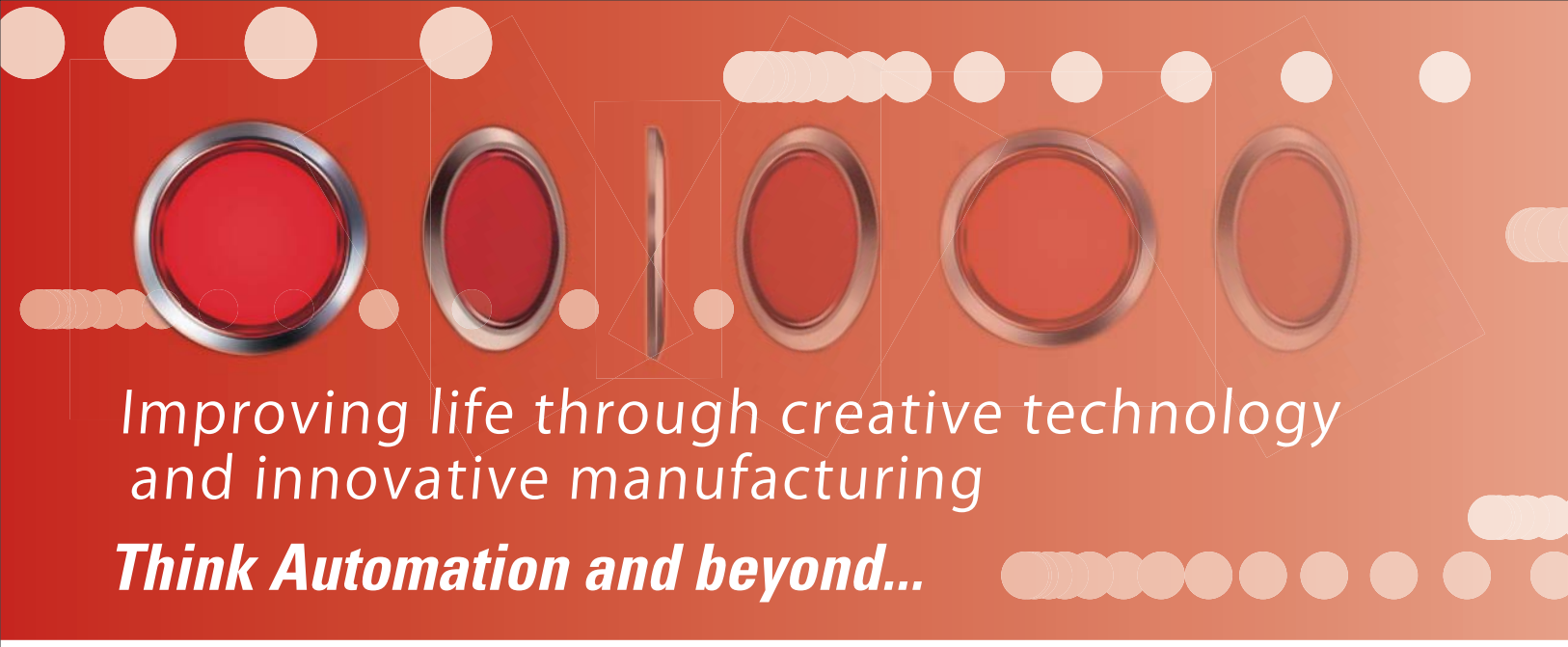
Annual Report 2010

For the Optimal Human Machine Environment

Term ended March 2010
[April 1, 2009 to March 31, 2010]

IDEC CORPORATION



Improving life through creative technology and innovative manufacturing

Think Automation and beyond...

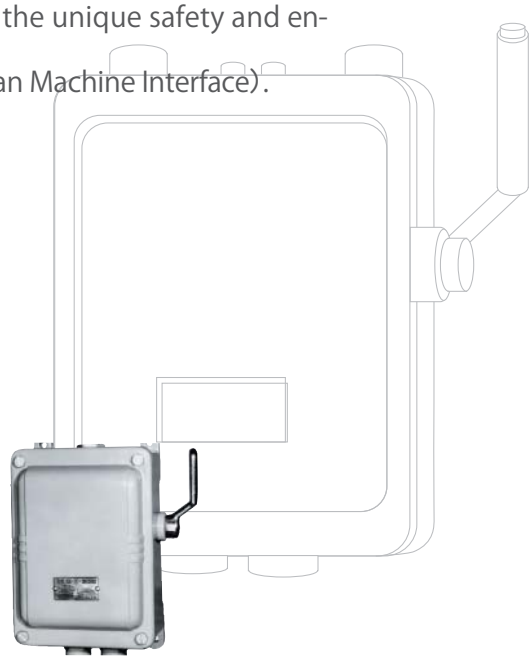
People make mistakes and machinery breaks down. Keeping this in mind, we must ensure the safety of people who use machines when unexpected situations arise.

Since 1950, when we launched the Type SB Heavy Duty Safety Switch*, we have continuously aimed for a higher level of safety.

IDEC's unwavering manufacturing principles of "Do not compromise ideals" and "Do not be content with imitation, but always pursue originality" are still found in our products and services.

We strive to make the human and machine interface safer and more comfortable. The IDEC Group sincerely supports excellent manufacturing affecting people's daily life on a global scale. Our goal is to meet society's expectations by making optimal use of the unique safety and environmental technologies we have cultivated in the field of HMI (Human Machine Interface).

We are the IDEC Group.



* Type SB Heavy Duty Safety Switch

Placing the safety of users first, the lid of the box cannot be opened unless all switches are turned off. The unprecedented feature of a quick-make and quick-break mechanism gained an excellent reputation and was nominated as a designated product by the U.S. occupation forces, which adopted very strict standards at that time. The switch, which was manufactured without changing its design for more than 20 years since its launch in 1950, became the leading pioneer of modern safety-related products.

Contents

Corporate objective (Vision)

Our mission is to contribute to the development of a social economy on a global scale by launching products that give customers satisfaction due to their reliability and safety. Adopting management practices with respect for humanity as our philosophy, we strive to help each employee lead a meaningful life through these activities.

■ Regarding Forward-Looking Statements

This report contains forward-looking statements such as the Company's or the Group's earnings forecasts, plans, policies, management strategies and targets. Except for those regarding facts about the past, the statements are based on management's assumptions and beliefs in light of the information currently available. Various factors may cause the actual results of the Company or the Group to differ materially from those discussed in the forward-looking statements.

Financial Highlights

Although harsh business conditions continue, our profit structure has improved.

Thanks to efforts such as the implementation of emergency measures, we have reduced cost of sales as well as selling, general and administrative expenses; and in so doing we also reduced the break-even point by about 2,400 million yen compared with the previous year.

A recovery trend has become noticeable both at home and abroad.

Overseas net sales showed the fastest recovery in the Asia-Pacific region, especially China. In addition, domestic net sales, which had been lagging behind, also began to recover in the second half.

The LED illumination business is expanding.

The B-to-B custom LED lighting fixture business that began in March 2009 started successfully and the overall Group's sales of LED-related products in fiscal 2010 amounted to about 900 million yen.

Net sales	Operating loss	Net loss	Dividend on equity (DOE)
22,443 million yen	478 million yen	277 million yen	2.4 %

	2010	2009	2008	2010
	Millions of yen			Thousands of US dollars (Note 2)
Net sales	¥ 22,443	¥ 28,002	¥ 34,536	$241,225
Operating income (loss)	(478)	1,461	4,366	(5,143)
Net income (loss)	(277)	184	2,241	(2,986)
As of March 31				
Total assets	35,895	33,279	37,700	385,806
Property, plant and equipment	12,700	10,693	10,896	136,508
Interest-bearing liabilities (Note 3)	2,997	597	836	32,218
Net assets	24,614	25,837	27,652	264,553
Per share information		Yen		US dollars (Note 2)
Earnings per share (EPS)	¥ (8.93) (Note5)	5.94	70.35	$ (0.10)
Cash Dividends per share (annual)	20.00	35.00	60.00	0.21
Book value per share (BPS)	787.63	825.59	881.58	8.47
Financial Indicators				
Return on equity (ROE)	(1.1%)	0.7%	7.8%	
Dividend on equity (DOE) (Note 4)	2.4%	4.0%	6.6%	

Note: 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. The conversion from yen to U.S. dollars is provided solely for the convenience of readers outside Japan. The exchange rate used for the conversion was ¥ 93.04 to US$1, the prevailing exchange rate on March 31, 2010.
3. Interest-bearing liabilities = Short-term loans payable + Long-term loans payable
4. Dividend on equity (DOE) = Annual dividends amount ÷ Shareholders' equity × 100
5. Indices before adjustment for residual securities are listed for periods when a loss was posted.

Medium-term business plan from the fiscal year 2011 to the fiscal year 2013

Policy of the medium-term business plan

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

Establishment of business structure that secures profitability despite being squarely faced with a once-in-a-century financial crisis

Targets for final year of medium-term business plan (The fiscal year 2013)	Net sales	Operating income margin
	35,000 million yen	15% or more

Net sales	Aim for 35,000 million yen (a 55.9% rise from fiscal 2010)
Operating income margin	Aim for an operating income margin of 15% or more by improving profitability through means such as business structure reform.

History of formulation and key policies

The financial crisis that started in the fall of 2008 had a rapid and significant impact on the Japanese economy, which is highly dependent on external demand.

Domestic shipments in the control equipment industry showed the worst decline ever on a six-month basis, surpassing that seen when the IT bubble burst in the fiscal year 2002.

Affected by such rapid changes in the business environment, the IDEC Group developed a new medium-term business plan that started in the fiscal year 2011.

From now, we will aim to establish the business structure that secures profitability despite being squarely faced with a once-in-a-century financial crisis, and give priority to the following three measures during the three-year period until the fiscal year 2013:

Expand market share in the switch business

With the long-term goal of gaining the largest market share of the switch business in the global market, we will first aim to expand our domestic share in the new medium-term business plan. To do this, we will expand the lineup of small switches. In addition, we will try to share the same parts etc. in other main products and further improve profitability.

- Increase market share by further expanding lineup
- Improve profitability by sharing parts and reducing costs
- Restructure the flow of the commercialization process from development to manufacturing

Expand business in China, a priority sales area

While increasing the areas we cover by strengthening the sales system, we will also expand the lineup of products that meet market needs with our local production and local marketing systems.

- Expand areas in which our products are sold
- Expand the lineup of products for Chinese and Asian markets

Promote environment-related business that meets the needs of society

We will strive to expand environment-related business such as the energy-saving field, including the LED illumination business that uses system control technology, and the soil and water remediation field that uses our ultra-micro bubble generating technology (GALF).

- Expand the LED illumination business
- Make efforts for soil water remediation that use our core technologies

Message from top management

Harsh business conditions continue, but our profit structure is improving.


Toshiyuki Funaki
Chairman and C.E.O.

Q1 After fiscal 2010, how do you see and rate the business environment and the IDEC Group's performance?

A1 We implemented various measures to respond to rapid environmental changes, but unfortunately this period we ended up posting an operating loss.

However, I believe that we obtained certain results toward achieving the new medium-term business plan that started in fiscal 2011.

The turmoil in the financial system that originated in the U.S. spread and grew to what has been called a "once in a century" economic crisis, and fiscal 2010 began in a very harsh business environment, following the second half of fiscal 2009. Under these circumstances, the IDEC Group placed this as a starting point for Change IDEC. The Group has worked as one and made focused efforts in the following four areas: 1) reducing costs in all areas by means such as taking emergency measures; 2) restructuring aiming to build a rock-solid management foundation; 3) further strengthening the mainstay switch business; and 4) expanding efforts in the LED illumination business.

In the business restructuring, we liquidated two Group companies in Japan, and promoted aggregation of management resources. In this way, we made a variety of rationalization efforts, and we will continuously investigate how to rebuild the entire Group's manufacturing and sales systems to optimize the Group overall.

In terms of business, aiming to strengthen our control switches, IDEC's mainstay products, we have undertaken fundamental reform that goes beyond the traditional framework of development and production processes, and striven to develop strategic products. In addition, we set up a B-to-B custom LED lighting fixtures business in the LED illumination business. I believe that we were able to take a big step forward in our efforts to make that business one of our new pillars.

As a result of efforts such as these, the IDEC Group's domestic sales for the period under review came to 14,272 million yen (a 21.8% decline year-on-year). In addition, overseas sales were affected by foreign exchange losses caused by a sharp appreciation of the yen, and declined to 8,170 million yen (a 16.2% decline year-on-year). Thus, consolidated net sales were 22,443 million yen (a 19.9% decline year-on-year).

On the earnings front, we implemented emergency measures and made efforts to reduce a variety of costs. We reduced the breakeven point by about 2,400 million yen compared with the previous term. However, these efforts could not make up for the significantly lower sales, and we ended up making an operating loss of 478 million yen for the period.

As mentioned above, unfortunately we posted a full-year operating loss. However, we made a variety of strategic moves toward achieving the new medium-term business plan that started in fiscal 2010, and I believe that we obtained certain results.

Q2 What were net sales and orders like? Also, please tell us about the outlook for the fiscal year 2011.

A2 Net sales are tending to recover as each term passes, and since July 2009 we have been receiving orders for the future.
Given such a situation, in the fiscal year 2011 we anticipate net sales of 28,000 million yen.

In the second half of the previous term, shipments of Nippon Electric Control Equipment Industries Association (NECA), a trade organization to which we belong, decreased by 30.4% in six months, showing an unprecedented level of depression.

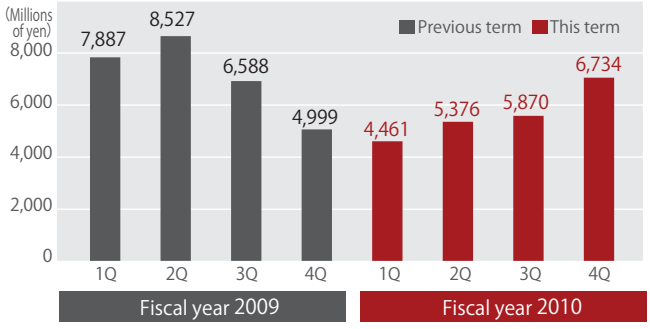
IDEC Group's sales also declined sharply in and after the third quarter of the fiscal year 2009. However, they bottomed out in the first quarter of this term, and have since been recovering steadily.

In addition, although orders received were worth about 4,500 million yen in the fourth quarter of the previous year, the same quarter this year they recovered to a level of about 7,600 million yen. Particularly since July 2009, orders received have exceeded net sales, and the situation is one where we are receiving orders for the future.

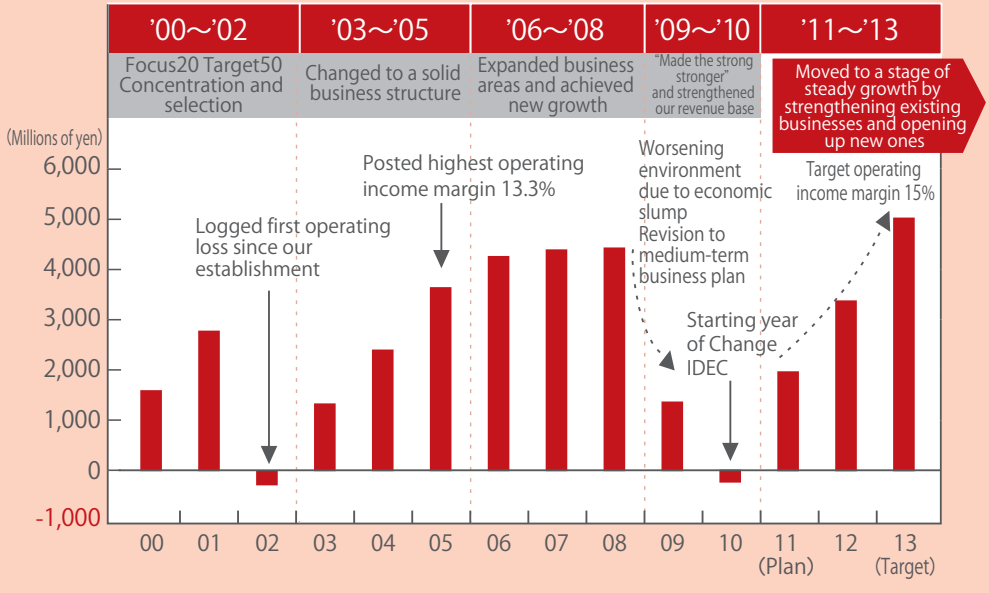
We believe this recovery will continue in the fiscal year 2011. Considering the existing business environment, the IDEC Group will move forward with various key policies based on the new medium-term business plan.

