



*Think Automation and beyond...*



IDEC CORPORATION

2-6-64 Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004

Phone: +81-6-6398-2500

<http://www.idec.com/>

IDEC Report 2017



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



# Think Automation and beyond...

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

We create new possibilities.

One of our corporate principles is to conduct business with consideration for social contribution. Since its founding, IDEC has developed and introduced the world to 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.

Having celebrated its 70th anniversary in March of 2017, the IDEC Group will continue to brighten the future of manufacturing and people's lives as it moves into the centennial of its existence and beyond.

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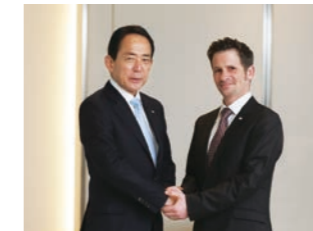
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# Message from the C.E.O.



## The IDEC Group responds to increasingly diverse social needs with technology-backed solutions

### Performance for the year ended March 31, 2017

Advancements in robotics helped to increase sales of safety-related products, including enabling switches. Furthermore, explosion-proof products showed steady growth. As a result, our sales in Japan were ¥27,939 million (up 1.3% from the previous year). Despite strong safety-related products sales in the Asia Pacific region centering on China and the North America region, our overseas sales were ¥15,486 million (down 2.5% from the previous year) as the strong Yen impacted currency conversion.

Taking into consideration each of these factors, consolidated sales and operating income were ¥43,426 million (down 0.1% from the previous year) and ¥3,547 million (up 11.7% from the previous year), respectively, while the operating income margin was 8.2%. The total per-share cash dividend payment for the year was ¥40, including the regular dividend of ¥36 and the special dividend of ¥4, and the DOE (dividends on equity) was 3.7%.

### Business strategies for future growth

The IDEC Group has identified sales of ¥100 billion and an operating income margin of 15% as two key long-term goals. To achieve these goals, we continue to build strategic corporate partnerships through various initiatives including mergers and acquisitions. In March 2017, we acquired APEM Group a French company. While continuing our efforts to strengthen core business segments, we are expanding new businesses in response to social challenges and needs, such as labor shortages caused by declining populations, by providing solutions to automated agriculture plants and collaborative robot systems.

We will continue to increase the value of our company by implementing our corporate mission of “making contributions to a social economy through business growth,” so everyone can benefit from our success.

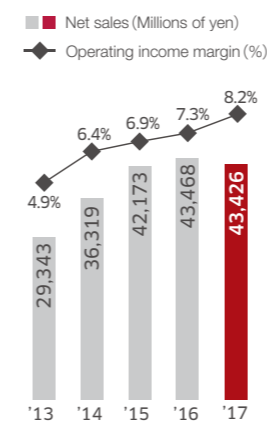
We appreciate your support and encouragement as we carry out our endeavors.

**Toshi K. Funaki**  
Chairman and  
Chief Executive Officer

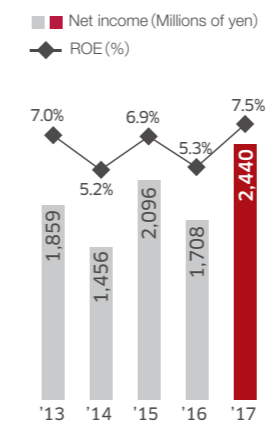
## Financial Highlights

<p>Net sales</p> <p><b>43,426</b> million yen</p> <p>Year on year Down <b>0.1%</b></p>	<p>Operating income</p> <p><b>3,547</b> million yen</p> <p>Year on year UP <b>11.7%</b></p>	<p>Domestic net sales</p> <p><b>27,939</b> million yen</p> <p>Year on year UP <b>1.3%</b></p>	<p>Overseas net sales</p> <p><b>15,486</b> million yen</p> <p>Year on year Down <b>2.5%</b></p>
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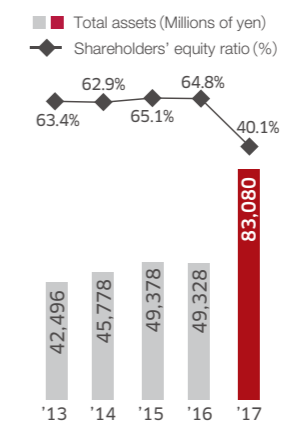
### Net sales



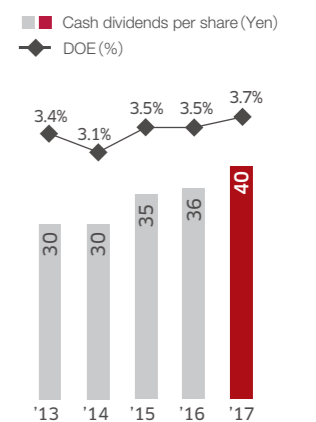
### Net income



### Total assets



### Cash dividends per share



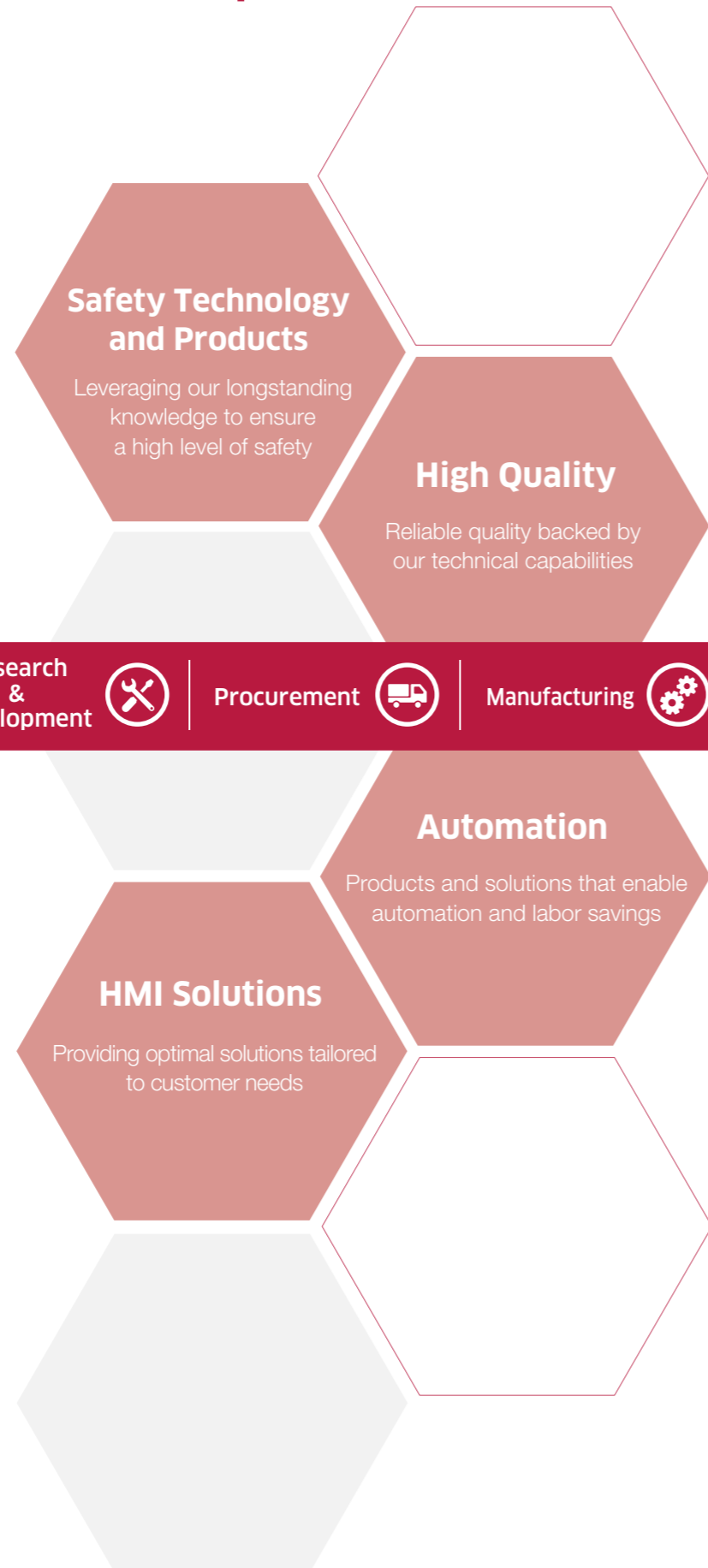
# Value Creation Process

As a part of efforts to support the future of manufacturing and daily life, IDEC creates value through products that provide safety. At the same time, the Company undertakes a wide range of activities in a bid to resolve societal challenges.

