IDEC

Think Automation and beyond...

IDEC Report **2012**

IDEC

IDEC CORPORATION

1-7-31 Nishi-Miyahara, Yodogawa-ku, Osaka 532-8550
Phone: +81-6-6398-2500
www.idec.com/japan

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

FSC www.fsc.org
MIX
Paper from responsible sources
FSC® C022337

2012.06

SB (Safety Box) Metallic Switch*

IDEC Identity

Creation of an optimum environment for people and machines. That's IDEC's identity.

Throughout industry,
technology is constantly evolving in the workplace.
Today, many machines are controlled with highly advanced systems.
Mankind's progress includes several core elements.
They are innovation, the joy of creation, and above all, safety.
IDEC's starting point was creating an optimum environment
for people when they interact with machines.
We are determined to continue advancing.
We are set on helping to create a new manufacturing environment.
That's our mission, the reason for our existence.

*This switch features a design that prioritizes user safety, including a cover that won't open unless all of the switches are turned off. It was the precursor to the present generation of safety equipment.

Index

Corporate Profile
01 Our Policy
03 Message from the C.E.O.
05 Our Business

Annual Report
15 Medium-Term Management Plan
21 Financial Highlights
23 Financial Report
27 Products and Events

CSR Report
29 CSR Report

Corporate Data
41 Corporate Officers
43 Global Network
45 IDEC History
46 Stock Information & Corporate Data

Think Automation and beyond...

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

For more than 60 years, we have provided control technology-based products and services to the world. Once only seen in the industrial environment, our products today are used in familiar places all around us where safety, user-friendly operability, and reduced environmental impacts are desired.

— What is our mission in this ever-changing era? And how do we use our accumulated technology and experiences to fulfill this mission? —

Following the corporate philosophy of conducting business with consideration for social contribution, we have been constantly asking this question – how can we contribute to our society? Our answer is that regardless of department or position, each and every member of our corporation interacts with our customers with honesty and respect for their perspective, while responding to them with our solid technology. We believe this basic attitude will lead to the fulfillment of social contributions and be the basis for creating new possibilities.

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.

Toshi K. Funaki
Chairman and
Chief Executive Officer

Making manufacturing sites safer and work environments more comfortable

Control units that interface between people and machines are used in a variety of locations, from various factory sites to everyday situations. Through the use of such products, the IDEC Group is improving the future of manufacturing and daily life with our propriety control technology.

Petroleum and chemical plants

Our lineup of explosion-proof products employ technical measures to prevent the generation of ignition sources and are in use at sites containing multiple hazards where explosive gases exist.

Display enclosures w/ touchscreen EX4R

Assist in system construction in explosive environment.

Flameproof and increased safety control boxes EC2B

Perfect for explosion-proof safety in overseas factories.

Metal processing lines

Safety devices, such as interlock switches and emergency stop switches, and stylish operating switches are used in printing machines and machine tools.

Non-contact RFID safety interlock switches HS3A

The first interlock switches in Japan to comply with the 4/PLe global safety category.

Miniature control units LB Series

Add style to operation panels.

Molding lines

Operating switches and light towers that signal an error in operation, and other IDEC products, are an essential part of plastic molding machines.

Interlock switches HS6B

Allows the machine and equipment to be operated only when the guard door is closed.

LED SignaLight towers LD6A

Warn of abnormalities in various locations, using both light and sound.

Assembly lines

IDEC teaching pendants equipped with enabling switches and other safety devices are well-suited for automated systems and industrial robots.

LED illumination units LF1D / LF2D

Rugged construction and high degree of environment protection make these units ideal for machine lighting.

Small teaching pendant HG1H

Provide a safe teaching environment for various machines.

Inspection lines

Our sensors for detecting the presence or absence of, as well as, the volume of the contents on the inspection line. This is in addition to LED illumination units that support visual inspection, effectively used in various inspection processes.

Flat LED illumination units LF1F

Supports visual inspection via uniform illumination.

Miniature laser photoelectric switches SA1E-L

Reliably detects small and fast-moving objects.

Shipment and conveyor lines

A variety of IDEC products related to traceability are in daily operation, such as laser markers for marking products and barcode readers for sorting and managing shipments.

LED illumination units for high ceilings LG1H

Create optimal lighting for any workspace with wide voltage and light distribution ranges.

Ultra-mini two-dimension barcode readers Matrix Series

Assist in management and traceability of various items through high-speed processing.

Making our lives better every day

Public transportation facilities

Our programmable controllers and sensors are used in the control of movable barriers for preventing commuters from falling off train station platforms as well as in systems for detecting the position of the train.

SmartRelays FL1E

Logic modules that are ideal for simple automation tasks.

3rd Generation Emergency-stop switches X Series

Stop machines and vehicles in case of emergency.

Restaurants

We support ordering systems in restaurants with touch panel displays for inputting orders and with RFID solutions for managing food freshness etc.

Programmable operator interfaces HG3G

Extensively utilized as ordering terminals in restaurants etc.

LED base illumination Slim bar-type

Rated high in color rendering index, it provides true-to-life color appearance. Great for restaurants.

Office buildings

IDEC's core product group of switches, pilot lights, and relays take an active part in the control of elevators, parking garages and monitoring systems.

Programmable controllers FC5A

Features a high-performance networking function.

RFID Key control systems

Prevent human error through RFID automated key control.

Stores

IDEC technology also includes LED lighting and control systems that deliver the most ideal lighting for each store.

LED Downcast lighting

IDEC's relentless pursuit for perfection delivers brilliant lighting.

Constant-current power supplies for LED illumination units PH2C

Play a key, behind-the-scenes role in achieving the best lighting space.

Households

The key to increasing the efficiency of electricity generation in solar power generation systems, IDEC power conditioners and monitoring systems are proving useful in the spread of renewable energy.

Power conditioners PJ1A

The compact design enables installation in narrow indoor spaces.

Monitoring units

Monitor the power and operating status of power conditioner in real time.

Charging stations

IDEC switches, pilot lights, interlock switches, and programmable operator interfaces are being adopted in charging stations that are increasing in number as electric vehicles become more popular.

ϕ22 contact units CW Series

The ultimate safety in stylish and sophisticated design.

Control relays RU Series

Compact and high capacity, back up various control applications.

Industrial, Safety Business

The environment in which people interface with machines demands safety, reliability and ease of use

Switches, safety products, relays, circuit protectors….We offer products integrated with HMI technology, which IDEC has refined for decades. They are ergonomically designed, easy to use, and reflect our relentless quest for the highest level of safety.

※HMI…Human Machine Interface

Director's Comments

Even in Asian markets that value lower prices, IDEC products have been adopted in public infrastructure facilities like subways where quality and reliability are highly desired. The refined design of our flush silhouette switches, born from our pursuit of safety, is also highly acclaimed, and the use of those switches is advancing in new fields such as medical equipment.

Atsushi Matsumoto / Left
Vice President,
Industrial & Safety Business Unit

There are more than just a few cases in which insufficient measures have been taken to avoid known risks. Combining safety awareness and consulting activities, IDEC offers proposals that include our safety devices and safety systems in order to support improvements in safety at each production site. In Asia, rather than pushing European, U.S. or Japanese-style safety, we look to introduce a style of "safety" that is more suitable to Asian markets.

Takao Fukui / Right
Business Unit Deputy General Manager
Industrial & Safety Business Unit

Product range: Industrial & Safety Business

Miniature control units
LB Series

With the shortest body in the industry, these control units are ideal for use in machinery and devices trending towards smaller sizes. The 2mm front bezel height provides a stylish panel design.

Intrinsically safe explosion-proof grip switches
HE2G-X

The world' s first grip switches with an inherent safety explosion-proof structure achieve both explosion-proof and machine safety in explosive gas atmospheres. Maintenance work within explosive environments, such as painting factories is made possible, ensuring worker safety.

Circuit protectors
NC1V

Perfect for control circuit protection, these circuit protectors adopt our original "SS (Saving & Safety) Terminals" as their main circuit terminals, greatly reducing wiring time. Plus, they offer an electric shock-proof safety design.

Safety products

From interlock switches, enabling switches, and emergency stop switches to the safety controllers that compose safety circuits, IDEC offers an abundance of safety components and equipment to provide the best possible system solutions for safety circuits.

Developer's remarks

Slim, 6-mm-wide, space-saving interface relays. The thin and high contact capacity design is suitable for various applications, such as control panels and machine tools.

Shigeru Tsujimura / Left
Electromagnetic & Safety Product
Product Marketing & Development
Indutrial & Safety Business Unit

Akira Yamamoto / Right
Electromagnetic & Safety Product
Product Marketing & Development
Indutrial & Safety Business Unit

Control relays
RV8H

Electronics, Automation Business

Electronics for Professionals Electronics for Anyone

The scope of our business is expanding into people's daily lives beyond the traditional factory automation field.

Director's Comments

Through efforts to achieve an easy-to-assemble design, the aggressive adoption of hi-tech semiconductor parts, the globalization of our parts procurement and manufacturing system, the pursuit of automation, HMIs that take the actual consumer into consideration, cooperation between both hardware and software engineers, and more, IDEC is involved in consolidating our manufacturing know-how. Our goal is to create products that, while still offering high added value, are also cost competitive enough to contend in the Asian market.

Tomonori Nishiki
Vice President,
Electronics & Automation Business Unit

Product range: Electronics & Automation Business

Programmable operator interfaces
HG3G

These programmable operator interfaces have improved display and communication performance via built-in, high-resolution liquid crystals and super-bright LED backlights. Units are available in 8.4-inch and 10.4-inch models.

Programmable controllers
FC5A

Delivers the fastest processing speed in its class. The MicroSmart series features small, programmable controllers that answer a variety of user needs and applications, and include a Web server function, temperature control function, etc.

Switching power supplies
PS3X

These are general-purpose power supplies that require less mounting space, reducing volume by up to 70% compared with conventional products (15W-unit comparison), and enabling use in a wider variety of control equipment.

Miniature laser photoelectric switches
SA1E-L

With small visible laser beam and unique optical design/production tecnnology, the miniature laser photoelectric switches can be used in applications that require high-precision sensing, such as detection of small or fast-moving objects.

Developer's remarks

This strong lineup utilizes the same technology as the HG3G Series that have received such high praise in the marketplace. Along with a high display performance level, their excellent connectivity with peripheral equipment enables them to be used with a variety of devices, such as PLCs, microcomputer boards, temperature controllers and cameras. These units serve to create the optimal operating environment in various fields, including factory automation.

Takayuki Miyamoto
Product Marketing & Development
Electronics &
Automation Business Unit

Programmable operator interfaces
HG4G, HG3G, and HG2G

Explosion-Proof and Systems Business

Accumulation of explosion-proof technology for over 50 years User-friendly features are always there, even in hazardous locations

Improving workplace safety and productivity while responding to a wide variety of customer needs.

