



Think Automation and beyond...



IDEC CORPORATION

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IDEC Report 2016



Vegetable oil ink was used in the printing of this report in consideration of the environment.





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Think Automation and beyond...

We make the point of contact, where people interface with machines, easy, safe and secure. We create new possibilities.

IDEC celebrated its 70th anniversary in November of 2015. Your support and dedication contributed greatly to our success during many of those 70 years. Since its founding, IDEC has developed and introduced to the world numerous products and services centered on its control technology. Today, our products are used not only in factories, but in a wide range of settings in people's everyday lives where customers desire safety, ease of use, reliability and a smaller environmental footprint.

One of our corporate principles is to conduct business with consideration for social contribution. Guided by this principle, IDEC Group members are free from traditional and conventional ways of thinking or doing, and encouraged to constantly improve themselves

by broadening their knowledge and working hard toward progress. They never forget the basic objective of valuing customers' perspectives and responding to them by providing solid technology. I am certain that having such individuals in the company creates a path toward social contribution and new opportunities, raising the IDEC Group to a higher status as a preferred supplier and demonstrating our value to customers.

We are committed to making the point of contact where people interface with machines easy, safe and secure, while creating new possibilities beyond that point. The IDEC Group continues its efforts to brighten the future of manufacturing and our lives as we move into the centennial of IDEC's existence.

Capitalizing on its technologies, IDEC offers solutions for diverse social needs.



Performance for fiscal year 2016

In addition to the sales increases in operating switches, enabling switches and other industrial and safety products, the expansion of the new auto-ID (automatic-identification) business sector contributed to overall domestic sales of ¥27,579 million (up 4.0% from previous year). As for total overseas sales, increases in sales of operating switches and small PLCs in North America and safety products in China helped to achieve ¥15,888 million (up 1.6% from previous year). As a result, consolidated sales and operating income was ¥43,468 million (up 3.1% from previous year) and ¥3,176 million (up 9.1% from previous year), while the operating income margin was 7.3%. The total per-share dividend payment for the year was ¥36 and the DOE (dividends on equity) was 3.5%.

Business strategies for future growth

The IDEC Group strives to increase sales and profit in established business segments, while expanding its new environmental and renewable energy fields.

For our established segments we are strengthening customer-focused solutions. At the same time we are targeting growing sectors worldwide by building strategic partnerships through mergers and acquisitions to obtain technologies, products, sales channels and other resources required by customers.

Leveraging our core technology-based products and systems in new business sectors, we are expanding our renewable energy enterprise in response to high social demand, increasing sales in auto-ID devices, providing agricultural

solutions and commercializing fine bubble generation technology.

Following our corporate mission of “making contributions to society through business,” we continue our efforts to maximize the company’s value, profit and dividends by responding to the needs of society.

In closing, I would like to thank each and every person associated with the IDEC Group and ask for continued support and guidance.

Toshi K. Funaki
Chairman and
Chief Executive Officer

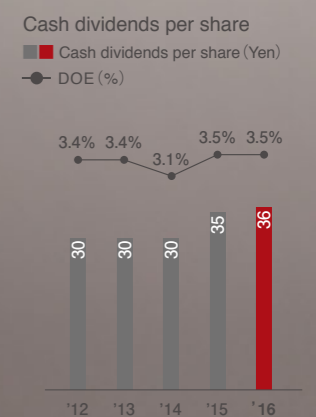
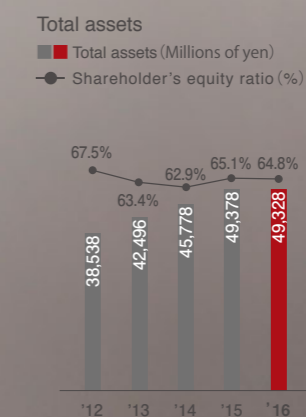
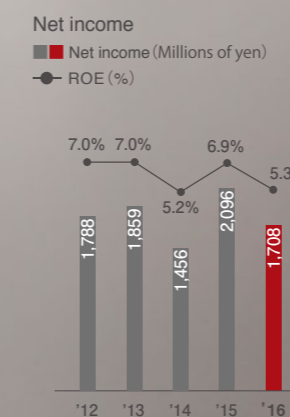
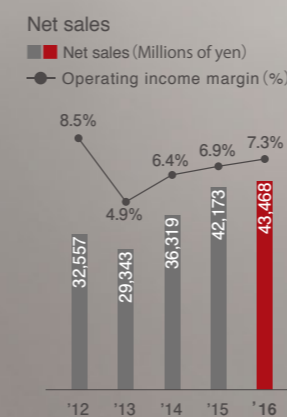
Financial Highlights **Increases in sales and profit achieved through strong growth in industrial control and safety products.**

Net sales **43,468** million yen
Year-on-year up **3.1%**

Operating income **3,176** million yen
Year-on-year up **9.1%**

Domestic net sales **27,579** million yen
Year-on-year up **4.0%**

Overseas net sales **15,888** million yen
Year-on-year up **1.6%**





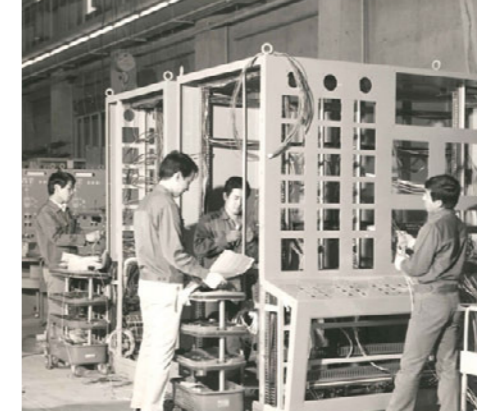
Tsuneo Funaki, Founder

The history of IDEC Group began when IZUMI Shokai opened its door in the Doshomachi section of Osaka in November, 1945. The name "IZUMI" ("和泉," two Chinese characters meaning "Togetherness" and "Fountain," respectively) was chosen because the founder had a vision that the business would harness the strength of its people, and that innovation and creativity would spring forth like water from a fountain.



The first shop at the time of company founding

Mikuni Plant completed in 1956 in Osaka (Photo/above)
Working in the plant at the time (Photo/below)



IZUMI SEIKI TAIWAN CO., LTD.
(now IDEC TAIWAN CORPORATION),
the first plant outside Japan

創

At the time of Start-up 1945-

Over 70 years of Innovation

Since its founding, IDEC has been dedicated to making products that provide safety for manufacturing sites. We shall continue our commitment to providing solutions to social problems and making contributions to society in years to come through our control and environmental technologies.

Inventing "New Possibilities" is IDEC's vision passed down since its founding.





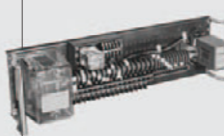
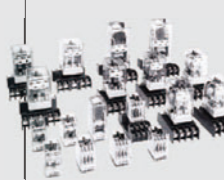
Manufacturing and sales of control devices began in the Post-WWII reconstruction era

IDEC was founded under the original name of IZUMI Shokai Co., Ltd. in 1945, the year World War II ended. First, selling electric appliances upon its founding, soon IDEC recognized the shortage of various switch boxes that were essential for machines and began developing high-quality switch boxes. The safety box switches IDEC's forerunner developed were highly praised by the industry. They passed the strict requirements of the US Military Force in Japan, becoming their specified products and remaining the company's longest-selling product line. These switches, along with our explosion-proof products widely used in textile/chemical plants and petrochemical complexes, helped boost Japan's post-war reconstruction efforts.

A behind-the-scenes hero backing Japan's economic growth becomes major control device manufacturer

The economic boom brought increasing demand for measurement/control technologies for controlling and keeping equipment and systems in an optimal state. This was the turning point for IDEC to begin producing control devices using its previous experience and knowledge to become an all-around control device manufacturer, again contributing to Japan's economic expansion. To keep pace with business growth and the need to increase production, the company grew its manufacturing and sales bases both in Japan and overseas in the 1970s.

【 IDEC Products and Technologies 】

<p>1950</p>  <p>SB metallic switch box</p> <p>The first big hit with a ground-breaking quick-make/quick-break mechanism, which laid the foundation for IDEC.</p>	<p>1953</p>  <p>AR water-proof, corrosion-proof, explosion-proof fluorescent light</p> <p>Developed specifically for lighting in textile/chemical plants.</p>	<p>1958</p>  <p>Miniature switches and pilot lights</p> <p>Drastically miniaturized control units; helped to redirect IDEC's course as a control device manufacturer.</p>	<p>1960</p>  <p>Flame-proof control box</p> <p>Sold to industries requiring explosion-proof devices, such as petrochemical complexes.</p>	<p>1969</p>  <p>SPS step programmer</p> <p>A precursor to the present-day programmable logic controllers, equipped with revolutionary functions for that time.</p>	<p>1972</p>  <p>Yellow relays</p> <p>Entered into the relay market for the first time. Known for reliability and long life, these yellow general purpose relays became our bread-and-butter products.</p>
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馬区

At the
time of
Growth
1970-

Changing with times,
but always a guardian
of manufacturing sites.

Global business growth

Entering into the 1970s, IDEC began aggressively expanding business overseas, establishing subsidiaries, exhibiting at European tradeshows and forming alliances with highly-rated overseas corporations. During that time, IDEC launched control units conforming to the IEC standards, which turned out to be another big hit, and the products have been successful even to this day. As business grew, the company's bid for public stock listing was granted in 1982.

Creating an optimal environment for people and machines

Entering into the 1990s, the manufacturing environment of HMIs (Human Machine Interfaces), in which people and machines work together, became mainstream. In responding to the need for machines and systems providing higher productivity and safety, IDEC launched Japan's first safety switches and enabling switches. In 2000, fully-automated robot control cellular production systems were installed in our main manufacturing site, the Takino Plant. These systems realized the optimal multi-product production in varying volumes while promoting automation and saving labor and power.



Think Automation and beyond...

New IDEC logo and tagline



Plant factory laboratory



New headquarters building completed in 2013



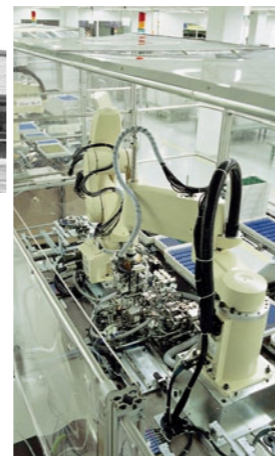
Exhibited at Hannover Messe in Germany



IDEC CORPORATION opened in California, USA



TW Series control units certified for IEC conformity



Robot-control cellular production system

Thrive for 100th
and beyond.