Thus, for the fiscal year 2011 we forecast net sales of 28,000 million yen (an increase of 124.8%), operating income of 1,700 million yen, and net income of 800 million yen.

Changes in quarterly net sales



Changes in consolidated operating income and positioning of the new medium-term business plan



Changes in consolidated operating income

Fiscal 2010 would normally be the second year of our medium-term business plan. However, the IDEC Group reviewed that plan because it was affected by the economic downturn stemming from the financial crisis that began in Fall 2008. Positioning fiscal 2010 as the starting year of Change IDEC, we have striven to build a base for achieving the targets of the new medium-term business plan that will start in fiscal 2011.

In addition, based on these efforts, in the new medium-term business plan and under the theme of "Moving to a stage of steady growth by strengthening existing businesses and cultivating new businesses," we will strive to establish a business structure that will secure profitability. We will do this despite being faced with a once-in-a-century financial crisis.

Message from top management

By further strengthening the existing businesses centering on the switch

Q3 In the new medium-term business plan that started in fiscal 2011, you set "Strengthening the existing businesses centering on the switch business" as the first theme. What specific efforts will you make?

A3 In the switch business, which is the Group's revenue base, we aim to expand the lineup of small switches. In addition, going beyond the conventional framework of design and development, procurement and production, and sales, we will further increase profitability by rebuilding the processes for optimal commercialization.

The Group's switch business is highly rated by customers for its wide line-up of high-quality products, and can boast of having the top market share in Japan. Moreover, it has become a significant revenue base of the Group also in terms of its large scale and profitability.

Therefore, in this switch field, the long-term goal is to gain the largest market share in the global market. First, for the next three-year period, we aim to acquire a market share that is unmatched by other companies, and further strengthen our revenue base.

Specifically, we will expand the line-up of small switches and thus help to achieve compact, space-saving equipment and machinery.

Further, in fiscal 2010 we developed the X6 series of emergency stop switches, and this became a new challenge for the IDEC Group. In the development of this series of products, we went beyond the conventional design and development process, making the most of our internal resources, including the Group's forte of manufacturing technology, and strove to drastically reduce costs. Going forward, by steadily producing results through these kinds of efforts, we will work to rebuild truly optimal commercialization processes.

Strategic product developed in fiscal 2010
Emergency stop switches X6 series

IDEC Group's domestic market share for switches calculated based on shipment statistics of Nippon Electric Control Equipment Industries Association (NECA)

Pushbuttons	37%	Emergency stop switches	49%
Selector switches	63%	Enabling switches	85%
Pilot lights / illuminated control units	50%		

*Calculated by IDEC based on results of fiscal 2010

All about industrial switches

The IDEC Group offers a wide variety of industrial switches that provide high robustness and resistance against harsh environment. Alhough they can be categorized simply as "industrial switches," they have many uses.

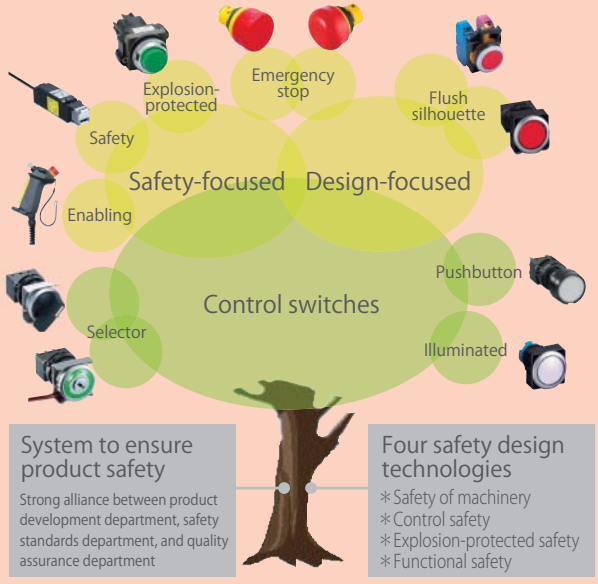
Switches that are operated many times a day, such as those used in machinery or instruments, must have a light operating load*1 so the workers do not get tired by repeatedly pressing them.

On the other hand, switches for use in production sites in heavy industry, such as the iron and steel industry or shipbuilding industry, or in petrochemical plants, where the workers will often need to operate the switches while wearing gloves, require a heavy operating load so the workers can know for sure that the switches have been operated.

In addition to special purpose switches such as emergency stop switches and safety switches, new lineups like design-centric flush silhouette switches are offered according to applications.

In this way, the IDEC Group offers a wide range of industrial switches, numbering about 150,000, and they differ in terms of size, shape, and operating load. With them, we can precisely meet customer needs according to how the product is to be used.

*1) Operating load refers to the power that is required to press switches.



IDEC Group's variety of switches

business, we aim to build a rock-solid management foundation.

Q4 You have raised the second priority theme of "Expanding business in China, an important sales area." Please tell us about the current state of the Chinese market, and the various initiatives you will take in the medium term.

A4 In terms of sales systems, we have continued to expand our network of sales offices in order to increase the area we can cover. In addition, in terms of product strategy, we will accelerate our releases of products for the Chinese and Asian markets.

We are actively working to build a foundation so that we can succeed in the rapidly growing Chinese market. In terms of our sales system, we are actively setting up bases in regions, including inland areas, where demand is expected. While expanding the area we can cover, we will also enrich our structure for offering technical support.

In addition, we will continue to organize our local production and local marketing systems centering on Shanghai, which has the local supervisory function, and our plant in Suzhou.

In terms of product strategy, we have set up an office to supervise Chinese operations in our head offices, and we will accelerate the release of various core products focusing on the Chinese and Asian markets.

Our Group's sales bases in the China area

Sales subsidiaries
Business offices
Business offices scheduled to open in the near future

Q5 Your third theme is "Promotion of environment-related business." Please tell us about the direction in which the LED illumination business is headed and give us an overview of your other environment-related businesses.

Current status of the Chinese market and development of products for the Chinese market

The development of the IDEC Group's Chinese business began with the establishment in 1995 of a sales subsidiary in Hong Kong. Thereafter, in 2002 we established a manufacturing subsidiary in Suzhou, China and also began developing sales offices in Shanghai, Shenzhen and Beijing.

Also in 2000, we developed the YW series of switches, which are our own strategic switches aimed at the Chinese and Asian markets and place relatively greater importance on price compared with the needs of industry in Japan and the West.

The YW Series continues to ensure the reliability of products that the Group is proud of, which are said to be the IZUMI of its quality. By reducing the number of parts and reviewing raw material prices, and further by manufacturing them in the Suzhou Plant in China, they have become a series of products that meet market needs.

Currently, the Suzhou Plant makes products like those shown on the right, centering on switches and relays. While supplying them to a variety of areas, it is also driving the growth of our businesses in the Chinese and Asian markets.

In the new medium-term business plan, we will further accelerate development of market-focused products.


Suzhou Plant, China

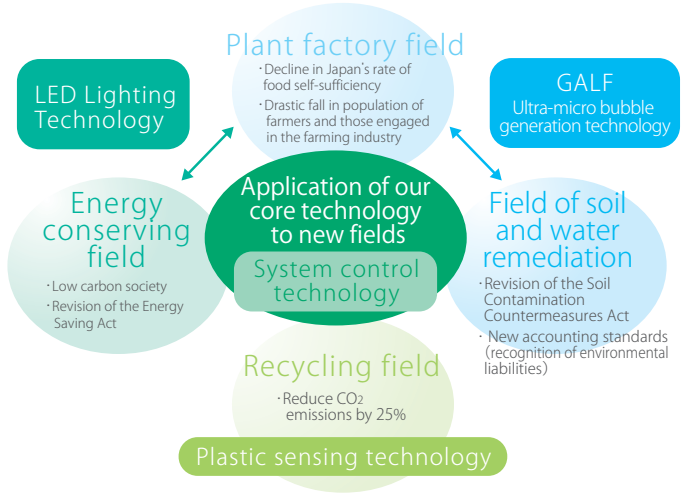

Products manufactured in Suzhou

Message from top management

A5 Using system control technology, the strength of our Group, in four fields that meet social needs, we will collect empirical evidence toward reducing environmental burdens.

Specifically, using system control technology — the Group's core technology — we are making efforts to expand the environment-related business including the energy-saving field such as the LED illumination business and the water and soil remediation field that uses our ultra-micro bubble generation technology (GALF)*2.

Four environment-related businesses



First, in the LED illumination business, we successfully started the B-to-B custom LED lighting fixture business in fiscal 2010 and its customers include convenience stores. We believe we have taken the first step toward making that business a new pillar.

In this area, we will combine the IDEC Group's LED-related technologies, which we established ahead of other companies. With system control technologies, which are IDEC's forte as a pure-play manufacturer focused on control systems, we can provide customers with solutions that can only be offered by a company like IDEC. In the future, we will further expand business in the manufacturing field by means such as developing factory illumination, and aim to achieve net sales of 3,000 million yen in the fiscal year 2013.

In other areas, we began research and development on ultra-micro bubble generation technology (GALF) and plastic sensing technology*3 in 1990. So far we have moved forward with empirical validation for them in fields such as water and soil remediation and plant cultivation. We will make use of them and consider deploying social applications that can meet the needs of society.

Plant factory laboratory that uses GALF and system control technologies

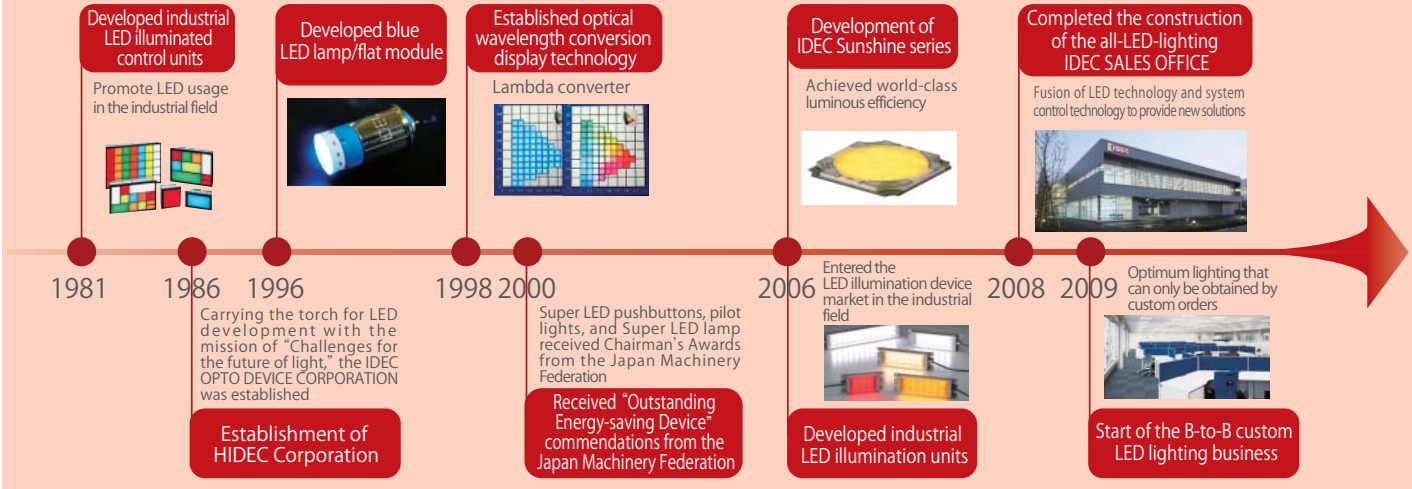
Appearance of GALF system

*2) GALF is our proprietary technology to produce a mixture of gas and liquid by using a pressurized-tube channel system. It generates ultra-micro bubbles and achieves a wide range of application development in fields such as soil and water remediation and in plant factories.

*3) Plastic sensing technology is the world's first technology capable of detecting different types of plastic with the use of a semiconductor laser diode (with five different wavelengths).

History of LED technology in the IDEC Group

The history of LED technology in the IDEC Group began in 1981. We immediately focused on the possibilities offered by LEDs, a new light source with features such as high visibility and low energy consumption. We have developed a variety of LED-related products in the industrial field. Our history of developing and manufacturing control equipment spans over 60 years, while we have been involved in LED technology for about 30 years. Our reliable technological strength supported by these two histories shines the way to a new future for people and illumination.



Q6 What do you think about the CSR activities that have been enhanced since last fiscal year?

A6 Believing that it is essential for our business activities to build mutual trust with all our stakeholders, we will make further efforts to fulfill our social responsibility in the future.

We would like to contribute to society by continuously working under the two themes of "global environmental conservation" and "creation of safety."

Among the elements of the medium-term business plan, we are striving to further develop the environment-related business. And from the perspective of a safe industrial scene, we think we could help solve a number of issues that society is facing by using the variety of technologies that the IDEC Group has accumulated since its foundation. Using our unique technologies, we will uphold our principles of "Do not compromise ideals" and "Do not be content with imitation, but always pursue originality" for our customers and society at large.

We believe that facing challenges with those unwavering principles will lead to us winning the trust of all our stakeholders.

Q7 Finally, please tell us your ideas about profit distribution to shareholders.

A7 We will continue to follow the basic idea of steadily paying interim and year-end dividends and will continue to follow a dividend policy that focuses on profit distribution to our shareholders.

Management decided to pay a year-end dividend of 10 yen per share, bringing annual dividends to 20 yen per share, including an interim dividend. With maintaining stable payment of the interim and the year-end dividends as its basic policy, the Company intends to adopt a flexible dividend policy that responds to changes in business performance and the business environment, and gives serious consideration to profit distribution to shareholders.

Finally, I would like to ask for your continued support in the years to come.

July 2010

Toshiyuki Funaki
Chairman and C.E.O.

Topic

World's first! We have developed a device that uses a robot to sort out, collect and recycle a variety of plastics

In collaboration with Mitsubishi Electric Engineering Corporation and Osaka University, IDEC has developed for the first time in the world a device that can sort out, collect and recycle a variety of plastics. The system is getting a test run now in two places, in cooperation with the Nara COOP and Osaka University COOP.

As can be seen from Photo A, this device has a width of about 1.7 m, a depth of about 2.1 m, and a height of about 1.7 m.

Plastic products like containers are put in the slot in the front, shown in Photo B, and a laser sensor determines what material they are made of in a few seconds. They are then sorted into compartments by a robot arm. IDEC has for the first time in the world developed a laser sensor that can sort six kinds of plastic materials.

Currently, collection boxes are placed in supermarkets and other places, and they are mainly used to collect two types of waste plastic: polyethylene terephthalate (PET) used in plastic bottles, and polystyrene (PS) used in food trays and other items. Of all the waste plastic generated in Japan, only about 21% is recycled as plastic*4.

From now on, if plastic sorting proceeds with the introduction of this system, it will be possible to recycle other four kinds of plastic such as polyethylene (PE), which is often used in detergent and shampoo containers. This will help reduce CO_2 emissions that arise when they are incinerated.

This development was commissioned by the Kansai Bureau of Economy, Trade and Industry as a pilot project for promoting technological seeds and demonstrating social systems for a low-carbon society for fiscal 2009. We will conduct further research toward commercializing it.