Director's Comments

IDEC is involved in the new commercial production of LED illumination and monitoring cameras with explosion-proof specifications in order to increase productivity at industrial sites while also securing safety in explosion-proof environments. We continue to meet our customers' specific needs while also conforming to overseas directives like ATEX (Europe's standard on explosive atmospheres), new domestic standards (such as 2008Ex, an international consistency explosion-proof indicator), and more.
In our System Business Unit in particular, we are working to combine the technology and products of the overall IDEC Group in order to create new possibilities and greater added value.

Yasuharu Kawanaka
Vice President,
Explosion-Proof & Systems Business Unit

Product range: Explosion-Proof & Systems Business

Explosion-proof monitoring cameras

Explosion-proof monitoring cameras used for monitoring equipment in hazardous areas.

- Explosion-proof, dome-shaped network camera (left photo)
  Needs only LAN (PoE) wiring (no power supply wiring required) and the dome-shaped structure facilitates wide-ranging remote monitoring.
- Explosion-proof, wireless, small monitoring camera (right photo)
  Equipped with wireless LAN, real-time monitoring with both video and sound is possible.

Safety relay barriers EB3N

These intrinsically safe explosion-proof relay barriers achieve machine safety in explosive environments. They conform to Japan' s TIIS standard and are certified under machine safety standards.

Flameproof LED illumination units EF1A

These LED units were developed by IDEC. They combine explosion-proof technology with LED technology, delivering long life, energy savings, and space savings even in locations with an explosive environment.

Display enclosures w/ touchscreen EX4R

This display enclosure with touch switch incorporates a bright, easy-to-see, 12.1-inch high-definition color LCD that can be used even in hazardous areas where hydrogen gas is present.

Developer's remarks

We are working on complying with Europe's directive on explosive atmospheres and are engaged in the development of a variety of products in line with customer needs, such as flameproof, increased safety, explosion-proof control boxes equipped with an emergency stop switch that were the first control boxes to comply with safety standards.

Yasushi Kamino
Product Marketing & Development
Explosion-Proof & Systems Business Unit

Flameproof and increased safety control boxes EC2B

LED Business

Long life, energy saving, and ease of control New lighting for every setting

**Not just energy savings and environmental advantages.
We provide optimal lighting customized for applications and settings, everything from devices, machines, and factories, to stores.**

Director's Comments

IDEC has been involved in the technical development of LEDs for control equipment since the 1980s. Our LED illumination has met the diverse needs of our customers, especially in the industrial sector, with in-unit lighting, order-made LED lighting with dimmer control systems, and lighting for locations with high ceilings or low temperatures. We achieve high quality by focusing on integrated development and manufacture of everything from the devices themselves down to the tools we use. Taking advantage of the technology we have cultivated throughout the years, IDEC offers new lighting solutions that illuminate both industrial sites and various scenes in our daily lives.

Tsutomu Ota
Vice President,
LED Business Unit

Product range: LED business

LED illumination units for high ceilings LG1H

As well as greater energy efficiency, these products offer a longer service life, thus reducing the frequency of replacing lamps in high places, work that can be dangerous. Designed for use in high ceilings, they can achieve full lighting intensity instantaneously, even faster than mercury lamps.

LED illumination units LF1D/LF2D

These dust-, water- and oil- resistant (IP67f) super-bright LED illumination units are indispensable as interior lighting for machines such as machine tools and food processing equipment.

LED illumination units for low-temperature environments LG1K

As instantaneous, full lighting intensity is possible even in low-temperature environments of up to minus 40°C, lighting can be turned off frequently as desired to enable more power reduction. Moreover, the compact, sleek design of the special stainless steel case provides no cumbersome protrusions from the ceiling and a smooth flow of cold air from coolers, and, thus, contributes to increased cooling efficiency.

LED illumination units LF2B

Wide range of input voltages, slim and compact units, with IP65 protection. Very bright and highly efficient in energy savings with IDEC's unique optical and power supply technologies. Five lengths offered to meet a variety of applications.

Developer's remarks

Our super-thin, high-brightness white LEDs attain a luminance of over 135 lm/W. LED multichip mounting technology, wavelength conversion technology, and white LED manufacturing technology, etc., are integrated.

Takeshi Inoue
Product Marketing & Development
LED Business Unit

Super-bright white LED device Sunshine Series

Solar Smart Business

Bring in energy, convert it, and monitor it New living with renewable energy

We bring our power control knowledge, developed for industrial fields, to your home. With the industry's smallest power conditioner, combined with Cloud service, we support energy management in your home.

Director's Comments

Having mainly specialized in the industrial field, offering products for use in the home is a new challenge for IDEC. To that end, we have strengthened our partnerships with cooperating companies in each area of product development, sales activities, and installation work, and have increased our presence in the industry by providing new products and services that simply didn't exist before.

Takehiko Tajika
General Manager
Solar Smart Business Unit

Solar power management systems

In addition to high-efficiency power conditioners, we offer total support for solar power systems from such peripheral equipment as connection boxes, booster units and operation monitoring systems to Cloud services.

The various products and services of our Solar Smart business

Power conditioners PJ1A

Reduce electric power loss through the development of power modules that are at the core of electric energy conversion, and realize downsizing of the main conditioner unit and a power conversion efficiency of as much as 95%.

Monitoring units

Status of operations such as power generation and power consumption can be checked on a TV connected directly to the monitoring unit or over the Internet using a personal computer or mobile phone.

Monitoring service

Connect our monitoring system to the Internet and we can monitor your operational status 24 hours a day; you can leave your system to us in total confidence.

Developer's remarks

In order for customers to use our solar power generation systems in confidence and over the long term, not only is it important for us to offer the corresponding equipment, but also a long-term warranty system and maintenance organization. This field is a sector in which we are able to harness much of IDEC's control technology and systems configuration capabilities in order to offer solutions that maximize electric power efficiency and contribute to the expansion of renewable energy.

Kenji Wada / Left
Sales Team
Solar Smart Business Unit

Satoshi Kanokozawa / Right
Sales Team
Solar Smart Business Unit

Environmental Business

GALF (Gas Liquid Foam) broadens a world of nano-size bubbles to encompass semi-conductor manufacture, farming, and life science

We made a breakthrough in refining bubbles from microGALF to the far smaller nanoGALF. Expanding applications to everything from soil cleanup, water treatment, and agriculture, to other environmental fields.

Director's Comments

Control technology is IDEC's core expertise. GALF, a micro- and nano-bubble generation technology, was realized by extending the scope of our technology from conventional fields involving machines and electronic devices to that of fluids. "nanoGALF", which made the evolution from micro-bubbles to nano-bubbles, has maintained its application in practical use fields while increasing the possibilities of further development in applicable uses.

Yoshiaki Ishida
General Manager
Environmental Business Promotion Department

Automated vegetable farming

At IDEC's automated vegetable farming laboratory, we are accumulating know-how in climate control for growing vegetables; in experimentation on the effects of using "nanoGALF" micro- and nano-bubble generating equipment in cultivation; on promoting photosynthesis under LED lighting, and on taking measures against pathogenic disease, etc.

Three proprietary IDEC technologies that play an active part in automated vegetable farming

Control technology

A base technology for industrial equipment that we have developed over the years. The system uses the optimal control devices control water, light, temperature, and humidity with high precision.

LED technology

The high-quality, highly reliable LED technology that IDEC has developed over 30 years has produced the optimal LED lighting for growing vegetables.

GALF technology

An IDEC proprietary technology, GALF generates micro- and nano-bubbles that have provided over 20 years of results in water purification and other areas. "nanoGALF" is currently used in irrigation to generate oxygen-rich nano-water for farming.

Developer's remarks

GALF (Gas Liquid Foam) technology is a micro- and nano-bubble generation technology that was produced from IDEC's proprietary fluid control technology. It is drawing positive attention by pioneering a wide-range of applications in ecology and life sciences.

Kenichi Shinozaki
Technology Development Team
Environmental Business
Promotion Department

Nanobubble generator
"nanoGALF"
FZ1N-02

Medium-Term Management Plan: Fiscal Year 2011 through Fiscal Year 2013

Clear Vision

Moving to a stage of steady growth by strengthening existing businesses, centering on the switch business, and cultivating new businesses at the same time

Expanding market share in the switch business

With the long-term goal of gaining the largest global market share of the switch business, we will first aim towards expanding our domestic share. To do this, we will be focusing on injecting strategic products into the market and adding further variation to our product lineup, as well as working towards greater profitability through such measures as parts sharing within our core product group.

- Increase market share by further diversifying lineup
- Improve profitability by sharing parts and reducing costs
- Restructure a consistent process from development to market

Expanding business and strengthening our organization in Asian markets

Along with promoting the expansion of our sales base network in China, we will also further develop a product lineup that meets market needs through local production and local marketing systems.
We will also robustly promote the establishment of new bases that will serve as a hub towards further growing our business in Southeast Asia and India.

- Expand areas in which our products are sold
- Expand our lineup of products for the Chinese and other Asian markets
- Establish new bases in Southeast Asia to serve as a hub

Promoting our environment-related business that responds to social needs

We will establish a foundation for our LED business that responds to today's social needs for energy savings and environmental conservation by utilizing our core technologies as we further tackle business in the fields of soil and water remediation that employ "nanoGALF", our micro- and nano-bubble generation technology. We will also promote the launch of a solar power generation management business.

- Expand LED business that maximizes our technological features
- Become involved in soil and water remediation, etc., which utilize our core technologies
- Commence business in solar power generation management

Global Business Strategy

To Succeed in the Crowded Asian Market where World Manufacturers Compete

The IDEC Group began expanding into industrialized areas such as North America and Europe in the 1970s. Since then we have established the "IDEC" brand in these areas while raising the level of technology and product quality. After the 1990s, we began exploring in the rapidly growing Asian market. Competitors from all over the world are now focusing on the growing Asian market, more than in mature markets in America and Europe. In this fiercely competitive environment, we have been expanding our operational base for both manufacturing and sales. Presently, with a strategic move to expand into Southeast Asia and India, we are building a business base in Thailand to provide a total package of manufacturing, marketing, and sales. We are committed to succeeding in the competitive Asian market by offering products that are uniquely IDEC while firmly setting roots in other parts of Asia, expanding far beyond the boundary of Japan.

Mikio Funaki
Senior Executive Vice President

Global Business Expansion

The IDEC Group began expanding business outside of Japan when it established a sales company in North America in 1975. This was followed by the opening of a base of operations in Germany in 1976. During the 1990s, IDEC expanded into Taiwan, Hong Kong, and Singapore to establish a strong presence in Asia outside of Japan, and then into Shanghai, Shenzhen, Beijing, further penetrating into a wide area of China today. To increase manufacturing capacities to meet a remarkable demand growth, IDEC opened a factory in Taiwan in 1983, and then in Suzhou (China) in 2002. Currently, we are in the process of building a business base in Thailand to respond to the market needs in Southeast Asia and India.

