



## Consolidated Financial Results for the Six Months Ended September 30, 2014 [Japanese GAAP]

October 30, 2014  
Tokyo Stock Exchange

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 Code Number 6794  
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 Preparation of supplementary materials on Quarterly Financial Results: No  
 Holding of a briefing on Quarterly Financial Results: No

(Amounts less than one million yen are omitted)

### 1. Consolidated Financial Results for the Six Months Ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

(1) Consolidated operating results (Percentage figures represent the changes from the same period of the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended September 30, 2014	87,481	8.0	3,852	(3.5)	4,342	6.8	2,285	(17.4)
September 30, 2013	81,032	38.2	3,991	197.0	4,065	158.0	2,767	453.0

Note: Comprehensive income: Six months ended September 30, 2014 ¥3,959 million [(22.0)%]  
 Six months ended September 30, 2013 ¥5,078 million [-%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
September 30, 2014	97.95	85.44
September 30, 2013	118.63	103.52

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2014	107,264	52,056	45.4	2,089.51
March 31, 2014	98,030	48,604	46.3	1,944.73

Reference: Equity capital: As of September 30, 2014 ¥48,745 million  
 As of March 31, 2014 ¥45,368 million

### 2. Dividends

	Annual dividends				
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total
Fiscal year ended March 31, 2014	Yen -	Yen 20.00	Yen -	Yen 20.00	Yen 40.00
Fiscal year ending March 31, 2015	-	12.00			
Fiscal year ending March 31, 2015 (Forecast)			-	15.00	27.00

Note: Revisions to the forecast for dividends announced most recently: Yes

### 3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2015 (April 1, 2014 to March 31, 2015)

(Percentage figures represent changes from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2015	172,000	2.6	6,800	12.9	7,000	10.6	3,600	55.1	154.31

Note: Revisions to the forecast for earnings announced most recently: No

**\* Notes:**

- (1) Changes in significant subsidiaries during the quarter of the consolidated fiscal year under review (changes in specified subsidiaries accompanying changes in the scope of consolidation): No  
Newly added: - subsidiaries (Company name) -  
Excluded: - subsidiaries (Company name) -
- (2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements: No
- (3) Changes in accounting policies and changes / restatement of accounting estimates
- |  |       |
|--|-------|
| (i) Changes in accounting policies due to revision of accounting standards, etc. | : Yes |
| (ii) Changes in accounting policies other than (i)                               | : No  |
| (iii) Changes in accounting estimates  | : No  |
| (iv) Restatement   | : No  |
- (4) Number of shares issued and outstanding (common stock)
- (i) Number of outstanding shares at end of period (including treasury stock)
- |                     |            |
|---------------------|------------|
| September 30, 2014: | 23,506,015 |
| March 31, 2014:     | 23,506,015 |
- (ii) Number of treasury stock at end of period
- |                     |         |
|---------------------|---------|
| September 30, 2014: | 177,141 |
| March 31, 2014:     | 177,093 |
- (iii) Average number of shares outstanding during the period
- |                                      |            |
|--------------------------------------|------------|
| Six months ended September 30, 2014: | 23,328,881 |
| Six months ended September 30, 2013: | 23,328,995 |

**\* Presentation regarding the implementation status of the quarterly review procedures**

This quarterly financial report is not subject to the quarterly review procedures required by the Financial Instruments and Exchange Act of Japan, and at the time of disclosure of this quarterly financial report, the quarterly consolidated financial statement review procedures have not been completed.

**\* Information on proper use of the forecast for financial results and other notes**

Forward-looking statements in this document, including earnings projections, are based on currently available information and certain assumptions that the Company regards as reasonable at the time of writing and the Company does not in any way promise the achievement of the projections. Actual results may differ greatly from the forecast figures depending on various factors. For the preconditions of and precautions in using the earnings projections, please refer to "Explanation of forecast of consolidated financial results and other forward-looking information" on page 3 of the Attachment.

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## 1. Qualitative information on the financial results of the six months ended September 30, 2014

### (1) Explanation of operating results

The world economy during the six months ended September 30, 2014 (from April 1 to September 30, 2014), continued to recover moderately as a whole, centering on the U.S. economy with its improved employment situation. Meanwhile, uncertainties over the future intensified in emerging countries due to economic slowdown and reoccurrence of geopolitical risks. The Japanese economy was on a moderate recovery track despite a negative reaction to the last-minute demand accompanying the consumption tax hike.

In the electronic equipment and electronic components industries where the Foster Group ("the Group") operates, although the expansion of low-cost smartphones mainly supplied by Chinese manufacturers boosted the demand for electronic components, concern arises with respect to how falling unit prices might deteriorate profitability. On the other hand, automotive components performed favorably due to the progress in vehicle digitalization.