*4) Calculated using actual statistics from the Plastic Waste Management Institute for 2008

[Photo A] Appearance of the device

[Photo B] Putting containers in the slot in the front

IDEC at a Glance

Summary of Business Performance by Region and Product

In fiscal 2010, the global economy emerged from recession. In the first half of the fiscal year there was a gradual economic recovery. In the second half, there was a round of inventory adjustments, and the domestic market also saw signs of a recovery. However, overall the business environment still remained harsh. In such a harsh business environment, looking at results by product, sales of LED illumination products grew. Meanwhile, by area, the fastest recovery was seen in the Asia-Pacific region, especially China. However, recovery in the domestic market started a bit late, and net domestic sales were 14,272 million yen (a 21.8% decline year on year), while overseas sales were 8,170 million yen (a 16.2% decline year on year).

Industrial Components

Flush silhouette switch CW series

Industrial LED illumination unit

Industrial Components consist of core components for HMI (human-machine interface), such as control switches, pilot lights and display lights, and also safety components to achieve safety systems, and timers, relays, circuit protectors, sensors and industrial LED illumination-related components.

- Control switches, Pilot lights and Display lights, Relays, Circuit protectors
- Sensors
- Industrial LED illumination units

Control System Equipment and FA System Components

Programmable logic controller FC5A type

Programmable display unit HG2G type

Control System Equipment and FA System Components include programmable logic controllers, which function as the "brains" of the machinery and equipment; programmable displays and pendants providing the ideal interface between people and machine, Σ panels that facilitate standardization of panels; and system products and barcode reading systems that are developed based on customer needs.

- Programmable logic controllers, Programmable display units, Pendants
- Σ panels, System products

Peripheral Control Components

Switching power supply PS5R-S type

Terminal block BN1U type

Peripheral Control Components are composed of basic components for machinery and equipment control such as switching power supplies, constant-current power supplies for LED illumination, communication terminals, terminal blocks, sockets and control boxes.

- Terminal blocks, Sockets, Control blocks
- Transmission terminals, Switching power supplies, Power supplies for LED illumination

Safety and Explosion-Protected Control Equipment

Intrinsically safe and flame proof programmable display: EX4R series

Safety relay barrier EB3N type

Safety and Explosion-Protected Control Equipment consist of intrinsically-safe, flameproof, pressurized and increased safety, explosion-protected equipment. These products prevent possible accidents from occurring in places where combustible gas is used, such as petrochemical plants and general factories.

- Explosion-Protected Equipment

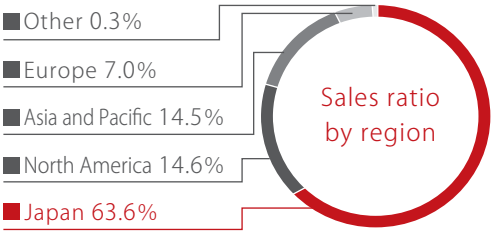
Other Components

LED line illumination for ceiling

RFID entry control system

Other components are comprised of integrated products that create the optimized work environments with a total perspective on HMI. These include commercial LED illumination units, security products, and equipment designed to solve environmental problems, such as air-bubble water generators and ozone blenders.

- Commercial LED illumination units
- Environment-related equipment
- Other components



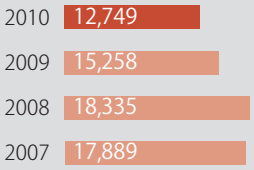
Domestic
63.6% 14,272 million yen Down 21.8% year-on-year

Overseas
36.4% 8,170 million yen Down 16.2% year-on-year

Sales ratio

56.8%

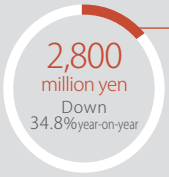
Change in net sales (fiscal year)



Summary of Industrial Components

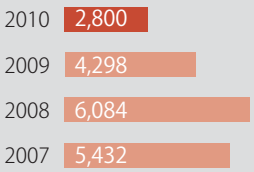
In the second half of fiscal 2010, products such as safety products and industrial LED illumination units saw a significant recovery. In addition, our mainstay control switches saw a continued recovery. However, year-on-year sales fell significantly, and in fiscal 2010 sales of Industrial Components amounted to 12,749 million yen (a 16.4% decline year on year).

Sales ratio



12.5%

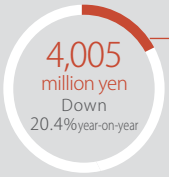
Change in net sales (fiscal year)



Summary of Control System Equipment and FA System Components

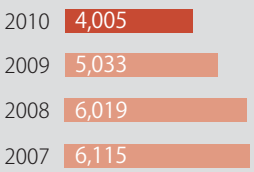
In the second half, the recovery was remarkable in particular for Σ panels for the machine tool industry. There was also a gradual recovery in other products such as programmable controllers. However, year-on-year sales declined significantly, and in fiscal 2010 sales in Control System Equipment and FA System Components products were 2,800 million yen (a 34.8% decline year on year).

Sales ratio



17.8%

Change in net sales (fiscal year)



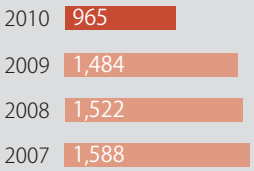
Summary of Peripheral Control Components

Affected by sluggish investment demand overall, domestic sales of terminal blocks fell significantly. In addition, though sales of power supplies for LED illumination units grew in Japan, those for other power supply products fell sharply in regions in North America. As a result, sales of Peripheral Control Components declined 20.4% year-on-year to 4,005 million yen.

Sales ratio

4.3%

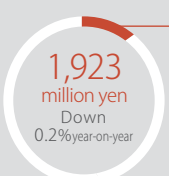
Change in net sales (fiscal year)



Summary of Safety and Explosion-Protected Control Equipment

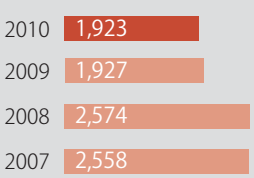
In fiscal 2009, full-year sales of these products were relatively favorable compared with other products. However, this term sales of Safety and Explosion-Protected Control Equipment were sluggish and decreased 35.0% year-on-year to 965 million yen.

Sales ratio



8.6%

Change in net sales (fiscal year)



Summary of Other Components

The B-to-B custom LED lighting business that was launched at the end of last term uncovered new business demand, and sales of LED lighting units for convenience stores, other stores and offices grew significantly. Consequently, sales in Other Components declined only 0.2% year-on-year to 1,923 million yen, remaining at almost the same level as last year.

Businesses connected by the IDEC Group's technologies

Control Component Business

IDEC has an outstanding track record and a wealth of accumulated knowledge in the field of HMI (Human Machine Interface), such as how to make the human-machine interface more comfortable and safer. This know-how has been put to superb use in manufacturing products that enable us to ensure safety. IDEC's various user-friendly products have enjoyed an excellent reputation as a reliable brand throughout the world.

Industrial Components business

While saving time and labor in a variety of ways, such as reducing wiring and processes while saving space and energy, various control units are ergonomically designed for maximum operating comfort. Aimed at improving the safety and comfort of its users, IDEC has been supporting the creation of an optimal environment for people and machines.

Automation Components business

We provide customers with a variety of automation components such as programmable controllers which function as the "brains" of the machinery and control and integrate a combination of complex components. Giving comprehensive consideration to users and their working environments, IDEC has been supporting the creation of an optimal environment for people and machines.

Explosion-Protected and System business

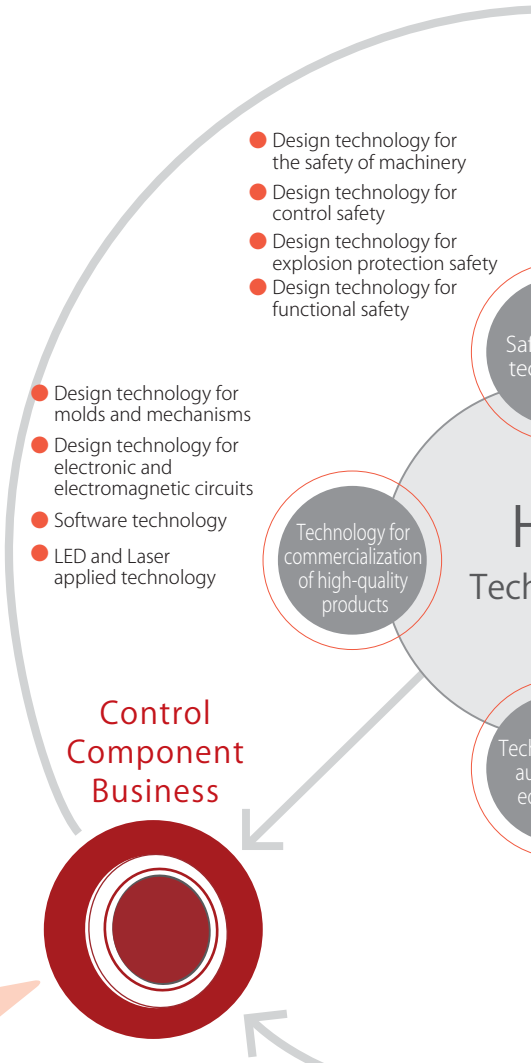
The Company offers a variety of explosion-protected products that prevent explosions in places where combustible gas is used, such as petrochemical plants. We also offer various products harmonized to match the needs of our customers. In addition to improved safety and productivity in hazardous locations, we are earning the trust of our customers by providing products that are the best system products to meet individual needs.

LED illumination business

These are the products that IDEC has a significant edge, with the expertise in LED technologies and also control technologies that must be highly reliable for use in industrial fields. In the four core technologies of lighting system design and manufacturing technologies, reliable LED packaging technology, light control system technology, and highly efficient power supply technology for LED illumination, we are continuing to work hard for the future of light.

Meeting social needs

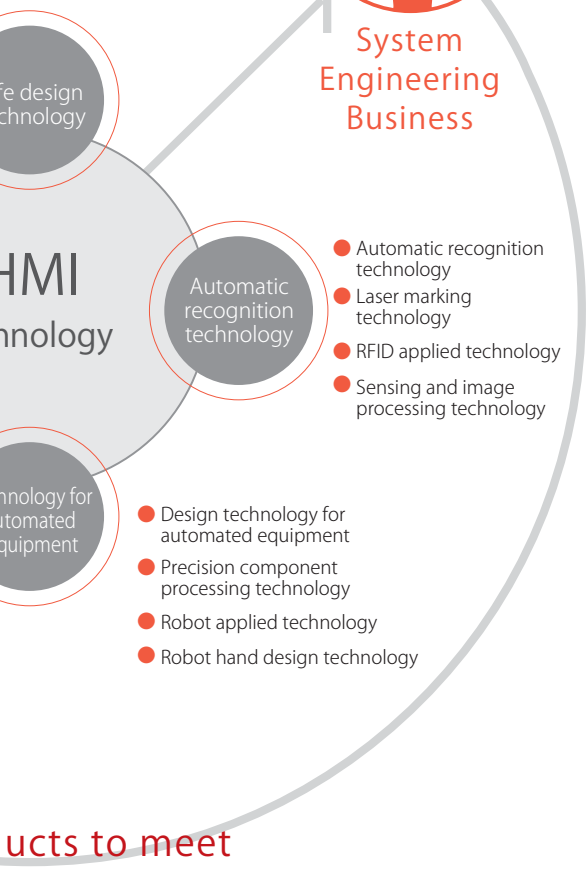
The Company is meeting new social needs through a variety of control technologies it possesses. These include our ultra-micro bubble generation technology (GALF), which is employed in the soil remediation and water purification fields and in the field of plant factories, and our plastic sensing technology used in the recycling field.



Delivering a variety of prod
the needs of the industrial

Proposing the best solution to site-specific issues.

System Engineering Business



ucts to meet
working environments.

System Engineering Business

Under a sales system that emphasizes the importance of face-to-face talks with customers, IDEC has been providing solutions that outperform competition by carefully watching and analyzing the workplace. Based on the solid technology it has cultivated in the control components business, IDEC is expanding the potential of automation in all areas, including the commercial use LED lighting area, and creating new values.

■Examples of IDEC products introduced in the commercial LED illumination field

LED lighting for major convenience store chain

Example of LED lighting for use in stores

A major convenience store chain employed our LED lighting at the new stores opened in fiscal 2010. This lighting was line lighting that employs a unique optical lens to concentrate and diffuse light, securing the optimal and required brightness to match the requirements of each store and space. In addition, when used in combination with our proprietary dimming control system, which employs a combination of power supplies and controllers, it also helps to create the optimal illuminated space in the store.

Lighting control system used by Sony Enterprise Co., Ltd.

Example of lighting control system

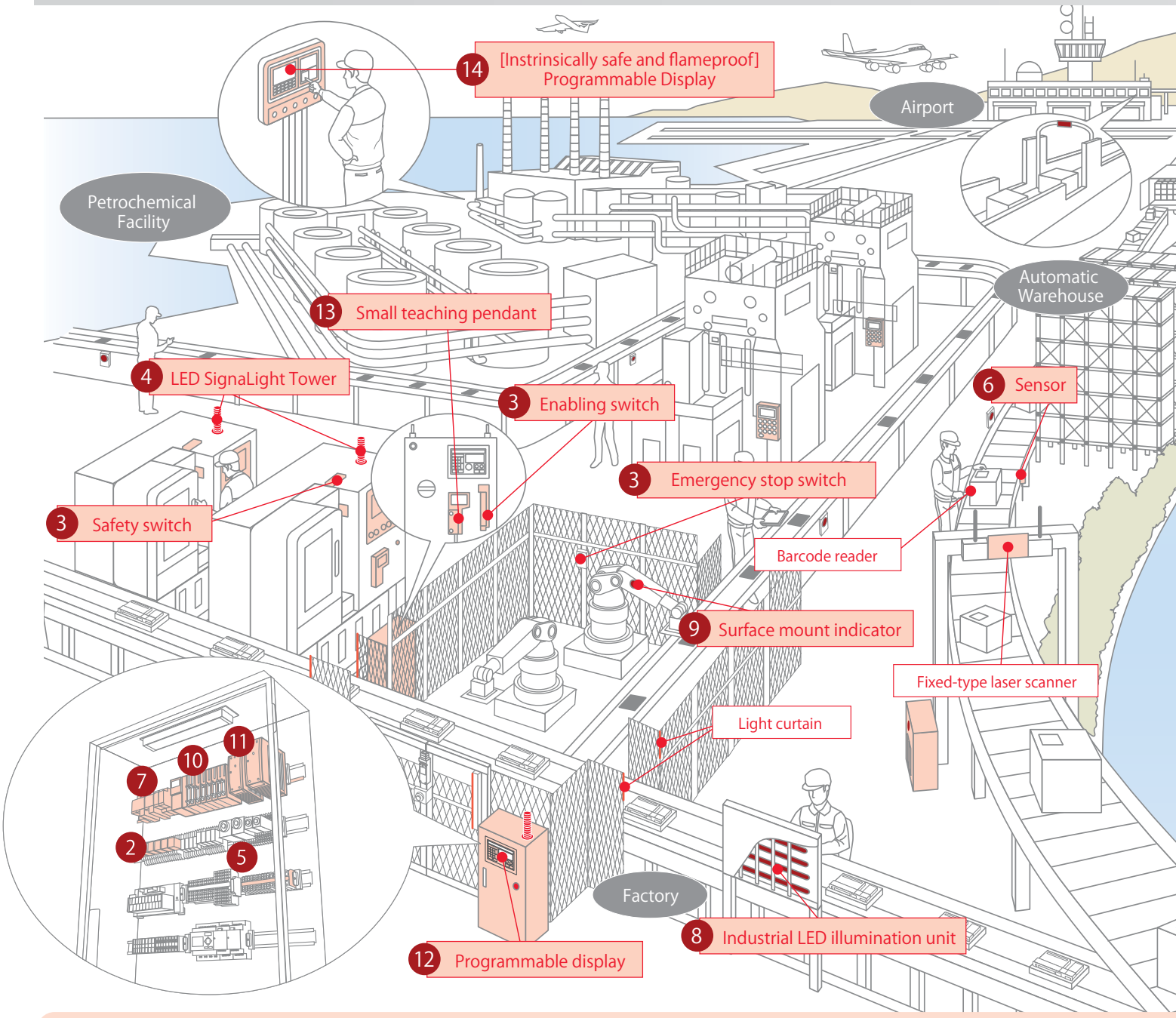
Sony Enterprise Co., Ltd. is using an LED lighting control system in the entrance hall of the Sony Building in Ginza (Chuo-ku, Tokyo). By using a programmable controller and a power supply with dimming control, this system dims the lighting in the daytime when bright sunshine enters; conversely, in the evening when not much light enters, it increases the illumination. In this way, it performs automatic lighting control.