## Societal Challenges

- Growing shortage of labor
- Further aging of society
- Frequent occurrence of industrial accidents
- Onset of global warming
- Decline in food self-sufficiency ratio

## Core Competencies



### Safety Technology and Products

Leveraging our longstanding knowledge to ensure a high level of safety

### High Quality

Reliable quality backed by our technical capabilities

### Automation

Products and solutions that enable automation and labor savings

### HMI Solutions

Providing optimal solutions tailored to customer needs

## Our Value in Action



## Output

~ Creating value for society ~

- Development and increased use of safe products
- Providing collaborative robot systems
- Developing IoT-compatible products
- Designing environmentally-friendly products
- Helping industrialize agriculture

## Outcome

~ Resolving societal challenges ~

- Increasing productivity and efficiency
- Realizing safety
- Ensuring a smaller environmental footprint

# Product Groups

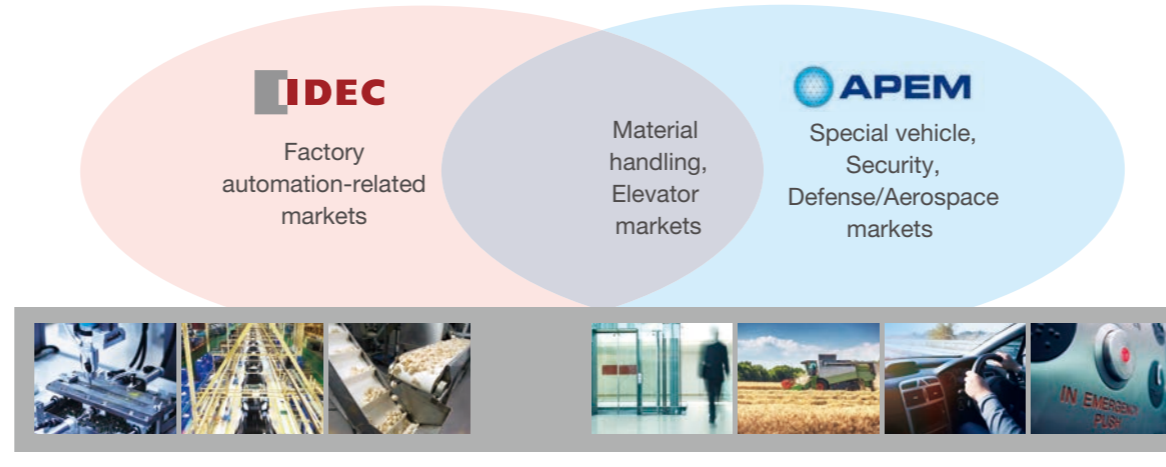
## HMI (Human-Machine Interface) Solutions

- Control switches
- Emergency-stop pushbutton switches
- Pilot lights



In addition to the FA industry, IDEC covers a broad market

following its acquisition of APEM.



## APEM's Products



## Safety / Explosion-proof Solutions

- Interlock switches
- Safety laser scanners
- Control boxes
- Explosion-proof equipment



## Automation Solutions

- Programmable controllers
- Operator interfaces
- Photoelectric switches
- Auto-ID devices



## Panel Solutions

- Control relays / Terminal blocks / Switching power supplies and other control panel equipment
- Industrial LED illumination units



## Others

- Power conditioners
- Fine bubble generators
- Collaborative robot systems
- Mega-solar projects



# Global Network

## Europe and Others

Sales bases : **9**  
 Manufacturing bases : **7**  
 No. of employees: **1,013**

- ● ● APEM SAS (France)
- ● ● APEM Components Ltd (UK)
- ● ● MEC A/S (Denmark)
- ● ● APEM Italia Srl (Italy)
- IDEC Elektrotechnik GmbH (Germany)
- APEM GmbH (Germany)
- APEM AB (Sweden)
- APEM Benelux (Belgium)
- APEM BV (The Netherlands)
- ● ● SACEMA (Tunisia) Two other bases



## Americas

Sales bases : **2**  
 Manufacturing base : **1**  
 No. of employees: **223**

- IDEC CORPORATION (USA)
- ● ● APEM Inc (USA)



## Greater China

Sales bases : **9**  
 Manufacturing bases : **6**  
 No. of employees: **1,501**



- IDEC (SHANGHAI) CORPORATION (PRC)
- IDEC (SHENZHEN) CORPORATION (PRC)
- IDEC (BEIJING) CORPORATION (PRC)
- IDEC TAIWAN CORPORATION (Taiwan)
- IDEC IZUMI (H.K.) CO., LTD. (Hong Kong)
- ● ● APEM Wujin Electronics Co. Ltd (PRC)
- ● ● APEM Ltd (PRC)
- ● ● TAICANG CONET ELECTRONICS CO., LTD. (PRC)
- ● ● CONET TAIWAN CO., LTD. (Taiwan)
- ● ● IDEC ELECTRONICS TECHNOLOGY (SHANGHAI) CORPORATION (PRC)
- ● ● IDEC IZUMI SUZHOU CO., LTD. (PRC)
- ● ● IDEC IZUMI TAIWAN CORPORATION (Taiwan)

## Japan

Sales bases : **4**  
 Manufacturing bases : **3**  
 No. of employees: **972**

- ● ● IDEC CORPORATION
- ● ● IDEC FACTORY SOLUTIONS CORPORATION
- ● ● IDEC SYSTEMS & CONTROLS CORPORATION
- ● ● IDEC AUTO-ID SOLUTIONS CORPORATION
- ● ● IDEC LOGISTICS SERVICE CORPORATION



## Asia Pacific

Sales bases : **3**  
 Manufacturing base : **1**  
 No. of employees: **193**



- ● ● IDEC IZUMI ASIA PTE LTD. (Singapore)
- ● ● IDEC Australia Pty. Ltd. (Australia)
- ● ● IDEC ASIA (THAILAND) CO., LTD. (Thailand)

- Sales
- Development
- Manufacturing

# Regional Overview

IDEC aims to establish a dominant global position by supplying optimal products and solutions that match market needs.



## Americas



Sunnyvale

Despite concerns about the impact of policy changes by the new administration, business conditions have been improving and the manufacturing sector is gaining strength in the United States. In the field of industrial automation, IDEC provides optimized products, solutions and services tailored to its customers' needs. We aim to expand sales of safety products and programmable controllers in key industries, including automotive, oil & gas and material handling.

### ■ Responding to increasing demand driven by the energy revolution

In recent years, the expansion of shale gas and oil production in the United States has increased capital investment in this industry, presenting exciting opportunities for our programmable controllers, explosion-proof products and more. An increase in United States domestic spending will create demand for a broad range of control products in other industries. We are aiming to strengthen our sales force to increase revenues in a wide range of industries.



Explosion-proof control box



Programmable controller

### Topics

#### More than 40 years of success

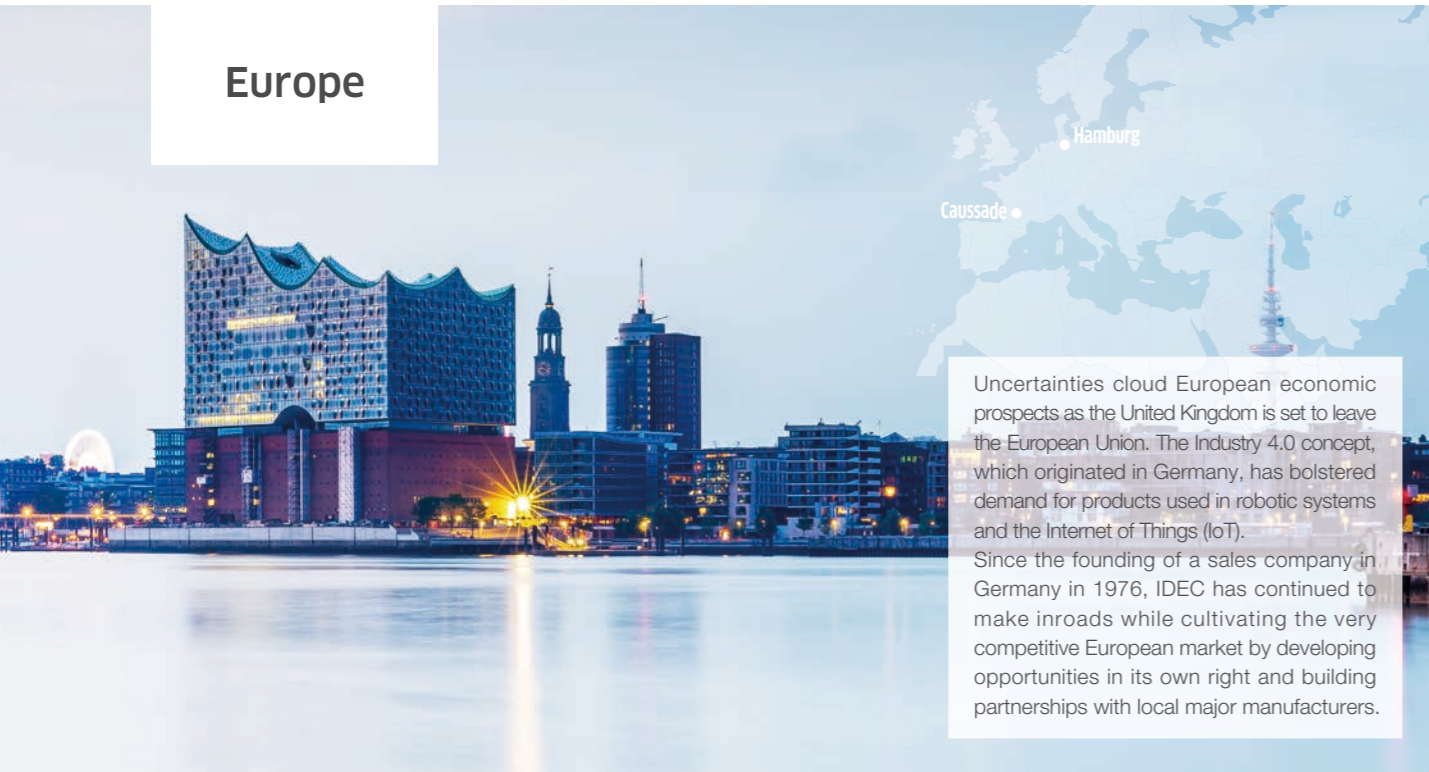
In 1975, IDEC CORPORATION (USA) was established in California to develop business in the North American region as a sales subsidiary. For the last four decades, IDEC (USA) has built strong relationships based on trust with numerous customers. Our field sales engineers located across the country provide detailed support to customers, ranging from product selection to the building of system.