Satoshi Morita / Left
Technical Support / Japan desk
IDEC (SHANGHAI) CORPORATION

Chikara Kojima / Right
President
IDEC (SHANGHAI) CORPORATION

TOPIC

Technical Support team IDEC (SHANGHAI) CORPORATION

IDEC is working on training and creating programs for new applications centering on electronic and safety equipment.

Enhancement of Sales Infrastructures in Focus Areas

Improving customer service while developing operating bases and expanding our sales network

IDEC is aggressively establishing bases and expanding our areas of support in regions where demand is expected to rise, including inland China.

The Chinese economy has shown a marked deceleration from the second half of 2011. However, in addition to the well-established need for infrastructure construction, the demand for automation and labor savings in production facilities is still increasing year-on-year in the factory automation market. In order for us to be able to propose solutions to those market needs, we have established five new operating bases and are striving to further improve and strengthen our level of service. Authorized IDEC agencies/dealerships are also increasing in number every year, including in the inland China area, and we are promoting the growth of our business in China by linking with that expanding sales base network and IDEC IZUMI Suzhou, our production base. We are also reinforcing our offices and technical support function to enable uninterrupted service for Japanese manufacturers advancing into China, so they can use our products with complete confidence.

Our Group's sales bases in the China region

Sales offices have been added in inland areas as well, including in Wuhan and Zhengzhou (current total: 19 offices).

IDEC is collecting and analyzing the demand trends and specification requirements of the Chinese market, as we accelerate product development that corresponds to actual market needs.

The concern for safety is increasing each and every year in the Chinese market and there is also greater need to ensure safety at the production site, especially with the safety regulations that have been added to China's "GB" industrial standards. In such an environment, locations where IDEC switches like interlock and enabling switches can play an important role are increasing rapidly, and we are witnessing their increased use not only by Japanese companies but by many local firms as well.
We have commenced production of the HS5 Series and some other interlock switches at the IDEC IZUMI Suzhou, and are working hard towards improved customer satisfaction in all areas of quality, cost, and delivery time while advancing future product development that will respond to market needs.

A strategic product for the Chinese market HS5 Series (Interlock switches)

The expansion of the safety-related product market in China is being promoted through safety seminars for both machine manufacturers and end users.

Strengthening our business base

Building an optimal production-supply system following our business vision

IDEC is strengthening our overseas procurement and production systems and building an organization that can realize a profit without being affected by the exchange rate.

Throughout the IDEC Group , we are increasing our support of both the local and overseas procurement policies that were proposed in response to the significantly strong yen during the last fiscal year. Quality control of components is the most important issue in promoting local procurement, so our head office and group companies have been united in formulating a structure to ensure that quality. In addition to advancing overseas procurement in this way, we have aimed at improving the trade balance in line with the overseas production ratio and at building an organization that can produce a stable profit regardless of the strength or weakness of the yen.
From here on, we will be targeting greater efficiency in domestic production while maintaining a base level of manufacturing in order to support domestic sales. We will also continue to advance in Asia and its high growth markets under a basic policy of "local procurement, local production".

IDEC Izumi Taiwan Corporation: Enhancing its parts production function

For almost 40 years now, IDEC Izumi Taiwan Corporation has worked to refine it's metal mold production and parts manufacturing technologies. As a base for overseas procurement, their importance at IDEC continues to grow.

By reorganizing and consolidating our manufacturing foothold based on the long-term vision of each business unit, our goal is to achieve the highest QCD (Quality-Cost-Delivery).

Although the IDEC Group has always worked towards achieving the optimal production system, a sizeable reorganization of each plant and production item was carried out as a step towards realizing a much higher level of management in our business units. Through this, we were able to clarify the positioning of each plant and office as well as deal with issues such as cost structure, while we continue to pursue an ever more efficient production system. In order to realize the optimal QCD on a global scale, based on the collaboration of this organization but also on the long-term vision of each business unit, we are strengthening domestic production to correspond to high-mix, variable-volume needs. At the same time, we are promoting hybrid methods of production that optimally unite labor-saving equipment and minimum manpower in overseas production. In this way, we are also working towards constructing a stable business base while responding to the expanding Asian markets through the combined use of both our domestic and foreign manufacturing systems.

Optimization of production

We are promoting hybrid methods of production that unite labor-saving equipment and minimum manpower.

Tetsuya Wakabayashi / Left
General Manager Production Headquarters Parts Unification Department and General Manager Manufacturing Control Center Manufacturing group

Hideyuki Hirano / Right
General Manager
Industrial & Safety Production Department
Indutrial & Safety Business Unit

TOPIC

Established IDEC ASIA (THAILAND) CO., LTD.

A new office has been established in Thailand as the main business base for the expanding Southeast and South Asian markets.

Daisuke Kawazoe / Left
Western Sales Department
Control Components Sales Group

Takayuki Sakai / Right
Operation Component Product Marketing & Development
Indutrial & Safety Business Unit

TOPIC

LB Series flush silhouette switches

With a variety of shapes available, from round, square, and rectangular as well as black or metallic bezels, these control units are ideal for use in industrial equipment as well as in small equipment in food services, medical and nursing care, etc.

Increase switch market share

Focusing on strengthening our miniature switch lines and expanding our share of the domestic Japanese market

IDEC is focusing on having both a stable domestic switch market share that is second to none and further strengthening our revenue base.

During the fiscal year 2012, we diversified our product lineup with additions such as our LB Series flush silhouette switches. In terms of both safety and ease of use, we have been concentrating on the development of strategic products and an expansion to our lineup that no competitor can match. Our sales activities include not only individual switches but have focused on "one board" panels for use in machine tools, etc., as we work to present comprehensive solutions for control-related equipment.
Excelling in terms of design, the abundant variations we offer in these flush silhouette switches have also enabled us to increase the number of installations, not only in the industrial equipment field that has been our main strength, but also in equipment for food services, medical and nursing care, etc. From here on, we also will be promoting a further expansion of our market share through a wide-ranging product lineup that will allow us to answer our customers' needs in even greater detail.

HMI one board panels

Operation panels can be unitized according to the application and the user's needs and offered as "one board" panels.

IDEC is taking full advantage of in-company resources to construct the most optimal development-to-market process.

In IDEC's development and design processes, those in charge of sales and of product planning & development communicate decisively in order to investigate customer needs. The person in charge of product planning & development also participates in sales activities in order to speak directly with customers and enrich product functions, establish prospective needs, and provide that customer with the optimal product at the optimal time. This also enables them to promote the merits of IDEC switch products, such as space savings and less wiring, over those of other companies. This has served to steadily increase our market share due to customer understanding of the added value inherent in IDEC products.

Investigating customers needs

Interacting directly with customers leads to recognizing what their current needs are, and enables those in charge of sales and of product planning & development to jointly ascertain prospective customers needs.

Promote environmental business

Offering the uniquely-IDEC optimal lighting suited for any space

IDEC produces high performance, high quality LED devices on a core of LED technology that we have cultivated over many years.

Beginning with the industrial-use LED operator interfaces that we started developing in 1981, the IDEC Group has continuously worked on integrating efficiency and quality improvements to LED devices. We are currently developing various LED-applied products that employ those enhancements. In particular, our Sunshine Series of super-bright, white LED devices that was put on the market in 2006 unified LED multichip mounting technology, wavelength conversion technology, and white LED manufacturing technology, etc., to attain a luminance of over 135 lm/W. We have further established completely new device manufacturing techniques and processing methods and are advancing preparation towards the start of mass-production in our Hamamatsu Plant, a new manufacturing base. This new processing method will improve manufacturing efficiency significantly and will facilitate the construction of a production system that can respond in a timely fashion to any need for expansion.

Hamamatsu Plant Cleanroom

The production of devices using this new processing method has begun in order to raise manufacturing efficiency even further.

IDEC is focusing on expanding the sales of LED lighting that can contribute to energy savings.

There are numerous examples of low maintenance but high environmental impact illumination. These include special fluorescent glass tube lighting, used in industrial equipment in factories in Japan, as well as the many mercury lamps that are used in factory buildings. For these industrial sites, the IDEC Group is developing LED lighting units based on the weatherproof, high-quality, and control technologies that we have cultivated throughout the years, and expanding that product lineup.
We will continued to concentrate on products for these industrial sites, such as our in-unit lighting installed in machine tools and our illumination for high ceilings.

LED illumination units for high ceilings LG1H

Reducing the frequency of replacing lamps in high places, work that can be quite dangerous, is accomplished through the maintenance-free feature of these units. In addition, they achieve full lighting intensity instantly, as well as secure lighting in low-temperature environments.Their application in a variety of locations is highly anticipated.

Katsunori Matsumoto / Left
General Manager
LED Sales Department
LED Business Unit

Shigeto Ogino / Right
General Manager
Product Marketing & Development
LED Business Unit

TOPIC

Hamamatsu Plant commenced operation as an LED production base in April 2012

In order to respond to today's demand for LED-related products, LED production was consolidated at this plant and its production capabilities were enhanced.

Financial Highlights

Experiencing a recovery in domestic demand and an increase in sales, even while struggling under the burden of the strong yen

Domestic net sales **21.523** billion yen

Year-on-year **Up 8.1** %

- Domestic sales improved steadily on the basis of a weak recovery trend accompanying post-disaster reconstruction as well as a recovery in our main customers' industries.
- A recovery in demand continued for our control equipment and core control switches and relays. Sales of LED lighting-related products increased greatly, supported by the demand for energy savings.

Overseas net sales **11.034** billion yen

Year-on-year **Down 1.9** %

- The slowdown in the growth of the Chinese economy and the worsening of the European financial situation resulted in a slight decline in foreign sales compared to the previous period.
- Products like control switches and relays saw increasing sales, particularly in Asia, while sales of programmable controllers dropped slightly in Europe.