As shown in the above examples, our system engineering business is helping to optimize lighting spaces to match the way they are used and contributing to energy conservation by simultaneously providing lighting control systems and parts such as controllers and power supplies that form their components.

Engineers rewrote the design over and over before products were allowed to proceed from the drawing board to the production line.
How can we ensure the user's safety while making the product user-friendly in various ways?
We have always asked ourselves this question while thinking of the customers who will use the products we design.
An encounter with other people may change our lives.
So does an encounter with technology.
Collaboration between people and new encounters with technology enable us to provide an optimal solution to our customers.
The IDEC Group's new challenge continues.

We're IDEC

Where the IDEC group products are used



1 Control switch

2 Control relay

3 Safety-related equipment

4 LED SignaLight Tower

9 Surface mount indicator

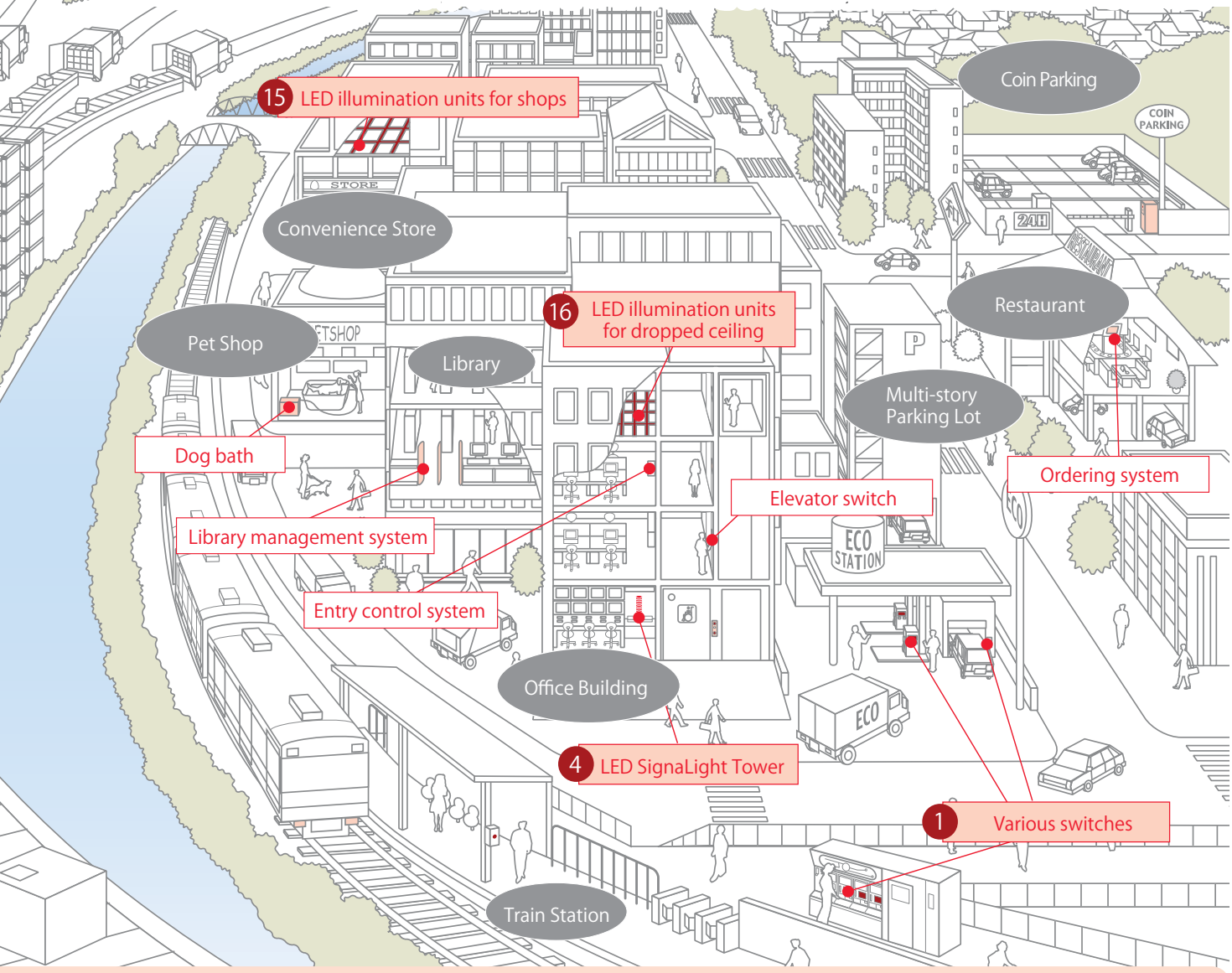
10 Programmable logic controller

11 Switching power supply

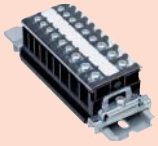
12 Programmable display

Making Human Machine Interface safer and more comfortable

The IDEC Group products create safety and comfort in various environment where human and machine interact.



5 Terminal block



6 Sensor

7 Circuit protector

8 Industrial LED illumination unit

13 Small teaching pendant

14 Programmable display

15 LED line illumination for ceiling

16 LED illumination units for dropped ceiling

New medium-term business plan and being of use to society

Proposing various solutions to a variety of social needs

Strengthening the switch business

There are a variety of needs for control switches. The IDEC Group has a diverse product lineup to meet a wide range of requests and has acquired the top market share in Japan. Currently, the Company has put forward three themes and is working hard to better serve our society.

Atsushi Matsumoto
Business Unit Manager, Industrial & Safety Products Business Unit

Pursuit of greater safety

Based on the concept of "Let's think about the current highest possible safety!" the Company has developed its third-generation* of switches. These not only comply with international safety standards but also ensure safety in the event of any damage arising from human error, excessive force or an impact. They employ the Company's unique safety design that prioritizes the safety of people.

We will continue to deliver world-class security and reliability under the concept of manufacturing safety through technology.

*See page 27 for details.

■Third-generation X series

Considering design

We have a large lineup of highly reliable and safe products that remain easy to operate while also being design-conscious.

We have launched stylish products including the LW series and CW series. We have high expectations for not only the design aspect of our products, but also their features such as reducing the adhesion of dust and preventing malfunctions due to accidental contact. They can meet diverse needs.

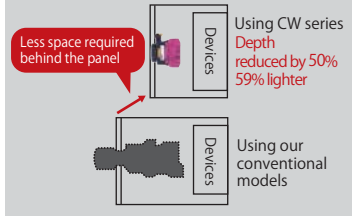
We will continue to deliver products that can be used in not only industrial sites but also every aspect of our society.

■Flush silhouette switches

Construction of environmental solutions business to help save space

Equipment and machinery are becoming more and more compact. The Company has been ahead of other companies in reviewing their conventional structure. Through means such as reducing the depth of panels, we support the miniaturization of equipment and saving-space. While ensuring even higher safety in the future, we will achieve the world's smallest equipment and machinery, and save space.

■Reducing the required mounting space

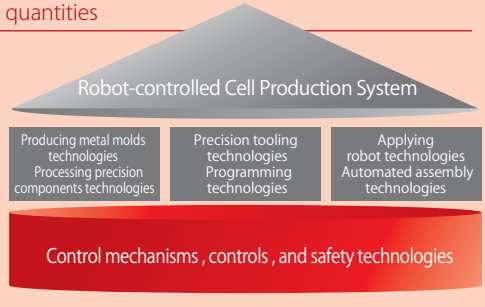


Robot-controlled cell production system can manufacture a variety of products in variable quantities

First Monozukuri Nippon Grand Award

Coordinating a variety of elemental technologies such as our control technology cultivated over many years, mold production technology, precision parts machining technology, and safety control technology, we have developed in-house an automated cellular production system using robots.

We fully implemented this system in our production sites in 2000, and thereafter it has continued to evolve and become a source of competitiveness for our products such as switches.



Strengthening Customer Service in the Chinese Market

Against the background of remarkable growth in China and the rest of the Asian market, China is playing an increasingly important role as a base for manufacturing.

By expanding its system for developing products that match market needs and offering support, the IDEC Group is supporting production activities in Asia.

Expand local procurement and local production

While accelerating product development to meet market needs, we are strengthening our production system in our Suzhou Plant, enhancing our local procurement abilities, and improving our production processes in order to more quickly and more appropriately meet the needs of customers.

The Suzhou Plant will continue to link up with the head offices' functions and turn out products that can satisfy customers from both the aspects of price and quality.

■IDEC (SHANGHAI) CORPORATION

■IDEC IZUMI SUZHOU CO., LTD.

Establishment of sales and service centers

Expanding from our present structure of four sales companies and eight sales branches, we will establish regional offices in areas that are expected to see further economic development in the future.

Also, we will further strengthen communication with customers by increasing the alliance between sales subsidiaries and the Suzhou Plant, strengthen the "Japan Desk" support system in order to offer more detailed service to local Japanese companies, and further enhance the dissemination of information in Chinese.

■Strengthen service and support system

Improved support offered by Japan Desk in China

Enhanced transmission of information in Chinese

Structure the environmental solutions business

The IDEC Group proposes solutions to various challenges and other environmental issues, and creates new ways to improve the lives of people. The LED illumination business, over which we exercise control, is achieving new LED illumination by taking advantage of four technologies we have acquired over many years, such as our proprietary high-efficiency LED devices offering a good energy-saving performance. It will develop lighting systems that can reliably withstand harsh field conditions and comply with the characteristics and applications of the spaces in which they are installed, responding to a wide range of requests.

Tsutomu Ota
Business Unit Manager, LED Lighting products Business Unit

IDEC's four lighting technologies

【Product】
Design and manufacturing technology for lighting equipment

Taking advantage of our highly reliable manufacturing technology honed in the industrial working environment, we propose optimal lighting systems and illuminated spaces that match the place and the way they are used.

【LED Device】
Highly-reliable LED package technology

Leveraging our experience and expertise accumulated over many years, we produce reliable LED devices in-house. We meet the needs of users with our unique phosphor-preparation technology.

【Control System】
Technology for dimming control systems

Using our extensive lineup of control devices, we provide the best system to suit your needs.

【Power Supply】
Highly-efficient power supply technology for LED illumination units

We have developed power supplies in-house with high conversion efficiency and good energy conservation features. They also comply with the Electrical Appliance and Material Safety Law and harmonics regulations (PSE mark).

IDEC LED illumination LUMIFA website

www.lumifa.idec.com/

According to the purposes and needs of our customers, we take advantage of the latest control and LED technology and create optimal spaces for people and illumination. That is IDEC's Order LED Lighting.

Other environmental solutions business

●Soil and water remediation ●Plant factory ●Recycling various plastics See pages 9 and 10 for details.

IDEC's technologies shine in the areas of safety and the

We uphold the unwavering manufacturing principles of "Do not compromise with easy alternatives" and "Always pursue originality." Placing these principles as the starting point and harmonizing our technological development and innovation, centering on the two areas of safety and the environment, we are helping to improve the lives of people using our products.Our efforts continue, spanning over sixty years.

The Excellence Award of the Monozukuri Nippon Grand Awards

The Minister of Economy, Trade and Industry Special Prize for Best Contributors to Product Safety

For safety improvement

General-purpose pushbuttons

1958
N series

1981
TW series

1986
A series

Emergency stop switches

1965
N series

1981
TW series

Safety switch *1

1950
Type SB Heavy Duty Safety Switch

Circuit protector *2

1968 NR

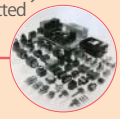
1979
NRA series

Technology for safety of machinery

Explosion-protected control box

1953
Explosion-protected safe fluorescent light

1960 Increased safety explosion-protected control box



1974
Pneumatic equipment series

Relay barrier *4

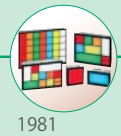
Explosion-protected safety technology

IDEC Spirit of Manufacturing Excellency

For environmental protection

1952
Fluorescent pearl stand

LED technology



1981
SLC series combination display lights (with LED elements)

1989
Established LED manufacturing technology

GALF Ultra-micro bubble generation technology

1990
Started basic research

*1) Safety switches are installed on the doors guarding dangerous moving parts such as machine tools. They allow the machine tools to start up and operate only when the door is closed and the actuator is inserted into the switch.
*2) Circuit protectors safeguard a wide variety of devices such as electronic circuits, electrical equipment, transformers, and motors, and ensure safety in the event of short circuiting or excess current when normal circuit breakers cannot work.
*3) Enabling switches are installed on hand-held devices, such as grip switches, to allow machines and robots to operate only when the operating button is maintained in a specific position. If the operator's grip is released due to some unexpected machine operation or the button is strongly gripped, the circuit is interrupted to protect the operator from danger.

environment


1990
H6 series

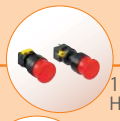

1993
HW series


1993
L6 series


2006
Flush silhouette switch
LW series


2009
Flush silhouette switch
CW series


1993
HW series


1995
H6 series


2003
XA/XW series


2006
XN series


2010
X6 series

Enabling switches *3


1998
HE1B


2001
HE2B
HE3B
HE1G


2003
HG1T


2009
HE6B
HE2G


1995
HS1 series


1997
HS1E


1997/2002
HS5B
HS6B


2005
HS5E


2006
HS6E


2009
HS5D
HS1L


1984
NRF series

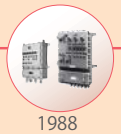

1992
NH1 series


2008
NC1V

Functional safety technology

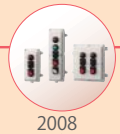

2008
FS1A safety
controller

Safety improvement


1988
ECG


1994
EC2A


1997
EC1A


2008
EC2B


1975
IBR


2002
EB3C


2009
EB3N safety
relay barrier

LED SignaLight Tower


2008
LD6A


1996
Blue LED
lamp/flat module


2006
IDEC Sunshine series

Industrial LED lighting


2006
LF1A

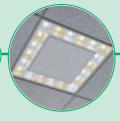

2008
LF1B


2009
LF1D
LF2D


2010
LF1E

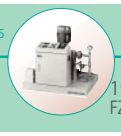
Industrial LED lighting

System control technology


2009
LG series

Environmental protection

GALF
-applied equipment *5


1993
FZ1A series

1995
FZ2A series
of ozone blenders

1996
BS series of small package-
type pressurized flotation
separation systems

2008
FZ1D series

*4) Relay barriers are contact signal converters placed between input devices, such as pushbutton switches located in explosion hazardous areas, and control equipment, such as PLCs located in non-hazardous areas. They prevent explosions by restricting the energy produced when the contact opens and closes to intrinsically safe levels.

*5) Devices that employ GALF (GAS LIQUID FOAM) are compact package-type pressurized flotation separator devices. They integrate an agglutination tank, flotation tank, and treated water tank with our unique multiphase gas-liquid technology as a core. In addition to the soil remediation and water purification fields, they are used in items such as environmentally-friendly dog baths that do not require shampoo.

Officers and Organization chart

Officers

Toshiyuki Funaki
Chairman and C.E.O.