IDEC (USA) employees, Sunnyvale, California

# Regional Overview

## Europe



Uncertainties cloud European economic prospects as the United Kingdom is set to leave the European Union. The Industry 4.0 concept, which originated in Germany, has bolstered demand for products used in robotic systems and the Internet of Things (IoT). Since the founding of a sales company in Germany in 1976, IDEC has continued to make inroads while cultivating the very competitive European market by developing opportunities in its own right and building partnerships with local major manufacturers.

### ■ Providing key devices for Industry 4.0

Industry 4.0 and the Internet of things (IoT) are propelling full-scale manufacturing automation and demand for safety products for robotic systems. The increased use of automated guided vehicles (AGV) for transporting materials in factories and warehouses has expanded the need for emergency-stop pushbutton switches and safety laser scanners that effectively protect workers and objects. IDEC is actively taking steps to add value and customer satisfaction by offering customized safety products for automated manufacturing systems.



Emergency-stop pushbutton switches

Safety laser scanner

### Topics

#### Increasing sales capacities in Europe

In March 2017, IDEC acquired the APEM Group, which is headquartered in France. With a history that spans more than 65 years of history, APEM manufactures and markets Human Machine Interface (HMI) products worldwide, with its strongest sales in Europe. Sales are centered on industrial switches. The addition of APEM Group with its 10 sales and 14 manufacturing bases, will greatly enhance the IDEC Group's global sales capabilities. Benefitting from diversities in cultures, backgrounds, product mixes and regional strengths of the two companies, IDEC and APEM aim to maximize synergies together.



Toshi K. Funaki, Chairman and C.E.O., on the left with Grégory Sachnine, President of APEM

## Greater China



The Chinese government has been promoting its "Made in China 2025" initiative to boost innovation in manufacturing and to revamp the country's industry by applying information technology to industrialization. To meet growing demand effectively under this initiative, IDEC is improving its development and manufacturing systems while paying attention to China's varied needs, such as automating factories and conserving energy.

### ■ Products uniquely fit for the world's largest elevator market

One of the key industries IDEC serves is the elevator sector, and the world's largest elevator market is China, where business opportunities have grown. Early on, we developed a maintenance switch box in compliance with international standards for elevators used in China. This switch box, to which IDEC applied its proprietary system engineering technology, received high praise for safety, durability, slim profile and ease of use. IDEC also launched an illuminated buzzer in compliance with the latest safety standard, which combines a buzzer and pilot light in one to both visually and audibly alert workers.



Illuminated buzzer

Switch box

### Topics

#### Reinforcing the development, manufacturing, sales and service structure

In an effort to meet market needs quickly, we have streamlined the process of development, manufacturing and distribution. For this purpose, we opened a software development base in Shanghai, and relocated and consolidated manufacturing and distribution in Suzhou. To distinguish IDEC from its competitors, we train safety professionals, such as accredited safety assessors who are capable of providing safety consulting, and promote safety understanding through tradeshow exhibits.

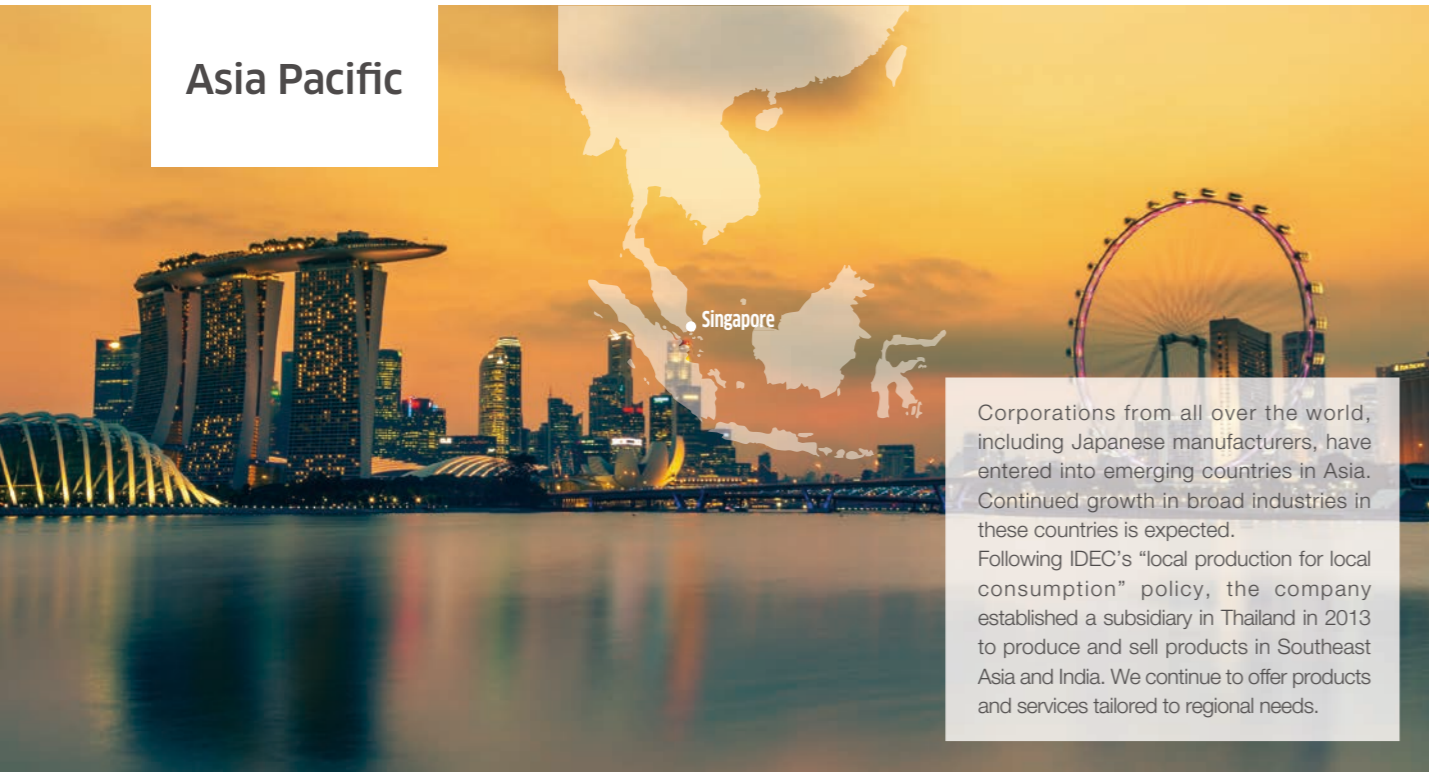


Exhibit at a tradeshow in China



# Regional Overview

## Asia Pacific



Corporations from all over the world, including Japanese manufacturers, have entered into emerging countries in Asia. Continued growth in broad industries in these countries is expected. Following IDEC's "local production for local consumption" policy, the company established a subsidiary in Thailand in 2013 to produce and sell products in Southeast Asia and India. We continue to offer products and services tailored to regional needs.

### Combining products and education to meet growing safety needs

As the economy grew in Southeast Asia, interest in workplace safety increased. Japanese manufacturers operating in this region began installing safety devices in their manufacturing plants. We continue to promote safety awareness and increase sales of safety products such as controllers, interlock switches and laser scanners, mainly to Japanese automakers. Our intention is to broaden our customer base beyond Japanese manufacturers in the near future.



Safety controller



Interlock switch

### Topics

#### Created the regional headquarter



In 2017, IDEC designated its Singapore subsidiary, IDEC IZUMI ASIA PTE LTD, as an Asia Pacific regional headquarter, developing and implementing sales strategies for the entire region, centering on Southeast Asia. This regional headquarter centrally controls the sales policies of previously independent IDEC subsidiaries in Singapore, Thailand and Australia, thus reducing duplications and improving efficiency. This new system will accelerate our efforts to respond quickly and flexibly to regional market needs and expand business to India, Myanmar and other emerging markets.

## Japan



Long-term growth in Japan's control equipment market is less likely due to a maturing economy and factories moving overseas. However, aging populations and labor shortages in Japan offer a unique opportunity to lead the world in automation used in manufacturing. Therefore, IDEC focuses on communications and providing value-added proposals tailored to each customer. Some of our sales employees are stationed at large distributors with a nationwide customer base.

### Leading our industry in reducing space and saving man-hours

Miniaturization of equipment is preferred by the semiconductor industry. Accordingly, manufacturers want various devices installed in equipment to take up less space and less time to install. IDEC's interlock switches, the world's smallest in their class, as well as other popular IDEC safety products, meet these requirements. In recent years, 2D (two-dimensional) codes have gained popularity in parts traceability applications. Following this trend, IDEC has developed a new compact and high-performance 2D code scanner ideal for not only factory automation but also the medical field.



Interlock switch

2D code scanner (Auto-ID device)

### Topics

#### Promoting Safety2.0 as the next-generation safety concept

The time has come for people and robots to work collaboratively while sharing the same space. Looking beyond traditional notions regarding safety, where machines equipped with specific features operate independently to ensure worker safety, IDEC has embraced Safety2.0, a next-generation concept that ensures a higher level of personal well-being. IDEC is initiating a new business of building flexible, safe and productive production systems while providing consulting services on collaborative robot system safety.



Safety consultation

# Medium- to Long-Term Plan

## Entering into a new chapter as a global company

As part of the growth and globalization strategy, IDEC acquired the APEM Group in March 2017. This acquisition enables us to expand our key product lineups of control devices, including industrial switches, and to expedite penetration into global markets. After strengthening our major product lines through acquisition integration, we will focus on developing products and solutions that meet a broad range of customer requirements as our industry undergoes radical changes with the advancement of IoT and robot technologies.