Under this business environment, the Group worked to ensure orders in response to market changes improve operational efficiency and productivity and reduce material costs and other costs. In addition, the Group promoted restructuring of our manufacturing bases to improve business efficiency and reduce fixed costs.

Under such circumstances, consolidated net sales for the six months ended September 30, 2014, increased to ¥87,481 million (up 8.0%, y-o-y), reflecting favorable shipments of speakers for automobiles and mobile audio equipment. In terms of profits, consolidated operating income for the six months ended September 30, 2014 was ¥3,852 million (down 3.5%, y-o-y), mainly due to a fall in the profitability of headsets for smartphones. Consolidated ordinary income came to ¥4,342 million (up 6.8%, y-o-y) owing to foreign exchange gains. Consolidated net income was ¥2,285 million (down 17.4%, y-o-y), because of the recording of extraordinary losses due to reasons including the dissolution of indirectly owned subsidiaries that had served as a production facility.

The performance of each segment is as follows.

#### [Acoustic Components and Products Segment]

Production and shipment of audio headphones progressed as planned, and production and shipment of flat TV speakers and speaker systems and mobile audio speakers performed favorably. Consequently, sales of this segment came to ¥14,812 million (up 24.8%, y-o-y).

#### [Automotive Components and Products Segment]

Reflecting the favorable production and sales of automobiles, the shipment of car speakers and speaker systems remained steady mainly in the North American market. Consequently, sales of this segment came to ¥28,521 million (up 19.1%, y-o-y).

#### [Information & Communication Equipment Components and Products Segment]

There was a decrease in the production and shipment of mobile phone headsets, etc., affected by the spread of low-cost smartphones mainly supplied by Chinese manufacturers. Consequently, sales of this segment came to ¥41,424 million (down 6.8%, y-o-y).

#### [Other Segment]

Sales of this segment, including the "FOSTEX" brand products, increased significantly to ¥2,723 million (up 242.6%, y-o-y), reflecting the inclusion of net sales of the micro acoustic components business, which the Company took over from STAR MICRONICS CO., LTD., in January 2014.

### (2) Explanation of financial position

Total assets increased by ¥9,233 million from the end of the previous consolidated fiscal year to ¥107,264 million due mainly to the increase in accounts receivable - trade. Total liabilities increased by ¥5,781 million from the end of the previous consolidated fiscal year to ¥55,207 million due mainly to the increase in accounts payable - trade. Total net assets increased by ¥3,452 million from the end of the previous consolidated fiscal year to ¥52,056 million due mainly to the increase in retained earnings. Equity ratio decreased by 0.9% from the end of the previous consolidated fiscal year to 45.4%.

#### (Cash flows)

The balance of cash and cash equivalents as of September 30, 2014 decreased by ¥780 million from the end of the

previous consolidated fiscal year to ¥5,055 million due to the following cash flows.

(Cash flows from operating activities)

Cash flows from operating activities totaled ¥2,233 million due mainly to income before income taxes and minority interests.

(Cash flows from investing activities)

Cash flows from investing activities totaled ¥3,092 million due mainly to capital investment.

(Cash flows from financing activities)

Cash flows from financing activities totaled ¥78 million due mainly to the repayments of long-term debt.

**(3) Explanation of forecast of consolidated financial results and other forward-looking information**

Based on the recent trend of the Group's business performance, we made revisions to the earnings projections announced on May 2, 2014. Along with the above revisions, we increased the forecast of the year-end dividend per share for the fiscal year ending March 31, 2015 by ¥3 to ¥15, leading to an increase of the forecast of the annual dividend per share to ¥27.

In projecting the performance above, we assumed exchange rates of ¥105 to the US dollar and ¥140 to the Euro.

**2. Matters concerning summary information (notes)**

**(1) Changes in major subsidiaries during the six months ended September 30, 2014**

Not applicable.

**(2) Application of accounting procedures specific to the preparation of quarterly consolidated financial statements**

Not applicable.

**(3) Changes in accounting policies, accounting estimates and restatements**

(Changes in accounting policies)

(Application of the accounting standards etc. for retirement benefits)

Effective from the first quarter of the fiscal year ending March 31, 2015, the Company has adopted the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan ("ASBJ") Statement No. 26 issued on May 17, 2012, "Retirement Benefit Accounting Standard") and "Guidance on Accounting Standards for Retirement Benefits" (ASBJ Statement No. 25, May 17, 2012, "Retirement Benefits Guidance") in terms of the provisions stipulated in the main text of Section 35 of the Retirement Benefits Accounting Standard and the main text of Section 67 of the Retirement Benefits Guidance and reviewed the method of calculating retirement benefit liabilities and service cost.

Note that this change has no effect on the beginning balance of retained earnings and profit (loss).