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At the
time of
Expansion
2000-

From IZUMI to IDEC

In commemorating our 60th anniversary, the name of the headquarter was changed to IDEC from IZUMI and the new company logo was created in 2005. In 2015, the year of our 70th anniversary, a group of young employees took on a central role in creating and implementing a new 10-year vision for the IDEC Group for 2025.

For a sustainable society

We believe that future challenges on a global scale are environmental pollution due to increasing CO² emissions and food shortages due to population growth. IDEC will continue inventing new possibilities beyond its 100th anniversary by improving and promoting LED lighting, renewable energy and agricultural automation, all backed by solid technologies.

【 IDEC Products and Technologies 】

1989



Operator interfaces
Liquid-crystal display devices launched as the HD series.



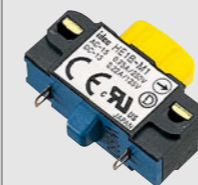
MICRO-1
Set a precedent in the micro-controller segment of the PC market, attracting tremendous attention from the industry.

1993



GaLF
IDEC's proprietary pressurized multi-phase flow fine bubble generator "GaLF" launched.

1998



Enabling switches
Japan's first enabling switches to protect personnel in an emergency debuted.

2011



Miniature switches and pilot lights LB Series
The industry's shortest panel depth, flush bezel and easy to wire.

2014



SmartAXIS controllers FT1A
Combining HMI monitoring makes user applications simple and saves labor and space.

Our Strategy

Pursue growth by delivering products and services that satisfy market needs under our “local manufacture for local consumption” policy.

While IDEC’s business environment is difficult to predict due to the effects of a slowing Chinese economy, it is safe to assume that manufacturing automation, networking and environmental improvements will continue expanding worldwide. With these global trends in mind, we are working hard to increase profitability in our main business, grow new businesses centered on environmental and renewable energy sectors and improve our development, manufacturing and sales systems.

Mikio Funaki
Senior Executive Vice President

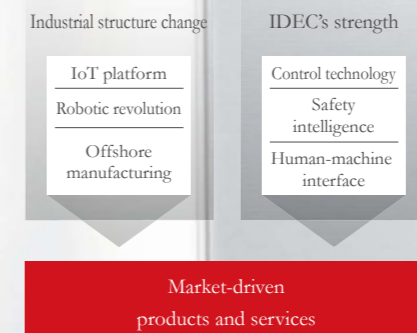


Plan for fiscal year 2017

Net sales	43.7 billion yen
Year-on-year	up 0.5 %
Operating income	3.5 billion yen
Year-on-year	up 10.2 %
Operating income margin	8.0 %
Year-on-year	up 0.7 point

For fiscal year 2016, sales were ¥43.4 billion and the operating income margin was 7.3%. We plan to improve sales and operating profit for this fiscal year. We also plan to increase ROE by improving our profit margin.

Enhancing core businesses and expanding new businesses



The industry’s structure is changing due to the IoT and the increased use of robots at job sites. In response, we are delivering products and services geared to meet market needs and based on our knowledge and expertise in human-machine interface and safety devices. We seek increased profitability by promoting new businesses centered on the environment and renewable energy while improving existing businesses.

Human resource development to ensure sustainable business growth



We focus on developing employees who take ownership of their jobs and are self-starters. Also, as an active promoter of diversity in the workforce, we provide a work environment in which all employees, including women, foreign nationals and people with disabilities, can play active roles in the company’s operations.

Key Strategic Initiatives

Operating a solution- and technology-based high-value business.

To make a significant impact, we are focusing on sales and profit expansion by building strategic partnerships, including mergers and acquisitions, expanding global business and selecting and concentrating our effort on target markets. We are launching new businesses, including consulting services, in which we offer our technology and expertise built over many decades, and a business offering human-robot collaboration safety system solutions for the next generation of manufacturing.

Arnaud Mondy
Senior Executive Officer
Sales & Marketing



Market-Driven Approach

In responding to structural change in industry resulting from IoT, robotic revolution and other trends, we are expanding our lineup of Web-based products and safety devices. We are further improving profitability by focusing on products and solutions that meet global demands while targeting growing markets in our effort to maximize efficiency in allocating resources.

- Product development geared for next generation demands
- Concentrated resource allocation to growing markets

Efficiency

We are improving our entire product management process, from planning to production to sales, while increasing operational efficiency by streamlining product lines, and reassessing and standardizing product designs and materials. In addition to streamlining and enhancing the functions of our business bases in North America and Europe, we will respond quickly to growing market needs in Asia by strengthening regional marketing functions.

- Strengthening the product management system
- Improving global business hubs

New Businesses

We set up a separate department to commercialize our fine bubble generating technology, which has tremendous potential for applications and utilization in a variety of business sectors. We also offer technological solutions to agriculture using control technology. Our solar power business activities now include the development of high-performance micro-inverters in addition to marketing mega-solar systems and energy management systems, including power conditioning units.

- Commercialization of agricultural solutions and fine bubble technology
- Expansion of environmental and energy business

From factory sites to familiar everyday situations, the IDEC Group supports the future of manufacturing and daily life through control technology. With many products, including a diverse lineup of network-compatible products that advance the IoT (Internet of Things), we create products that meet the needs of the times.

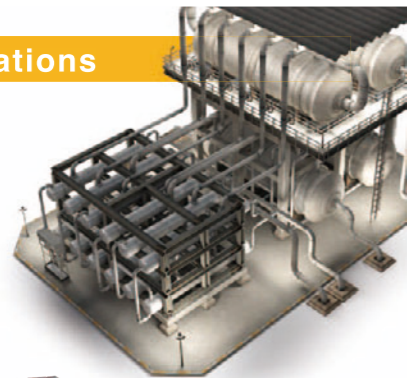


[Making manufacturing sites safer and work environments more comfortable]

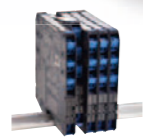
[Making lives better every day]

Hazardous Locations

IDEC expands its group of explosion-proof, structural products for use at sites that are at risk of explosions.



Display enclosures w/ touchscreen EX4R



Intrinsically safe/flame-proof galvanic isolator for analog input D5014



Non-sparking explosion-proof LED lighting VMV

Automation

IDEC manufactures key devices that drive smart factories.



Interface relays RV8H



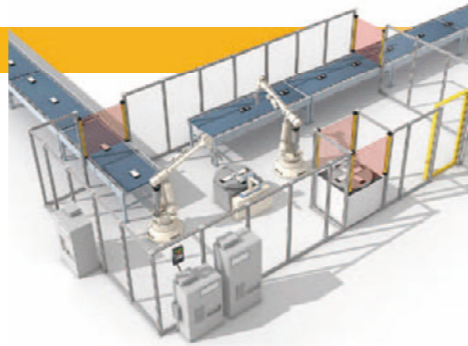
Programmable controllers FC6A



Small, fixed, two-dimensional code readers Matrix300

Safety

IDEC proposes safety measures to enhance the collaboration between humans and machines.



Interlock switches HS5L



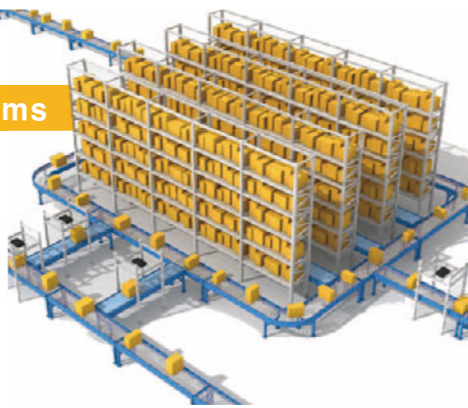
Small teaching pendant HG1U



Safety laser scanners SE2L

Transport Systems

IDEC contributes to the automation and efficiency of logistics.



Operator interfaces HG2G



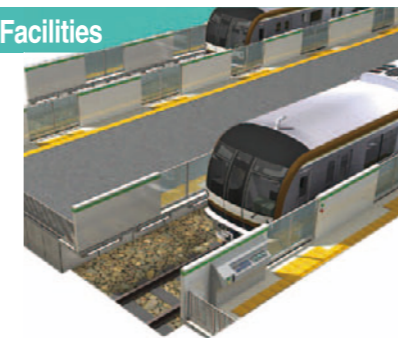
Bluetooth 2D imagers PD2500HP



Miniature laser photoelectric switches SA1E-L

Public Transportation Facilities

IDEC supports operational safety with our control technology.



LED illumination units LF1D/2D



Super-bright pilot lights AP22



SmartRelay FL1F

Hospital

This product lineup is designed for hygiene and the prevention of medical malpractice.



Embedded 1D CCD scanners WB1F



Grip switches for medical equipment



Metal switches for medical equipment

Environment and Energy

IDEC provides complete residential energy management systems.



Power conditioners PJ1A



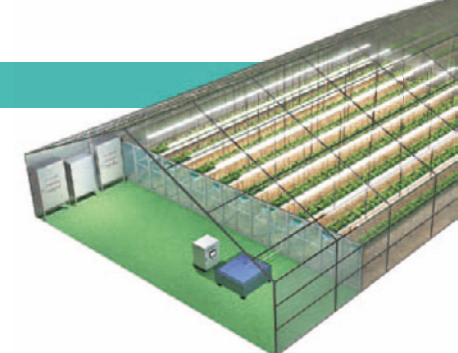
HEMS (Home Energy Management System) controller



Monitoring unit

Agri Business

IDEC offers a variety of technologies that contribute to the realization of state-of-the-art, smart farming systems.



Remote monitoring Control technology



LED technology



Fine bubble technology



Yoko Kubota (Left)
Tatsuhiro Watanabe (Right)
Industrial & Safety Development Department
Industrial & Safety Division

Hitoshi Aisu
Electronics & Automation Development Department
Electronics & Automation Division

Industrial & Safety Business

Providing the world with products derived from our uncompromising pursuit of absolute safety and ease of use

We are expanding the product range of our ingeniously designed switches, relays and safety devices while perfecting product quality, durability and safety.



Voice of GM

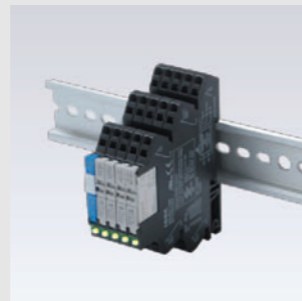
Aiming at a solid position as the leading control product company as well as securing Japan's number 1 market share in control switches, we continue to improve quality, cost and delivery (QCD). At the same time, we are focusing on expanding our global market share by localizing products to fit regional needs.

Yasuharu Kawanaka
Division General Manager
Industrial & Safety Division



Safety laser scanners
SE2L

These safety laser scanners, the world's smallest, ensure the safety and protection of a wide area, encompassing up to 270° and a distance of 5 meters. Equipped with an abundance of features, they offer versatility in controlling an area even when used alone.