Net sales **32.557** billion yen

Operating income **2.769** billion yen

Net income **1.788** billion yen

Operating income margin **8.5** %

	Millions of yen			Thousands of U.S. dollars Note 6
	2012	2011	2010	**2012**
Profit and Loss Status (Years ended March 31)				
Net sales	**¥32,557**	¥31,159	¥22,443	**$396,371**
Gross profit	**14,416**	13,868	9,747	**175,510**
Selling, general and administrative expenses	**11,647**	11,030	10,226	**141,794**
Operating income (loss)	**2,769**	2,837	(478)	**33,715**
Ordinary income (loss)	**2,785**	2,605	(294)	**33,906**
Net income (loss)	**1,788**	1,730	(277)	**21,770**
Cash Flow Status (Years ended March 31)				
Net cash provided by (used in) operating activities	**2,239**	2,752	2,377	**27,259**
Net cash provided by (used in) investing activities	**(2,806)**	(137)	(4,056)	**(34,165)**
Free cash flow Note 2	**(567)**	2,615	(1,679)	**(6,905)**
Net cash provided by (used in) financing activities	**(169)**	(1,296)	1,573	**(2,058)**
Depreciation and amortization	**1,337**	1,227	1,360	**16,277**
Capital expenditures	**4,741**	1,712	3,780	**57,718**
Financial Status (As of March 31)				
Total assets	**38,538**	37,195	35,895	**469,175**
Total Interest-bearing liabilities Note 3	**3,447**	2,498	2,997	**41,968**
Total Shareholders' equity	**26,030**	25,098	24,505	**316,898**
Per Share Information (Yen/U.S. dollars)				
Earnings per share (EPS) on a diluted basis Note 4	**57.36**	55.61	(8.93)	**0.70**
Book value per share (BPS)	**836.67**	806.72	787.63	**10.19**
Cash Dividends per share (annual)	**30**	25	20	**0.37**
Financial Indicators				
Return on equity (ROE)	**7.0%**	7.0%	(1.1)%	**7.0%**
Shareholders' equity ratio	**67.5%**	67.5%	68.3%	**67.5%**
Current ratio	**196.1%**	209.6%	186.7%	**196.1%**
Dividends on equity (DOE) Note 5	**3.4%**	2.9%	2.3%	**3.4%**

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. Indices before adjustment for residual securities are listed for periods when a loss was posted.
5. Dividend on equity (DOE) = Annual dividends Shareholders' equity
6. Accounts in U.S. dollars are calculated at the prevailing exchange rate as of March 31, 2012 (US$1=JP¥82.14) for the convenience of readers abroad.

Financial Report

Sales of products related to our core strengths, i.e., control switches and LED lighting, improved greatly

Summary of performance by region and product

The business environment for this fiscal year had a weaker overall tone due to the slowdown in the growth of the Chinese economy, the worsening of the European financial situation, and the strong yen. Conversely, sales of LED products and our core products, like control switches and relays, expanded significantly.

Japan **66.1%** **21.523** billion yen
Year-on-year: Up 8.1%

Overseas **33.9%** **11.034** billion yen
Year-on-year: Down 1.9%

Industrial Components

Year-on-year
Up 2.2%

This product lineup consists of control panel equipment, such as the control switches and pilot lights that are the nucleus of HMI (Human-Machine Interface), and the safety products that enable efficient on-site safety systems, such as timers, relays, circuit protectors, sensors, and industrial LED items.

Control System Equipment and FA System Components

Year-on-year
Down 5.1%

These are products such as programmable controllers that play the role of the brains in machines and devices, programmable operator interfaces that enable communication between humans and machines, and sigma panels that achieve panel standardization, along with transmission systems and barcode readers.

Peripheral Control Components

Year-on-year
Down 3.2%

These include such products as the basic equipment for the control of machines and devices like switching power supplies, communication terminals, terminal blocks, sockets, and control boxes.

Explosion-Proof Control Equipment

Year-on-year
Up 15.2%

These are products such as intrinsically-safe explosion-protected equipment, flameproof protected equipment, pressurized protected equipment, and increased safety protected equipment that prevent accidents at sites where explosive gases exist, such as petroleum and chemical plants as well as almost any general factory.

Other Components

Year-on-year
Up 44.0%

This combination-type product lineup considers all aspects of HMI towards proposal and construction of an optimum environment, and includes security products and commercial LED lighting, as well as the "ultra-micro bubble generator" that is solving various environmental problems.

Consolidated Balance Sheet

As of March 31,2012 and 2011		Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 2) 2012
Assets	Current assets			
	Cash and deposits	**6,836**	8,139	**83,230**
	Notes and accounts receivable-trade	**6,203**	5,757	**75,521**
	Merchandise and finished goods	**3,628**	3,667	**44,177**
	Work in process	**718**	685	**8,744**
	Raw materials and supplies	**1,990**	1,983	**24,227**
	Deferred tax assets	**602**	680	**7,336**
	Others	**375**	399	**4,575**
	Allowance for doubtful accounts	(**38**)	(34)	(**467**)
	Total current assets	**20,317**	21,278	**247,346**
	Noncurrent assets			
	Property, plant and equipment			
	Buildings and structures, net	**5,386**	3,580	**65,573**
	Machinery, equipment and vehicles, net	**685**	889	**8,339**
	Tools, furniture and fixtures, net	**494**	468	**6,018**
	Land	**6,648**	4,406	**80,939**
	Lease assets, net	**368**	390	**4,490**
	Construction in progress	**1,850**	2,932	**22,527**
	Total property, plant and equipment	**15,433**	12,667	**187,889**
	Intangible assets			
	Software	**472**	550	**5,751**
	Lease assets	**17**	31	**211**
	Others	**17**	17	**207**
	Total intangible assets	**506**	599	**6,170**
	Investments and other assets			
	Investment securities	**1,172**	878	**14,269**
	Long-term loans receivable	**11**	5	**140**
	Deferred tax assets	**662**	754	**8,066**
	Others	**538**	1,127	**6,551**
	Allowance for doubtful accounts	(**103**)	(114)	(**1,260**)
	Total investments and other assets	**2,280**	2,651	**27,768**
	Total noncurrent assets	**18,221**	15,917	**221,828**
	Total assets	**38,538**	37,195	**469,175**
Liabilities	Current liabilities			
	Notes and accounts payable-trade	**3,435**	4,049	**41,821**
	Short-term loans payable	**3,197**	2,498	**38,925**
	Current portion of long-term loans payable	**100**	—	**1,217**
	Lease obligations	**152**	162	**1,858**
	Income taxes payable	**635**	259	**7,742**
	Accounts payable-other	**526**	505	**6,408**
	Accrued expenses	**1,399**	1,203	**17,032**
	Deposits received	**811**	1,426	**9,874**
	Others	**104**	48	**1,270**
	Total current liabilities	**10,361**	10,153	**126,150**
	Noncurrent liabilities			
	Long-term loans payable	**150**	—	**1,826**
	Lease obligations	**252**	279	**3,074**
	Provision for retirement benefits	**1,450**	1,367	**17,659**
	Provision for directors' retirement benefits	**57**	57	**702**
	Asset retirement obligations	**62**	81	**762**
	Total noncurrent liabilities	**1,973**	1,786	**24,023**
	Total liabilities	**12,335**	11,940	**150,173**
Net assets	Shareholders' equity			
	Capital stock	**10,056**	10,056	**122,432**
	Capital surplus	**9,690**	9,690	**117,981**
	Retained earnings	**14,640**	13,786	**178,243**
	Treasury stock	(**6,395**)	(6,395)	(**77,865**)
	Total shareholders' equity	**27,992**	27,138	**340,792**
	Accumulated other comprehensive income			
	Valuation difference on available-for-sale securities	**72**	(25)	**887**
	Foreign currency translation adjustment	(**2,035**)	(2,014)	(**24,782**)
	Total accumulated other comprehensive income	(**1,962**)	(2,039)	(**23,895**)
	Subscription rights to shares	**58**	65	**715**
	Minority interests	**114**	92	**1,387**
	Total net assets	**26,202**	25,255	**319,001**
	Total liabilities and net assets	**38,538**	37,195	**469,175**

Notes: 1. This annual report omits the consolidated statement of changes in net assets and all notes to the financial statements. For detailed explanation of the financial statements, please refer to the Company's Financial Report submitted to the Financial Services Agency's EDINET (Electronic Disclosure for Investors' NETwork) system.
2. Amounts in the consolidated financial statements on Pages 24 to 26 are converted from amount in yen to U.S. dollars at the prevailing exchange rate as of March 31, 2012 (U.S.$1 = ¥82.14), for the convenience of readers abroad.

Consolidated Statement of income

Years ended March 31	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 2) 2012
Net sales	32,557	31,159	396,371
Cost of sales	18,141	17,291	220,861
Gross profit	14,416	13,868	175,510
Selling, general and administrative expenses	11,647	11,030	141,794
Operating income (loss)	2,769	2,837	33,715
Non-operating income			
Interest income	24	20	292
Dividends income	15	14	186
Rent income	96	92	1,173
Equity in earnings of affiliates	8	0	99
Others	56	70	692
Total non-operating income	200	197	2,444
Non-operating expenses			
Interest expenses	52	68	633
Sales discounts	2	8	31
Foreign exchange losses	44	234	545
Depreciation	43	48	530
Others	42	68	512
Total non-operating expenses	185	429	2,254
Ordinary income (loss)	2,785	2,605	33,906
Extraordinary income			
Gain on sales of noncurrent assets	162	285	1,983
Reversal of asset retirement obligations	—	91	—
Reversal of allowance for doubtful accounts	—	0	—
Gain on reversal of subscription rights to shares	28	—	344
Total extraordinary income	191	378	2,328
Extraordinary loss			
Loss on sales of noncurrent assets	0	7	3
Loss on abandonment of noncurrent assets	44	8	539
Loss on valuation of securities	93	—	1,141
Directors' retirement benefits	—	11	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	156	—
Total extraordinary loss	138	183	1,683
Income (loss) before income taxes and other adjustments	2,837	2,800	34,550
Income taxes-current	918	434	11,176
Income taxes-deferred	108	604	1,316
Total income taxes	1,026	1,039	12,493
Income before minority interests	1,811	1,760	22,057
Minority interests in income (loss)	23	30	286
Net income (loss)	1,788	1,730	21,770
Minority interests in income (loss)	23	30	286
Income before minority interests	1,811	1,760	22,057
Other comprehensive income			
Valuation difference on available-for-sale securities	98	40	1,193
Foreign currency translation adjustment	(21)	(556)	(262)
Total other comprehensive income	76	(516)	931
Comprehensive income	1,888	1,244	22,988
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	1,865	1,216	22,708
Comprehensive income attributable to minority interests	23	28	280

Notes: 1. This annual report omits the consolidated statement of changes in net assets and all notes to the financial statements. For detailed explanation of the financial statements, please refer to the Company's Financial Report submitted to the Financial Services Agency's EDINET (Electronic Disclosure for Investors' NETwork) system.
2. Amounts in the consolidated financial statements on Pages 24 to 26 are converted from amount in yen to U.S. dollars at the prevailing exchange rate as of March 31, 2012 (U.S.$1 = ¥82.14), for the convenience of readers abroad.