Mikio Funaki
Senior Executive Vice President

Keijiro Fujita
Director

Hisaichi Yamane
Director

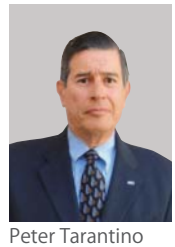
Akira Toyokura
Outside Director

Takeshi Nakagawa
Outside Director
(Standing Advisor to Toshiba Corporation)

Managing Officers

Toshihiro Fujita
Managing Executive Officer
Chief Technology Officer

Hideyuki Kitayama
Managing Executive Officer
Manufacturing Strategy and Quality Assurance



Peter Tarantino
Managing Executive Officer
Grobal Business Development

Hirosuke Mikasa
Officer
Marketing

Shigekazu Kawase
Officer
Control Components Sales

Tomoyuki Nakano
Officer
System Engineering

Yoshihiko Nishiyama
Officer
Corporate Business Planning Administration

Auditors

Masayuki Furukawa
Standing Corporate Auditor

Hirokazu Taniguchi
Outside Corporate Auditor

Masanori Sakamoto
Outside Corporate Auditor

Masataka Kawahito
Outside Corporate Auditor

Business Unit Manager

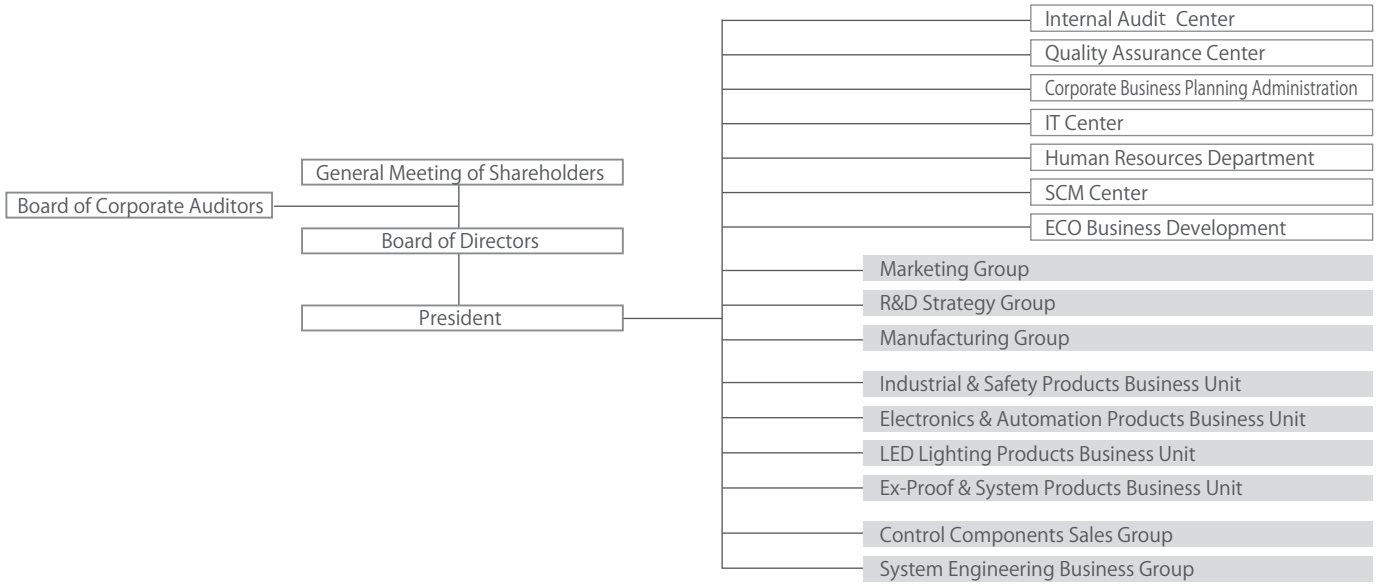
Atsushi Matsumoto
Industrial & Safety Products Business

Tomonori Nishiki
Electronics & Automation Products Business

Tsutomu Ota
LED Lighting Products Business

Yasuharu Kawanaka
Ex-Proof & System Products Business

Organizational Chart



Attitude toward social responsibility

Since its foundation the IDEC Group has contributed to society through the growth of its business, which is one of its corporate philosophies. We set "spreading safety" based on many years of experience in developing safety-related products, and "contribution to global environmental conservation" by developing and spreading environmentally-conscious products as the two main objectives of our Corporate Social Responsibility (CSR) activities.

The company participated in the United Nations Global Compact (GC) in February 2009. We are aiming to understand and contribute CSR activities from a global perspective, by supporting GC 10 Principles as a participating company of GC, and strengthen the network with other participating companies.

We will continue to implement CSR activities in line with the GC 10 Principles and further expand its efforts to fulfill its social responsibility.

Toshiyuki Funaki
Chairman and C.E.O.

THE GLOBAL COMPACT
WE SUPPORT

The 10 Principles of the United Nations Global Compact

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

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

[ENVIRONMENT] Businesses are asked to:
7: support a precautionary approach to environmental challenges;
8: undertake initiatives to promote greater environmental responsibility; and
9: encourage the development and diffusion of environmentally friendly technologies.

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

Action policy

Company-wide achievements and issues to tackle

As part of our own strategy, culture and business to steadily promote activities conforming to the GC 10 Principles, we have raised issues to tackle for each item of environmental effort, safety effort, efforts relating to human rights and employees, and efforts of corporate governance, compliance and risk management. They are being steadily practiced in each of our head offices and departments. The issues and main achievements for fiscal 2010 are as shown in the following table.

Fiscal 2010 CSR goals

Item	Issues to tackle for fiscal 2010	Results
Environmental effort	Review and operate environment management system	Based on the environment management system, implemented continuous audits and started to review the medium-term environment plan (Quality Assurance Center)
	Make efforts to reduce environmental impact	Achieved reductions from the previous year for all indicators (Company-wide)
	Develop and expand sales of environmental-conscious products	Developed products including the LF series of LED illumination (R & D Group)
	Promote environment-related business	Expanded new business areas such as the plastic separator (R & D Group)
Safety effort	Develop and expand sales of safety products	Developed products such as the HS5D safety switch (R & D Group)
	Contribute to reducing industrial accidents	Held 165 safety consultations or seminars (R & D Group)
	Nurture human resources who create safety	Number of persons qualified as safety assessors reached 176 (Company-wide)
Efforts relating to human rights and employees	Promote research on human rights and human rights education activities	Continued activities of the Human Rights Committee (Human Resources Department)
	Create a safe workplace, reduce industrial accidents	Conducted workplace patrols by the Health and Safety Committee Made before-work inspections with the check sheet (Manufacturing Group)
Efforts of corporate governance, compliance and risk management	Manage and operate an internal control environment	Maintained and improved the operational efficiency of IT control environment, established a software license management system (IT Center)
	Strengthen the compliance system	Continued to send the compliance information (Corporate Business Planning Group)
	Strengthen the risk management system	Reviewed the Risk Management Committee (Corporate Business Planning Group)

Responsibility and activities for protecting the global

Green Technology

Not only making sure to meet the obligations of protecting the environment in our daily business operation, we are contributing to a wide range of environmental applications by integrating key technologies and system control technology we have cultivated for many years. These fields include the areas of water purification, plant cultivation and plant factories, energy conservation, biodiversity, recycling and soil remediation.

In the laboratory of IDEC's plant factory, we are conducting demonstration experiments on areas such as GALF's effect on plant growth and LED lighting's effect on the promotion of photosynthesis and combating pathogens.

Development of Environmentally-Friendly Products

Development Policy, Evaluation Criteria

We in the IDEC Group established our basic policy for product development in 1978. Since then, we have based the fundamental concept of optimal control based on saving resources at the heart of our product development. Since 1982, we have striven to widely introduce the effects of saving resources under the slogan of "SAVE ALL."

Still today, with this saving as the fundamental concept, we assess whether our products are environmentally friendly from the two aspects of product structure and product features. We will continue to develop environmentally-friendly products that conserve energy, reduce mounting space, reduce processes, require little maintenance and consume few resources.

Design Criteria for Environmentally-Friendly Products

Elements of consideration	Product structure	Product features
Recycling, reuse	Ease of recycling	They have applications and product features that help to recycle resources and contribute to recycling.
	Ease of disassembly	
	Ease of disposal	
Saving resources and energy	Volume and weight reduction	They have applications and product features that help to conserve resources and energy.
	Reduced power consumption	
	For long-term use	
Environmental friendliness	Chemical substance regulations	They have applications and product features that help to protect the environment.

Products developed in fiscal 2010

LF series of industrial LED illumination units

Utilizing features, such as their energy-efficiency, long life, lightweight, compactness, and robustness, since the 1980s LED devices have been replacing conventional lamps and fluorescent lights as a lighting source in the industrial scene. In fiscal 2010, we have been developing the LF1D and LF2D models of super-bright LED illumination units that achieve the degree of protection that is dust-proof, waterproof and oil-proof, and the LF1B of super-bright LED illumination device that runs on 200V AC.

environment

Environmental Management

Under its environmental policy, the IDEC Group is moving forward with the construction of domestic and international environmental management systems, aiming for continuous improvement.

Basic Environmental Policy

Basic Philosophy

The IDEC Group recognizes that the coexistence of business growth with the global environment is a common wish of humankind. In all aspects of our business activities, we put our first priority on preservation of the environment in order to contribute to realizing the sustainable growth of society.

Policy

1. In all of our business areas, we pursue the idea of "SAVE All" and establish organizations and operating systems that promote and practice global environment preservation activities.
2. We identify how much impact our business activities exert on the environment, set environmental objectives and goals within an economically and technically achievable extent, review such objectives and goals, and make continuous improvement efforts to preserve the global environment, including pollution control.
3. We comply with all applicable laws, regulations, ordinances, treaties and other legislations relating to environmental preservation. In addition, we establish self-imposed internal standards to further promote environmental preservation.
4. The planning and development departments contribute to environmental preservation by developing environment-conscious products and improving existing products.
   The production department contributes to environmental preservation by developing and improving environment-conscious manufacturing technologies and controlling and monitoring wastes discharged from the production process.
   The sales and distribution departments contribute to environmental preservation by reducing the environmental impact of the activities conducted throughout the distribution channel of our products.
5. In all of our business activities, we strive to save resources and energies, promote recycling and reduce waste with a view to global environmental preservation.
6. We establish environment management systems, conduct internal auditing and maintain and make continuous improvements in the system.
7. We provide environmental education and training to all employees to communicate our Basic Environmental Policy and enhance the environmental awareness of our employees.
8. We actively participate in and help environment-related social activities.

Certification Status of Environmental Management Systems

The IDEC Group is establishing systems for environmental preservation aimed at acquiring an international standard for environmental management systems. In fiscal 1998, after examination by the Japan Quality Assurance Organization (JQA), the Head Office/Technology Research Center and some other sites acquired ISO14001 certification. Currently, we have acquired certification at the following sites:

The following sites have acquired ISO 4001, the international standards for environmental management systems (As of May 2010):

- Head Office/IDEC Technology Research Center (including IDEC SALES OFFICE) / Osaka City
- Tsukuba Plant/Ryugasaki City, Ibaraki
- Fukusaki Plant (including the Takino Plant/Kato City, Hyogo) / Kanzaki-gun, Hyogo
- Kyoto Plant/Nagaokakyo City, Kyoto

External Examination Results

External examination in accordance with the regulations on environmental management systems was implemented on four sites in fiscal 2010. As a result, one case relating to improvement notice B was pointed out, and we completed taking corrective action. In no cases did we violate environmental laws and regulations.

External Examination Results

Subject sites	4 sites
Strong points	2
Improvement notice A	0
Improvement notice B	1
Opportunity for improvement	32

Improvement notice A : One or more requirements are missing, or matters are not acted upon or the status is not maintained
Improvement notice B : Matters do not meet the requirements but they are not applicable to improvement notice A
Opportunity for improvement : There are matters that are thought to lead to better system operation if they are improved

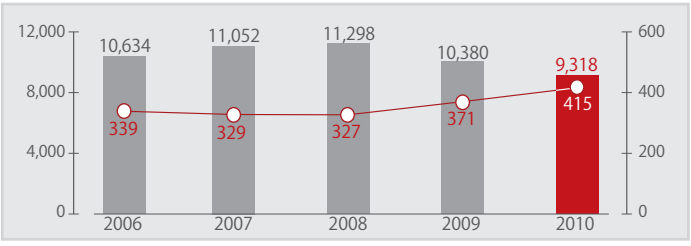
Responsibility and activities for protecting the global environment

Activities to mitigate environmental burden

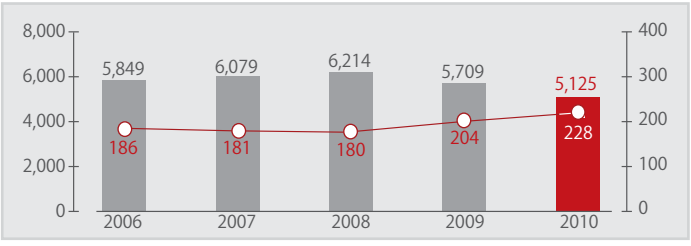
Conserving energy, preventing global warming

We are striving to control emissions of greenhouse gases, aiming to reduce them by 5% in fiscal 2013 compared with the levels seen in fiscal 2001. In fiscal 2010, we set the goal of emitting no more than 500t-CO_2 every month. Accordingly, we set the air conditioning to an appropriate temperature setting, switched off lights during the lunch break, and avoided using lights near windows by letting in natural light. This enabled us to reduce our electricity consumption and we achieved the goal.

Changes in electricity consumption



Changes in CO_2 emissions



Topic

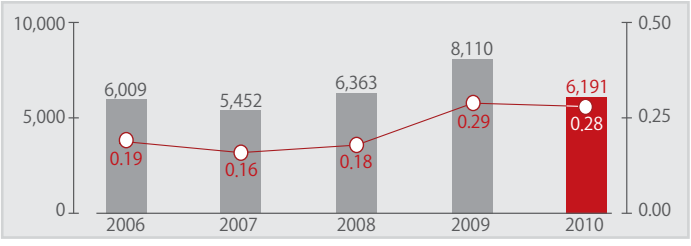
Received the New Office Award by switching to LED lighting throughout the building

The energy-saving effect from the IDEC SALES OFFICE switching entirely to LED lighting was highly rated, and it was given the Kinki New Office Encouraging Prize, which is presented to ingenious and creative offices, at Nikkei The Best Of New Offices 2009.

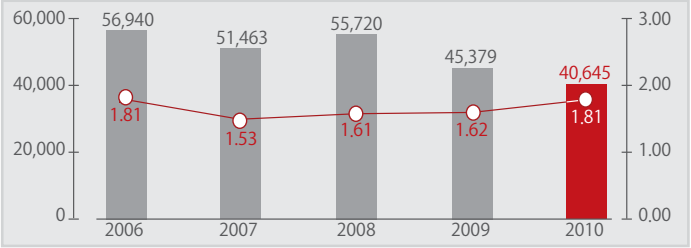
Saving resources

We strove to recommend that our staff use both sides of copying paper and also encouraged them not to make photocopies, and managed to cut the amount of paper we use by 23% year on year. We also achieved the goal of not exceeding the previous year's level in terms of amount of water used.

Changes in amount of paper used



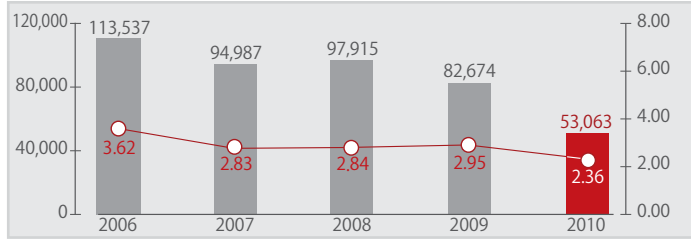
Changes in the amount of water used



Reducing waste

Having set up the goal of not exceeding the previous year's level, we reduced the amount of waste we generate by about 36%. We will continue to make improvements aiming to substantially reduce waste.

Changes in amount of waste generated

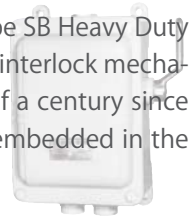


Notes : 1. Unit represents consumption/emissions/discharges per annual sales.
2. Year in each graph represents fiscal year.
3. Range of data aggregation: Head offices, IDEC SALES OFFICE, Tsukuba Plant, Kyoto Plant, Fukusaki Plant, Takino Plant, and Tatsuno Distribution Center.
4. We adopt the figure of 0.555t-CO_2/1,000 kWh for the CO_2 emission coefficient for electrical power.