Interface relays
RV8H

These slim interface relays have a width of about 6mm and decrease wiring time by reducing the size of control panels and offering a lineup that employs spring clamp terminals.



Metal flush silhouette switches

These switches display a thin, stylish design that contributes to miniaturization and space savings in machinery and other equipment. The varied lineup supports a wide range of applications.

Electronics & Automation Business

Building and supporting control systems that are evolving with time

Utilizing IDEC's combined manufacturing knowledge and experience, we produce high-value products that are cost competitive in global markets.



Voice of GM

Responding to the new era of IoT (Internet of Things), we are expanding a lineup of Web-supporting products with remote monitoring and operating capabilities. We continue our efforts in developing and introducing products that are highly competitive globally in both hardware and software.

Tomonori Nishiki
Division General Manager
Electronics &
Automation Division



Programmable controllers
FC6A

High-performance FC6A models feature a compact body and multiple functions. This product enables the monitoring of status, and the operation of manufacturing machinery and various equipment from a remote location, while also adhering to the pursuit of added value.



Operator interfaces
HG Series

These operator interfaces improve both display and communication performance via built-in high-resolution liquid crystals and a super-bright LED backlight. Crisp, vivid screens quickly convey information and can be connected to various devices.



DIN-rail switching power supplies
PS5R-V Series

These power supplies target the global market by focusing on ease of use and high reliability. A slim design reduces space in control panels and contributes to miniaturization while decreasing costs.



Tetsuya Yoshizaki (Left)
Naoto Inoue (Right)
Explosion-proof Marketing & Development Department
Explosion-proof Division



Kenji Sugiyama (Left)
Hideki Fujiwara (Right)
LED Production Department
LED Division

Explosion-proof Business

Ensuring safety at hazardous industrial sites through the newest global standards-compliant, explosion-proof technologies

We are boosting our explosion-proof lineup by expanding such products as explosion-proof LED lights and cameras that save energy and reduce maintenance.



Voice of GM

As a leading supplier of explosion-proof products, we are engaged in developing hydrogen explosion-proof products in preparation for an increase in the use of hydrogen-based energy and products with new functionality, such as an IoT platform to meet the latest market needs. In the meantime, in order to succeed in the global market, we are making sure our products conform to various international standards including IECEx, ATEX and UL.

Hideyuki Kajiwara
Division General Manager
Explosion-proof Division



Explosion-proof LED illumination units

This equipment results in energy savings and less maintenance at business locations and warehouses handling explosive gas. With explosion-proof construction in a compact, lightweight unit, this series offers a variety of models providing everything from high-bay to low-bay lighting, and lighting for tanks.



Explosion-proof network camera systems

These network cameras can be used in hazardous locations, such as petrochemical plants. Through the use of a wireless LAN, a high degree of freedom in installation sites is possible. A remote-controlled zoom function is also incorporated and images can even be monitored with a PC or smartphone.



**EC2B control boxes
EU2B control units
Explosion-proof certification approved by overseas authorities**

In addition to compliance with the ATEX Directive, which is advantageous for overseas plants, these control boxes and units including pilot lights and pushbuttons are also UL- and IECEx-certified.

★: Hydrogen explosion-proof products

LED Business

Delivering optimum lighting for any setting by customizing for application and situation

Since the 1980s, our LED technology has advanced rapidly to meet the needs of customers, providing new lighting options for any setting.



Voice of GM

As we continue to focus on product quality and performance, our leading-edge LED products are finding new markets beyond the factory automation field. We are also boosting customer services by delivering what customers want instantly.

Tomoyuki Nakano
Division General Manager
LED Division



LED grow lights

IDEC researched the optimal wavelength for plant growth in order to construct lighting units that can provide the uniform light distribution needed to support a variety of plant cultivation environments.



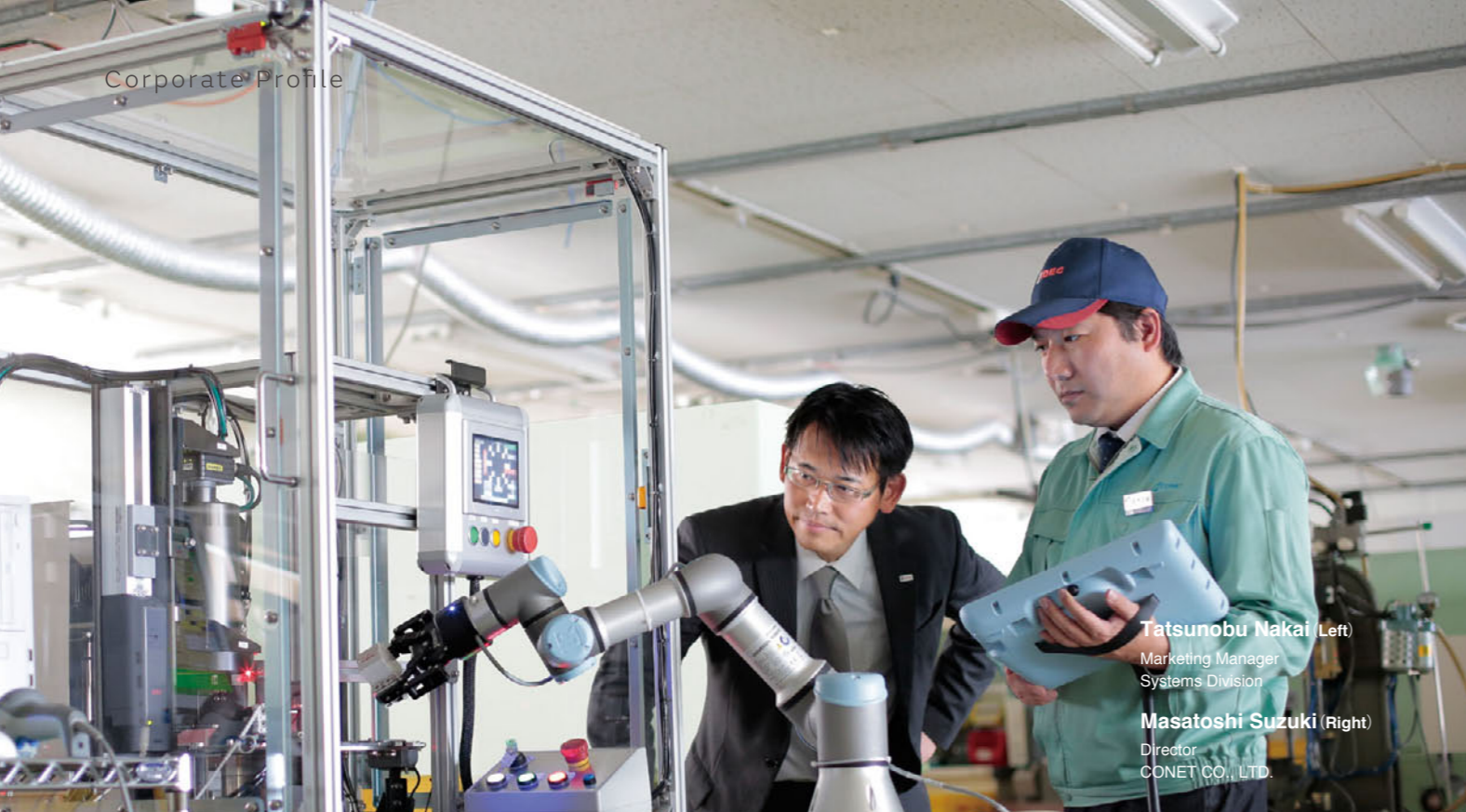
Commercial range hood LED lighting

Employing dust- and water-resistant technology that IDEC cultivated when developing its factory automation products, this LED lighting is suitable for use in harsh environments, including those with steam and oil.



LED illumination units LF2B

With built-in, free-AC voltage power supply units, these versatile thin-type LED illumination units can be used in almost any location and situation.



Tatsunobu Nakai (Left)
Marketing Manager
Systems Division

Masatoshi Suzuki (Right)
Director
CONET CO., LTD.



Tadaetsu Hirao (Left)
Osaka Development Team
Auto-ID Division

Yuji Suzuki (Right)
Sales Department
IDEC AUTO-ID SOLUTIONS CORPORATION

System Business

Creating new value through IDEC's technology and global network

In responding to specific customer needs, we offer an array of services from recommending an optimal control system to engineering such system in a speedy manner.



Voice of GM

The progress of IoT expands the boundary of our system business beyond factory automation. Foreseeing future trends, responding to changes, and integrating various needs, we deliver a new type of safety for human-machine (robot) collaboration.

Kiyotaka Takenaka (Left)
Division General Manager
Systems Division
President
CONET CO., LTD.

Kenji Uchimura (Right)
Deputy General Manager
Systems Division



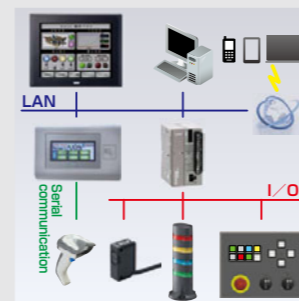
Unitized solutions

IDEC proposes unitized solutions such as switch harnesses, switchboards, switch boxes and relay boards that incorporate a combination of diverse switches and other products.



Control panels

IDEC has established an integrated system of electrical control ranging from the design of control and operation panels, to parts procurement, manufacture, in-machinery wiring, drawings, ladder logic, inspection and local setup.



System solutions

IDEC builds a variety of systems that incorporate programmable controllers for remote monitoring, production management, warning alarms and room entry/exit management, as well as manufacturing sites. Systems are provided to hospitals, stores and companies as well.

Auto-ID Business

Providing “Kodawari” (meaning “relentless pursuit of perfection”) solutions to various fields with a wide range of auto-ID devices

We offer IDEC's own “Kodawari” auto-ID systems in addition to the powerful product lineup of the world's leading auto-ID manufacturer, DATALOGIC.



Voice of GM

Targeting four business segments, we customize solutions to the needs of customers and the characteristics of each market. We are pushing hard to expand the IDEC-brand product lineup to capture global markets.

Hirotsugu Harada
Division General Manager
Auto-ID Division
President
IDEC AUTO-ID SOLUTIONS CORPORATION



Retail Healthcare

In addition to the auto-ID systems (POS scanners, mobile devices, etc.) that meet the needs of the retail sector, IDEC offers the best solutions for the field of healthcare, such as medical malpractice prevention in hospitals where increasingly sophisticated management is required.



Factory Automation

IDEC delivers auto-ID solutions used in production automation, quality control, traceability, receiving, shipping and inventory control across a wide range of manufacturing industries.



Distribution and Logistics

Utilizing high-speed vision systems, high-speed laser scanners and automatic vision-based measurement systems, IDEC provides the latest solutions for airport automatic baggage sorting systems and door-to-door delivery services.