Consolidated Statement of Cash Flow

Years ended March 31	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 2) 2012
Net cash provided by (used in) operating activities			
Income (loss) before income taxes and other adjustments	2,837	2,800	34,550
Depreciation and amortization	1,337	1,227	16,277
Increase (decrease) in allowance for doubtful accounts	(14)	14	(175)
Increase (decrease) in provision for retirement benefits	84	96	1,032
Reversal of asset retirement obligations	—	(91)	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	156	—
Interest and dividends income	(39)	(34)	(480)
Interest expenses	52	68	633
Foreign exchange losses (gains)	44	117	545
Equity in (earnings) losses of affiliates	(8)	(0)	(100)
Loss (gain) on valuation of securities	93	—	1,141
Loss (gain) on sales of noncurrent assets	(162)	(278)	(1,980)
Loss on abandonment of noncurrent assets	43	8	530
Decrease (increase) in notes and accounts receivable-trade	(400)	(1,295)	(4,878)
Decrease (increase) in inventories	0	(773)	10
Increase (decrease) in notes and accounts payable-trade	(672)	854	(8,189)
Increase (decrease) in accounts payable-other	(29)	(116)	(354)
Increase (decrease) in deposits received	(570)	(66)	(6,943)
Others	173	346	2,109
Subtotal	2,771	3,034	33,736
Interest and dividends income received	39	34	477
Interest expenses paid	(73)	(72)	(898)
Income taxes paid	(497)	(233)	(6,058)
Other payments	—	(11)	—
Net cash provided by (used in) operating activities	2,239	2,752	27,259
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment	(4,430)	(928)	(53,935)
Proceeds from sales of property, plant and equipment	856	883	10,432
Purchase of intangible assets	(81)	(147)	(989)
Proceeds from withdrawal of time deposits	500	—	6,087
Purchase of investment securities	(216)	(1)	(2,642)
Payments of long-term loans receivable	(9)	—	(110)
Collection of long-term loans receivable	2	2	31
Payments for lease and guarantee deposits	(112)	—	(1,374)
Proceeds from collection of lease and guarantee deposits	688	—	8,378
Others	(3)	55	(48)
Net cash provided by (used in) investing activities	(2,806)	(137)	(34,166)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	700	(500)	8,522
Proceeds from long-term loans payable	300	—	3,652
Repayments of long-term loans payable	(50)	—	(609)
Purchase of treasury stock	(0)	(0)	(3)
Proceeds from sales of treasury stock	—	0	—
Cash dividends paid	(929)	(613)	(11,315)
Cash dividends paid to minority shareholders	(1)	(1)	(16)
Repayments of lease obligations	(188)	(181)	(2,293)
Net cash provided by (used in) financing activities	(169)	(1,296)	(2,059)
Effect of exchange rate change on cash and cash equivalents	(66)	(333)	(806)
Net increase (decrease) in cash and cash equivalents	(802)	984	(9,771)
Cash and cash equivalents at beginning of year	7,639	6,654	93,001
Cash and cash equivalents at end of year	6,836	7,639	83,230

Notes: 1. This annual report omits the consolidated statement of changes in net assets and all notes to the financial statements. For detailed explanation of the financial statements, please refer to the Company's Financial Report submitted to the Financial Services Agency's EDINET (Electronic Disclosure for Investors' NETwork) system.
2. Amounts in the consolidated financial statements on Pages 24 to 26 are converted from amount in yen to U.S. dollars at the prevailing exchange rate as of March 31, 2012 (U.S.$1 = ¥82.14), for the convenience of readers abroad.

Products and Events

April 2011 to March 2012

Explosion-proof LED product

April 2011

Flameproof LED illumination units (EF1A) Power savings, space savings, and longer life

These LED illumination units have a flameproof, explosion-proof construction, enabling them to be used in hazardous areas where hydrogen gas is present. IDEC's consideration for ease of use is exemplified in models with angle adjustable mounting bracket for changing the illumination direction, and those with an ON/OFF switch.

Industrial products

May 2011

ø16-mm miniature control units (LB Series) The ultimate in miniature switches

These miniature control units provide the shortest depth behind the panel in the industry and the removable contact block design that facilitates wiring work. In addition to the standard bezel, flush silhouette with an only 2-mm bezel height is also available. These control units are ideal for use in industrial equipment as well as with the small devices used in food services, medical and nursing care, etc.

Electronics & automation product

July 2011

15 models of programmable operator interfaces (HG4C, HG3G, HG2G) Enhanced display and communication performance

Super bright, high-resolution liquid crystals produce a bright and clear graphic display. 15 different programmable operator interfaces, from 5.7- to 12.1-inch models, are available to choose from. The LED backlight and brightness-adjustment function enable the required brightness to be selected.

LED products

December 2011

LED illumination units for low-temperature environments (LG1K) Offer instant, full lighting intensity even in low-temperature environments up to minus 40°C (-72°F)

As instantaneous, full lighting intensity is possible even in low-temperature environments of up to minus 40°C (-72°F), lighting can be turned off frequently as desired to enable more power reduction. Moreover, the compact, sleek design of the special stainless steel case provides no cumbersome protrusions from the ceiling and a smooth flow of cold air from coolers, and, thus, contributes to increased cooling efficiency.

Nano-bubble technology

May 2011

Nanobubble generators (FZ1N-02) The highest level of technology in the industry

"nanoGALF", a technology that generates nanobubbles of the best quality in the industry continuously and stably was developed through our proprietary fluid control technology and marketed as a nanobubble generator. Usable with a 100 VAC power supply, its compact design is perfect for laboratory use.

LED products

June 2011

LED base lighting units (LG1J) For the optimum area illumination

By consolidating optics, control, and housing technologies with IDEC's original LED device development technology, we have produced LED module arrays with a mixed-color arrangement of daylight and warm white that was not available in conventional lighting. Creates ideal illumination for any time, any season, any weather, and any situation.

LED products

December 2011

LED illumination units for high ceilings (LG1H) Ideal for high ceilings in factories and warehouses

The combination of a proprietary built-in reflector and a diffusion cover along with IDEC's control technology reduces unpleasant glare. The optimal lighting environment for work in factories and warehouses is achieved while maintaining the required brightness. A reduction in power consumption of 55 to 60% over mercury lamps is also possible.

Industrial products

December 2011

ø16-mm miniature pilot lights (AP6S) Offer improved visibility and high-voltage compatibility

The long-awaited, round, dome-shaped lens model has been introduced to the AP6S of ø16-mm miniature pilot lights. This greatly improves visibility when lit, even when viewing the pilot light from an angle or from the side. Models compatible with 100/200 VAC lighting voltage have also been released to further strengthen the product lineup.

4 April · 5 May · 6 June · 7 July · 8 August · 9 September · 10 October · 11 November · 12 December · 1 January · 2 February · 3 March

June: 64th General Meeting of Shareholders held
203 stockholders attended.

July: Press announcement of changeover to LED at our Takino Plant.
Widely reported on in the mass media, both in print and on TV.

September: The first mobile showroom equipped with LED lighting for offices and shops completed, followed by a second unit, fully loaded with various industrial-use LED lighting.

November: Exhibited at System Control Fair 2011
Advertized all aspects of IDEC switches, our core product.

November: Exhibited at China International Industry Fair 2012
Visitors' attention was focused around our safety equipment and HMI (Human Machine Interface) products.

February: Exhibited at PV EXPO 2012
Introduced power management products and services related to solar power generation.

CSR Report

CSR at the IDEC Group

Adopting our corporate Ethics and the Ten Principles of the United Nations Global Compact, IDEC is committed to achieving the corporate principle that all employees have respect for humanity, and contribute to the social economy through the progress of our business enterprise, and lead a meaningful life.

IDEC's Stance on Social Responsibility

Since our founding, the IDEC Group has made "contributing to society through the growth of our business" one of our corporate philosophies. We have established "spreading safety" based on many years of experience in developing safety products, and "contributing to global environmental conservation" by developing and promoting environmentally-conscious products as the two main objectives of our Corporate Social Responsibility (CSR) activities.

Furthermore, as a participant in the United Nations Global Compact (GC)*, we support their Ten Principles and are positively promoting that involvement in order to accomplish our social responsibility. We feel that becoming a corporation trusted by all stakeholders is the foundation of all our business activities. As well, we continue to expand our activities for the achievement of a sustainable society.

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

THE GLOBAL COMPACT
WE SUPPORT

The Ten Principles of the United Nations Global Compact

Human Rights

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2: make sure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4: the elimination of all forms of forced and compulsory labour;

Principle 5: the effective abolition of child labour; and

Principle 6: the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: undertake initiatives to promote greater environmental responsibility; and

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

Principle 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." As of March 31, 2012, it has over 10,140 corporate participants and other stakeholders from 130 countries.

Company-wide Action Items and Results

Based on the policy mentioned above, we have established objectives for each business unit and department.
The objectives and achievements for fiscal 2012 are as shown in the following table.

CSR Effort	FY2012 Objective	Achievement
Safety	Develop and expand sales of safety products	Improved a system of monitoring and claim processing upon the occurrence of product safety-related events (QA Center)
		Safety product sales 102.3% of previous year; explosion-proof product sales 115.3% of previous year (Safety /Explosion-Proof Business Unit and Sales)
	Contribute to industrial accident reduction	111 safety consulting/seminars held (R&D Strategy Group)
	Train safety specialists	A total of 234 certified safety assessors (Company-wide)
	Export compliance	Held seminars on export, which led to the improvement of export-related work processing (SCM Center)
Environmental	Reduce environmental impact	Company-wide energy saving efforts reduced the summer peak period electric power consumption by 10.9% from the previous year (Company-wide)
		Established and enforced policies on CSR procurement (Manufacturing)
	Develop and expand sales of environmentally-conscious products	LED sales 152% of previous year (LED Business Unit, Sales)
		Developed products and services to promote renewable energy sources (Marketing)
	Promote environment-related business	Applied IDEC's technology in soil cleanup projects (R&D Strategy and Business Units)
		Packaged and promoted control systems for automated farming (R&D Strategy Group, Business Group, and Sales)
Human rights and human resources	Develop relations with children and boost employees morale and job satisfaction	Held the 2011 Take Children to Work Day (HR)
	Energize human resources	Established a future career path system and set forward on job rotation system (HR)
	Create safe work environment and reduce work-related injuries	Analyzed work conditions and conducted supervisor training with focus on subordinate care (HR)
Corporate governance, compliances, and risk management	Improvement of internal control environment and adaption of internal control system	Improved risk reduction plans for restoring operations and information security (IT)
	Strengthened corporate compliance structure	Provided compliance education (Business Admin.)
	Strengthened risk management structure	Updated disaster and emergency response system (Business Admin.)

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 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.

Hirofumi Yamasaki
Electromagnetic & Safety Product
Product Marketing & Development
Indutrial & Safety Business Unit

Joined IDEC in 2008. Assigned to the Indutrial & Safety Business Unit, responsible for planning and developing new safety products. He believes that making technical suggestions, based on his over 15-year safety control engineering career, is his mission. He makes frequent visits to customers to assess their safety circuits and provides advice on improvements, cost cutting measures, and simplified termination. Winning customers' confidence makes his job very rewarding.