Our marketing strategies include aiming at selective industries where we already have an advantage and which we believe offer potential growth. Such focused effort will strengthen our established business segments and improve profitability. Also our firm commitment to addressing social challenges with our agriculture solutions and safety technology-embedded collaborative robot systems will lead to growth in new business sectors.

In the fiscal year 2018, with APEM joining the IDEC Group, we begin our march toward achieving our long-term sales goal of ¥100 billion and operating income margin of 15%.

### Mikio Funaki

Senior Executive Vice President



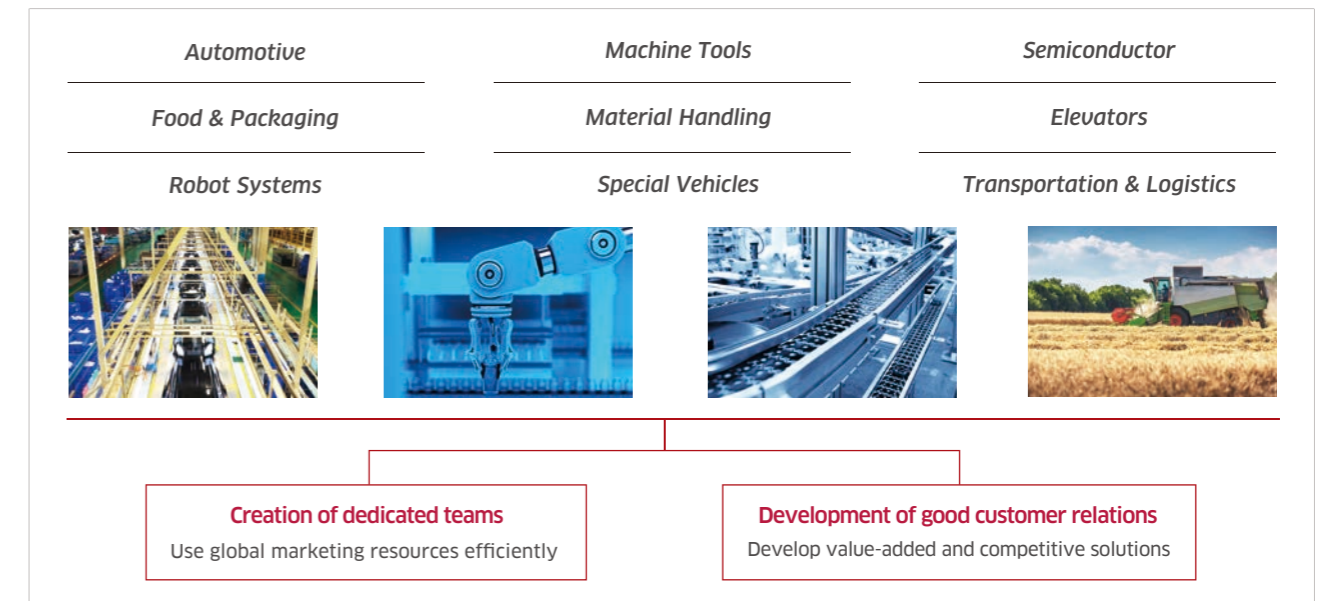
## Medium- to Long-Term Targets

	Fiscal Year 2017	Plan for Fiscal Year 2018	Longer-Term Targets
Net sales	¥ 43.4 billion	¥ 55.5 billion	¥ 100.0 billion
EBITDA (Note 1)	11.0%	14.1%	At least 20.0%
Operating income margin (Note 2)	8.2%	10.8%	At least 15.0%
Overseas sales ratio	35.7%	50.5%	At least 60.0%

(Note 1) Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA): Operating income + Depreciation + Goodwill amortization  
 (Note 2) Operating income margin: Operating income margin before goodwill amortization owing to the arbitrary application of International Financial Reporting Standards (IFRS) from the fiscal year ending March 31, 2020.

### 1. Improvements in core business sectors

■ Select and focus on target industries



- Promote a collaborative robot systems integration business
- Expand IoT-platform product lineups
- Global business expansion

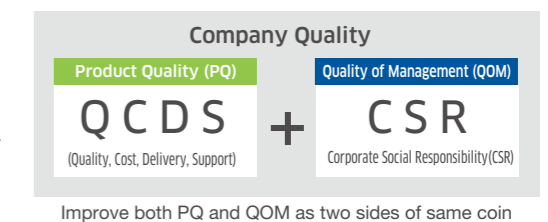
### 2. New businesses in high gear

- Turn fine bubble generation technology into a full-scale business venture
- Offer next-generation plant factories to lead agricultural industrialization



### 3. Reinforcement of operational foundation

- Develop human resources fit for global business to sustain growth
- Promote workplace diversity where individuals can make the most their different talents and experiences
- Improve quality of management by CSR activities



# Global Strategy



**Arnaud Mondy**  
Senior Executive Officer  
Sales & Marketing

## Acquiring APEM helps IDEC accelerate its growth

To accelerate our growth overseas, we have adjusted our organization and created regional headquarters for Europe, Americas, Asia Pacific and Greater China. In each region, we have mutualized back-office functions and strengthened our marketing and sales teams, allowing us to respond better and faster to local customers' needs. This new organization will make it easier to rotate people in the

regions and eventually, fill management positions with locally hired people. The APEM acquisition enabled IDEC to become one of the world's top companies in the HMI market. IDEC and APEM complement each other in products, geographic strengths and business models, creating many opportunities to grow IDEC Group's overall sales and profit.

## Synergy with APEM leads the IDEC Group to a new future

### 1. APEM Highlights

Year founded	1952	
Location of headquarters	France	
President	Grégory Sachnine	
Capital	10.2 million euros	
Sales	101.3 million euros (Year ended December 31, 2016)	
Business activities	Design, manufacture and sale of industrial switches, joysticks, keyboards and other products	
Company strength	Operating production and sales bases in 10 countries, APEM leverages its network of more than 130 agents in supplying products to the global market	



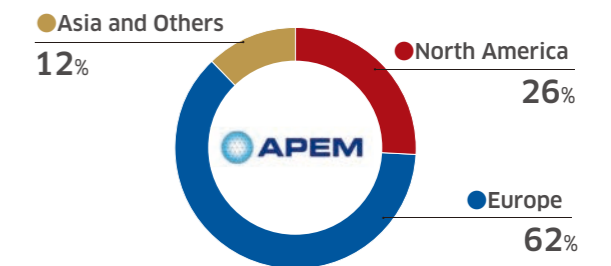
APEM management team

### 2. Anticipated synergy with APEM and IDEC

#### Global expansion of business

In Europe, we will leverage APEM's extensive sales network to drastically increase sales of IDEC products while in North America, both sales organizations will cooperate to maximize sales through their different channels and to existing customers. In Asia, IDEC sales teams will add APEM products to their portfolio and accelerate the growth of APEM in the region.

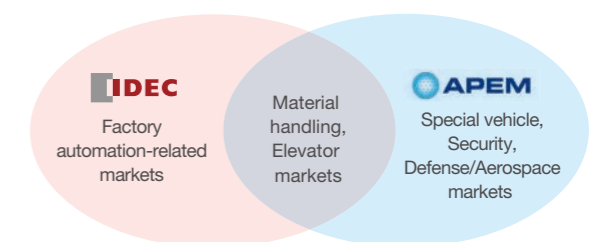
APEM's sales ratio by region  
(for the fiscal year ended December 31, 2016)



	Before APEM Acquisition	After APEM Acquisition
Ratio of Overseas Sales	35.7%	50.5% (Plan for fiscal year 2018)
Number of Global Sales Bases (Countries/Regions)	9	16
Number of Employees (Overseas Ratio)	2,222 (56%)	3,911 (75%)

#### Entry into new markets

While IDEC's main markets center on factory automation, APEM sells HMI components to a wider range of markets, including agriculture/construction special vehicles and defense/aerospace in which IDEC has little experience. Thus, APEM provides an opportunity for IDEC to enter into these new markets and more than double its market size, in addition to broadening its product lineups. This in turn leads to expanding the global market share of IDEC switches.



# Core Businesses

Providing optimal products and solutions that address prevailing needs

## Safety

### Contributing to safety at manufacturing sites

IDEC creates and proposes world-class robotic systems through the integration of collaborative robots and its strengths in safety-related products and technologies.



### High levels of safety and productivity

Leveraging technologies accumulated since its founding, IDEC develops and manufactures safety-related products, including safety switches and emergency-stop pushbutton switches that reflect its commitment to safety, reliability and ease of use.

Based on these safety products and systems, IDEC FACTORY SOLUTIONS CORPORATION provides collaborative robot systems that match the needs of its customers, contributing to improvements in quality and productivity by reducing the effects of labor shortages.



## Automation

### Releasing products that make IoT a reality

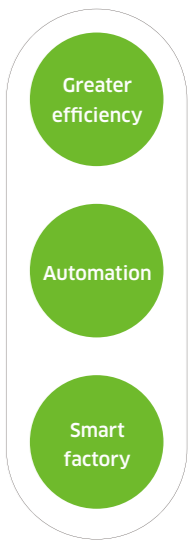
IDEC has been expanding its lineup of products, like programmable controllers that make IoT a reality in a variety of situations in our daily lives, in addition to manufacturing sites.



### Responding to current needs

The proliferation of IoT has increased needs for operating and controlling devices remotely, and ascertaining their current status.