Environmental & Energy Business

Delivering environmental and energy solutions for the future of the earth

“Sunlight, water, soil, food....” IDEC continues to take full advantage of the control and environmental technologies it has cultivated in order to protect the natural resources that are essential for all of us to survive.



Voice of GM

In addition to mega-solar power plants we have built in Japan, we are now expanding our renewable energy resources to include wind and geothermal power.

Our efforts also extend to agricultural industrialization and one-stop service, as a total solution partner, encompassing farming facility design, construction, maintenance, guidance and produce-selling strategies. We promote our production technologies for the stable production of safe produce.

Takehiko Tajika

General Manager
Solar Smart Division
Executive Director
IDEC SYSTEMS & CONTROLS CORPORATION



Tomohiro Nishida

Agrisystem Department
Environment and Energy Business Division
IDEC SYSTEMS & CONTROLS CORPORATION



Yoshihito Nakajima (Left)

Engineering Department
Environment and Energy Business Division
IDEC SYSTEMS & CONTROLS CORPORATION

Yasushi Nishimura (Right)

Engineering Department
Environment and Energy Business Division
IDEC SYSTEMS & CONTROLS CORPORATION

[Agricultural Solutions]

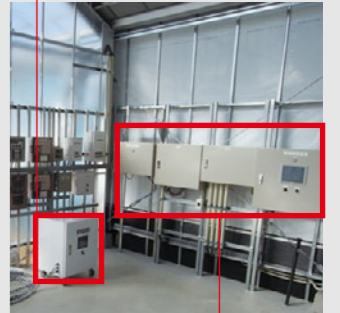
Plant factory utilizes solar light

IDEC is promoting factory-style greenhouse cultivation lit by both sunlight and artificial lighting by combining the comprehensive management of the photosynthesis environment through the control of temperature, light and other factors with the management of the rhizosphere environment by promoting nutrient absorption through the roots. This achieves robust agricultural production that efficiently and steadily delivers flavorful, high-quality products in a safe and secure manner. IDEC also offers services for everything from design and construction to farming analysis.



Fine bubble generator for plant activation “agriGaLF”

This device encourages sound, healthy plant growth based on fine bubble generation technology that activates microorganisms in the soil.



Control technology

From the status of the temperature and humidity, the amount of light, and the CO₂ concentration both inside and outside the greenhouse, this technology enables lighting and the opening and closing of windows to be controlled with a high degree of accuracy.

[Energy Solutions]

As an EPC* contractor, we handle all aspects of mega-solar projects, from planning to design, purchasing, installation and maintenance, as well as the development and sales of residential power conditioners and HEMS controllers, and the provision of cloud services. As a total solutions provider, IDEC promotes the spread of renewable energy, including solar power.

* Engineering, Procurement and Construction

Power conditioners

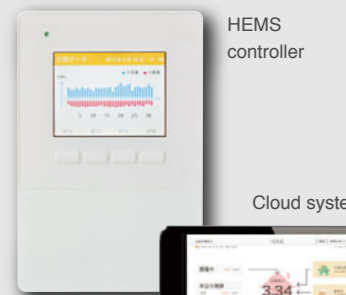
A new outdoor-type unit is available for IDEC's lineup of power conditioners, which gained popularity due to their high efficiency and workability.



HEMS

(Home Energy Management System)

HEMS controllers can monitor, control and optimize residential demand for utilities, such as electricity, gas, and water, by using a visual display. In addition, IDEC offers an online service that manages power conditioners, power generation and operation conditions.



Cloud system

Fine bubble Technology

Ultra-fine bubbles offer abundance of new benefits

With our breakthrough ultra-fine bubble technology, we are challenged with leading this brand new industry.

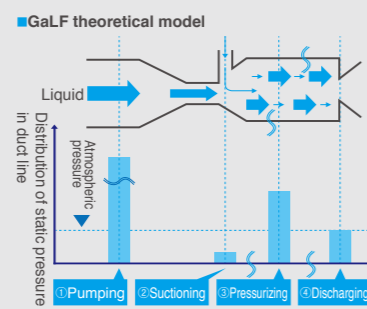


Fine bubbles

Air bubbles 100 micrometers and under are defined as “fine bubbles,” and 1 micrometer and under are “ultra-fine bubbles.” Ultra-fine bubbles saturate and stay in liquid for an extended time, are electrically charged, and are extremely highly pressured, demonstrating unique behavior that has never been seen before. Numerous applications are anticipated using the unique characteristics of ultra-fine bubbles.

IDEC's GaLF (pressure dissolving method) technology

IDEC began researching fine bubbles in 1990. Since then we have improved the pressure dissolving method of ultra-fine bubble generation technology and expanded the range of applications including water treatment. The pressure dissolving GaLF is capable of generating ultra-fine bubbles in larger volume compared with other methods. Currently, we are engaged in the manufacturing and sale of ultra-fine bubble equipment and fine bubble equipment specific to growing plants.



[Fine Bubble Industries Association (FBIA)]

Incorporated in 2012 as a general association, the FBIA has been active in promoting the standardization and commercial/industrial applications of fine bubbles. Its membership includes 63 corporations, including IDEC, and 13 individuals from 11 participating universities and other academic institutes. The FBIA centers its efforts on international standardization of measuring fine bubbles.



Our Technology

Integration of research and development, intellectual property and international standards guides us to global success.

Creating an optimal environment for people and machines is our corporate mission. We innovate with technology and functional capabilities as we respond swiftly to a changing society that embraces IoT, Safety2.0 and other new trends. We are always guided by the company's development philosophy, integrating R&D, intellectual property and international standards.



Ikuo Maeda
Safety & Standardization Team
International Standardization & Intellectual Property Strategy Dept.

International standardization and intellectual property strategy

Participation in setting international standards for safety and fine bubbles

Effectively balancing “open” (disclosure) and “closed” (secrecy) access to our new technology enables us to develop markets, expand our market share and succeed globally. We are participating as a Japanese representative on technical committees of standard-setting organizations such as ISO and IEC and are involved actively in the process of establishing international standards for safety and fine bubble technologies. Similarly, our IP Department is making concentrated and strategic efforts in patent applications while focusing on setting international standards.



Our 3-position enabling switch set an IEC international safety standard.

as of March 31, 2016

IDEC-owned domestic and international intellectual property	
Japanese patent rights, Utility model rights	246
International patent rights, Utility model rights*	85

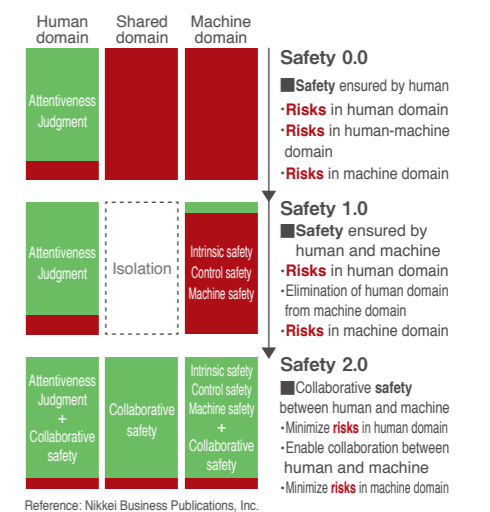
*Total number held outside Japan

Our approach to next generation safety

Advocating Safety 2.0, a next generation safety concept

People, machines and robots increasingly function in concert. IDEC is taking the approach of Safety 2.0 (collaborative safety) in order to elevate safety to a higher dimension, entering into the new business of building manufacturing systems that offer more flexibility, safety and higher productivity, while offering safety consulting services for human-robot collaboration.

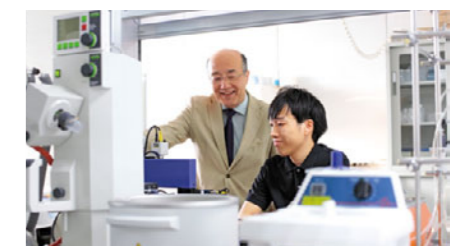
*Under Safety 0.0, where safety is secured by human attention and judgment, risks are high both in the machine domain and the human-machine domains. Under Safety 1.0, efforts are made to decrease risks by setting up safety measures for machines while separating the human domain from the machine domain. However, a recent increase in collaboration of humans and robots in shared workplaces for higher productivity brought about the proposal of Safety 2.0, under which safety is ensured more effectively in the human-machine domain by coordinating people, objects and the environment.



Collaboration with corporations, governments and academia

Innovation through cooperation

Our participation in the internationally-renowned “Photonics Advanced Research Center” projects led by Osaka University involves the development of ultra-fine bubble generation, nano-scale measurements and applied technology in collaboration with the university and other corporations. This university-industry collaboration is an incubator for IDEC's new business fields.



IDEC/Osaka University joint laboratory

Financial Report

Financial Highlights

Profit and Loss Status (Years ended March 31)	Millions of yen			Thousands of U.S. dollars ^(Note 5)
	2016	2015	2014	2016
Net sales	¥43,468	¥42,173	¥36,319	\$385,731
Gross profit	18,017	17,117	15,406	159,888
Selling, general and administrative expenses	14,841	14,207	13,063	131,700
Operating income	3,176	2,910	2,342	28,187
Ordinary income	3,182	3,160	2,482	28,238
Net income attribute to owners of parent	1,708	2,096	1,456	15,158
Cash Flow Status (Years ended March 31)				
Net cash provided by (used in) operating activities	5,690	1,925	4,633	50,500
Net cash provided by (used in) investing activities	(18)	(1,169)	(2,493)	(168)
Free cash flow ^(Note 2)	5,671	756	2,139	50,331
Net cash provided by (used in) financing activities	(2,611)	(891)	(1,929)	(23,173)
Depreciation and amortization	1,519	1,677	1,699	13,316
Capital expenditures	1,500	1,761	2,277	13,486
Financial Status (As of March 31)				
Total assets	49,328	49,378	45,778	437,733
Total Interest-bearing liabilities ^(Note 3)	5,348	6,710	6,006	47,459
Total shareholders' equity	31,976	32,121	28,801	283,753
Per Share Information (Yen / U.S. dollars)				
Earnings per share (EPS) on a diluted basis	56.47	69.30	48.99	0.50
Book value per share (BPS)	1,057.28	1,062.53	959.56	9.38
Cash dividends per share (annual)	36	35	30	0.31
Financial Indicators				
Return on equity (ROE)	5.3%	6.9%	5.2%	5.3%
Shareholders' equity ratio	64.8%	65.1%	62.9%	64.8%
Current ratio	176.9%	170.8%	159.0%	176.9%
Dividends on equity (DOE) ^(Note 4)	3.5%	3.5%	3.1%	3.5%

Notes: 1. In this Annual Report, amounts are given by dropping the decimal portion of the number whereas ratios are rounded to the nearest whole number.
2. Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities
3. Interest-bearing liabilities = Short-term loans payable + Long-term loans payable
4. Dividends on equity (DOE) = Annual dividends ÷ Shareholders' equity × 100
5. Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31, 2016 (US \$1 = JP ¥112.69) for the convenience of readers abroad.