Tatsuyoshi Kuriyama
Standards and Safety Solution Department
R&D Strategy Group

Joined IDEC in 1992. After working in the Research Dept., Product Development Dept., and the Quality Assurance Center, he is now in the Standard and Safety Center vigorously promoting the idea of safety, through seminars and consulting. As a member of the leading safety planning company, he participates in international safety standard councils. According to Mr. Kuriyama, fostering people and products that deliver safety to a society is his job.

Machinery may break down, but workers' safety must be ensured

Safety is not something that can be traded off for higher productivity. It is a common practice for companies to expend time and money to train employees on safety while pursuing higher productivity. However, training alone cannot ensure safety. A machine must remain safe even if it breaks down or if a worker makes a mistake. A machine must be equipped with safety devices. However, to increase the use of safety devices, they must be economical. IDEC's job is to create cost-effective safety devices that eliminate the need for balancing between productivity and safety. We must supply suitable safety devices that are economical compared to the risks they eliminate.

HE2G-X

EF1A

Safety and explosion products developed in Fiscal Year 2012

Intrinsically safe explosion-proof grip switches HE2G-X

They are the world's first intrinsically safe explosion-proof grip switches that meet both Japan's TIIS certification requirements and machine safety requirements. These switches connected to the explosion-proof EB3N safety relay barriers are safe to use in explosive environments.

Flameproof LED illumination units EF1A

EF1A LED illumination units with flameproof structure are ideal for locations where explosive gas such as hydrogen exists. Exceptionally user friendly features, such as angle-adjustable mounting bracket and built-in on/off switch, are offered.

Publication of international standard IEC60947-5-8 for enabling switches

IDEC's 3-position enabling switches helped to set the international standard for enabling switches.

Research and development of safety technologies

Participation in setting international safety standards

We take the time to study and analyze international standards for control systems, machines, and various equipment, so that we can offer products that are compliant to these standards and safe in an ever-expanding global market. We have acquired abundant know-how through the development of products that are international standard compliant and direct participation in setting international safety standards. Many of our experts attend international conferences and academic symposiums on safety standards, especially in control safety, machine safety, and explosion safety, fields that are increasing in sophistication and complexity. Representing Japan, we are disseminating superior safety technologies to the world.

Basic safety policy chart

Numbers of seminars held and attendees

* A large number of seminars scheduled for fiscal 2012 were cancelled due to the earthquake disaster.

Passing IDEC's safety DNA to successors

As a manufacturer, we evaluate risks involved in products and take necessary measures during product development. In engineering departments and in the entire company including product planning, marketing, and sales departments we have in-house certified safety assessors who evaluate safety risks inside and outside the company and make recommendations. We have a progressive system in place where IDEC safety professionals teach others to become professionals who in turn educate others. This system fosters a safety culture. In this way we strive to maintain and improve IDEC's Safety DNA.

Promoting safe manufacturing

Offering seminars

To help reduce industrial accidents, we offer seminars on safety in manufacturing and safety in potentially explosive work environments. In fiscal 2012, 111 seminars were held with 2,397 people participating.

Consulting on safety

With an abundance of experience in and superior knowledge of machine safety, we provide consulting services that include identifying hazardous sources, evaluating risks, and recommending and implementing measures to increase both safety and productivity.

Training professionals who deliver safety

Training and certifying safety assessors

Validating safety is extremely important in risk assessment. Therefore, people who can make fair judgment of safety validation can define the quality in developing safety products and providing consulting services. IDEC is a strong promoter of accredited safety assessors throughout the company, with special focus on its employees in the Standard and Safety Solution Center. As of March 31, 2012, there were 234 certified safety assessors in the IDEC Group.

* 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.

the number of assessors in each level within IDEC

Safety lead assessors – 15 people
(provide assessment to third parties as an assessor leader)

Safety assessors – 33 people
(exercise knowledge and skills as an assessor)

Safety sub-assessors – 158 people
(have basic assessor knowledge)

Basic safety assessors – 28 people
(have basic knowledge of explosion-proof electric equipment safety)

Earth Preservation

Through manufacturing, we contribute to the improvement of customer's and the world environment

Masahiko Uchihashi / Left
Global Quality Assurance
Quality Assurance Center

Joined IDEC in 1985. Responsible for product assurance worldwide. Making environmental contributions by ensuring that our products meet the strictest European and other international standards.

Kiyoshi Matsukura / Right
General Affairs Team
Corporate Business Planning & administration Department.

Joined IDEC in 1981. For 15 years since the acquisition of ISO 14001, he has spearheaded energy and industrial waste reduction, paperless offices, and other environmental projects.

IDEC's environmental thinking is taking shape while evolving

A wide spectrum of environmental considerations are made when we develop products and technology, from reducing environmental load in the manufacturing process, improving the environment at each site where our products are used, to minimizing environmental impact when the product life ends. Our environmental thinking led to the construction of IDEC Sales Office, the world's first building entirely lit with LED lights, which was completed in 2008. Now our new headquarters building, filled with many environmental features, is under construction and is scheduled to be complete in 2013. This building is the realization of our approach to environmental issues, and we believe that this ecological building will help remind visitors of the importance of environmental preservation.

LF2B

LG1K

LED lighting products developed in Fiscal Year 2012

LED illumination units LF2B

The LF2B offers a wide range of applications with free input voltage models ideal for export machines, and DC-battery compatible (12VDC/24VDC) models ideal for emergency equipment and solar systems with a large voltage fluctuation range. These products are designed to minimize environmental impacts.

LED illumination units for low-temperature environments LG1K

The LG1K can light up instantly to full capacity at -40˚C (- 72˚F). Thus, the light can be turned off any time as needed, reducing further energy consumption.

*Fluorescent lights, which take time to reach full capacity at low temperatures, must be kept on all the time.

IDEC Group's development policy and evaluation standard

Product development based on a conservation philosophy

Since 1978 the IDEC Group has maintained the same product development policy of developing optimum control based on conservation. Under this policy we set out a group-wide Save All campaign in 1982. Since then we have been introducing our conservation philosophy: reducing energy, space, maintenance, and various resources, to our customers. This campaign is continuing today. Our environment-conscious products must meet our strict design evaluation standard.

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 Principle

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

Efforts in reducing environmental impact

Environmental Objectives by Business Group and Department

Product Planning and Development	→ Developing new products and improving existing products to reduce environmental burden
Manufacturing	→ Developing and improving manufacturing technologies to reduce environmental burden, and limiting manufacturing waste
Sales and Distribution	→ strengthening the sale and distribution of environmentally-friendly products
Other Departments	→ Reducing energy and other resources, promoting recycle, and improving efficiency in all aspects of business

Installation of LED lighting in IDEC facilities

In 2008, the IDEC Sales Office, then the world's first business building entirely illuminated with LED lights, was constructed. In 2010, LED lights and control systems were installed in the Takino and Hamamatsu Plant, which became the demonstration testing site for LED lighting for industrial facilities. These buildings provide us with LED business knowhow while reducing energy consumption.

IDEC SALES OFFICE

Takino Plant

Acquisitions of Environment Management Certifications

The IDEC Group has been constantly improving its environment management system. The Headquarters/Engineering Research Center was certified as ISO 14001 compliant by JQA (Japan Quality Assurance Organization) in 1997. Today, a total of four locations including our headquarters (which houses Engineering & Research Center and the IDEC Sales Office), Tsukuba Plant, Fukusaki/Takino Plant, and Kyoto Plant are ISO 14001 compliant.

Result of External Assessment

In fiscal 2012 an environmental assessment was conducted at the above four locations by an authorized third-party assessor, in accordance with the environment management system standard. As a result, we have passed or surpassed the requirements, as shown on the table below.

Assessment

Assessment Classification	Number of Items Pointed Out
Strong	0
Good	3
*Improvement Required A	0
**Improvement Required B	0
***Opportunity for improvement	27

*One or more requirements are not met, not in effect, or not maintained.

**Not applicable to "Improvement A" but not in conformity.

***Improvement thought to lead to a better environmental system.

Environmental performance

Changes in electricity consumption

Changes in amount of water used

Changes in amount of paper used

Changes in CO_2 emissions

Changes in amount of waste generated

Notes:
1. Specific unit of consumption represents the consumption/emission/discharge per annual sales.
2. Range of data aggregation: Headquarters, IDEC SALES OFFICE, Tsukuba Plant, Kyoto Plant, Fukusaki Plant, Takino Plant, and Tatsuno Distribution Center.
3. CO_2 emission coefficient is based on 0.355t-CO_2/1000kWh for Western Japan and 0.418t-CO_2/1000kWh for Eastern Japan.

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 become capable of fulfilling their own missions and responsibilities by understanding the intent and the meaning of IDEC's corporate missions and principles, realizing them, and embodying them.

Kenji Kubo
Career Development Team
Human Resources Department

Joined IDEC in 1993. Joined the HR department after having worked for 5 years in the Business Planning Dept. In 2008, he set up a CDP (Career Development Program) as a part of a human resource management system. According to Mr. Kubo, "Each one has a different career goal and there are many different ways to achieve the goal. We want to assist employees achieving their goals by providing them with opportunities for career development through this program."

Andrea Greene / Left
HR Generalist
IDEC Corporation (USA)

Joined IDEC (USA) in 2006. Her work encompasses all facets of human resources. She also assists with payroll functions.
Work motto – "A job done well stays well done forever."

Ed Moran / Right
HR Manager
IDEC Corporation (USA)

Joined IDEC (USA) in 2005. Responsible for managing human resources activities for IDEC USA, Canada, and Australia. He oversees employee relations, recruiting, safety and health, training, compensation, benefits, and government compliance; and manages the development, implementation, and administration of company human resources policies and procedures.
Work motto – "Do what you love, love what you do!"

Work that helps employees discover themselves, helps them grow, and leads them to happiness

IDEC's basic approach to career development is having employees review their past career, make a plan for the near future, and develop skills and knowledge required to attain their career goals. Our CDP is based on self-guided development. Each employee is encouraged to observe the social economy trends and the direction of the company, and analyze what he or she can and want to do. The employee is further encouraged to plan a future career, list what should be done to reach the goal, and accept challenges that help realize the goal. Through various personal development opportunities, the employee works on self-improvement. The employee's growth becomes the company's growth. We want to continue building such win-win relationships for the employees and the company.

Diverse workforce is our advantage

The IDEC USA Human Resources department maintains close employee relationships in order to understand employee needs and concerns and advise management of changes required to improve morale and work harmony. Our workforce, comprised of about 110 employees, is quite diverse in age, work style, culture, and nationality. We are working to create the best human resource management system and work environment, one in which management and employees can achieve the company's objectives together while understanding and respecting each others.

Scenes from the 2011 Take Children to Work Day
Twenty-three children enjoyed visiting offices and factories, and assembling parts.

Creating pleasant working environment

Taking Children to Work Day

We installed a Taking Children to Work Day so our employees' children can understand what kind of company IDEC Group is, how the company is contributing to a society as a manufacturer, and what it means to work at the company. Having one's family understand this makes work more satisfying.