At IDEC, we are ready to fulfill the requirements of our customers in the IoT era, having expanded our lineup of related products including programmable controllers and programmable displays with enhanced networking functionality, sensors that can identify physical objects and changes in conditions, and auto-ID systems that facilitate the traceability of items.



# New Businesses

Helping solve social issues by creating new value

## Fine Bubbles

### Creating new industries

IDEC aims to create new industries with its world-leading fine bubble generation technology. This technology is being applied to a wide range of fields, including industrial cleansing applications and agricultural water.



### Taking the lead in creating international standards

Our GalF series of fine bubble generation systems, which use a proprietary pressurized dissolution method, meet diverse needs with desktop systems for experimentation and large-flow systems for industrial use.

As a leading company that creates markets for its fine bubble products, IDEC participates in the Fine Bubble Industries Association (FBIA), which promotes fine bubble international standards and industrialization, and received International Organization for Standardization (ISO) certification for its fine bubble technologies in 2017. The Company expects to broaden the applications for its fine bubble products in a wide range of fields in the years to come.



Higher-quality  
cleanse

Cultivate  
plants

Preserve  
food

## Agriculture

### Contributing to the industrialization of agriculture

IDEC provides a total suite of next-generation agricultural solution packages, combining its control technologies, fine bubble technologies and expertise accumulated in manufacturing, all offered in a single bundle.

We encourage companies to enter the agricultural business by providing new models for profitable agricultural operations in order to make it a more compelling industry.



### Next-generation agricultural plants

IDEC offers complete support for next-generation agricultural plants that use solar power, ranging from engineering and construction to guidance on cultivating crops and developing distribution channels.

IDEC's control technologies are used to automatically control a variety of conditions for growing crops, including greenhouse temperatures, the amount of sunlight, CO<sub>2</sub> concentration and irrigation levels. These technologies help reduce labor and boost productivity, while also stabilizing and increasing harvest volumes with its fine bubble technologies.



Next-generation agricultural plant Sayo Manabiya Farm

High  
profitability

Reliable  
output

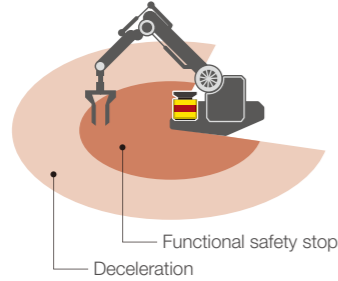
Reduction  
of labor

# Topics

## Products



2016 4



### Released SE2L safety laser scanners

We launched safety laser scanners to ensure the safety of people working near equipment and people who remain in hazardous areas.



2016 5

Released intrinsically-safe/flame-proof galvanic isolator made by GM International in Italy



2016 12

Released the EC2B control box, to comply with global explosion-proof standards



2016 12

### Renewal of φ30 switches

We updated the N Series/TWT Series of panel cut φ30 control units, a key product line, with new contact blocks to improve safety and reduce man-hours.



2017 2

Released the WB2F auto-ID device



2017 3

Released the HW1Z illuminated buzzer



## Events



2016 6

### Annual General Meeting of Shareholders held

IDEC held its 69th Annual General Meeting of Shareholders at the company's headquarters, and many shareholders participate in a social gathering after the end of the meeting.



2016 9

### Opened the Collaborative Safety Robot Technical Center

The center enables us to provide collaborative safety robots tailored to the needs of customers, who are considering the introduction of robots, while educating them on their use cases and how to build safe systems.



### Received Robot award

Our three-position enabling switches won the Chairman's Award in the 7th Robot Awards sponsored by the Japan Machinery Federation for ensuring safe collaboration between people and robots.



2016 10



2016 9



Received the Good Design Award for the FC6A programmable controller

2017 3



Acquires the APEM Group

# CSR Management

## CSR Policy

Since its founding, the IDEC Group has engaged in Corporate Social Responsibility (CSR) activities guided by the corporate mission that each and every IDEC member contributes to society through business growth while respecting human rights and leading a meaningful life. With an emphasis on promoting safety and helping improve the global environment through its businesses, IDEC aims to realize sustainable growth through its business activities based on the Ten Principles of the United Nations Global Compact, as well as the IDEC Group Corporate Ethics and Code of Conduct. In April 2017, IDEC established the CSR Department and created IDEC Group CSR Charter to further strengthen these activities.



### IDEC Group CSR Charter

<b>To Employees</b>	IDEC Group is committed to creating safe, friendly and motivating workplaces for employees while building Group companies where they feel proud to work.
<b>To Customers</b>	IDEC Group assures that customers receive safe and reliable products of high quality and high performance backed by its development, production and sales capabilities. IDEC Group continues to increase public trust by providing excellent services and appropriate information disclosures.
<b>To Shareholders and Investors</b>	IDEC Group fulfills its global obligations by enforcing corporate accountability and having its records available regularly to shareholders through extensive investor relations (IR) activities. The Group also strives to maintain profits that meet shareholder expectation and to increase the value of the Group.
<b>To Business Associates</b>	IDEC Group is committed to building strong partnerships for mutual success, growth and trust with its business associates by establishing fair and rational trade standards.
<b>To Global and Local Communities</b>	IDEC Group aims to contribute to global and local communities by forging partnerships with deep understanding and respect for the culture and history of each local communities. We also aim to develop a green society and a green economy through environmental activities.

### 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."



## Safety

*Safety and compatibility with productivity*



### Policy

#### 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.

### Safety DNA

Believing that working to eliminate industrial accidents is a core aspect of its social responsibility, the IDEC Group provides a variety of safety and explosion-proof products to a broad range of industries. IDEC has a long history of prioritizing safety, deploying an interlocking mechanism to SB metallic switch box developed in 1950, shortly after it was founded, in order to keep workers safe. Since then, safety has been a part of the IDEC Group's DNA.



SB metallic switch box developed in 1950 as pioneering safety equipment



SE2L safety laser scanner released in 2016, ensures safe environments for people working with robots



Certifying **388** people

\* 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 TUV Rhineland Japan.

### Promotion of qualification

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, IDEC employees in overseas manufacturing locations, such as Thailand and China, are being certified. As of March 31, 2017, a total of 388 IDEC Group employees were certified.

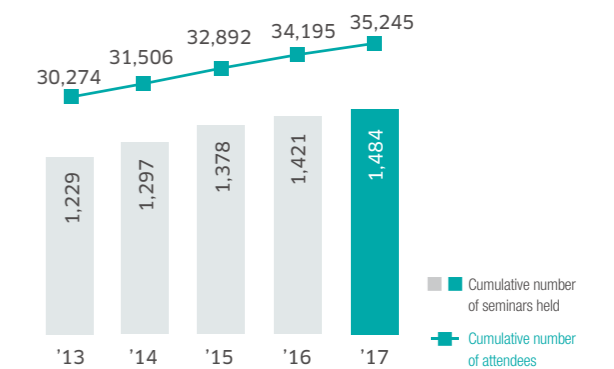
### Holding safety seminars

We held 63 seminars throughout Japan and a total of 1,050 people attended in the fiscal year 2017, achieving the cumulative total of 35,245 attendees.



Cumulative number of attendees

**35,245** people



## Environment

Through business, contribute to environmental impact reduction



### Policy

#### 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.

### Global environmental protection

Aiming for a sustainable society, the IDEC Group is actively involved in the promotion of renewable energy through the supply and management of industrial-scale, solar power systems. Moreover, we contribute to energy conservation through the development and sale of industrial LED lighting with long service lives and high luminous efficiency.



Sayo IDEC Solar Power Station



LED illumination units for machine tools LF1D/ LF2D-EN

### Save All

Since setting our principles for product development 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.



Save space and man-hours switching power supplies PS5R-V

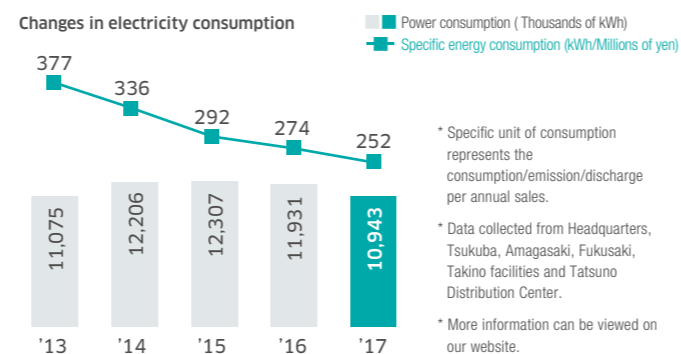
#### Design evaluation standard for environmentally-conscious products

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

### Environment Management System

#### ISO14001

Guided by the ISO14001 Environmental Management System, everyone at IDEC is making his or her best effort to reduce electricity, water, paper, waste and CO<sub>2</sub> emissions to meet the set company-wide yearly goals.



## Quality

Quality is the basis of all corporate activities



### Policy

#### 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.

### Quality assurance system

We have a comprehensive quality assurance system in place.

#### IDEC Quality Assurance Center

##### Production QA Group

Production reform support

##### QA Implementation Group

Maintaining and improving IDEC Group-wide QA systems; providing quality training

##### Standards Management Group

Product standard certification management and standard compliance support

##### Reliability Evaluation Group

Product performance evaluation through validity and reliability testing

### 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

QA Principles (Corporate philosophy on QA)

QA Guidelines (Quality by design)

QA Policies (QA structure)

QA Procedures (Step-by-step work manual)

### Quality education

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 through QC circle activities and present results within each business unit and at company-wide conferences.



