

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

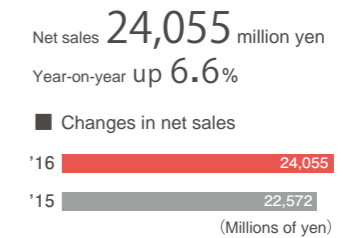
Years ended March 31	Millions of yen		Thousands of U.S. dollars ^(Note 2)
	2016	2015	2016
Net cash provided by (used in) operating activities			
Income before income taxes and other adjustments	2,620	3,155	23,250
Depreciation and amortization	1,519	1,677	13,486
Impairment loss	41	30	370
Amortization 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

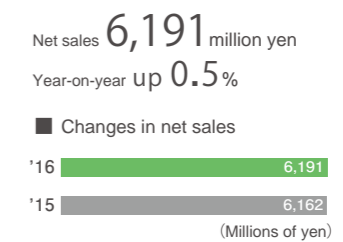
Increased sales for core industrial components, like control switches, as well as auto-ID devices



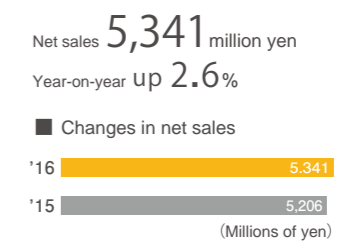
Sales grew for safety-related products, such as control and enabling switches.



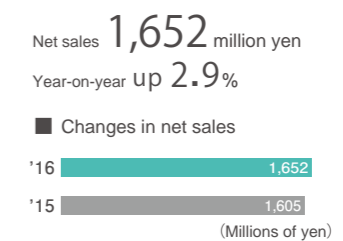
Although sales of programmable controllers fell, sales of auto-ID devices grew.



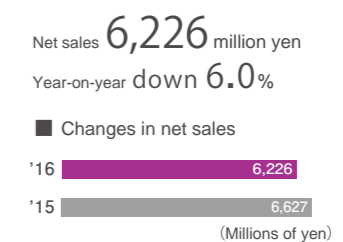
While sales of terminal blocks dropped, sales of switching power supplies continued to trend well.



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

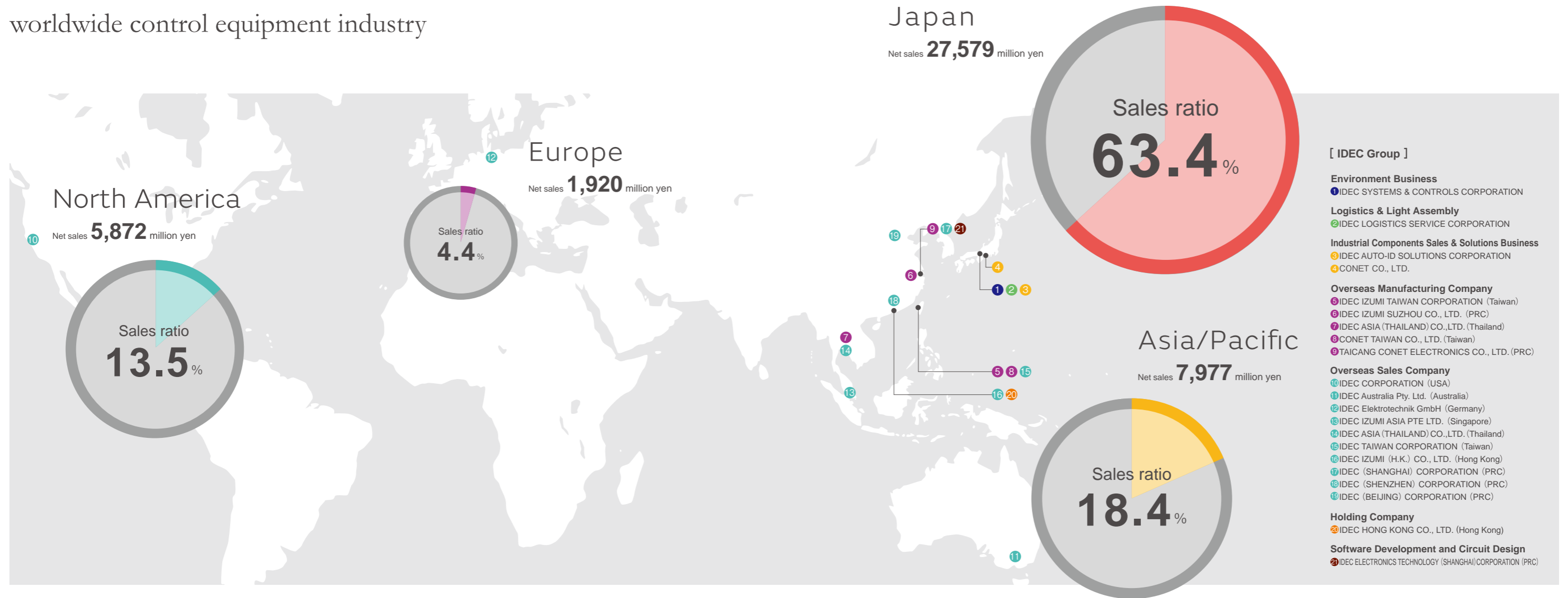


Although the solar power-related business was robust, on the whole, environment-related business was down.



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