Realizing a safe working environment

To ensure safety in workplaces, a Safety Committee is organized. Under the Safety Committee, a safety and health committee is organized at each regional office and manufacturing plant, which is responsible for studying policies on safety and health issues, investigating and solving hazardous and harmful potentials. The Risk Assessment committee establishes relevant standards and conducts risk assessment at each business location and gives advice and assistance. These committees are making great efforts to create safe work environment with the goal of zero work injuries.

Human Resource Development

Employee training system

The IDEC Group provides systematic training for new, second-year, third-year, and newly promoted employees, as well as product and technology training. Also, we support self-guided career development by making job rotation opportunities available. Employees can take an active role in career development by taking stock of their career to-date and creating a future career plan based on self-assessment. They are provided with a Model Career Path describing skills, knowledge and work experiences required to reach their career goal. With the clear career plan and required training, the system allows them to attain their career goal in as short a time as possible.

Eiji Takiwaki
Product Marketing & Development
Electronics & Automation
Business Unit

Ren Rong
Manager
Engineering Quality Management
IDEC IZUMI SUZHOU CO.,LTD.

Work rotation

Work rotation example

Some employees who have worked for many years in sales are now engaged in product planning. They are actively participating in planning market-driven products that come from listening attentively to customers. These products explore the potential needs of customers. New high-value products focus on quality and added value. We promote work rotations among different departments to develop people capable of taking a wide view from product development, manufacturing to sales.

The Group Wide HR Activities

Active participation by local personnel

A wide range of employee training is offered at the headquarters and at various Group companies. At IDEC IZUMI Suzhou, activities by small employee groups, such as the 5S group to keep working areas clean and orderly and the suggestion group to give work improvement input to management, are good sources of identifying promising employees and promoting them to managerial positions as we move towards the development of local companies.

Contributions to local communities

Through collaboration with universities in Taiwan and Japan, IDEC Taiwan began accepting student internships. The entire IDEC Group is making a conscious effort to assist local communities by offering job experience and training through the operation of exhibitions and hands-on work.

Corporate Governance/Compliance

More transparency, more efficiency
To maintain trust worthiness

Fundamental Management Policy

Two of our underlying goals are to bring happiness to those who are associated with the IDEC Group and to build a healthy and transparent management system. These goals are guided by the corporate mission of making social and cost-effective contributions by satisfying the needs of customers with our control technology and the corporate policy of respecting humanity.

Corporate Governance

Akira Toryokura
Outside Director（Attorney）

We believe that maintaining the transparency and efficiency of our management for our stakeholders is an essential element of corporate governance.

— Separation of operation function and auditing function
The number of directors on the board of the IDEC Group was drastically reduced in 1998, and at the same time a corporate officer system was installed. Day-to-day operations are mainly managed by the Management Committee and Executive Committee, whose power and authority are granted by the Board of Directors, while the Board of Directors mainly makes important business decisions and monitors executives. By separating the operation function and the monitoring function, we seek effective corporate governance.

— Appointment of outside directors
If monitoring of this system is weak even though these two functions are separated, the Board of Directors may fail to stop the Management Committee from running solo. This is precisely the point of the recent discussions on the requirement of outside board of directors and the amendment to the Companies Act in Japan. At the IDEC Group, outside directors and outside auditors have been serving the board of directors and the board of auditors for many years. At the regular shareholders' meeting this year an additional outside director was elected. As a result, 50% of the board is now made up of outside directors. This is another means of improving a sound management environment.

IDEC Corporate Governance Organization Chart

Romano Volta
Dr. Volta, based in Italy, is a founder of a world-leading company of photoelectric devices and systems for factory automation.

Tsuyoshi Taira
After leaving an electronic device/semiconductor manufacturer, Mr. Taira founded a Silicon Valley, California–based venture capital investment and management consultant firm.

* Global Advisory Board

The Global Advisory Board was established so that the CEO and the Management Committee would receive a wide range of opinions and suggestions on the operations of the entire IDEC Group from outside experts in Japan and overseas. The members include outside directors, business management, and university professors. Members, excluding outside directors, are appointed by the Management Committee. At the present time, two appointed members shown on the left are serving the Global Advisory Board along with outside directors.

Yoshiyuki Furukawa
Legal Team
Corporate Business Planning & administration Department

Since joining IDEC in 1997, he has been engaged in agreements, law-related tasks. and various assignments including compliance and risk management. His work also involves teaching management and employees on information privacy law, subcontract law, and other laws and regulations; and responding to questions and problems from individuals and organizations. He says, "Communications and cooperation with internal customers often produce good results. I would like to think that my effort has raised the level of awareness of compliance, dangers, and risks throughout the company."

Fair and Sound

The base of IDEC's compliance is an unchanging commitment to being honest and fair. In addition to "Corporate Ethics and Code of Conduct," which all IDEC Group companies share and adhere to, "Compliance Q & A" describing specific cases was published and distributed to further elevate the awareness of the importance of compliance. With reference to risk management, disaster action plans are being reviewed and updated.

IDEC Group Corporate Ethics and Code of Conduct for China and Taiwan

Response to a Crisis

Compliance

IDEC Group Corporate Ethics and Code of Conduct

The first edition of "Corporate Ethics and Code of Conduct" was published in 2001 to set the standard for the IDEC Group. It was updated in 2008 as the third edition. Last year a new edition specifically for IDEC Group companies in China and Taiwan was published. The booklet was distributed to the executives and employees world-wide who are required to abide by these rules.

■ Corporate Ethics and Code of Conduct Outline

We conduct business activities guided by the following five principles. The Code of Conduct may be revised as time changes, but these five principles remain unchanged as the base of our desire for our company to be fair and honest.

1. Law – We abide by the relevant laws of Japan and other countries.
2. Social Ethic – We do not conduct unethical behavior.
3. Impartiality and Fairness – We treat everyone with impartiality and fairness
4. Respect for Humanity – We respect human rights and do not discriminate.
5. Public Morals – We do not corrupt public morals or disrupt peace and order.

Risk Management

Risk management structure

"Risk Control Procedures" are established to avert risks and to minimize damages if an accident occurs, and the Risk Management Committee is organized and led by the CEO. A system is in place in which accidents are prevented during normal times and emergency measures are taken should they occur. The emergency system, which extends to protecting lives, confirming the safety of people, continuation of vital operations, and fast recovery if such operations are interrupted, is one of the fundamental policies of the internal control system.

■ IDEC hotline

People are encouraged to contact the IDEC Hotline with problems and concerns related to corporate ethics. The hotline system was set up to prevent or detect early any violation of the corporate ethics.

Approach to Product Quality

All of us think and accept challenges together

Product Quality is a foundation for all of our corporate activities

Ikkan Nishihara
General Manager
Quality Assurance Center

Joined IDEC in 1984. He now heads the Quality Assurance Center after having worked in sensor engineering, marketing, and strategic business planning. He explains his approach to quality assurance using terms such as "must be there when needed," "must operate with absolute accuracy at any time," and "never worry or bother customers." He emphasizes the importance of an open and transparent organization. "Good work comes from strict understanding of work process, including what is done before and after each step and close communication with fellow workers engaged in the process.

Taking on the challenge of Zero Customer Claims

For IDEC, which holds a motto of "Customer First," a primary goal for product quality is ease of use. With a view that user friendliness is attained by satisfying the ever changing needs of customers and society, we have set guidelines and mechanisms to assure quality in all of our processes, including engineering, manufacturing, sales and distribution. In our effort to reach zero customer claims, we are constantly improving our management system by focusing on quality assurance.

Product Assurance System

IDEC is known for "High Quality" throughout the world.

Global Product Assurance
Setting and managing the quality standards and rules throughout IDEC in an effort to assure the high quality of our products on a global basis.

Manufacturing Quality Assurance
Rapid quality checks at manufacturing locations immediately upon receipt of customer claims. Responding quickly, improving products, and monitoring adherence to established manufacturing standards.

Inspection and Testing
Evaluating and analyzing new products and existing products. Analyzing claims, identifying causes and taking necessary actions swiftly in coordination with manufacturing quality assurance personnel.

Standards Management
Obtaining new industrial standards and specifications, having products certified by standards organizations, maintaining certifications and auditing.

2008
Corporation with excellent product safety measures

Corporation with excellent product safety measures

Recognized by Japan's Ministry of Trade and Industry for excellence in product safety measures.

In 2008 IDEC won a special award of excellence in product safety measures from the Ministry of Economy, Trade and Industry.
Under this award system, which started in 2008, the Ministry receives applications every year from a broad range of corporations deeply engaged in product safety. In the first round, applications are reviewed on the basis of corporate safety culture and product safety activities from the standpoints of resilience, communications, human resources, and sustainability. In the second and the final round, applications are judged from the standpoint of creativity/innovation to select winners. IDEC won this award having been recognized as a company who has been committed to providing products with high reliability and safety and whose safety culture in manufacturing has been passed on for decades. Our products have been subjected to rigorous risk analysis since the time the company was founded. We continue our efforts to make contributions to safety in manufacturing.

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.

IDEC known for Quality

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 by design

During this process, quality goals for each stage are clarified, and plans are made to attain the established goals within a rational and economic framework. Quality by design is not an independent process but a cooperative process under comprehensive and unified plans.

Claim processing system at IDEC

Claims are processed expeditiously through information sharing and coordinated efforts among different functions overseen by the Risk Management Committee, chaired by the CEO, which has the ultimate decision making power.

■ IDEC Claim Processing System

* National Institute of Technology, an incorporated administrative agency authorized by the government to evaluate risk management

Corporate Officers

Pursuing high added value business to ensure a firm revenue base

To meet customer needs, we strive to thoroughly strengthen the competitive edge of our main businesses, pursuing high added value products and services along with a timely and efficient product supply system to further improve profitability.

Directors	Chairman and C.E.O.	**Toshi K. Funaki**
	Senior Executive Vice President	**Mikio Funaki**
	Director	**Keijiro Fujita**
	Outside Directors	**Akira Toyokura**
		Takeshi Nakagawa, Advisor to Toshiba Corporation
		Nobuo Hatta
Auditors	Standing Corporate Auditor	**Masayuki Furukawa**
	Outside Corporate Auditors	**Hirokazu Taniguchi**
		Masanori Sakamoto
		Masataka Kawahito
Executive Officers	Senior Executive Officer Chief Technology Officer	**Toshihiro Fujita**
	Senior Executive Officer Manufacturing Strategy and Quality Assurance	**Hideyuki Kitayama**
	Senior Executive Officer Global Business Development	**Peter Tarantino**
	Executive Officer Marketing	**Hirosuke Mikasa**
	Executive Officer Control Components Sales	**Shigekazu Kawase**
	Executive Officer Corporate Sales	**Yasuzo Tsuchiya**
	Executive Officer Corporate Business Planning and Administration	**Yoshihiko Nishiyama**

Organizational Chart

Directors

Toshi K. Funaki

Chairman and C.E.O.