Number of participants in fiscal year 2017

**387** people

(Participants from IDEC and IDEC LOGISTICS SERVICE)



# Employees

*Making IDEC a rewarding place to work and fulfill one's life*



## Policy

### 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.

## Human resource development

Seeking three important traits, "take on challenges" "team player" and "engage in self-improvement activities" in each employee, the IDEC Group offers training and opportunities to employees who take ownership of their jobs with an eye on the present and the future.

For human resources development, we have put in place structured internal and external training systems as well as a career advancement support system, while expanding foreign language education with the aim of nurturing personnel able to act globally. Every single Group employee in Japan takes the TOEIC® exam, and their scores are used to guide their English education.



## Life-work balance

So that all IDEC employees can work without worry, the company is enhancing support for employees caring for young children or family members suffering from illnesses. For fiscal year 2017, 100% of female employees who took childcare leave returned to work.

To promote reforms in work styles, IDEC plans to introduce a one-fourth paid vacation system and a work-from-home system. Also, we continue our efforts to make it easier for employees to maintain a good balance between work and personal life.

Female employees who took childcare leave and returned to work  
**100%**

### Childcare-Related Programs

Pregnancy	Childbirth	12 months
Time for antenatal hospital checkup	Maternity leave	Childcare leave
Less commuting to work		
		Childcare time (Until the age of 3) Short working hours for childcare (Until child completes third grade in elementary school) Flextime for childcare Leave to look after a sick child and family member Exempt from non-scheduled work hours Restriction on overtime and night shift working

End of sixth grade in elementary school

## Diversity

We recruit top-quality personnel regardless of nationality, sexual orientation or disability. The IDEC Group promotes diversity in its workforce, and welcomes foreign workers on training programs. IDEC LOGISTICS SERVICE CORPORATION, a Group company, actively recruits and employs people with disabilities. As of March 31, 2017, the company hired 18 employees with disabilities, consisting of 10.5% of the entire workforce. We also make concerted efforts to help local hires improve their skills and abilities. At IDEC IZUMI TAIWAN CORPORATION, a locally-hired person has been appointed General Manager.



The General Manager at IDEC IZUMI TAIWAN CORPORATION is a local hire (third from the left in the front row).

# Governance

*More transparency, more efficiency to remain a trusted company*



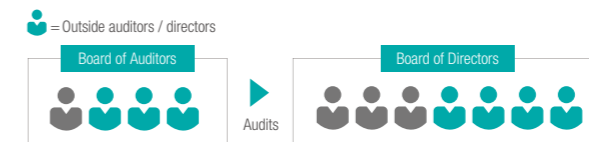
## Policy

### 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.

## Governance system

Since a corporate officer system was installed to



manage the corporation efficiently, we have maintained two separate bodies of "operation performing" and of "auditing." IDEC has proactively appointed outsiders, with four of the seven members of the Board of Directors being outside directors, and three outside auditors on the Board of Corporate Auditors. This constitutes a highly-effective supervisory and auditing system for business execution. The Global Advisory Board, composed of experts was established to bring in diverse opinions and advice related to corporate management.

Dr. Romano Volta and Mr. Peter Tarantino, IDEC Global Advisory Board members



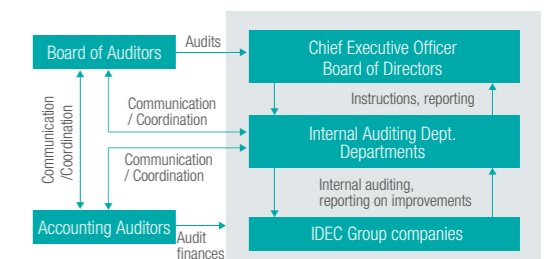
## Compliance / Risk management

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 employees in Japan and overseas. Training programs are offered on a regular basis to management and employees in accordance with their areas of responsibilities, rank and the number of years worked for IDEC. Moreover, IDEC has formulated and implemented Risk Management Rules with the objective of avoiding risks and minimizing damage in the event one were to materialize. The Risk Management Committee, chaired by the President, has been established to manage risk during normal operations at IDEC and Group companies, as well as to take action when risks emerge.



## Audit 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

## Directors



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



**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

## Auditors

**Masayuki Furukawa**  
Standing Corporate Auditor

**Hirokazu Taniguchi**  
Outside Corporate Auditor

**Masanori Sakamoto**  
Outside Corporate Auditor

**Masataka Kawahito**  
Outside Corporate Auditor

## Executive Officers



**Arnaud Mondy**  
Senior Executive Officer  
Sales & Marketing



**Atsushi Matsumoto**  
Executive Officer  
Quality Assurance



**Toshihiro Fujita**  
Senior Executive Officer  
Chief Technology Officer



**Toshifumi Murai**  
Executive Officer  
Strategic Human Resources & CSR



**Yoshihiko Nishiyama**  
Executive Officer  
Corporate Business Planning & Administration



**Grégory Sachnine**  
Executive Officer  
APEM



**Yasuharu Maruyama**  
Executive Officer  
SCM



**Koji Akamatsu**  
Executive Officer  
Manufacturing



**Yasuharu Kawanaka**  
Executive Officer  
Greater China



**Hirotsugu Harada**  
Executive Officer  
New Business Development



**Eiichi Tada**  
Executive Officer  
Japan Sales



**Tomonori Nishiki**  
Executive Officer  
Research & Development

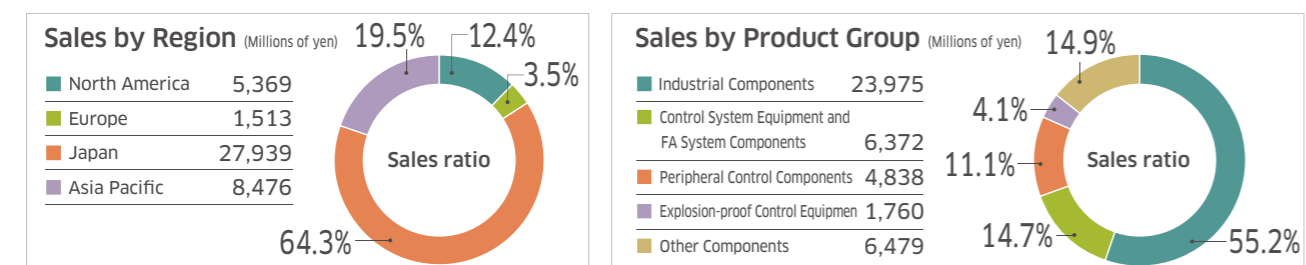
# Financial Report

## Financial Highlights

Profit and Loss Status (Years ended March 31)	Millions of yen			Thousands of U.S. dollars <sup>(Note 5)</sup>
	2017	2016	2015	2017
Net sales	¥43,426	¥43,468	¥42,173	\$387,042
Gross profit	18,027	18,017	17,117	160,669
Selling, general and administrative expenses	14,479	14,841	14,207	129,050
Operating income	3,547	3,176	2,910	31,618
Ordinary income	3,357	3,182	3,160	29,928
Net income attributable to owners of parent	2,440	1,708	2,096	21,754
Cash Flow Status (Years ended March 31)				
Net cash provided by (used in) operating activities	2,644	5,690	1,925	23,572
Net cash provided by (used in) investing activities	(21,190)	(18)	(1,169)	(188,864)
Free cash flow <sup>(Note 2)</sup>	(18,545)	5,671	756	(165,292)
Net cash provided by (used in) financing activities	19,929	(2,611)	(891)	177,626
Depreciation and amortization	1,141	1,519	1,677	10,175
Capital expenditures	2,103	1,500	1,761	18,751
Financial Status (As of March 31)				
Total assets	83,080	49,328	49,378	740,464
Total interest-bearing liabilities <sup>(Note 3)</sup>	34,947	5,348	6,710	311,471
Total shareholders' equity	33,355	31,976	32,121	297,289
Per Share Information (Yen/U.S. Dollars)				
Earnings per share (EPS) on a diluted basis	80.66	56.47	69.30	0.71
Book value per share (BPS)	1,102.20	1,057.28	1,062.53	9.82
Cash dividends per share (annual)	40	36	35	0.35
Financial Indicators				
Return on equity (ROE)	7.5%	5.3%	6.9%	7.5%
Shareholders' equity ratio	40.1%	64.8%	65.1%	40.1%
Current ratio	80.5%	176.9%	170.8%	80.5%
Dividends on equity (DOE) <sup>(Note 4)</sup>	3.7%	3.5%	3.5%	3.7%

## Notes :

- In this Annual Report, amounts are given by dropping the decimal portion of the number whereas ratios are rounded to the nearest whole number.
- Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities
- Interest-bearing liabilities = Short-term loans payable + Long-term loans payable
- Dividends on equity (DOE) = Annual dividends ÷ Shareholders' equity × 100
- Amounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31, 2017 (US \$1 = JP ¥112.20) for the convenience of readers abroad.