To create safety in industrial sites

IDEC's DNA in manufacturing safety

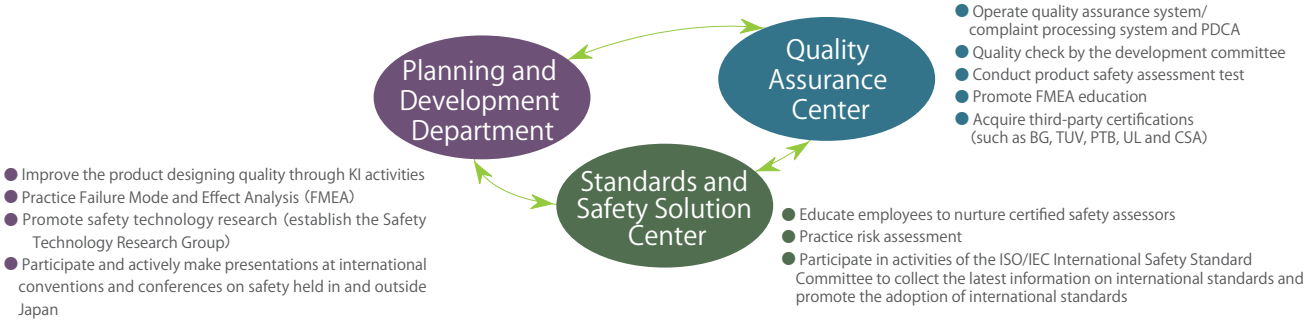
The IDEC Group places "helping to reduce industrial accidents" as an important social responsibility, and has been delivering a variety of safety and explosion-protected products to a wide range of industries. "Safety" is the most important keyword for the IDEC Group. Its history stretches far back, with the development of the Type SB Heavy Duty Safety Switch developed in 1950, with its interlock mechanism that protected workers. For over half a century since then, the concept of safety has become embedded in the IDEC Group' s DNA and been passed on.



Developing products that create safety

System to achieve product safety

In order to deliver products with high safety, the IDEC Group has established a system to link the functions of the Planning and Development Department, Quality Assurance Center, and Standards and Safety Solution Center. The Planning and Development Department uses the KI method *1 and FMEA *2, which are evaluation and analysis methods, to extract problems such as design changes and errors and the effect and frequency of failures, and solve them in advance. In addition, the Quality Assurance Center operates quality assurance systems and systems to process customer complaints. It feeds back the information about product quality that is obtained in this way to inside the Company. It also conducts product safety evaluations in accordance with strict criteria and helps to maintain and improve product quality. By conducting risk assessment and internal human resources training, utilizing leading-edge information on international standards, and working to achieve international standardization, the Standards and Safety Solution Center is helping to make our products safe.



＊1) The KI method: A method of identifying problems and actions to take to make business visible, and then using organizational capabilities to improve the quality of the work
＊2) FMEA: A method of analyzing component failure modes and the effects on upstream items to find potential defects or faulty designs (JISZ8115)

Products developed in fiscal 2010

Detects the removal of the operating head and cuts off the main circuit

HS5D safety switch

Using its function to detect the removal of the operating head, this safety switch ensures the main circuit is OFF when the operating head is detached. It prevents workers and other persons from disabling the safety switch and keeps workers safe.

Explosion-protected safety and machine safety in one unit

Intrinsically safe explosion-protected EB3N safety relay barrier

Realizes explosion-protected safety and machine safety in hazardous areas. By connecting to safety input devices (such as emergency stop switches) set up in explosion hazardous areas, it is possible to create a safety system that ensures both explosion-protected safety and machine safety.

To create safety in industrial sites

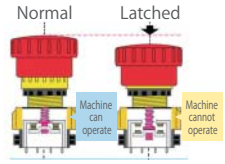
Topic

Safety technology for the third-generation*3 emergency stop switches, with the perspective of the safety for people

Safety technology of X series emergency stop switches

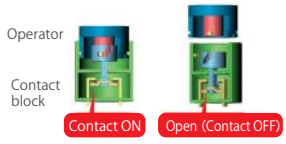
Reverse Energy Structure

When the switch is pressed and it is in a latched state, the energy inside the switch is released, and the main contact is OFF. When damaged by a large external force, the contacts will turn off, thus stopping the machine operation. (Patented)



Safe break action

When the contact block is detached from the operator, the rotating cam directly opens the NC main contacts (OFF). This prevents dangerous failures by contact welding. In addition, the detached contact block is kept in the OFF state to maintain safety. (Patented)



■International safety standards' requirements for the structure of emergency stop switches

① Easily identifiable and easily operated, red mushroom-shaped button against a yellow background.
② Uses NC contact of direct opening action.
③ To prevent sudden unexpected start-up, the emergency stop function shall be maintained by the latched operator, until it is reset manually.

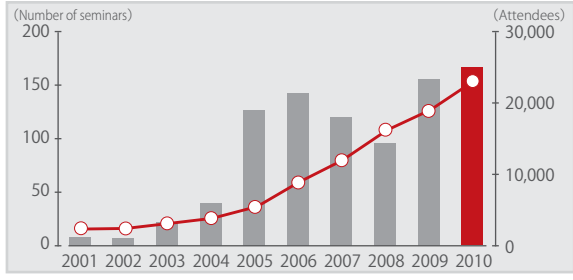
*3) First-generation: Switches made before the establishment of international safety standards (compatible with international safety standards 1 and 2)
Second-generation: Switches that meet international safety standards (compatible with international safety standards 1 to 3)
Third-generation: Switches that meet international safety standards, developed with even more consideration on operator safety (compatible with international safety standards 1 to 3 and that also have unique safety features)

Proposing safe manufacturing

Holding seminars

We hold the Safe Manufacturing seminar, which covers basic knowledge about safety and information about international safety standards through risk assessment exercises. In addition, we hold the Explosion-Protected seminar, which focuses on regulations, standards and on-site measures relating to the explosion-protected theme. In fiscal 2010, we held the seminars 165 times in Japan. A total of 4,021 people participated, lifting the grand total of participants since we began holding the seminars to over 20,000.

Total seminar attendees and seminar numbers



Safety consulting

We offer consultations about safety and support companies in their efforts for risk assessment. We provide a support service covering all processes from identifying the hazard to designing and implementing measures to estimate, evaluate, and reduce risks, aiming to visualize and reduce risks.
It is generally considered difficult to realize both safety measures and high productivity at the same time at industrial sites. At the IDEC Group, safety assessors possessing a wealth of experience and advanced knowledge on machine safety provide safety consulting, endeavoring to achieve both safety and productivity simultaneously.

Training professionals manufacturing safety

Training people to be qualified safety assessors

When conducting risk assessment, it is very important to immediately to confirm the validity of safety. Also in the development and diffusion of safe products and consulting, it is people who can confirm the validity of safety that affect quality. Based on this idea, the IDEC Group is educating employees to acquire safety assessor qualification*4 mainly in the Standards and Safety Solution Center. As of July 1, 2010, there are 176 such qualified personnel in the entire Group.

*4) Safety assessor qualification is a certified qualification attesting that a person has the ability to confirm the validity of safety measures, established by the alliance among the Society of Safety Technology and Application (a workshop comprised of members from the governmental, academic and private sectors), the Nippon Electric Control Equipment Industries Association and others.

Three-grade safety assessor qualification and the number of safety assessors in the Company

15 people

Safety lead assessor

[Having the ability to conduct third-party assessment as a leader of assessors]

Having the comprehensive ability to assess the validity of safety measures from the viewpoint of a third party, in addition to the capabilities required of an assessor

27 people

Safety assessor

[Having the knowledge and ability of risk assessment management]

Having a comprehensive ability to assess the validity of safety measures, in addition to the capabilities, expertise and practical knowledge required of a sub-assessor

134 people

Safety sub-assessor

[Having basic knowledge on risk assessment management]

Having basic knowledge on risk assessment management and able to conduct risk estimation

I reaffirmed the importance of safety equipment

Industrial & Safety Products Business Units, Planning and Development Department

Takeo Yasui

(Safety sub-assessor qualification acquired in fiscal 2006)
(Safety assessor qualification acquired in fiscal 2010)

I am responsible for the safety switch that detects the opening and closing of the guard that covers machine tools and other equipment. In studying for the qualifications, I was able to reaffirm the importance of safety equipment, and that was a big achievement. Now, I am working hard to come up with safe designs that pay even further consideration to cases where operators use equipment in unintended ways. At the same time, I am striving to spread the concept of "zero risk" based on risk assessment.

Efforts for International Standardization

Incorporating safety into international standards

So that customers throughout the global market can use our products with peace of mind, we are researching and analyzing international standards that concern control and many types of machinery, equipment and systems. It is important to provide products that meet those standards. The IDEC Group is amassing a variety of know-how by developing products that meet a variety of international standards and participating in activities to establish international safety standards. We then use that know-how to develop products that comply with such standards and provide information to customers. In the fields of safety standards, such as control safety, machine safety, function safety, and explosion-protected safety, becoming more sophisticated and complex day by day, the IDEC Group has dispatched many experts to international conventions and conferences in such fields. These experts act as representatives of the Group and communicate excellent safety technologies to the world.

Topic

Ministry of Economy, Trade and Industry (METI): Standards and certification business succeeded in creating IEC international standards on enabling switches

In 2003, we proposed to the IEC a new standard regarding enabling switches, devices that we have been developing since 1997. Issued in 2006 as international standards, the external view of IDEC's products is adopted by the IEC standard just as it is, as an application example.

Responsibilities and activities for human rights and employees

Management respecting human dignity

Basic personnel policy

The IDEC Group puts emphasis on people and their development and practices management respecting human dignity. We have established a basic personnel policy that expresses our basic ideas regarding skills development, personnel development, performance assessment, personnel treatment and support for next-generation human resource developments, in addition to the principle of respecting human rights. The Company's Corporate Ethics and Code of Conduct also includes the IDEC Group's human rights policy of having high esteem for people's human rights.

Basic Personnel Policy

1. Esteem for people
The Company handles personnel matters (personnel development, pertormance assessment, assignment and treatment), in the spirit ot "esteem for people's dignity," and creates a corporate culture that supports employees' development.

2. Development of people
The Company strives to develop employees who fully understand the objectives and meanings of the Company's basic management policy and are able to fulfill their tasks and responsibilities by practicing that policy.

Human rights policy (Corporate Ethics and Code of Conduct)

We respect and support the protection of international human rights. We will participate in the advancement of these human rights by understanding and defending these rights as our own.

Human Rights Committee

The Company has formed a committee that conducts research on human rights and promotes human rights education activities, and it is involved in subjects such as mental health and harassment. In fiscal 2010, we formulated Mental Health Guidelines, aiming to quickly detect any mental health disorders in the workplace.

Supporting the activities of women

In order to promote understanding about "Positive Action," we provide information about introducing the system, problems that arise after its introduction and their solutions, and examples of its use in other companies by means such as the in-house newsletter. In this way, we raise awareness about utilizing women's abilities.

Promoting the employment of people with disabilities

Many people with disabilities are active in several locations such as our Head offices and the Kyoto Plant. Not only have we achieved the legal minimum employment rate of 1.8%, but also we are promoting the acceptance of people with disabilities at work, aiming to have them work enjoyably and for a long time at the workplaces they have been assigned to.

In March 2010, we held the "Joy of Working Forum in Otokuni" in Nagaokakyo City, Kyoto, where the Kyoto Plant is located. There, we introduced our initiatives such as those relating to the state of the workplace and accepting people with disabilities.

Creating a better work environment

Safe working environment

To ensure the safety of employees at work, we have established a Corporate Safety Committee and set up Health and Safety Committees as its subsidiary organizations in each of our bases and offices. In this way, we are investigating health and safety policies, and researching hazards and risks and their countermeasures.
In addition, we have organized a risk assessment committee, and we are creating standards related to risk assessment and giving advice and recommendations about the implementation of assessment in each office and plant. Aiming to achieve the goal of "zero accidents," we are striving to build a safe work environment.

Employees' health management

In collaboration with physicians and health insurance associations, while enhancing a system for regular health checkups and health consultations we are raising employees' awareness about health and periodically sending them information about mental health, thereby supporting employees in their health management.

IDEC Group REPORT from USA

IDEC CORPORATION, located in Sunnyvale, California, is providing welfare including various insurance systems and superannuation payments, fitness facilities and tennis and basketball courts. It is also enhancing its educational support programs such as those that cover part of employees' education expenses.
Also, aiming to have a better work environment, it has established systems such as an open-door policy that revitalizes communication between general employees and management, and the setting up of a suggestion box to receive employees' suggestions. It holds picnics and barbecues to encourage interaction among employees and their families, and aims to promote teamwork at work, building a bright and friendly corporate culture.

To remain a trusted company

Corporate governance

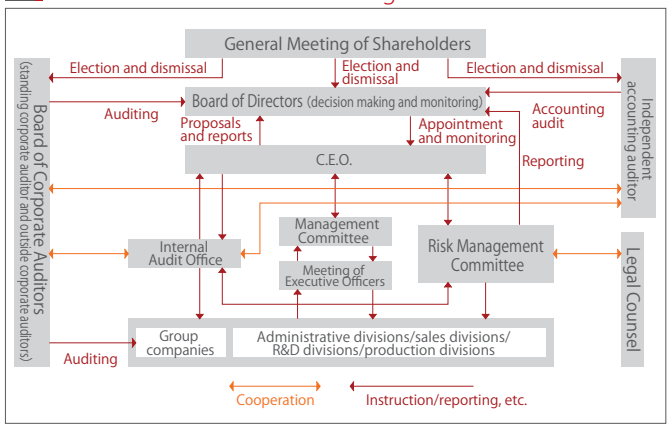
Organizational structure

In order to ensure management transparency and efficiency, we actively appoint independent directors and we introduced an executive officer system in 1998. We separate the routine executive functions performed by corporate officers and the decision-making and supervisory function fulfilled at the board of directors' meetings. They are operating based on mutual tension.

Also, we have established a system in which auditors can adequately monitor the execution of duties at board of directors' meetings, by for example having auditors attend all board of directors' meetings. In this way, we strive to ensure the legality of our business operations.

In order to enhance internal control concerning financial reporting, we have established an Internal Audit center as an independent monitoring agency and it is ensuring transparency of operations.

Internal Control Between Organizations



Compliance and risk management

Establishment of the IDEC Group Corporate Ethics and Code of Conduct

We formulated the Corporate Ethics and Code of Conduct in 2001 as principles that are shared by all organizations within the IDEC Group. In February 2008, we issued "Corporate Ethics and Code of Conduct, Third Edition" and we distribute it to officers and employees as principles that are shared by all organizations within the IDEC Group, both in Japan and overseas. In this way, we disseminate information and promote compliance.

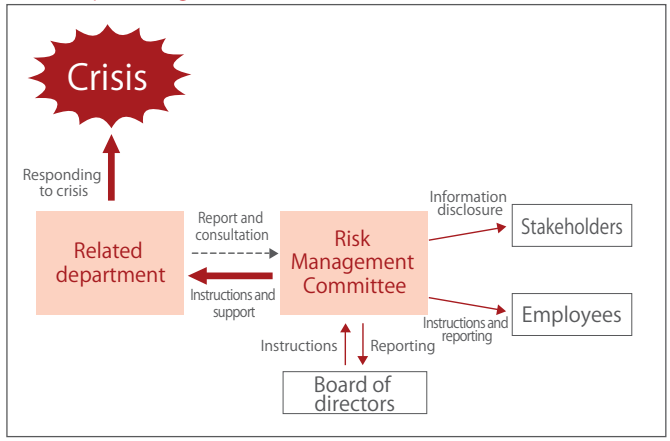
The third edition of Corporate Ethics and Code of Conduct

① Stakeholder Relationships
② Quality
③ Development and Manufacturing
④ Procerement
⑤ Sales Activities
⑥ Accounting Practices
⑦ Information Management
⑧ Environmental Preservation
⑨ Respects for Human Rights
⑩ Social Contributions

Risk management structure

The Company has Crisis Management Regulations, which stipulate rules and procedures for avoiding crises and minimizing the damage caused by the occurrence of any crisis. Moreover, the Company has a Risk Management Committee chaired by the C.E.O., which is responsible for daily risk management for avoiding crises and responding quickly to the occurrence of any crisis.
Further, the Company provides a hotline for employees to use if they have questions about corporate ethics or when they have doubts regarding their own acts or other employees' acts. Also, we have formulated Internal Reporting Rules aiming to protect whistle-blowers and those coming for consultation, and are increasing the opportunities for risk detection.