### 3. Quarterly consolidated financial statements

#### (1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	8,225	8,304
Notes and accounts receivable - trade	28,865	34,222
Electronically recorded monetary claims - operating	1,101	707
Finished goods	16,417	19,516
Raw materials	7,820	9,072
Work in process	1,291	1,341
Supplies	445	386
Short-term loans receivable	49	8
Accounts receivable - other	1,695	1,528
Deferred tax assets	634	764
Other	2,041	2,242
Allowance for doubtful accounts	(874)	(878)
<b>Total current assets</b>	<b>67,713</b>	<b>77,215</b>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,490	9,503
Machinery and equipment, net	9,710	8,956
Tools, furniture and fixtures, net	3,016	2,983
Land	1,034	1,056
Construction in progress	828	822
<b>Net property, plant and equipment</b>	<b>24,079</b>	<b>23,321</b>
Intangible assets		
Software	284	332
Leasehold right	846	861
Other	180	130
<b>Total intangible assets</b>	<b>1,311</b>	<b>1,323</b>
Investments and other assets		
Investment securities	2,735	3,224
Long-term loans receivable	45	36
Long-term prepaid expenses	825	698
Asset for employees' retirement benefits	645	741
Deferred tax assets	314	315
Other	367	396
Allowance for doubtful accounts	(9)	(9)
<b>Total investments and other assets</b>	<b>4,925</b>	<b>5,403</b>
<b>Total non-current assets</b>	<b>30,316</b>	<b>30,048</b>
<b>Total assets</b>	<b>98,030</b>	<b>107,264</b>

(Millions of yen)

	As of March 31, 2014	As of September 30, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	11,889	15,588
Electronically recorded obligations - operating	156	74
Short-term loans payable	14,163	16,084
Current portion of long-term debt	1,310	1,208
Accounts payable - other	3,175	3,697
Income taxes payable	698	817
Accrued expenses	1,562	1,521
Deferred tax liabilities	172	239
Reserve for bonuses	596	1,056
Other	1,138	810
<b>Total current liabilities</b>	<b>34,865</b>	<b>41,099</b>
Long-term liabilities		
Convertible bonds with subscription rights to shares	6,000	6,000
Long-term debt	7,080	6,631
Deferred tax liabilities	779	740
Liability for employees' retirement benefits	199	277
Liability for directors' retirement benefits	72	69
Asset retirement obligations	222	224
Other	206	164
<b>Total long-term liabilities</b>	<b>14,560</b>	<b>14,108</b>
<b>Total liabilities</b>	<b>49,425</b>	<b>55,207</b>
<b>Equity</b>		
Shareholders' equity		
Common stock	3,770	3,770
Capital surplus	6,372	6,372
Retained earnings	35,416	37,235
Treasury stock	(133)	(133)
<b>Total shareholders' equity</b>	<b>45,426</b>	<b>47,244</b>
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	638	603
Foreign currency translation adjustment	(581)	972
Remeasurements of defined benefit plans	(115)	(75)
<b>Total accumulated other comprehensive income</b>	<b>(58)</b>	<b>1,501</b>
Minority interests	3,236	3,310
<b>Total equity</b>	<b>48,604</b>	<b>52,056</b>
<b>Total liabilities and net assets</b>	<b>98,030</b>	<b>107,264</b>

**(2) Quarterly consolidated statement of income and consolidated statement of comprehensive income**  
**(Consolidated statement of income)**  
 (Six months ended September 30)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net sales	81,032	87,481
Cost of sales	69,384	75,095
Gross profit	11,647	12,386
Selling, general and administrative expenses	7,656	8,533
Operating income	3,991	3,852
Non-operating income		
Interest income	62	73
Dividend income	15	18
Foreign currency exchange gain	14	333
Miscellaneous income	219	242
Total non-operating income	311	667
Non-operating expenses		
Interest expense	108	95
Miscellaneous loss	128	81
Total non-operating expenses	237	177
Ordinary income	4,065	4,342
Extraordinary income		
Gain on sales of property, plant and equipment	69	—
Government subsidies	40	—
Total extraordinary income	110	—
Extraordinary losses		
Loss on impairment of long-lived assets	—	506
Special retirement expenses	—	209
Total extraordinary losses	—	715
Income before income taxes and minority interests	4,175	3,626
Income taxes - current	1,031	1,221
Income taxes - deferred	231	(114)
Total income taxes	1,263	1,107
Net income before minority interests	2,912	2,519
Minority interests in net income	145	234
Net income	2,767	2,285



**(Consolidated statement of comprehensive income)**  
 (Six months ended September 30)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
Net income before minority interests	2,912	2,519
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	278	(34)
Foreign currency translation adjustments	1,886	1,426
Remeasurements of defined benefit plans	—	48
Total other comprehensive income	2,165	1,440
Comprehensive income	5,078	3,959
(Breakdown)		
Total comprehensive income attributable to owners of the parent	4,707	3,844
Total comprehensive income attributable to minority interests	371	115