## Consolidated Balance Sheets

As of March 31, 2017 and 2016	Millions of yen		Thousands of U.S. dollars <sup>(Note 2)</sup>
	2017	2016	2017
<b>Assets</b>	<b>Current assets</b>		
Cash and deposits	11,877	10,742	105,860
Notes and accounts receivable-trade	9,726	7,077	86,691
Securities	897	901	8,000
Merchandise and finished goods	5,870	4,355	52,321
Work in process	1,517	1,183	13,521
Raw materials and supplies	3,755	2,033	33,472
Deferred tax assets	748	772	6,670
Others	1,591	713	14,187
Allowance for doubtful accounts	(49)	(42)	(439)
Total current assets	35,936	27,738	320,285
	<b>Non-current assets</b>		
	<b>Property, plant and equipment</b>		
Buildings and structures, net	7,640	8,321	68,096
Machinery, equipment and vehicles, net	2,749	1,131	24,505
Tools, furniture and fixtures, net	1,126	762	10,040
Land	6,897	7,438	61,476
Lease assets, net	184	230	1,644
Construction in progress	849	265	7,574
Total property, plant and equipment	19,448	18,151	173,338
	<b>Intangible assets</b>		
Software	466	264	4,159
Lease assets	36	45	326
Goodwill	20,661	358	184,144
Others	3,837	102	34,204
Total intangible assets	25,002	771	222,836
	<b>Investments and other assets</b>		
Investment securities	1,540	1,479	13,730
Long-term loans receivable	427	470	3,808
Deferred tax assets	129	189	1,152
Others	633	568	5,647
Allowance for doubtful accounts	(37)	(41)	(334)
Total investments and other assets	2,693	2,666	24,005
<b>Total non-current assets</b>	<b>47,144</b>	<b>21,590</b>	<b>420,179</b>
<b>Total assets</b>	<b>83,080</b>	<b>49,328</b>	<b>740,464</b>
<b>Liabilities</b>	<b>Current liabilities</b>		
Notes and accounts payable-trade	5,344	4,065	47,629
Electronically recorded obligations-operating	1,754	1,276	15,639
Current portion of bonds	50	-	445
Short-term loans payable	31,905	5,140	284,363
Current portion of long-term loans payable	41	166	370
Lease obligations	85	93	759
Income taxes payable	833	396	7,427
Accounts payable-other	892	712	7,954
Accrued expenses	2,436	1,565	21,716
Advances received	113	981	1,007
Deposits received	663	673	5,917
Provision for product warranties	74	220	661
Others	468	390	4,172
Total current liabilities	44,662	15,682	398,065
	<b>Non-current liabilities</b>		
Bonds payable	-	50	-
Long-term loans payable	3,000	41	26,738
Lease obligations	153	154	1,368
Deferred tax liabilities	97	23	865
Provision for directors' retirement benefits	74	71	667
Net defined benefit liability	1,324	1,012	11,808
Asset retirement obligations	101	76	900
Long-term accounts payable-other	11	6	101
Others	31	3	278
Total non-current liabilities	4,794	1,441	42,728
<b>Total liabilities</b>	<b>49,457</b>	<b>17,124</b>	<b>440,793</b>
<b>Net assets</b>	<b>Shareholders' equity</b>		
Capital stock	10,056	10,056	89,631
Capital surplus	9,726	9,723	86,685
Retained earnings	19,498	18,146	173,782
Treasury stock	(6,832)	(6,848)	(60,895)
Total shareholders' equity	32,448	31,077	289,203
	<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	514	461	4,588
Foreign currency translation adjustment	450	519	4,013
Remeasurements of defined benefit plans	(57)	(82)	(516)
Total accumulated other comprehensive income	907	898	8,085
<b>Subscription rights to shares</b>	<b>27</b>	<b>21</b>	<b>241</b>
<b>Non-controlling interests</b>	<b>240</b>	<b>206</b>	<b>2,140</b>
<b>Total net assets</b>	<b>33,623</b>	<b>32,204</b>	<b>299,671</b>
<b>Total liabilities and net assets</b>	<b>83,080</b>	<b>49,328</b>	<b>740,464</b>

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 36 to 38 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2017 (US \$1 = JP ¥112.20) for the convenience of readers abroad.

## Consolidated Statements of Income

Years ended March 31	Millions of yen		Thousands of
	2017	2016	U.S. dollars <sup>(Note 1)</sup>
<b>Net sales</b>	<b>43,426</b>	43,468	<b>387,042</b>
<b>Cost of sales</b>	<b>25,399</b>	25,450	<b>226,373</b>
<b>Gross profit</b>	<b>18,027</b>	18,017	<b>160,669</b>
<b>Selling, general and administrative expenses</b>	<b>14,479</b>	14,841	<b>129,050</b>
<b>Operating income</b>	<b>3,547</b>	3,176	<b>31,618</b>
<b>Non-operating income</b>			
Interest income	51	32	463
Dividends income	22	19	198
Equity in earnings of affiliates	44	69	395
Rent income	89	110	797
Others	89	96	797
Total non-operating income	297	328	2,652
<b>Non-operating expenses</b>			
Interest expenses	34	42	311
Foreign exchange losses	237	86	2,118
Depreciation	71	78	638
Others	143	115	1,275
Total non-operating expenses	487	322	4,343
<b>Ordinary income</b>	<b>3,357</b>	3,182	<b>29,928</b>
<b>Extraordinary income</b>			
Gain on sales of non-current assets	475	255	4,234
Gain on reversal of subscription rights to shares	1	–	16
Total extraordinary income	476	255	4,251
<b>Extraordinary loss</b>			
Loss on sales of non-current assets	80	–	721
Impairment loss	–	41	–
Loss on abandonment of non-current assets	8	2	71
Loss on sales of investment securities	–	1	–
Loss on valuation of investment securities	–	2	–
Loss on sales of stocks of subsidiaries and affiliates	7	–	67
Loss on liquidation of subsidiaries and affiliates	8	–	74
Restructuring loss	120	769	1,069
Total extraordinary loss	224	817	2,003
<b>Income before income taxes and other adjustments</b>	<b>3,610</b>	2,620	<b>32,175</b>
<b>Income taxes-current</b>	<b>1,037</b>	967	<b>9,250</b>
<b>Income taxes-deferred</b>	<b>102</b>	(73)	<b>916</b>
<b>Total income taxes</b>	<b>1,140</b>	893	<b>10,166</b>
<b>Net income</b>	<b>2,469</b>	1,726	<b>22,009</b>
<b>Net income attributable to non-controlling interests</b>	<b>28</b>	18	<b>254</b>
<b>Net income attributable to owners of parent</b>	<b>2,440</b>	1,708	<b>21,754</b>











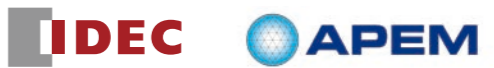
Notes : 1. Amounts in the consolidated financial statements on pages 36 to 38 are converted from yen to U.S. dollars at the prevailing exchange rate as of March 31, 2017 (US \$1 = JP ¥112.20) for the convenience of readers abroad.









## Consolidated Statements of Cash Flow

Years ended March 31	Millions of yen		Thousands of
	2017	2016	U.S. dollars <sup>(Note 1)</sup>
<b>Net cash provided by (used in) operating activities</b>			
Income before income taxes and other adjustments	3,610	2,620	32,175
Depreciation and amortization	1,141	1,519	10,175
Impairment loss	–	41	–
Amortization of goodwill	66	66	593
Increase (decrease) in allowance for doubtful accounts	4	1	38
Interest and dividends income	(74)	(52)	(661)
Interest expenses	34	42	311
Foreign exchange losses (gains)	130	(17)	1,166
Share of (profit) loss of entities accounted for using equity method	(44)	(69)	(395)
Decrease (increase) in notes and accounts receivable-trade	(1,160)	(638)	(10,340)
Decrease (increase) in inventories	(497)	998	(4,433)
Increase (decrease) in notes and accounts payable-trade	1,438	1,091	12,822
Increase (decrease) in provision for product warranties	(145)	220	(1,299)
Increase (decrease) in net defined benefit liability	29	(53)	266
Loss (gain) on sales of non-current assets	(394)	(255)	(3,513)
Loss (gain) on valuation of investment securities	–	2	–
Loss on abandonment of non-current assets	8	2	71
Loss (gain) on sales of investment securities	–	1	–
Loss (gain) on sales of stocks of subsidiaries and affiliates	7	–	67
Loss (gain) on liquidation of subsidiaries	8	–	74
Loss on business restructuring	120	322	1,069
Increase (decrease) in advances received	(868)	888	(7,737)
Decrease (increase) in accounts receivable-other	7	16	67
Increase (decrease) in accounts payable-other	160	(123)	1,427
Increase (decrease) in accrued expenses	(60)	(40)	(539)
Increase (decrease) in accrued consumption taxes	(117)	172	(1,047)
Increase (decrease) in accounts payable-bonuses	44	77	396
Increase (decrease) in deposits received	(9)	(4)	(80)
Increase (decrease) in long-term accounts payable-other	4	(70)	42
Others	191	137	1,703
Subtotal	3,637	6,898	32,420
Interest and dividends income received	74	51	663
Interest expenses paid	(35)	(43)	(317)
Income taxes paid	(1,031)	(1,215)	(9,194)
Net cash provided by (used in) operating activities	2,644	5,690	23,572
<b>Net cash provided by (used in) investing activities</b>			
Purchase of securities	(216)	(240)	(1,931)
Proceeds from sales of securities	220	120	1,966
Purchase of property, plant and equipment	(2,373)	(1,294)	(21,153)
Proceeds from sales of property, plant and equipment	2,175	1,451	19,389
Purchase of intangible assets	(79)	(93)	(705)
Purchase of investment securities	(6)	(5)	(54)
Proceeds from sales of investment securities	–	5	–
Collection of long-term loans receivable	61	62	549
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(21,078)	–	(187,865)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	39	–	355
Others	65	(24)	584
Net cash provided by (used in) investing activities	(21,190)	(18)	(188,864)
<b>Net cash provided by (used in) financing activities</b>			
Net increase (decrease) in short-term loans payable	18,152	(1,170)	161,790
Proceeds from long-term loans payable	3,000	–	26,738
Repayment of long-term loans payable	(41)	(192)	(365)
Purchase of treasury stock	(0)	(0)	(4)
Proceeds from exercise of share options	16	10	150
Cash dividends paid	(1,085)	(1,143)	(9,678)
Dividends paid to non-controlling interests	(1)	(1)	(12)
Repayments of lease obligations	(111)	(114)	(991)
Net cash provided by (used in) financing activities	19,929	(2,611)	177,626
Effect of exchange rate change on cash and cash equivalents	(249)	(313)	(2,219)
Net increase (decrease) in cash and cash equivalents	1,134	2,747	10,115
Cash and cash equivalents at beginning of year	10,742	7,995	95,745
Cash and cash equivalents at end of year	11,877	10,742	105,860