Consolidated Balance Sheet

As of March 31, 2016 and 2015	Millions of yen		Thousands of U.S. dollars ^(Note 2)
	2016	2015	2016
Assets			
Current assets			
Cash and deposits	10,742	7,995	95,328
Notes and accounts receivable-trade	7,077	6,816	62,800
Securities	901	841	8,000
Merchandise and finished goods	4,355	5,459	38,648
Work in process	1,183	1,177	10,502
Raw materials and supplies	2,033	2,395	18,043
Advance payments-trade	7	68	66
Deferred tax assets	772	754	6,858
Others	706	744	6,268
Allowance for doubtful accounts	(42)	(41)	(372)
Total current assets	27,738	26,212	246,144
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	8,321	9,056	73,847
Machinery, equipment and vehicles, net	1,131	1,182	10,044
Tools, furniture and fixtures, net	762	842	6,768
Land	7,438	8,254	66,010
Lease assets, net	230	238	2,049
Construction in progress	265	292	2,357
Total property, plant and equipment	18,151	19,867	161,078
Intangible assets			
Software	264	304	2,350
Lease assets	45	0	406
Goodwill	358	426	3,184
Others	102	98	906
Total intangible assets	771	831	6,847
Investments and other assets			
Investment securities	1,479	1,179	13,125
Long-term loans receivable	470	530	4,174
Deferred tax assets	189	200	1,682
Others	568	599	5,043
Allowance for doubtful accounts	(41)	(42)	(364)
Total investments and other assets	2,666	2,467	23,661
Total non-current assets	21,590	23,165	191,588
Total assets	49,328	49,378	437,733
Liabilities			
Current liabilities			
Notes and accounts payable-trade	4,065	3,280	36,077
Electronically recorded obligations-operating	1,276	1,359	11,330
Short-term loans payable	5,140	6,310	45,611
Current portion of long-term loans payable	166	192	1,479
Lease obligations	93	100	831
Income taxes payable	396	674	3,521
Deferred tax liabilities	0	—	4
Accounts payable-other	712	931	6,320
Accrued expenses	1,565	1,540	13,895
Advances received	981	92	8,706
Deposits received	673	678	5,975
Provision for product warranties	220	—	1,952
Others	389	185	3,458
Total current liabilities	15,682	15,345	139,165
Non-current liabilities			
Bonds payable	50	50	443
Long-term loans payable	41	208	368
Lease obligations	154	155	1,374
Deferred tax liabilities	23	—	207
Provision for directors' retirement benefits	71	68	638
Net defined benefit liability	1,012	1,035	8,986
Asset retirement obligations	76	88	680
Long-term accounts payable-other	6	77	58
Others	3	3	33
Total non-current liabilities	1,441	1,687	12,792
Total liabilities	17,124	17,032	151,957
Net assets			
Shareholders' equity			
Capital stock	10,056	10,056	89,241
Capital surplus	9,723	9,721	86,283
Retained earnings	18,146	17,587	161,030
Treasury stock	(6,848)	(6,859)	(60,776)
Total shareholders' equity	31,077	30,506	275,778
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	461	295	4,097
Foreign currency translation adjustment	519	1,389	4,606
Remeasurements of defined benefit plans	(82)	(69)	(728)
Total accumulated other comprehensive income	898	1,615	7,974
Subscription rights to shares	21	14	193
Non-controlling interests	206	209	1,829
Total net assets	32,204	32,345	285,775
Total liabilities and net assets	49,328	49,378	437,733

Notes: 1. This Annual Report omits the consolidated statement of changes in net assets and all notes on financial statements. For a detailed explanation of financial statements, please refer to the company's Financial Report that was submitted to the Financial Services Agency's EDINET (Electronic Disclosure for Investors' Network) system.
2. Amounts in the consolidated financial statements on pages 26 to 28 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2016 (US \$1 = JP ¥112.69) for the convenience of readers abroad.

Consolidated Statement of income

Years ended March 31	Millions of yen		Thousands of U.S. dollars ^(Note 2)
	2016	2015	2016
Net sales	43,468	42,173	385,731
Cost of sales	25,450	25,056	225,843
Gross profit	18,017	17,117	159,888
Selling, general and administrative expenses	14,841	14,207	131,700
Operating income	3,176	2,910	28,187
Non-operating income			
Interest income	32	28	292
Dividends income	19	15	171
Share of profit of entities accounted for using equity method	69	—	613
Foreign exchange gains	—	231	—
Rent income	110	108	979
Others	96	101	859
Total non-operating income	328	484	2,915
Non-operating expenses			
Interest expenses	42	45	376
Foreign exchange losses	86	—	765
Share of loss of entities accounted for using equity method	—	7	—
Depreciation	78	74	697
Compensation expenses	—	26	—
Others	115	79	1,025
Total non-operating expenses	322	234	2,864
Ordinary income	3,182	3,160	28,238
Extraordinary income			
Gain on sales of non-current assets	255	3	2,265
Gain on reversal of subscription rights to shares	—	26	—
Total extraordinary income	255	29	2,265
Extraordinary loss			
Loss on sales of non-current assets	—	2	—
Impairment loss	41	30	370
Loss on abandonment of non-current assets	2	1	23
Loss on sales of investment securities	1	—	9
Loss on valuation of investment securities	2	—	19
Restructuring loss	769	—	6,831
Total extraordinary loss	817	34	7,253
Income before income taxes and other adjustments	2,620	3,155	23,250
Income taxes-current	967	1,110	8,584
Income taxes-deferred	(73)	(71)	(652)
Total income taxes	893	1,039	7,931
Net income	1,726	2,116	15,318
Net income attribute to non-controlling interests	18	20	160
Net income attribute to owners of parent	1,708	2,096	15,158

Consolidated Statement of Cash Flow

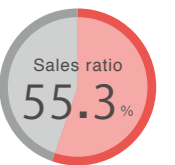
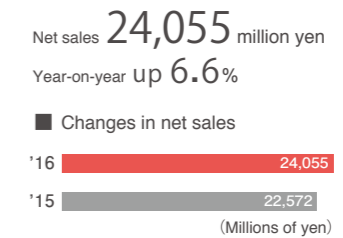
Years ended March 31	Millions of yen		Thousands of U.S. dollars ^(Note 2)
	2016	2015	2016
Net cash provided by (used in) operating activities			
Income before income taxes and other adjustments	2,620	3,155	23,250
Depreciation and amortization	1,519	1,677	13,486
Impairment loss	41	30	370
Amortization of goodwill	66	59	594
Increase (decrease) in allowance for doubtful accounts	1	(59)	13
Interest and dividends income	(52)	(43)	(463)
Interest expenses	42	45	376
Foreign exchange losses (gains)	(17)	(18)	(155)
Share of (profit) loss of entities accounted for using equity method	(69)	7	(613)
Decrease (increase) in notes and accounts receivable-trade	(638)	69	(5,663)
Decrease (increase) in inventories	998	(754)	8,858
Increase (decrease) in notes and accounts payable-trade	1,091	(719)	9,689
Loss (gain) on sales of investment securities	1	—	9
Increase (decrease) in provision for product warranties	220	—	1,952
Increase (decrease) in net defined benefit liability	(53)	45	(472)
Loss (gain) on sales of non-current assets	(255)	(0)	(2,265)
Loss (gain) on valuation of investment securities	2	—	19
Loss on abandonment of non-current assets	2	1	23
Loss on business restructuring	322	—	2,857
Increase (decrease) in advances received	888	(780)	7,885
Decrease (increase) in accounts receivable-other	16	24	145
Increase (decrease) in accounts payable-other	(123)	116	(1,096)
Increase (decrease) in accrued expenses	(40)	5	(360)
Increase (decrease) in accrued consumption taxes	172	(88)	1,527
Increase (decrease) in accounts payable-bonuses	77	(17)	688
Increase (decrease) in deposits received	(4)	(57)	(41)
Increase (decrease) in long-term accounts payable-other	(70)	(61)	(626)
Others	137	60	1,223
Subtotal	6,898	2,698	61,213
Interest and dividends income received	51	43	460
Interest expenses paid	(43)	(53)	(385)
Income taxes paid	(1,215)	(763)	(10,788)
Net cash provided by (used in) operating activities	5,690	1,925	50,500
Net cash provided by (used in) investing activities			
Purchase of securities	(240)	—	(2,132)
Proceeds from sales of securities	120	441	1,066
Purchase of property, plant and equipment	(1,294)	(1,375)	(11,484)
Proceeds from sales of property, plant and equipment	1,451	22	12,877
Purchase of intangible assets	(93)	(154)	(829)
Purchase of investment securities	(5)	—	(48)
Proceeds from sales of investment securities	5	6	50
Payments of long-term loans receivable	—	(22)	—
Collection of long-term loans receivable	62	24	553
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(122)	—
Others	(24)	10	(220)
Net cash provided by (used in) investing activities	(18)	(1,169)	(168)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	(1,170)	214	(10,382)
Repayment of long-term loans payable	(192)	(213)	(1,703)
Purchase of treasury stock	(0)	(0)	(2)
Proceeds from exercise of share options	10	157	92
Cash dividends paid	(1,143)	(900)	(10,146)
Dividends paid to non-controlling interests	(1)	(1)	(15)
Repayments of lease obligations	(114)	(147)	(1,015)
Net cash provided by (used in) financing activities	(2,611)	(891)	(23,173)
Effect of exchange rate change on cash and cash equivalents	(313)	387	(2,779)
Net increase (decrease) in cash and cash equivalents	2,747	252	24,378
Cash and cash equivalents at beginning of year	7,995	7,743	70,950
Cash and cash equivalents at end of year	10,742	7,995	95,328

Sales by Product Group

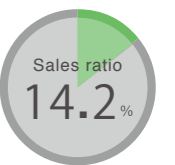
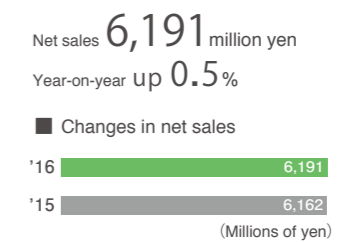
Increased sales for core industrial components, like control switches, as well as auto-ID devices



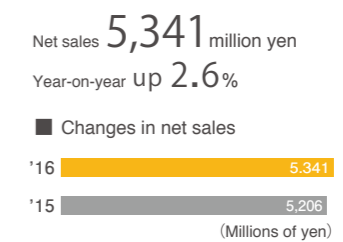
Sales grew for safety-related products, such as control and enabling switches.