Akira Toyokura

Outside Director

Mikio Funaki

Senior Executive Vice President

Takeshi Nakagawa

Outside Director
(Advisor to Toshiba Corporation)

Keijiro Fujita

Director

Nobuo Hatta

Outside Director

Executive officers

Toshihiro Fujita

Senior Executive Officer
Chief Technology Officer

Shigekazu Kawase

Executive Officer
Control Components Sales

Hideyuki Kitayama

Senior Executive Officer
Manufacturing Strategy and Quality Assurance

Yasuzo Tsuchiya

Executive Officer
Corporate Sales

Peter Tarantino

Senior Executive Officer
Global Business Development

Yoshihiko Nishiyama

Executive Officer
Corporate Business Planning and Administration

Hirosuke Mikasa

Executive Officer
Marketing

Global Network

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

Since our establishment, the IDEC Group mission has been to provide the world with products that satisfy our customers with reliability and safety. Our stance has always been to listen to our customers, increase the comprehensive strength of the Group as a whole, develop products that are continually evolving in terms of reliability, safety, and operability, and promote the construction of the system of production that strongly supports all of this.

Company Name (Location)	Main Business
❶ IDEC CONTROLS LIMITED (Osaka)	Sales of security and sealing systems
❷ IDEC LOGISTICS SERVICE CORPORATION (Hyogo)	Assembly and installation of control equipment and devices, Contract logistics service provider
❸ IDEC ENGINEERING SERVICE CORPORATION (Aichi)	Sales and engineering of control equipment and devices
❹ IDEC DATALOGIC Co., Ltd. (Osaka)	Import and sales of control equipment and automatic recognition devices
❺ IDEC CORPORATION (USA)	Manufacture and sales of control equipment and devices
❻ IDEC CANADA, LTD. (Canada)	Sales of control equipment and devices
❼ IDEC Australia Pty. Ltd. (Australia)	Sales of control equipment and devices
❽ IDEC Elektrotechnik GmbH (Germany)	Sales of control equipment and devices
❾ IDEC Electronics Limited (UK)	Sales of control equipment and devices

Company Name (Location)	Main Business
❿ IDEC IZUMI ASIA PTE LTD. (Singapore)	Sales of control equipment and devices
⓫ IDEC IZUMI TAIWAN CORPORATION (Taiwan)	Manufacture and sales of control equipment and components
⓬ IDEC TAIWAN CORPORATION (Taiwan)	Sales of control equipment and devices
⓭ IDEC IZUMI SUZHOU CO., LTD. (PRC)	Manufacture and sales of control equipment and components
⓮ IDEC HONG KONG CO., LTD. (Hong Kong)	Holding company
⓯ IDEC IZUMI (H.K.) CO., LTD. (Hong Kong)	Sales of control equipment and devices
⓰ IDEC (SHANGHAI) CORPORATION (PRC)	Sales of control equipment and devices
⓱ IDEC (SHENZHEN) CORPORATION (PRC)	Sales of control equipment and devices
⓲ IDEC (BEIJING) CORPORATION (PRC)	Sales of control equipment and devices

Japan

■ Sales ratio

■ Changes in net sales

Chitoshi Uemura
President
IDEC ENGINEERING SERVICE CORPORATION

すべては現場から

Hisanori Tawa
Director
General Manager of Sales Team
IDEC CONTROLS LIMITED

信頼第一！

Based on our core control and manufacturing technologies, we offer various system solutions in addition to individual products. With the IDEC Group as one, we strive to make improvements in services each and every day and to become a supplier that is preferred by our customers.

North America

Rajiv Salhotra
Director of Sales
IDEC CORPORATION (USA)

Increasing market share through design presence!

Nigel Cowling
National Manager
IDEC CANADA LTD. (Canada)

Differentiating ourselves by bringing enhanced value.

Our strategy in North America involves customizing solutions to suit the customers' needs for each piece of equipment, and thus raising IDEC's presence among machine buildings. At the same time, our sales and support teams are always striving to provide the highest level of service to our distribution partners in order to maintain our strong relationships.

■ Sales ratio

■ Changes in net sales

Asia / Pacific

■ Sales ratio

■ Changes in net sales

Takuya Kamitani
Vice President
IDEC TAIWAN CORPORATION

人、地域社会を繋ぐ新しい価値を生み出す。

Lin MaoHong
Sales Group
IDEC TAIWAN CORPORATION

每日都要不斷進步
改善自己、尚求做到更好。
有完全準備的人、才有責任的機會。

Internships are accepted as part of a conscious effort to assist local communities by offering job experience and training. We consider this a social contribution that helps IDEC be a company that customers will continue to trust. This year, IDEC Taiwan Corporation is celebrating the 20th anniversary of its foundation, and we are creating a completely new business model in order to meet the expectations of the region as we continue to expand our main switch and relay business.

Europe

Stephen Schiller
Managing Director
IDEC Electronics Limited (UK)

Inspire, Succeed & Grow...

Frank Lisker
Operations Manager
IDEC Elektrotechnik GmbH (Germany)

Steady growth in a challenging market

For IDEC, the already mature Europe market is a very challenging one. To put it briefly, the "EU" involves various cultures and customer needs. But, by listening to our customers and the end users and offering precise advice and solutions, we are involved in activities that heighten IDEC's reputation every day.

■ Sales ratio

■ Changes in net sales

IDEC History —from Izumi Denki to IDEC

Corporate History

- **1940**
- 1945 Founded Izumi Shokai. Began retail and wholesale of electrical equipment and devices.
- 1947 Incorporated Izumi Denki Co., Ltd. (Chuo-ku, Osaka). Began manufacture and sales of switches.
- **1950**
- 1956 Moved the Head Office to Kita-ku, Osaka. Opened Osaka Office in Yodogawa-ku, Osaka and began operations.
- 1958 Began manufacture and sales of industrial switches, pilot lights and terminal blocks.
- **1960**
- 1969 Opened Kyoto Plant in Nagaokakyo City, Kyoto and began operations. Moved the Head Office to Yodogawa-ku, Osaka.
- **1970**
- 1973 Established IZUMI SEIKI TAIWAN CO, Ltd (Taiwan). (current IDEC IZUMI TAIWAN CORPORATION)
- 1975 Established IDEC CORPORATION (California, U.S.A.).
- 1976 Established IDEC Elektrotechnik GmbH (Hamburg, Germany).
- **1980**
- 1982 Created a new corporate identity and the IDEC trademark and changed English corporate name.
- Listed stock in the Second Section of Osaka Securities Exchange.
- 1984 Opened Fukusaki Plant in Kanzaki-gun, Hyogo and began operations.
- Moved the Head Office to new location in Yodogawa-ku, Osaka.
- 1987 Established IDEC Electronics Limited (UK).
- 1989 Listed stock in Second Section of the Tokyo Stock Exchange.
- Completed first phase of Takino Plant construction (Kato City, Hyogo Pref.).
- **1990**
- 1990 Stock listing upgraded from Second Section to First Section of Tokyo and Osaka Stock Exchanges.
- 1991 Completed first phase of Tsukuba Plant construction (Ryugasaki City, Ibaraki Pref.).
- 1992 Established IDEC TAIWAN CORPORATION (Taiwan).
- Opened IDEC Technology Research Center in Yodogawa-ku, Osaka.
- 1994 Opened Hamamatsu Distribution Center in Hamamatsu City, Shizuoka and began operations. Moved the Head Office to new location in Yodogawa-ku, Osaka.
- 1995 Established IDEC IZUMI (H.K.) Co., Ltd. (Hong Kong, China).
- 1998 Opened Tatsuno Distribution Center in Tatsuno City, Hyogo and began operations. Opened Tokyo Head Office in Minato-ku, Tokyo and moved Tokyo Office into that head office.
- **2000**
- 2000 Established IDEC IZUMI ASIA PTE LTD. (Singapore).
- 2002 Established IDEC IZUMI SUZHOU CO., LTD. (Suzhou, China).
- Established IDEC (SHANGHAI) CORPORATION (Shanghai, China).
- 2004 Established IDEC IZUMI (H.K.) Co., Ltd. (Hong Kong, China).
- Make IDEC HONG KONG CO., LTD. a holding company.
- Reduced number of shares comprising the minimum stock trading unit.
- 2005 Changed names and logos. Established IDEC (SHENZHEN) CORPORATION (Shenzhen, China).
- 2006 Established IDEC (BEIJING) CORPORATION (Beijing, China).
- 2008 Opened IDEC Sales Office (Yodogawa-ku, Osaka).
- **2010**
- 2010 Opened Osaka Office (Yodogawa-ku, Osaka)
- 2012 Completed renovation on Hamamatsu Plant and commenced manufacture of LED products.

Stock Information

Shares of the Company

Number of shares authorized	150,000,000
Number of shares issued	38,224,485
Number of shareholders	12,052

Note: Treasury stock held at the end of the period totaled 7,113,034 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.	2,586	6.77
The Master Trust Bank of Japan, Ltd.	1,461	3.82
Mizuho Bank, Ltd.	1,312	3.43
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,124	2.94
Nippon Life Insurance Company	1,029	2.69
Toshiyuki Funaki	840	2.20
Keijiro Fujita	773	2.02
Trust & Custody Services Bank, Ltd.	740	1.94
Mikio Funaki	627	1.64
Tsuneo Funaki	607	1.59

As of March 31, 2012

Note: The description of major shareholders above conforms to the content disclosed in the Annual Securities Report.

Corporate Data

Corporate Data

Corporate Name: IDEC CORPORATION

Incorporated: March 26, 1947

Capital Stock: ¥10,056,605,173

Employees: 2,040 (consolidated, as of March 31, 2012) Excluding contract and temporary employees

Stock Listings: Tokyo Stock Exchange, First Section
Osaka Securities Exchange, First Section

Head Office

IDEC SALES OFFICE

Tokyo Head Office

Takino Plant

Head Office:
1-7-31 Nishi-Miyahara, Yodogawa-ku,
Osaka 532-8550 Japan
Phone: +81-6-6398-2500

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

Technology Research Center:
IDEC Technology Research Center

Sales Office:
IDEC SALES OFFICE

Office: Osaka
Plants: Tsukuba, Kyoto, Fukusaki, Takino, Hamamatsu

Sales Branches:
Sapporo, Sendai, Takasaki, Utsunomiya, Omiya, Mito, Tokyo, Tama, Yokohama, Mishima, Matsumoto, Niigata, Toyama, Kanazawa, Hamamatsu, Nagoya, Kyoto, Osaka, Okayama, Fukuyama, Hiroshima, Shikoku, Kitakyushu, Fukuoka, Kumamoto

Distribution Centers: Tatsuno