# History

## Over 70 years of Innovation

<p><b>Manufacture and sale of high-quality control devices began in an era of postwar reconstruction</b></p>	<p><b>Having become a comprehensive control device manufacturer, steps taken to expand global business</b></p>	<p><b>Product development to create an "optimal environment for people and machines"</b></p>	<p><b>Aiming for new growth</b></p>
   <p>Shop at the time of the company's founding</p> <p>Tsuneo Funaki (company founder)</p> <p>SB metallic switch box</p> <p>IDEC was founded under its original name of IZUMI Shokai Co., Ltd. in 1945, the year World War II ended. At first selling electric appliances, IDEC's forerunner soon recognized the shortage of various switch boxes that were essential for machines and began developing high-quality switch boxes, which were later to be highly praised by the industry. Passing the strict requirements of the U.S. Military Forces stationed in Japan, the switch boxes became their specified products and remained the company's longest-selling product line. Along with our explosion-proof products that were widely used in textile/chemical plants and petrochemical complexes, these switch boxes helped boost Japan's postwar reconstruction efforts.</p>	  <p>IZUMI SEIKI TAIWAN CO., LTD. (now IDEC IZUMI TAIWAN CORPORATION), the first plant outside Japan</p> <p>A control unit that conforms to IEC standards</p> <p>As the economic boom brought increasing demand for measurement/control technologies, IDEC began manufacturing and marketing control devices while itself making the switch to become a comprehensive control device manufacturer. From the 1970s onwards, IDEC proactively advanced the development of its global business, for example by establishing overseas subsidiaries, exhibiting at European trade fairs and collaborating with highly-rated overseas corporations. At that time, IDEC launched control units that conformed to International Electrotechnical Commission (IEC) standards, the first standards of their kind.</p>	   <p>Robot control cellular production system installed at Takino Plant</p> <p>Enabling switch</p> <p>Interlock switch</p> <p>As business grew, IDEC bid for a public stock listing was granted in 1982. From the 1990s onwards, 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 interlock 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 optimal multi-product production in varying volumes while promoting automation and saving labor and power.</p>	  <p>Headquarters building and Technical Research Center of IDEC</p>  <p>In commemorating our 60th anniversary in 2005, the company name was changed from IZUMI to IDEC and a new company logo was created. In addition to making progress with the strengthening of our global business, and for example acquiring the APEM Group in 2017, we are also engaging in new businesses that will help resolve the challenges facing society. Capitalizing on technologies that the company has accumulated over the years, IDEC is inventing new possibilities largely by promoting the increased use of robot systems and measures aimed at industrializing agriculture while continuing to pursue growth to its centenary and beyond.</p>

<p>1945 1958</p> <p><b>Miniature switches and pilot lights</b></p> <p>Drastically miniaturized control units; helped to redirect IDEC's course as a control device manufacturer.</p> 	<p>1960</p> <p><b>Flame-proof control box</b></p> <p>Sold to industries requiring explosion-proof devices, such as petrochemical complexes.</p> 	<p>1972</p> <p><b>Yellow relays</b></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> 	<p>1989</p> <p><b>Operator interfaces</b></p> <p>Liquid-crystal display devices launched as the HD Series.</p> 	<p>1993</p> <p><b>MICRO-1</b></p> <p>Set a precedent in the micro-controller segment of the PC market, attracting tremendous attention from the industry.</p> 	<p><b>GaLF</b></p> <p>Launch of GaLF, an ultra-fine bubble generation technology that employs IDEC's proprietary pressure dissolving method.</p> 	<p>2011</p> <p><b>LB Series miniature switches and pilot lights</b></p> <p>The industry's shortest panel depth, flush bezel which is easy to wire.</p> 	<p>2014</p> <p><b>FT1A SmartAXIS controllers</b></p> <p>Combining HMI monitoring makes user applications simple and saves labor and space.</p> 
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# Company Information

## Corporate Data

<b>Corporate Name</b>	IDEC CORPORATION
<b>Established</b>	March 26, 1947
<b>Capital Stock</b>	¥10,056,605,173
<b>No. of Employees</b>	3,911 (On a consolidated basis as of March 31, 2017) Excluding contract and temporary employees
<b>Stock Listing</b>	First Section, Tokyo Stock Exchange
<b>Head Office</b>	2-6-64, Nishi-Miyahara, Yodogawa-ku, Osaka 532-0004 Japan TEL.: +81-6-6398-2500 (Main number)
<b>Tokyo Head Office</b>	2-15-1 Konan, Minato-ku, Tokyo 108-6014 Japan TEL.: +81-3-5782-7690 (Main number)
<b>Plants</b>	Tsukuba, Amagasaki, Fukusaki, Takino
<b>Sales Branches</b>	Sendai, Takasaki, Omiya, Mito, Tokyo, Tama, Yokohama, Nagano, Niigata, Toyama, Kanazawa, Hamamatsu, Nagoya, Kyoto, Osaka, Okayama, Fukuyama, Hiroshima, Shikoku, Fukuoka
<b>Distribution Center</b>	Tatsuno

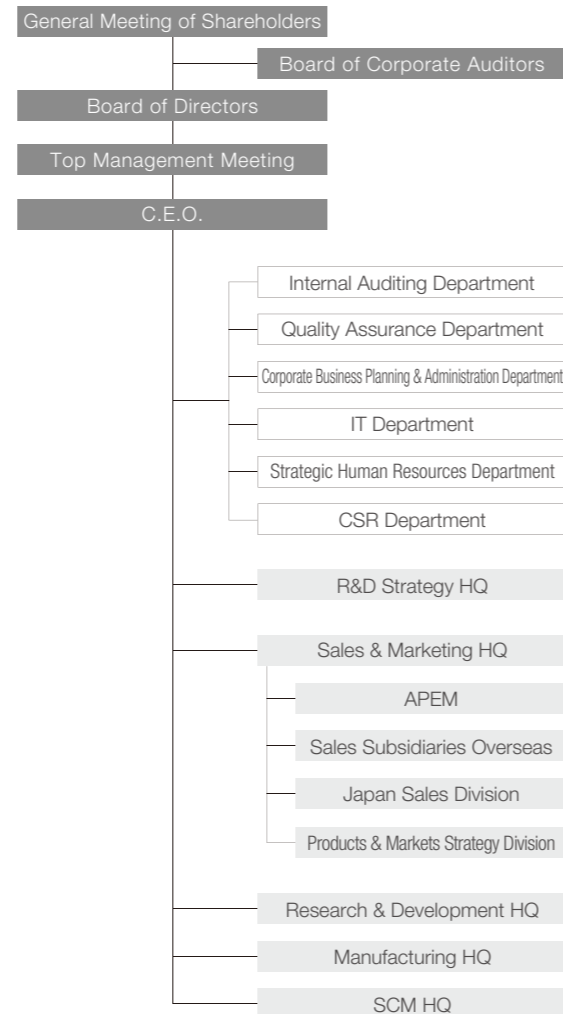


Head Office Tokyo Head Office



Amagasaki Plant Takino Plant

## Organization Chart



## Corporate Philosophy

### 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

IIDEC is committed to the people who work for IIDEC. Therefore, providing them with satisfying and meaningful employment is a top priority.

Corporate profits, which provides the means to fulfill the above, must be secured through continuous expansion of business and the success of the corporation.

Though our job responsibilities differ, we all work together to achieve common goals.

We stand firm on open management, foster mutual trust and share our success fairly.

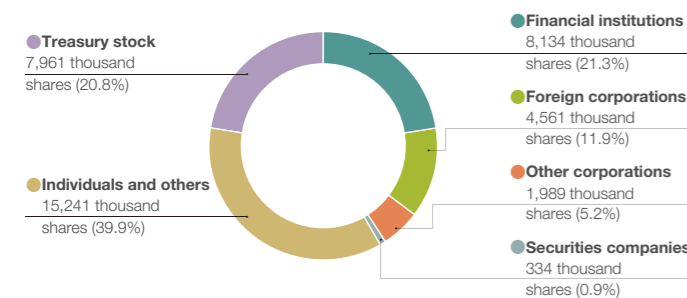
The welfare of society is our top priority. We strive to provide superior products and services with pride and appreciation for others.

## Shares of the Company

Number of shares authorized	Number of shares issued	Number of shareholders
150,000,000	38,224,485	9,548

Note: Treasury stock held as of March 31, 2017 totaled 7,961,542 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.	3,395	11.22
The Master Trust Bank of Japan, Ltd.	1,455	4.81
Funaki Kosan Ltd.	1,041	3.44
Mizuho Bank, Ltd.	812	2.69
Keijiro Fujita	780	2.58
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	624	2.06
CBNY-GOVERNMENT OF NORWAY	585	1.93
Tsuneo Funaki	575	1.90
Trust & Custody Services Bank, Ltd.	534	1.77
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, 2017