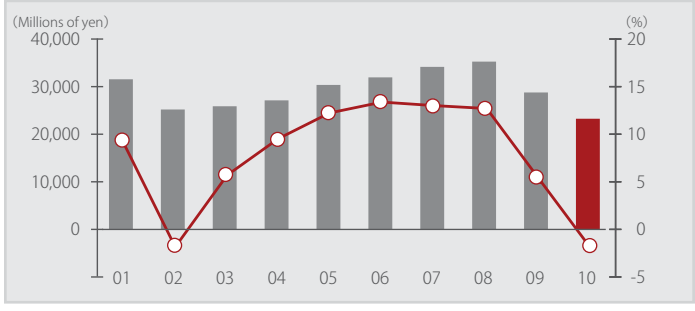
Responding to Crisis



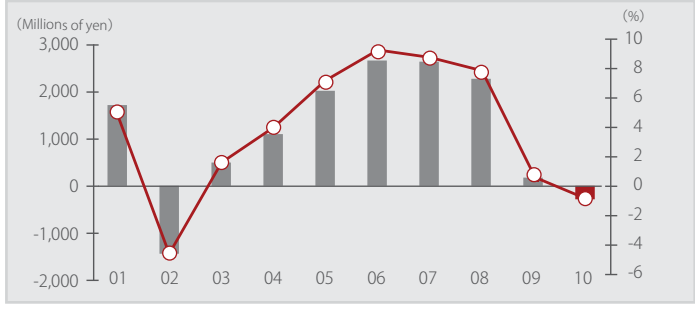
10 Year Financial Highlights (Consolidated)

	2010	2009	2008	2007
Profit and Loss Status (Years ended March 31)				
Net sales	¥22,443	¥28,002	¥34,536	¥33,584
Gross profit	9,747	13,207	16,800	16,403
Selling, general and administrative expenses	10,226	11,745	12,433	12,044
Research and development expenses	1,737	1,736	1,979	2,071
Operating income (loss)	(478)	1,461	4,366	4,359
Ordinary income (loss)	(294)	1,232	3,919	4,579
Net income (loss)	(277)	184	2,241	2,616
Cash Flow Status (Years ended March 31)				
Net cash provided by (used in) operating activities	2,377	2,261	4,480	1,281
Net cash provided by (used in) investing activities	(4,056)	85	(1,504)	(2,347)
Free cash flow (Note 2)	(1,679)	2,347	2,976	(1,066)
Net cash provided by (used in) financing activities	1,573	(2,121)	(3,009)	(3,054)
Depreciation and amortization	1,360	1,312	1,028	816
Capital expenditures	3,780	1,024	1,266	812
Financial Status (As of March 31)				
Total assets	35,895	33,279	37,700	40,166
Total Interest-bearing liabilities (Note 3)	2,997	597	836	182
Total Shareholders' equity	24,505	25,683	27,413	30,271
Per Share Information (Yen)				
Earnings per share (EPS) on a diluted basis (Note 4)	(8.93)	5.94	70.35	79.54
Book value per share (BPS)	787.63	825.59	881.58	943.04
Cash Dividends per share (annual)	20	35	60	60
Financial indicators (%)				
Gross profit margin	43.4%	47.2%	48.6%	48.8%
Operating income margin	(2.1%)	5.2%	12.6%	13.0%
Return on equity (ROE)	(1.1%)	0.7%	7.8%	8.6%
Shareholders' equity ratio	68.3%	77.2%	72.7%	75.4%
Current ratio	186.7%	309.2%	243.1%	287.3%
Dividends on equity ratio (DOE) (Note 5)	2.4%	4.0%	6.6%	6.4%

Net sales / Operating income margin



Net income / ROE



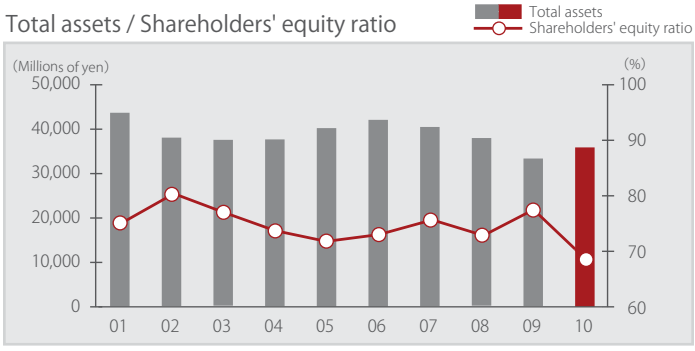
Note: 1. Effective from the year ended March 31, 2007, net assets are presented based on the accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" and the "Implementation Guidance for the Accounting Standard for Presentation of Net Assets in the Balance Sheet." Figures of net asset items reported in and before the year ended March 31, 2006 and relevant financial indicators were restated and recalculated in accordance with these standards and guidelines.

2. Free cash flow = Net cash provided by (used in) operating activities + Net cash provided by (used in) investing activities

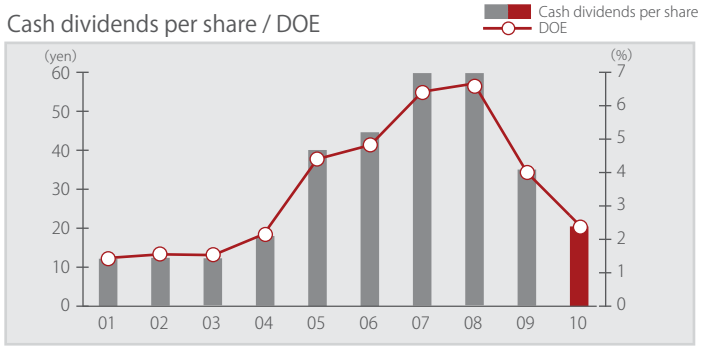
Millions of yen

2006	2005	2004	2003	2002	2001
¥ 31,377	¥ 29,626	¥ 26,321	¥ 25,226	¥ 24,809	¥ 31,008
15,516	14,318	12,605	11,553	10,579	13,848
11,336	10,708	10,108	10,103	10,995	11,000
1,947	1,982	1,829	1,653	1,759	2,093
4,180	3,610	2,496	1,450	(416)	2,848
4,385	3,717	2,348	1,426	(631)	3,463
2,678	1,987	1,128	515	(1,415)	1,718
2,858	2,780	2,708	3,456	1,323	2,131
(1,753)	(708)	(259)	(549)	(521)	(631)
1,104	2,072	2,448	2,907	801	1,499
(1,653)	(1,015)	(1,765)	(1,755)	(1,619)	(1,442)
773	855	1,035	1,239	1,411	1,376
632	596	520	478	667	1,486
42,143	40,438	37,846	37,647	38,064	43,827
485	594	516	529	776	1,086
30,777	28,865	27,849	28,966	30,544	32,933
80.92	60.60	33.85	14.20	(37.36)	44.32
943.02	888.30	851.99	826.76	818.90	856.43
45	40	18	12	12	12
49.5%	48.3%	47.9%	45.8%	42.6%	44.7%
13.3%	12.2%	9.5%	5.7%	(1.7%)	9.2%
9.0%	7.0%	4.0%	1.7%	(4.5%)	5.3%
73.0%	71.4%	73.6%	76.9%	80.2%	75.1%
281.4%	292.1%	293.7%	309.8%	338.2%	263.8%
4.8%	4.4%	2.1%	1.5%	1.5%	1.4%

Total assets / Shareholders' equity ratio



Cash dividends per share / DOE



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. Dividends on equity (DOE) = Annual dividends ÷ Shareholders' equity ×100

Consolidated Balance Sheet

As of March 31, 2010 and 2009	Millions of yen 2010	2009	Thousands of US dollars (Note 2) 2010
Assets			
Current assets			
Cash and deposits	¥6,654	¥6,821	$71,523
Notes and accounts receivable-trade	4,631	4,061	49,783
Merchandise and finished goods	3,048	3,818	32,768
Work in process	710	703	7,638
Raw materials and supplies	1,967	2,026	21,149
Deferred tax assets	530	564	5,706
Others	628	354	6,754
Allowance for doubtful accounts	(41)	(51)	(444)
Total current assets	18,131	18,299	194,879
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	3,572	3,954	38,402
Machinery, equipment and vehicles, net	927	1,181	9,967
Tools, furniture and fixtures, net	507	733	5,456
Land	4,350	4,364	46,756
Lease assets, net	331	342	3,565
Construction in progress	3,010	116	32,358
Total property, plant and equipment	12,700	10,693	136,508
Intangible assets			
Software	675	341	7,258
Lease assets	40	44	437
Others	20	21	216
Total intangible assets	736	406	7,913
Investments and other assets			
Investment securities	807	1,004	8,679
Long-term loans receivable	7	9	80
Deferred tax assets	1,547	1,241	16,628
Others	2,059	1,717	22,134
Allowance for doubtful accounts	(94)	(93)	(1,017)
Total investments and other assets	4,326	3,879	46,505
Total noncurrent assets	17,763	14,979	190,927
Total assets	¥35,895	¥33,279	$385,806

Note: 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 33 to 36 are converted from amount in yen to U.S. dollars at the prevailing exchange rate as of March 31, 2010 (US$1 = ¥93.04), for the convenience of readers abroad.

As of March 31, 2010 and 2009	Millions of yen 2010	2009	Thousands of US dollars (Note 2) 2010
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥ 3,323	¥ 2,202	$35,716
Short-term loans payable	2,997	597	32,218
Lease obligations	155	165	1,674
Income taxes payable	155	8	1,669
Accounts payable-other	476	422	5,122
Accrued expenses	1,110	1,071	11,937
Deposits received	1,448	1,412	15,571
Others	43	39	462
Total current liabilities	9,710	5,919	104,373
Noncurrent liabilities			
Lease obligations	228	226	2,451
Provision for retirement benefits	1,275	1,229	13,708
Provision for directors' retirement benefits	60	60	652
Others	6	5	67
Total noncurrent liabilities	1,570	1,522	16,879
Total liabilities	11,281	7,441	121,253
Net assets			
Shareholders' equity			
Capital stock	10,056	10,056	108,089
Capital surplus	9,690	9,691	104,159
Retained earnings	12,677	13,710	136,262
Treasury stock	(6,394)	(6,405)	(68,731)
Total shareholders' equity	26,030	27,052	279,779
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	(66)	(88)	(709)
Foreign currency translation adjustment	(1,459)	(1,280)	(15,684)
Total valuation and translation adjustments	(1,525)	(1,369)	(16,393)
Subscription rights to shares	43	27	471
Minority interests	64	126	696
Total net assets	24,614	25,837	264,553
Total liabilities and net assets	¥ 35,895	¥ 33,279	$385,806

Consolidated Statement of Income

	Millions of yen		Thousands of US dollars (Note 2)
Years ended March 31	2010	2009	2010
Net sales	¥ 22,443	¥ 28,002	$241,225
Cost of sales	12,695	14,795	136,456
Gross profit	9,747	13,207	104,769
Selling, general and administrative expenses	10,226	11,745	109,912
Operating income (loss)	(478)	1,461	(5,143)
Non-operating income			
Interest income	19	80	208
Dividends income	17	29	184
Amortization of negative goodwill	—	5	—
Rent income	82	73	891
Subsidy income	280	—	3,012
Others	65	100	708
Total non-operating income	465	290	5,005
Non-operating expenses			
Interest expenses	66	60	711
Sales discounts	8	12	86
Equity in losses of affiliates	28	272	302
Foreign exchange losses	61	74	655
Depreciation	48	53	521
Others	69	45	748
Total non-operating expenses	281	519	3,027
Ordinary income (loss)	(294)	1,232	(3,165)
Extraordinary income			
Gain on sales of noncurrent assets	0	8	2
Gain on sales of investment securities	50	25	545
Reversal of allowance for doubtful accounts	23	3	253
Total extraordinary income	74	37	800
Extraordinary loss			
Loss on sales of noncurrent assets	0	2	1
Impairment loss	—	14	—
Loss on abandonment of noncurrent assets	96	15	1,040
Loss on valuation of investment securities	—	305	—
Loss on sales of investment securities	0	—	5
Loss on valuation of membership	1	—	14
Loss on sales of membership	—	0	—
Special retirement expenses	—	10	—
Nonrecurring depreciation of noncurrent assets	64	—	692
Equity in losses of affiliates	—	379	—
Total extraordinary loss	163	728	1,753
Income (loss) before income taxes and other adjustments	(383)	541	(4,117)
Income taxes-current	237	489	2,550
Income taxes for prior periods	(117)	—	(1,267)
Income taxes-deferred	(210)	(155)	(2,262)
Total income taxes	(91)	333	(979)
Minority interests in income (loss)	(14)	23	(152)
Net income (loss)	¥ (277)	¥ 184	$ (2,986)

Consolidated Statement of Cash Flow

Years ended March 31	Millions of yen 2010	2009	Thousands of US dollars (Note 2) 2010
Net cash provided by (used in) operating activities			
Income (loss) before income taxes and other adjustments	¥ (383)	¥ 541	$ (4,117)
Depreciation and amortization	1,295	1,312	13,929
Impairment loss	—	14	—
Amortization of negative goodwill	—	(5)	—
Increase (decrease) in allowance for doubtful accounts	(9)	(20)	(103)
Increase (decrease) in provision for retirement benefits	43	(26)	469
Increase (decrease) in provision for directors' retirement benefits	—	(11)	—
Interest and dividends income	(36)	(110)	(393)
Interest expenses	66	60	711
Foreign exchange losses (gains)	24	102	266
Equity in losses (earnings) of affiliates	28	652	302
Loss (gain) on sales of investment securities	(50)	(25)	(545)
Loss (gain) on valuation of investment securities	—	305	—
Nonrecurring depreciation of noncurrent assets	64	—	692
Loss (gain) on sales of noncurrent assets	(0)	(6)	(1)
Loss on abandonment of noncurrent assets	96	15	1,040
Decrease (increase) in notes and accounts receivable-trade	(605)	2,557	(6,510)
Decrease (increase) in inventories	769	(209)	8,273
Increase (decrease) in notes and accounts payable-trade	1,203	(1,436)	12,931
Increase (decrease) in accounts payable-others	53	(350)	579
Others	(0)	(43)	(5)
Subtotal	2,560	3,316	27,519
Interest and dividends income received	36	108	393
Interest expenses paid	(66)	(59)	(717)
Income taxes paid	(152)	(1,102)	(1,639)
Net cash provided by (used in) operating activities	2,377	2,261	25,554
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment	(3,215)	(794)	(34,564)
Proceeds from sales of property, plant and equipment	0	14	9
Purchase of intangible assets	(515)	(112)	(5,543)
Purchase of investment securities	(1)	(121)	(21)
Proceeds from sales of investment securities	58	1,198	629
Purchase of investments in subsidiaries	—	(87)	—
Purchase of investments in subsidiaries from minority shareholders	(52)	—	(561)
Payments of long-term loans receivable	—	(1)	—
Collection of long-term loans receivable	1	3	21
Payments for lease and guarantee deposits	(367)	—	(3,952)
Others	35	(13)	378
Net cash provided by (used in) investing activities	(4,056)	85	(43,603)
Net cash provided by (used in) financing activities			
Net increase (decrease) in short-term loans payable	2,400	(237)	25,795
Purchase of treasury stock	(1)	(1)	(21)
Proceeds from sales of treasury stock	0	15	0
Cash dividends paid	(630)	(1,708)	(6,773)
Cash dividends paid to minority shareholders	—	(1)	—
Repayments of lease obligations	(194)	(187)	(2,089)
Net cash provided by (used in) financing activities	1,573	(2,121)	16,909
Effect of exchange rate change on cash and cash equivalents	(60)	(285)	(654)
Net increase (decrease) in cash and cash equivalents	(166)	(59)	(1,792)
Cash and cash equivalents at beginning of year	6,821	6,880	73,316
Cash and cash equivalents at end of year	¥ 6,654	¥ 6,821	$71,523

The IDEC Group's Global Network

The IDEC Group is a leader in the control equipment industry. Its members, IDEC CORPORATION and its domestic and overseas Group companies, have been working in close cooperation with one another to pursue global development.