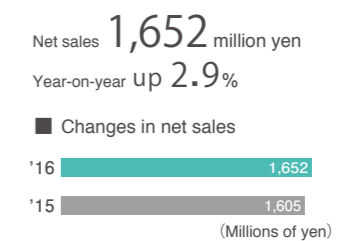
Although sales of programmable controllers fell, sales of auto-ID devices grew.



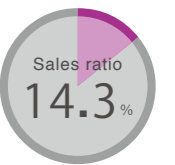
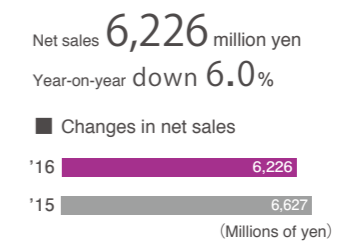
While sales of terminal blocks dropped, sales of switching power supplies continued to trend well.



Sales increased for explosion-proof LED lighting and control boxes, as well as other products.

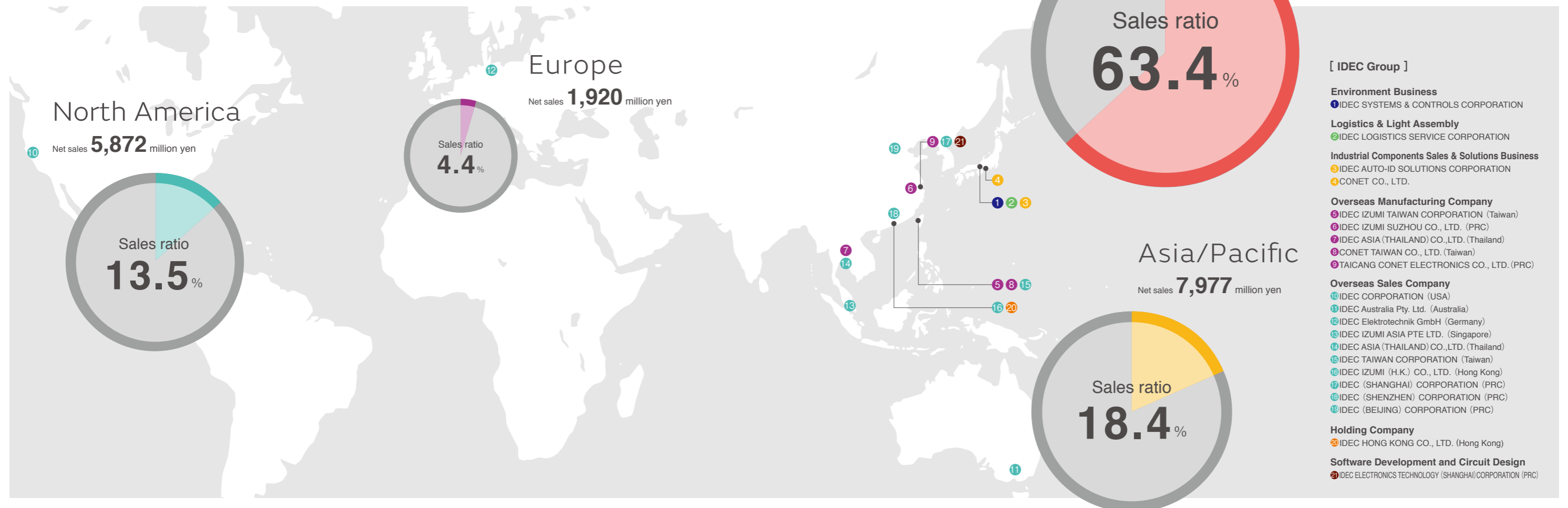


Although the solar power-related business was robust, on the whole, environment-related business was down.



Global Network

Aiming to be a leading group in the evolving worldwide control equipment industry



[Message from IDEC Group]

Japan

Asia / Pacific

North America

Europe



現場力を
Super Charge!

Innovation through customer focus

以小球推动大球

终日乾乾，与时偕行

*The more we do,
the more we can do!*

Re-engineer, Re-structure, execute.

*The FUN of WINNING
more AUTOMATED*

*Satisfying customers' special
requirements makes our business grow.*

Tadashi Kamikawa
Senior Manager
East Japan Sales Department
Japan Sales Division

Tony Funaki
Senior Manager
Global Business Strategy Department
Sales & Marketing HQ

Hiroto Matsui
General Manager
IDEC (SHANGHAI) CORPORATION

Ren Rong
Deputy Senior Manager
IDEC IZUMI SUZHOU CO., LTD.

Kenshi Suzuki
Director
IDEC IZUMI ASIA PTE LTD.

Rajiv Salhotra
Director of Sales
IDEC CORPORATION

Elias El-Ters
Sales Manager
IDEC CORPORATION

Frank Lisker
Operations Manager
IDEC Elektrotechnik GmbH



CSR Report

IDEC works hard to realize a safe and sustainable society.

Dr. Toshihiro Fujita
Senior Executive Officer and
IDEC Group Chief Technology Officer

[To Ensure Industrial Safety]

Maximizing and balancing safety and productivity

【 Safety Principle 】

IDEC, based on its principles of management with respect for fellow humans and its contribution to society through business activities, is constantly seeking to provide safer and more pleasant environments not only within the IDEC Group but in the global society.

Customer services backed by knowledgeable experts with safety lead assessor certification

Hirofumi Fukui
Tech & Support Center
Japan Sales Division
Safety Lead Assessor



CSR Policy of IDEC Group



Please visit our web site for more information on IDEC Group's CSR activities:
<http://jp.idec.com/ja/about/IDEC/csr>

The Ten Principles of the United Nations Global Compact

Human Rights

- 1 : Businesses should support and respect the protection of internationally proclaimed human rights; and
- 2 : make sure that they are not complicit in human rights abuses.

Labour

- 3 : Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- 4 : the elimination of all forms of forced and compulsory labour;
- 5 : the effective abolition of child labour; and
- 6 : the elimination of discrimination in respect of employment and occupation.

Environment

- 7 : Businesses should support a precautionary approach to environmental challenges;
- 8 : undertake initiatives to promote greater environmental responsibility; and
- 9 : encourage the development and diffusion of environmentally friendly technologies

Anti-Corruption

- 10 : Businesses should work against corruption in all its forms, including extortion and bribery.

* The United Nations Global Compact is an initiative for "enterprises voluntarily acting as good members of society by demonstrating responsible, creative leadership, and participating in a global framework to achieve sustainable growth."

■ Representative example of safety explosion-proof products

X6 series emergency-stop pushbutton switches

The world's smallest class E-stop pushbutton switches with a 3rd-generation safety design, which uses reverse-energy structure to ensure that the NC contacts will open if the emergency switch is damaged.

Intrinsically-safe, pressure-tight EX4R display units with touch switches

Display units with touch switches suitable for Hazardous Zones 1 and 2, including locations where hydrogen gas is present.



X6 series

EX4R

■ Training safety professionals

Training and certifying safety assessors

IDEC is a strong promoter of accredited safety assessors* who can make decisions in designing safety products and recommending safety measures. Not limited to Japan, but IDEC employees in overseas manufacturing locations, such as Thailand and China, are being certified. As of March 31, 2016, a total of 367 IDEC group employees were certified.

The number of assessors in each level within IDEC:

- Safety lead assessors – 14 people**
[provide assessment to third parties as an assessor leader]
- Safety assessors – 36 people**
[exercise knowledge and skills as an assessor]
- Safety sub-assessors – 157 people**
[have basic assessor knowledge]
- Safety basic assessors – 160 people**
[have basic knowledge of safety for machine operation or electric equipment for explosion-proof]

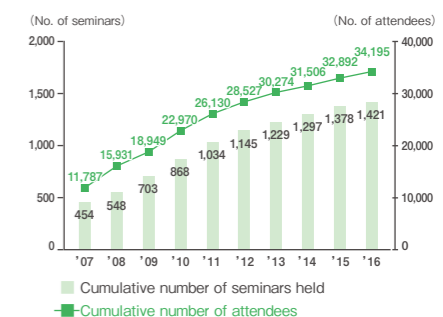
*A safety assessor certification is offered jointly by Japan Certification Corp, Nippon Electric Control Equipment Industries Assoc. (NECA), the Society of Safety Technology and Application, Japan (SOSTAP), and TÜV Rheinland Japan.

■ Educational campaign for safety

Conducting seminars and lectures

We held 43 seminars throughout Japan and a total of 1,303 people attended in the fiscal year 2016, achieving the cumulative total of 34,195 attendees.

[Cumulative number of seminars held and attendees]



[Earth Preservation]

Reducing environmental impact through business

【 Environmental Principle 】

Recognizing the goal of a harmonious existence with the earth that we all share, we make environmental safety and quality a top priority in all aspects of our business while pursuing sustainable business growth.

Reducing environmental impact through residential energy management systems

Takashi Oi
Smart Energy Department
Environment and Energy Business Division
IDEC SYSTEMS & CONTROLS CORPORATION



[Approach to Product Quality]

All of us think and accept challenges together Product Quality is a foundation for all of our corporate activities

【 Quality Assurance Principles 】

With “ease of use” as a primary goal of our products, all of us participate in planning and building a quality assurance system that creates excellent products customers will purchase and use with confidence in the most economical ways.

Strengthening the QA system that ensures safety and reliability

Takeshi Inoue
Quality Assurance Center



■ IDEC business protecting the global environment

Promoting renewable energy

Aiming for a sustainable society, the IDEC Group is actively involved in the promotion of renewable energy. Not only are we supplying industrial-scale, solar power general systems, but we also are a solar power producer. We allow residential clients to monitor the performance of their solar systems. We also provide comprehensive energy management systems including HEMS controllers and power conditioners to help our clients cut energy waste.



Mega-solar power business



HEMS controller(Left)
Power conditioner(Right)

■ IDEC Group's development policy and evaluation standard

Product development based on the “saving” principle.

Since developing our product principles in 1978, the IDEC Group has focused on ways to save energy, space, maintenance and materials during the product planning and development process. This principle remains today. We continue to develop environmentally-friendly products, meeting our own set of strict design criteria.

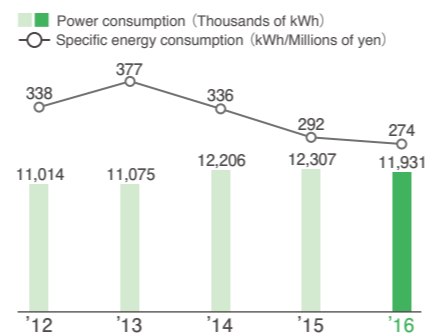
Design evaluation standard for environmentally-conscious products

Factors to be Considered	Product design outcome
Reusability Recyclability	Ease of recycling
	Ease of disassembly
	Ease of disposal
Resource saving Energy saving	Reduction in volume and weight
	Reduction in consumption of electricity
	Prolonged product life
Environmental safety	No use of regulated hazardous materials and chemicals

■ Environmental-burden reduction drive

Guided by ISO14001 Environmental Management System, everyone at IDEC is making his or her best effort to reduce electricity, water, paper, waste and CO₂ emissions to meet the set company-wide yearly goals.

