 199,624  | 5,163         | 187,338 | 2,783  | 394,910  | (152,173)                  | 242,737      |
| Operating expenses                  | 190,083  | 4,884         | 171,744 | 2,679  | 369,391  | (149,371)                  | 220,019      |
| Operating income                    | ¥9,541   | ¥279          | ¥15,594 | ¥104   | ¥25,519  | (¥2,801)                   | ¥22,717      |

| Japanese yen (Millions)             |          |               |         |        |          |                            |              |
|-------------------------------------|----------|---------------|---------|--------|----------|----------------------------|--------------|
| Nine months ended December 31, 2002 |          |               |         |        |          |                            |              |
|                                     | Japan    | North America | Asia    | Other  | Total    | Eliminations/<br>Corporate | Consolidated |
| Net sales:                          |          |               |         |        |          |                            |              |
| Customers                           | ¥137,017 | ¥6,637        | ¥75,852 | ¥4,119 | ¥223,628 | -                          | ¥223,628     |
| Intersegment                        | 59,598   | 824           | 94,458  | 107    | 154,989  | (¥154,989)                 | -            |
| Total                               | 196,616  | 7,462         | 170,311 | 4,226  | 378,617  | (154,989)                  | 223,628      |
| Operating expenses                  | 187,889  | 7,201         | 160,696 | 4,135  | 359,921  | (152,893)                  | 207,028      |
| Operating income                    | ¥8,727   | ¥261          | ¥9,615  | ¥91    | ¥18,695  | (¥2,095)                   | ¥16,600      |

| Japanese yen (Millions)   |          |               |          |        |          |                            |              |
|---------------------------|----------|---------------|----------|--------|----------|----------------------------|--------------|
| Year ended March 31, 2003 |          |               |          |        |          |                            |              |
|                           | Japan    | North America | Asia     | Other  | Total    | Eliminations/<br>Corporate | Consolidated |
| Net sales:                |          |               |          |        |          |                            |              |
| Customers                 | ¥183,938 | ¥8,490        | ¥101,210 | ¥5,001 | ¥298,641 | -                          | ¥298,641     |
| Intersegment              | 76,971   | 1,209         | 124,486  | 114    | 202,782  | (¥202,782)                 | -            |
| Total                     | 260,910  | 9,699         | 225,697  | 5,116  | 501,423  | (202,782)                  | 298,641      |
| Operating expenses        | 249,076  | 9,395         | 212,042  | 4,977  | 475,492  | (199,712)                  | 275,779      |
| Operating income          | ¥11,834  | ¥304          | ¥13,654  | ¥138   | ¥25,931  | (¥3,069)                   | ¥22,861      |

Notes:

1. Regions are based on geographic vicinity.
2. Main countries or region pertaining to each classification:
  - (1) North America: United States
  - (2) Asia: Singapore, Thailand, China, Philippines
  - (3) Other: Europe
3. Unallocated operating expenses included in Eliminations/Corporate (Consolidated)

|   | Japanese yen (Millions)           |        |                         |
|---|-----------------------------------|--------|-------------------------|
|   | Nine months ended<br>December 31, |        | Year ended<br>March 31, |
|   | 2003                              | 2002   | 2003                    |
| Amount of unallocated expenses included in Eliminations/Corporate | ¥2,212                            | ¥1,742 | ¥2,673                  |

Expenses incurred from the overhead department of the parent company's administration and accounting divisions

### (3) Overseas sales (Consolidated)

|                                      | Japanese yen (Millions), %          |          |        |          |
|--------------------------------------|-------------------------------------|----------|--------|----------|
|                                      | Nine months ended December 31, 2003 |          |        |          |
|                                      | North America                       | Asia     | Other  | Total    |
| Overseas sales                       | ¥6,428                              | ¥130,949 | ¥8,026 | ¥145,404 |
| Consolidated sales                   | -                                   | -        | -      | 242,737  |
| Overseas sales to consolidated sales | 2.6%                                | 54.0%    | 3.3%   | 59.9%    |

|                                      | Japanese yen (Millions), %          |          |        |          |
|--------------------------------------|-------------------------------------|----------|--------|----------|
|                                      | Nine months ended December 31, 2002 |          |        |          |
|                                      | North America                       | Asia     | Other  | Total    |
| Overseas sales                       | ¥7,157                              | ¥115,659 | ¥5,870 | ¥128,686 |
| Consolidated sales                   | -                                   | -        | -      | 223,628  |
| Overseas sales to consolidated sales | 3.2%                                | 51.7%    | 2.6%   | 57.5%    |

|                                      | Japanese yen (Millions), % |          |        |          |
|--------------------------------------|----------------------------|----------|--------|----------|
|                                      | Year ended March 31, 2003  |          |        |          |
|                                      | North America              | Asia     | Other  | Total    |
| Overseas sales                       | ¥9,170                     | ¥154,738 | ¥7,486 | ¥171,395 |
| Consolidated sales                   | -                          | -        | -      | 298,641  |
| Overseas sales to consolidated sales | 3.1%                       | 51.8%    | 2.5%   | 57.4%    |

#### Notes:

1. The method of region classification and the breakdown of the main countries or regions pertaining to each classification are as follows:

- (1) Method of classification: based on geographic vicinity
- (2) Main countries or region pertaining to each classification:
  - North America: United States
  - Asia: Singapore, Thailand, China, Philippines
  - Other: Europe

2. Overseas sales comprise sales of Nidec Corporation and its subsidiaries in countries or regions other than Japan.