European area

The IDEC Group's history in Europe now spans more than 30 years, beginning with the establishment of the German sales company IDEC ELEKTROTECHNIK GmbH (Hamburg, Germany) in 1976. Accompanying our own development, by building partnerships with leading manufacturers in Europe, we are promoting the capture and deep cultivation of the European market with its many powerhouses.

Changes in sales (million yen)

2010	1,580
2009	1,979
2008	2,913
2007	2,628

Asia-Pacific area

In terms of production, we set up one manufacturing company in Taiwan in 1983 and another in Suzhou (China) in 2002, establishing a system to meet growing demand. In terms of sales, we founded a sales company in Taiwan in 1992 and another in Singapore in 2000. The sales companies we established in China include one set up in Hong Kong in 1995, followed by others established in Shanghai, and Shenzhen, and Beijing. In the future, while further expanding our branch network, we will strengthen our local production and local sales systems.

Changes in sales (million yen)

2010	3,254
2009	3,623
2008	4,443
2007	3,740

Company Name (Location)	Capital Stock	Main Business	Incorporated
① IDEC CONTROLS LIMITED (Osaka)	¥170,000,000	Import and sale of security systems	1972
② IDEC OPTO DEVICE CORPORATION (Osaka)	¥20,000,000	Development, manufacture and sale of LED-applied products and electronic equipment components	1986
③ IDEC LOGISTICS SERVICE CORPORATION (Hyogo)	¥10,000,000	Assembly and installation of control equipment and devices, Contract logistics service provider	1983
④ IDEC ENGINEERING SERVICE CORPORATION (Aichi)	¥10,000,000	Sale and engineering of control equipment and devices	2001
⑤ IDEC DATALOGIC Co., Ltd. (Osaka)	¥300,000,000	Manufacture and sale of control equipment and devices	1995
⑥ IDEC CORPORATION (USA)	US$4,800,000	Import and sale of control equipment and devices	1975
⑦ IDEC CANADA, LTD. (Canada)	C$50,000	Sale of control equipment and devices	1985
⑧ IDEC Australia Pty. Ltd. (Australia)	A$1,125,000	Sale of control equipment and devices	1996
⑨ IDEC Elektrotechnik GmbH (Germany)	EUR102,000	Sale of control equipment and devices	1976
⑩ IDEC Electronics Limited (UK)	£750,000	Sale of control equipment and devices	1987

＊1) IDEC DATALOGIC Co., Ltd. is equity method investee.
＊2) IDEC CANADA, LTD. and IDEC Australia Pty. Ltd. are group companies wholly owned by IDEC CORPORATION (USA).

The IDEC Group has made it its mission to launch products that give customers satisfaction and a feeling of security with their high reliability and safety since its founding. The Group always listens to the voices of the customers, focuses all its energies on developing products that outperform the competition in reliability, safety and operability, and promotes the establishment of a manufacturing system that backs up these activities.

Japan

In addition to the IDEC Group's head offices in Tokyo and Osaka, the Company has sales offices consisting of business offices in 28 places around the country. It also has four plants in Takino (Hyogo), Fukusaki (Hyogo), Kyoto and Tsukuba (Ibaraki), and a distribution center in Tatsuno (Hyogo). As its development base, the Company has the IDEC Technology Research Center located in the Osaka Head offices. In addition to the comprehensive system employed at IDEC's main organization, each of the Group's production and sales companies make collective efforts to achieve a system that can develop and supply products meeting user needs.

Sales ratio 63.6%

Changes in sales (million yen)

2010	14,272
2009	18,246
2008	21,945
2007	21,819

North American area

The Group's first sales company in North America was IDEC CORPORATION (California), founded in 1975, and it has been doing business there for more than 30 years. Field sales engineers are deployed all over the U.S. offering detailed support concerning our products that range from components to systems, in all processes from selection through to purchase and building systems, and in this way they are building strong relationships with a wide range of customers.

Sales ratio 14.6%

Changes in sales (million yen)

2010	3,271
2009	4,076
2008	5,158
2007	5,315

As of July 2010

	Company Name (Location)	Capital Stock	Main Business	Incorporated
⑪	IDEC IZUMI ASIA PTE LTD. (Singapore)	S$1,000,000	Sale of control equipment and devices	2000
⑫	IDEC TAIWAN CORPORATION (Taiwan)	NT$60,000,000	Manufacture and sale of control equipment and components	1973
⑬	IDEC IZUMI TAIWAN CORPORATION (Taiwan)	NT$15,000,000	Sale of control equipment and devices	1992
⑭	IDEC IZUMI SUZHOU CO., LTD. (PRC)	US$5,850,000	Manufacture and sale of control equipment and components	2002
⑮	IDEC HONG KONG CO., LTD. (Hong Kong)	HK$5,000,000	Holding company	1995
⑯	IDEC IZUMI (H.K.) CO., LTD. (Hong Kong)	HK$15,600,000	Sale of control equipment and devices	2004
⑰	IDEC (SHANGHAI) CORPORATION (PRC)	US$300,000	Sale of control equipment and devices	2002
⑱	IDEC (SHENZHEN) CORPORATION (PRC)	US$200,000	Sale of control equipment and devices	2005
⑲	IDEC (BEIJING) CORPORATION (PRC)	US$200,000	Sale of control equipment and devices	2006

＊3) IDEC TAIWAN CORPORATION has a 25% equity stake in IDEC IZUMI SUZHOU CO., LTD.
＊4) IDEC (SHANGHAI) CORPORATION, IDEC (SHENZHEN) CORPORATION and IDEC (BEIJING) CORPORATION are group companies wholly owned by IDEC IZUMI (H.K.) CO., LTD.

Corporate Data

Corporate Data

Corporate Name:	IDEC CORPORATION
Incorporated:	March 26, 1947
Capital Stock:	￥10,056,605,173
Employees:	1,942 employees (consolidated, as of March 31, 2010) ※Excluding contract and temporary employees
Stock Listed:	Tokyo Stock Exchange, First Section Osaka Securities Exchange, First Section
Head Office:	7-31, Nishi-Miyahara 1-chome, Yodogawa-ku, Osaka 532-8550, Japan Phone: +81-6-6398-2500
Tokyo Head Office:	1-8, Konan 4-chome, Minato-ku, Tokyo 108-0075, Japan Phone: +81-3-5782-7690
Technology Research Center:	IDEC Technology Research Center
Sales Office:	IDEC SALES OFFICE
Plants:	Tsukuba, Kyoto, Fukusaki, Takino
Sales Branches:	Sapporo, Sendai, Koriyama, Takasaki, Utsunomiya, Omiya, Mito, Tokyo, Tama, Yokohama, Mishima, Matsumoto, Niigata, Toyama, Kanazawa, Hamamatsu, Toyoda, Nagoya, Kyoto, Osaka, Kobe, Okayama, Fukuyama, Hiroshima, Shikoku, Kitakyushu, Fukuoka, Kumamoto
Distribution Centers:	Hamamatsu, Tatsuno

Origin of the name

The history of the IDEC Group began in November 1945, shortly after World War II, with the founding of Izumi Shokai in a corner of Doshomachi in Osaka. It was engaged in the retail and wholesale of electrical appliances.

Our former company name, IZUMI, reflects the wish at our founding to gather people's power through a sense of togetherness and to build a company that grows with a stream of great ideas as if it were a fountain that never runs dry. (*IZUMI consists of two Chinese characters: 和 (Wa), literally meaning togetherness, and 泉 (Izumi), literally meaning fountain.)

In November 2005, the Group reached a milestone with the 60th anniversary of its foundation. Aiming to become a truly global corporation that thinks automation and beyond, it changed its name from IZUMI to IDEC. But the wish the Company had at its founding lives on, unchanged.

Corporate History

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 sale of switches.
1956	Moved the Head Office to Kita-ku, Osaka. Opened and began operations of the Osaka Office in Yodogawa-ku,Osaka.
1958	Began manufacturing and selling industrial switches, pilot lights, and terminal blocks.
1969	Opened and began operations of the Kyoto Office in Nagaokakyo City, Kyoto. Moved the Head Office to Yodogawa-ku, Osaka.
1974	Incorporated IDEC Izumi Toyama Manufacturing Co., Ltd. (Nei-gun, Toyama).
1982	Created a new corporate identity and trademark "IDEC". Changed the English corporate name. Listed stocks in the Second Section of the Osaka Securities Exchange.
1984	Opened and began operations of the Fukusaki Plant in Kanzaki-gun, Hyogo. Moved the Head Office to a new location in Yodogawa-ku, Osaka.
1989	Listed stocks in the Second Section of the Tokyo Stock Exchange. Completed the first phase of the Takino Plant construction (Kato, Hyogo).
1990	Stock listing upgraded from the Second Section to the First Section of the Tokyo and Osaka Stock Exchanges.
1991	Completed the first phase of the Tsukuba Plant construction (Ryugasaki, Ibaraki). Merged Toyama Manufacturing Co., Ltd. (Nei-gun, Toyama) into IDEC Izumi Corporation. Qualified as a loan transaction stock on the Osaka Stock Exchange.
1992	Opened IDEC Technology Research Center in Yodogawa-ku, Osaka. Completed the second phase of the Takino Plant construction (Kato, Hyogo).
1994	Opened and began operations of Hamamatsu Distribution Center (Hamamatsu, Shizuoka). Qualified as a loan transaction stock on the Tokyo Stock Exchange. Moved the Head Office to a new location in Yodogawa-ku, Osaka. Five offices and two subsidiaries acquired ISO 9000 series certification.
1995	Opened the Harima Plant in Kanzaki, Hyogo.
1997	Five sites acquired ISO14001 certification for their environment management systems.
1998	Opened and began operations of Tatsuno Distribution Center (Tatsuno, Hyogo). Opened the Tokyo Head Office (Minato-ku, Tokyo) and moved the Tokyo Office to the Tokyo Head Office.
1999	Installed the ERP system.
2000	Began full-scale operations of the new production system (robot-controlled cell production system).
2004	Reduced the number of shares comprising the minimum stock trading unit.
2005	Changed the names and symbol marks of IDEC Group companies in Japan.
2008	Opened the IDEC SALES OFFICE in Yodogawa-ku, Osaka.

*For information about incorporation of group companies, please refer to "Global Network" on page 37 and 38.

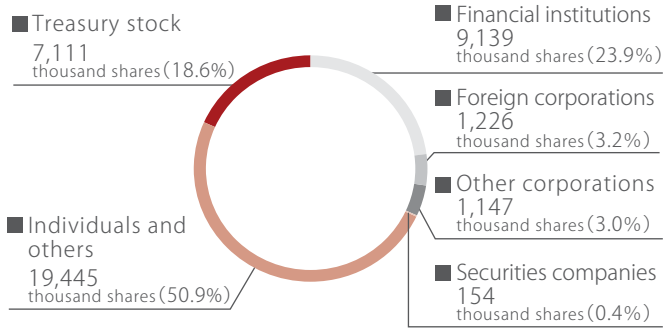
Stock Information

Shares of the Company

- Number of shares authorized……150,000,000
- Number of shares issued……38,224,485
- Number of shareholders at year-end……12,291

Note: Treasury stock held at the end of the period totaled 7,111,748 shares, representing changes in amounts in response to shareholders' requests for sales or additional purchases.

Distribution of Shareholders

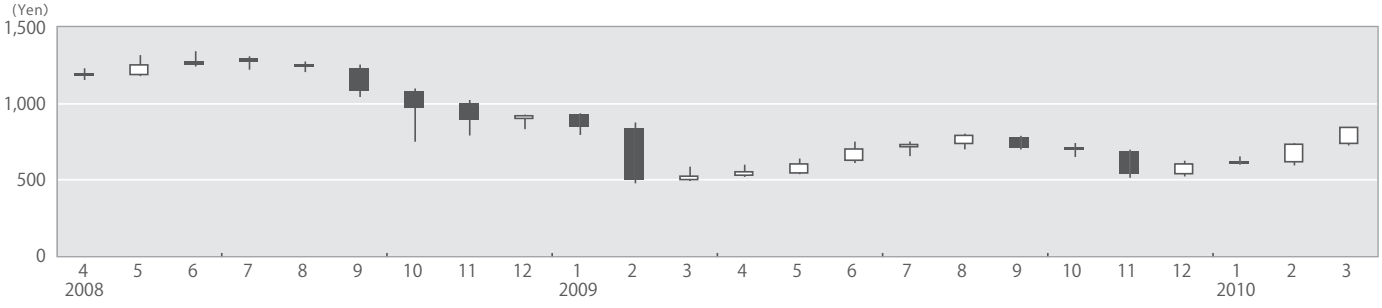


Major Shareholders (Top 10)

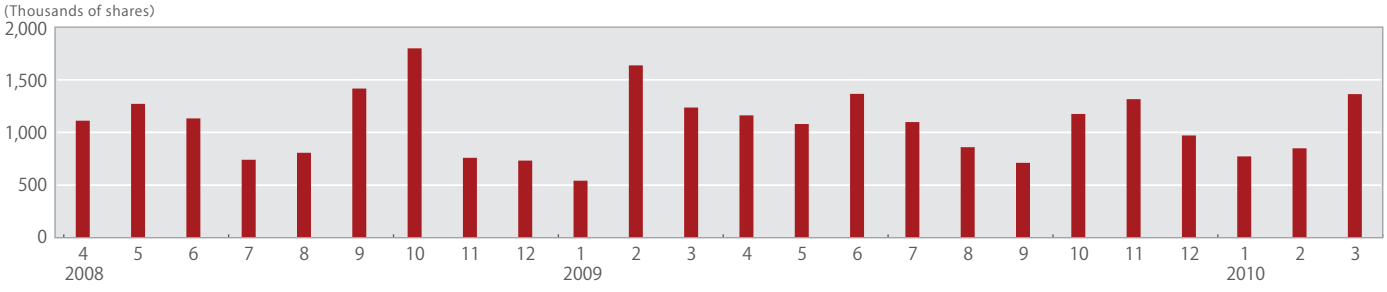
Shareholders	Number of shares (Thousands of shares)	Holdings (%)
Japan Trustee Services Bank, Ltd. (Trust account)	1,921	5.03
Tsuneo Funaki	1,607	4.21
Mizuho Bank, Ltd.	1,312	3.43
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,124	2.94
The Master Trust Bank of Japan, Ltd. (Trust account)	1,058	2.77
Nippon Life Insurance Company	1,029	2.69
Keijiro Fujita	773	2.02
Trust & Custody Services Bank, Ltd. (Security investment trust account)	613	1.61
Toshihiro Fujita	427	1.12
Toshiyuki Funaki	328	1.06

Note: Ownership interest is calculated after deducting the number of treasury stock (7,111,000 shares).

Share Price



Trading Volume



Product Safety

IDEC won a special prize for best contributors to product safety from the Ministry of Economy, Trade and Industry.

2008 Best Contributors to Product Safety

IDEC

Changed from Izumi to IDEC CORPORATION

IDEC CORPORATION

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