[Changes in electricity consumption]



1. Specific unit of consumption represents the consumption/emission/discharge per annual sales.
2. Data collected from Headquarters, Tsukuba, Amagasaki, Hamamatsu, Fukusaki, Takino facilities and Tatsuno Distribution Center.
3. More information can be viewed on our website.

■ Quality assurance system

We have a comprehensive quality assurance system in place.

IDEC Quality Assurance Center

- QA Implementation Group**
Maintaining and improving IDEC Group-wide QA systems; providing quality training
- Production QA Group**
Production reform support
- Reliability Evaluation Group**
Product performance evaluation through validity and reliability testing
- Standards Management Group**
Product standard certification management and standard compliance support
- Technology Standards Group**
Technology standards maintenance and upgrade

■ Quality assurance guidelines

We adopted early on and have been adhering to the fundamental principle that product quality is the core of product value. To provide products that can be used for a required time to the complete satisfaction of users, we establish QA action guidelines for each stage.

Quality assurance system



■ Quality assurance training

Quality assurance training is conducted continuously and systematically in accordance with established curriculums in order to elevate the level of quality throughout the company, including in manufacturing and development. IDEC employees are encouraged to take and pass certification examinations (QC certification examinations) offered by a public standards institution. Furthermore, they are encouraged to improve product and operational quality by implementing learned concepts and techniques at QC circle activities and present the results within each business unit and at company-wide conferences.



QC circle presentations

[Approach to Human Rights and Employees]

To make IDEC a rewarding place to work and fulfill one's life

【 HRM Principle 】

HR policies are developed with the spirit of respect for humanity as the underlying principle and for the purpose of creating work environments in which people thrive. The development of human resources is to allow employees to fulfill their own missions and responsibilities by understanding the intent and the meaning of IDEC's corporate missions and principles, realizing them and embodying them.



Create a pleasant working environment for everyone where individual diversity is respected

Yasuko Yano
Administration Team
IDEC LOGISTICS SERVICE CORPORATION

[Corporate Governance/Compliance]

More transparency, more efficiency to maintain trustworthiness

【 Corporate Governance Policy 】

We believe that transparency and management efficiency are fundamental elements of corporate governance. We will keep improving corporate governance in order to increase corporate value.



We strictly adhere to the codes of corporate governance to maintain the trust of those who are associated with the IDEC Group

Seiki Minami
Legal Team
Corporate Business Planning & Administration Department



■ Human resource development

IDEC supports employees' self-guided career development by offering systematic employee training, including position-based training courses and product/technology training, and cross training through job rotations. Seeking three important traits, "take on challenges" "team player" and "engage in self-improvement activities" in each IDEC employee, the company offers career development opportunities and expects employees to take steps toward self-improvement.



■ Life-work balance support

So that all IDEC employees can work without worry, the company is enhancing support for employees caring for young children or family members with illness. For fiscal year 2016, 100% of female employees who took childcare leave returned to work. Also starting fiscal year 2017, the company will make it possible for employees to take a family care leave in increments of a half-day and to divide a leave into up to 3 parts. We continue our efforts to make it easier for employees to maintain a good balance between work and personal life.

Childcare-Related Programs

Pregnancy	Childbirth	12months	
Time for antenatal hospital checkup	Maternity leave	Childcare leave	End of sixth grade in elementary school
Less commuting to work		Childcare time (Until the child ages)	
		Short working hours for childcare (Until their completes their grade in elementary school)	
		Flexitime for childcare	
		Leave to look after sick child and family	
		Exempt from non-scheduled work hours	
		Restriction on overtime and night shift working	

■ Encouraging diversity in workplace

We recruit top-quality personnel regardless of nationality or gender. The IDEC Group promotes diversity in its workforce. IDEC LOGISTICS SERVICE CORPORATION, one of the Group companies, actively recruits and employs people with disabilities. As of March 31, 2016, the company included 16 employees with disabilities, consisting of 9% of the entire workforce.



Vietnamese interns working with Japanese employees

■ Corporate governance

Since a corporate officer system was installed in 1998 to manage the corporation efficiently, we have maintained two separate bodies of "operation performing" and of "auditing." Also, outside directors and outside auditors have been appointed to serve the board of directors and the board of auditors, respectively, to further strengthen the auditing and guiding functions. To share our philosophy and corporate governance practices, we published IDEC's corporate governance policies in February, 2016.

■ Global advisory board

The Global Advisory Board was established to receive a wide range of opinions and advice from influential individuals and experts in corporate management, academia and other fields in Japan and overseas.

Dr. Romano Volta, IDEC global advisory board member, is a founder of DATALOGIC, a world-leading company of automatic-identification devices and systems for factory automation headquartered in Italy.



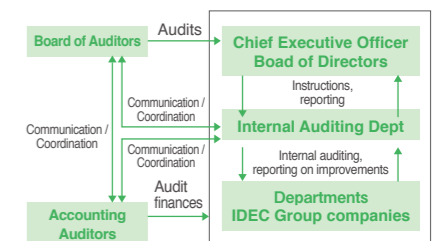
■ Compliance

A booklet titled "IDEC Group Corporate Ethics and Code of Conduct," describing our fundamental principles and action guidelines in conducting business activities, has been distributed to all IDEC Group employees in Japan and overseas. With a company-wide training system in place, numerous training programs are designed and offered on a regular basis to management and employees in accordance with their areas of responsibilities and the number of years worked for IDEC. In fiscal year 2015, the "Ethics and Code of Conduct" was updated and distributed with revisions in contacts for internal reporting and the workplace harassment policy.



■ Auditing system

Our auditors independently and fairly evaluate the process and performance of various business activities for legality and effectiveness while helping the company achieve its goals. Main auditing activities include risk management and control evaluating the validity of the corporate governance process and recommending improvements. Completely independent from business operations, auditors also monitor and evaluate the effectiveness of each IDEC Group company's internal control processes that affect the reliability of financial reports.



Corporate Directors & Officers

Maintaining sound, transparent and efficient management is a high priority

We place high value on transparency and efficiency in corporate management, as shown by the separation of the auditing function and the operating function to force creative tension between the two, and by actively appointing outside directors and outside auditors.

Directors
 Chairman and C.E.O.
 Senior Executive Vice President
 Director
 Outside Director
 Outside Director
 Outside Director
 Outside Director

Toshi K. Funaki
Mikio Funaki
Keijiro Fujita
Takeshi Nakagawa
Nobuo Hatta
Takuji Yamamoto
Michiko Kanai

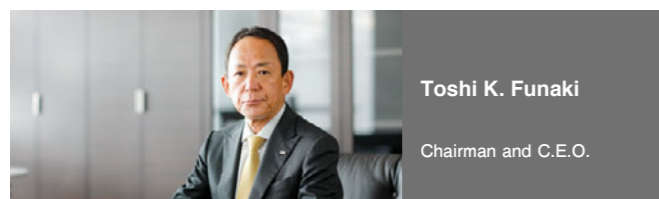
Auditors
 Standing Corporate Auditor
 Outside Corporate Auditor
 Outside Corporate Auditor
 Outside Corporate Auditor

Masayuki Furukawa
Hirokazu Taniguchi
Masanori Sakamoto
Masataka Kawahito

Executive Officers
 Senior Executive Officer Sales & Marketing
 Senior Executive Officer Chief Technology Officer
 Senior Executive Officer Global Business Development
 Executive Officer Industrial & Safety Business
 Executive Officer Manufacturing & SCM
 Executive Officer Japan Sales
 Executive Officer Corporate Business Planning & Administration
 Executive Officer Quality Assurance
 Executive Officer Strategic Human Resources

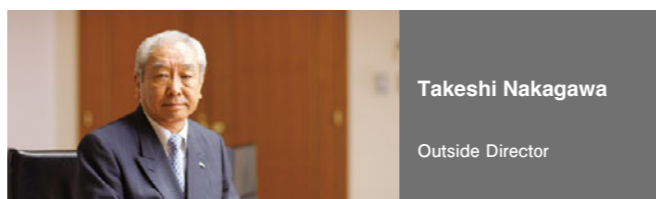
Arnaud Mondy
Toshihiro Fujita
Peter Tarantino
Yasuharu Kawanaka
Yasuharu Maruyama
Eiichi Tada
Yoshihiko Nishiyama
Atsushi Matsumoto
Toshifumi Murai

Directors

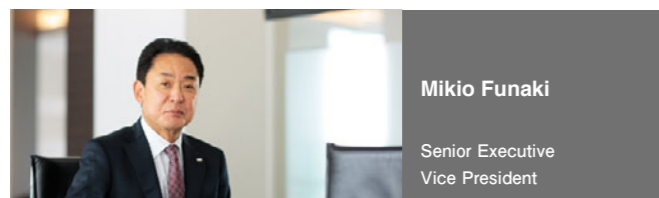


Toshi K. Funaki
 Chairman and C.E.O.