**(3) Quarterly consolidated statement of cash flows**

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	4,175	3,626
Depreciation and amortization	3,248	2,822
Amortization of goodwill	48	7
(Increase) decrease in prepaid pension costs	(45)	—
Increase (decrease) in provision for retirement benefits	39	—
(Increase) decrease in net defined benefit asset	—	(95)
Increase (decrease) in net defined benefit liability	—	71
Increase (decrease) in provision for directors' retirement benefits	(9)	(1)
Increase(decrease) in allowance for doubtful receivables	(47)	1
Increase (decrease) in reserve for bonuses	547	423
Loss (gain) on disposal of property, plant and equipment	(69)	—
Loss on impairment of long-lived assets	—	506
Special retirement expenses	—	209
Interest and dividend income	(78)	(91)
Interest expenses	108	95
Foreign exchange loss (gain)	506	655
Decrease (increase) in trade notes and accounts receivable	(2,875)	(4,577)
Decrease (increase) in inventories	(6,135)	(3,373)
Increase (decrease) in trade notes and accounts payable	1,564	2,876
Decrease (increase) in other accounts receivable	121	232
Increase (decrease) in other accounts payable	(876)	366
Other	258	(186)
Subtotal	482	3,569
Interest and dividend income received	78	91
Interest expenses paid	(108)	(95)
Income taxes-paid	(807)	(1,121)
Payments for special retirement expenses	—	(209)
Net cash provided by (used in) operating activities	(354)	2,233
<b>Cash flows from investing activities</b>		
Purchase of investment securities	(0)	(509)
Purchase of property, plant and equipment	(1,727)	(1,590)
Proceeds from sales of property, plant and equipment	147	—
Purchases of intangible assets	(142)	(57)
Decrease (increase) in time deposits	(345)	(813)
Decrease (increase) in short-term loans receivable	30	43
Payments of long-term loans receivable	(10)	(6)
Collection of long-term loans receivable	9	11
Payment for long-term prepaid expenses	(134)	(190)
Other	22	18
Net cash used in investing activities	(2,150)	(3,092)

(Millions of yen)

	Six months ended September 30, 2013	Six months ended September 30, 2014
<b>Cash flows from financing activities</b>		
Increase (decrease) in short-term loans payable-net	1,980	1,074
Proceeds from long-term debt	1,799	103
Repayments of long-term debt	(922)	(709)
Dividends paid	(349)	(466)
Dividends paid to minority shareholders	(64)	(80)
Purchase of treasury stock	(0)	(0)
Net cash provided by (used in) financing activities	2,442	(78)
Effect of exchange rate changes on cash and cash equivalents	395	156
Net increase (decrease) in cash and cash equivalents	333	(780)
Cash and cash equivalents, beginning of period	5,359	5,836
Cash and cash equivalent, end of period	5,692	5,055

**(4) Notes to the quarterly consolidated financial statements**

**(Notes on going concern assumption)**

Not applicable.

**(Notes on significant changes in the amount of shareholders' equity)**

Not applicable.

**(Segment information etc.)**

[Segment information]

I. Six months ended September 30, 2013 (from April 1, 2013 to September 30, 2013)

1. Information on sales and income/loss according to reportable segments

(Millions of yen)

	Reportable segments				Total	Adjustments *Note 1	Amount reported on the quarterly consolidated income statement *Note 2
	Acoustic components and products	Automotive components and products	Information & communication equipment components and products	Other			
Net sales							
(1) Sales to external customers	11,869	23,938	44,428	794	81,032	—	81,032
(2) Inter-segment sales or transfers	—	—	—	—	—	—	—
Total	11,869	23,938	44,428	794	81,032	—	81,032
Segment income	640	1,321	1,994	84	4,040	(48)	3,991

Notes: 1. Segment adjustment of ¥(48) million is amortization of goodwill.

2. Segment income is adjusted with the operating income of the consolidated income statement.

II. Six months ended September 30, 2014 (from April 1, 2014 to September 30, 2014)

1. Information on sales and income/loss according to reportable segments

(Millions of yen)

	Reportable segments				Total	Adjustments *Note 1	Amount reported on the quarterly consolidated income statement *Note 2
	Acoustic components and products	Automotive components and products	Information & communication equipment components and products	Other			
Net sales							
(1) Sales to external customers	14,812	28,521	41,424	2,723	87,481	—	87,481
(2) Inter-segment sales or transfers	—	—	—	—	—	—	—
Total	14,812	28,521	41,424	2,723	87,481	—	87,481
Segment income	797	1,482	1,503	76	3,859	(7)	3,852

Notes: 1. Segment adjustment of ¥(7) million is amortization of goodwill.

2. Segment income is adjusted with the operating income of the consolidated income statement.