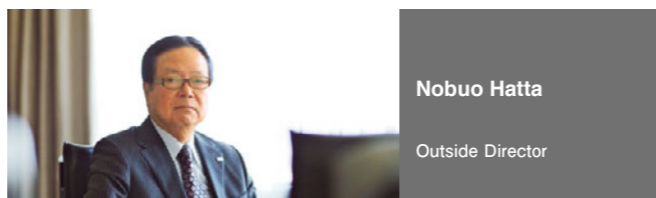
Outside Directors



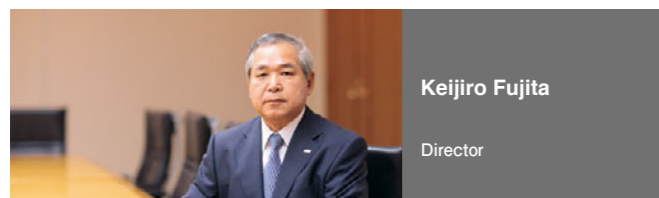
Takeshi Nakagawa
 Outside Director



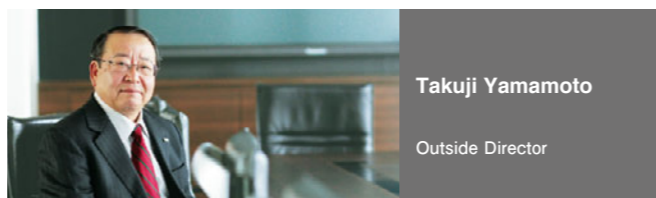
Mikio Funaki
 Senior Executive Vice President



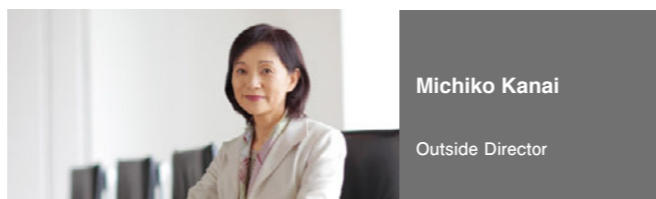
Nobuo Hatta
 Outside Director



Keijiro Fujita
 Director

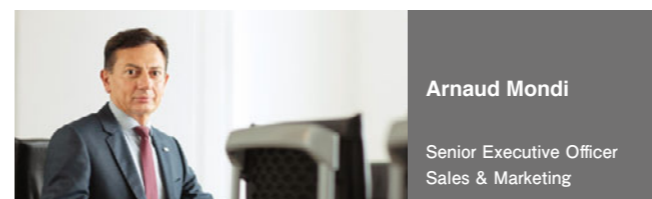


Takuji Yamamoto
 Outside Director

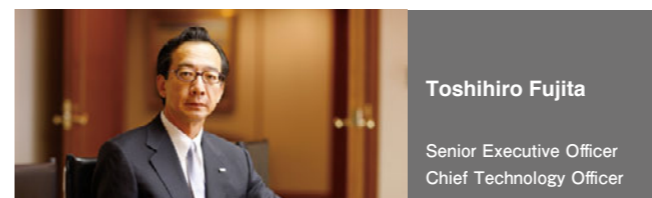


Michiko Kanai
 Outside Director

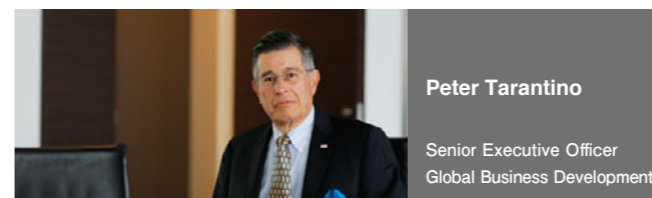
Executive Officers



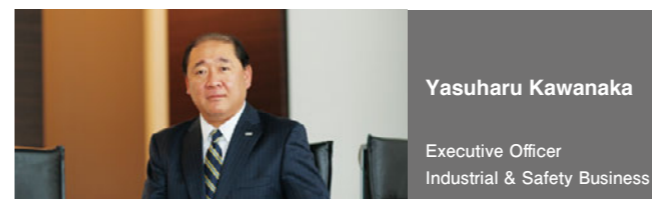
Arnaud Mondy
 Senior Executive Officer Sales & Marketing



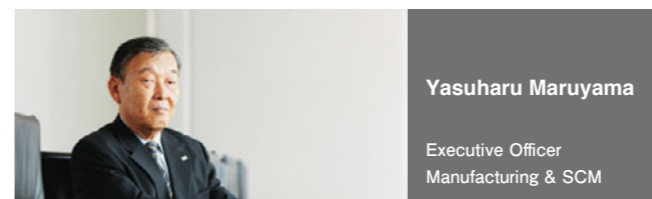
Toshihiro Fujita
 Senior Executive Officer Chief Technology Officer



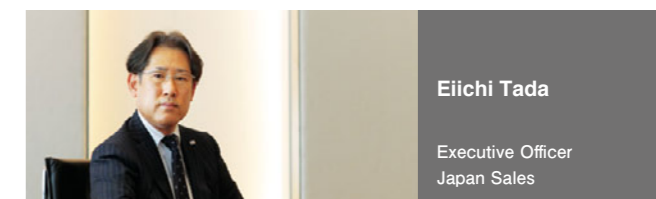
Peter Tarantino
 Senior Executive Officer Global Business Development



Yasuharu Kawanaka
 Executive Officer Industrial & Safety Business



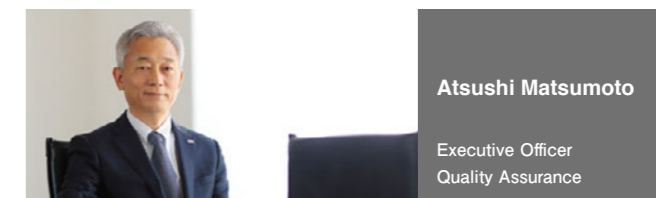
Yasuharu Maruyama
 Executive Officer Manufacturing & SCM



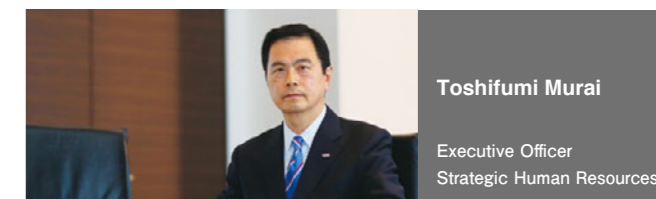
Eiichi Tada
 Executive Officer Japan Sales



Yoshihiko Nishiyama
 Executive Officer Corporate Business Planning & Administration



Atsushi Matsumoto
 Executive Officer Quality Assurance



Toshifumi Murai
 Executive Officer Strategic Human Resources

Corporate Data

Corporate Data

Corporate Name: IDEC CORPORATION

Incorporated: March 26, 1947

Capital Stock: ¥10,056,605,173

Employees: 2,222 (consolidated, as of March 31, 2016)
Excluding contract and temporary employees

Stock Listings: Tokyo Stock Exchange, First Section

Head Office: 2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan
Phone: +81-6-6398-2500

Tokyo Head Office: 2-15-1 Konan, Minato-ku, Tokyo 108-6014 Japan
Phone: +81-3-5782-7690

Plants: Tsukuba, Amagasaki, Fukusaki, Takino

Sales Branches: Sendai, Takasaki, Omiya, Mito, Tokyo, Tama, Yokohama, Nagano, Niigata, Toyama, Kanazawa, Hamamatsu, Nagoya, Kyoto, Osaka, Okayama, Fukuyama, Hiroshima, Shikoku, Fukuoka

Distribution Center: Tatsuno



Head Office

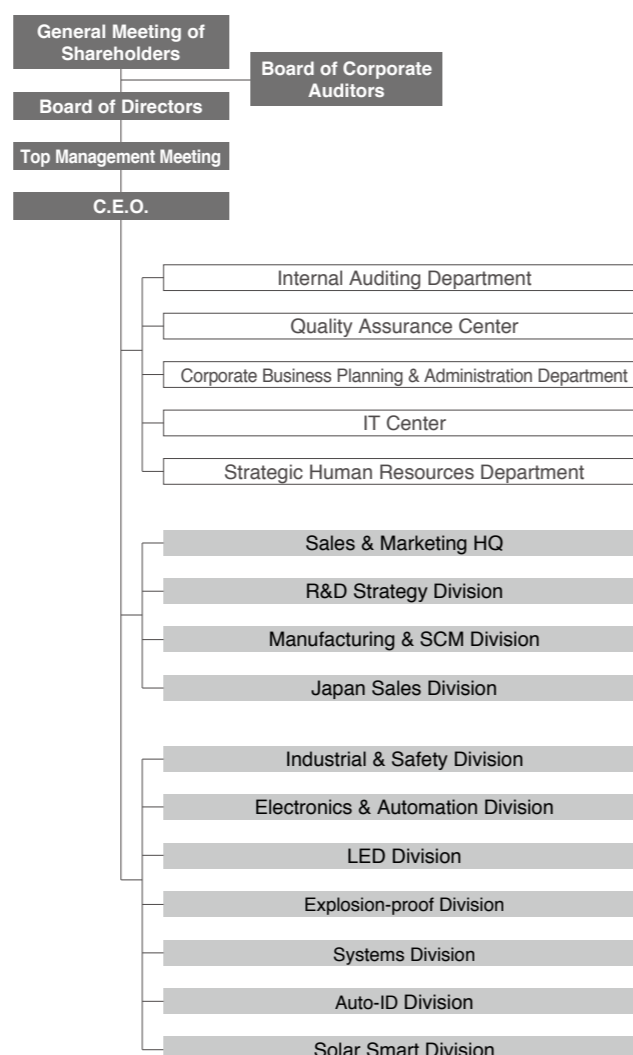
Tokyo Head Office



Amagasaki Plant

Takino Plant

Organizational Chart



Think Automation and beyond...

Corporate Mission IDEC's ultimate mission is to make contributions to society through its business growth and ensure that each employee finds value in his or her everyday work.

Management Philosophy

- 1.IDEC is committed to the people who work for IDEC. Therefore, providing them with satisfying and meaningful employment is a top priority.
2. Corporate profits, which provides the means to fulfill the above, must be secured through continuous expansion of business and the success of the corporation.
3. Though our job responsibilities differ, we all work together to achieve common goals.
4. We stand firm on open management, foster mutual trust and share our success fairly.
5. The welfare of society is our top priority. We strive to provide superior products and services with pride and appreciation for others.

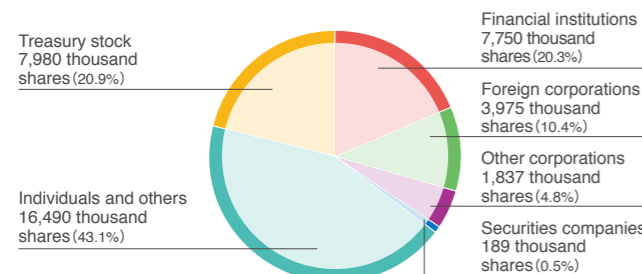
Stock Information

Shares of the Company

Number of shares authorized	Number of shares issued	Number of shareholders
150,000,000	38,224,485	10,567

Note: Treasury stock held at the end of the period totaled 7,980,809 shares, representing changes in amounts in response to shareholders' requests for sales or additional purchases.

Distribution of Shareholders



Major Shareholders (Top 10)

Shareholders	Number of shares (Thousands of shares)	Holdings (%)
Japan Trustee Services Bank, Ltd.	3,087	10.21
The Master Trust Bank of Japan, Ltd.	1,261	4.17
Funaki Kosan Ltd.	1,041	3.44
Mizuho Bank, Ltd.	812	2.69
Keijiro Fujita	778	2.58
Trust & Custody Services Bank, Ltd.	632	2.09
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	624	2.07
CBNY-GOVERNMENT OF NORWAY	580	1.92
Tsuneo Funaki	575	1.90
Nippon Life Insurance Company	514	1.70

Note: The description of major shareholders above conforms to the content disclosed in the Annual Securities Report. As of March 31, 2016