

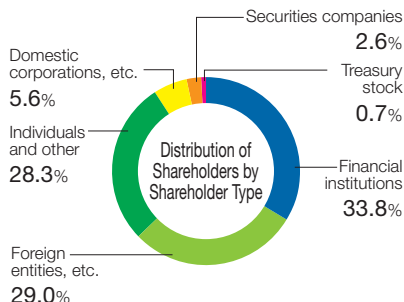
Status of Shares

Total number of shares authorized to be issued by the Company: **80,000,000** shares

Total number of shares issued: **23,506,015** shares

Number of shareholders: **9,049**

Number of treasury stock: **177,141** shares



Major Shareholders

Shareholder's Name	Number of Shares Held (thousand)	Ratio of Shares Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	1,513	6.4
The Master Trust Bank of Japan, Ltd. (trust account)	1,140	4.8
Mizuho Bank, Ltd.	1,016	4.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	945	4.0
Goldman Sachs International	603	2.5
Japan Trustee Services Bank, Ltd. (Portion re-trusted to Sumitomo Mitsui Trust Bank, Limited, and the trust account for the TDK Corporation's retirement benefit fund)	587	2.5
Showa Aircraft Industry Co., Ltd.	446	1.9
State Street Bank and Trust Company 505223	442	1.8
Mellon Bank Treaty Clients Omnibus	415	1.7
Mizuho Trust & Banking Co., Ltd.	405	1.7

Treasury stock (177,141 shares) is excluded for the calculation of the "Ratio of Shares Held."

BUSINESS REPORT

For the Interim Period of the 81st Fiscal Year

From April 1, 2014 to September 30, 2014

Shareholder Information

Fiscal Year	From April 1 to March 31 of each year
Ordinary General Meeting of Shareholders	June of each year
Record date	Ordinary General Meeting of Shareholders: March 31 Year-end dividends: March 31 Interim dividends: September 30
Number of Unit ("tangen") Shares	100
Transfer Agent	Stock Transfer Agency Department, Head Office of Mizuho Trust & Banking Co., Ltd.
Transfer Agent Branch	1-2-1, Yaesu, Chuo-ku, Tokyo
Media for Public Notice	Nihon Keizai Shimbun (daily newspaper) issued in the Metropolis of Tokyo

Inquiries for Handling of Stocks

Shareholders who have an account at a securities company	The securities company with which you have a business connection
Shareholders who have a special account <small>*Shareholders are not allowed to make any stock transactions other than the purchase of shares less than one unit ("tangen").</small>	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 2-8-4, Izumi, Suginami-ku, Tokyo, 168-8507, Japan Tel: 0120-288-324 (toll-free telephone service in Japan)
Payment of unpaid dividends	Head office and branches nationwide of Mizuho Trust & Banking Co., Ltd., and Mizuho Bank, Ltd.



We are honored to report our overview of business and performance for the first six months of the 81st fiscal year ending March 31, 2015.

Hiromi Yoshizawa
President

Corporate creed

Sincerity

Corporate Vision

**To make contributions
for future society through acoustics**

Mission statement

Through acoustic products or its solutions, a total commitment to help create a comfortable life and pleasure of communication around the world. A truly global enterprise our future society counts on.

Business Environment and Performance

The world economy during the six months ended 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, reflecting favorable shipments of speakers for automobiles and mobile audio equipment. In terms of operating profits, consolidated operating

income for the six months ended September 30, 2014 decreased, mainly due to a fall in the profitability of headsets for smartphones.

We decided to distribute a dividend of ¥12 per share for the interim period under review, as a distribution of profit commensurate with the business results and to express management’s gratitude for the continuing support of our shareholders.

Outlook

The overall situation of the global economy is expected to remain unpredictable towards the future.

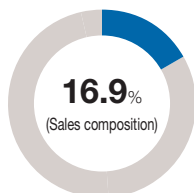
With the vision “to make contributions for future society through acoustics,” the Group will continue taking various measures to achieve our goals based on the medium-term management plan, which is centered on providing acoustics to respond to the dissemination of information terminals associated with the evolution of smartphones and the car society that moves toward autonomous driving, to enhance corporate value. The Group also continues to develop various corporate policies with the mindset of CSR in our corporate activities to become a socially recognized enterprise.

Shareholder’s continued support will be greatly appreciated.

December 2014

Segment Information

Acoustic Components and Products Segment

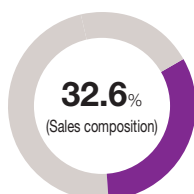


Net sales: **¥14,812** million

A 24.8% year-over-year increase

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.

Automotive Components and Products Segment

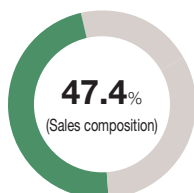


Net sales: **¥28,521** million

A 19.1% year-over-year increase

Reflecting the favorable production and sales of automobiles, the shipment of automotive speakers and speaker systems remained steady mainly in the North American market.

Information & Communication Equipment Components and Products Segment

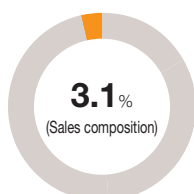


Net sales: **¥41,424** million

A 6.8% year-over-year decrease

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.

Other Segment



Net sales: **¥2,723** million

A 242.6% year-over-year increase

Sales of this segment, including the "FOSTEX" brand products, increased significantly, 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.

Financial Highlights (Condensed)

Consolidated Balance Sheets (Condensed) (Millions of yen)

	Interim Period of 81st Fiscal Year As of September 30, 2014	80th Fiscal Year As of March 31, 2013
(Assets)		
Current assets	77,215	67,713
Non-current assets	30,048	30,316
Total assets	107,264	98,030
(Liabilities)		
Current liabilities	41,099	34,865
Long-term liabilities	14,108	14,560
Total liabilities	55,207	49,425
(Net Assets)		
Shareholders' equity	47,244	45,426
Accumulated other comprehensive income	1,501	(58)
Minority interests	3,310	3,236
Total net assets	52,056	48,604
Total liabilities and net assets	107,264	98,030

Note: All amounts less than 1 million yen are truncated.

Consolidated Statements of Income (Condensed) (Millions of yen)

	Interim Period of 81st Fiscal Year From April 1, 2014 to September 30, 2014	Interim Period of 80th Fiscal Year From April 1, 2013 to September 30, 2013
Net sales	87,481	81,032
Operating income	3,852	3,991
Ordinary income	4,342	4,065
Income before income taxes and minority interests	3,626	4,175
Net income	2,285	2,767

Note: All amounts less than 1 million yen are truncated.

Consolidated Statements of Cash Flows (Condensed) (Millions of yen)

	Interim Period of 81st Fiscal Year From April 1, 2014 to September 30, 2014	Interim Period of 80th Fiscal Year From April 1, 2013 to September 30, 2013
Cash flows from operating activities	2,233	(354)
Cash flows from investing activities	(3,092)	(2,150)
Cash flows from financing activities	(78)	2,442
Effect of exchange rate changes on cash and cash equivalents	156	395
Net increase (decrease) in cash and cash equivalents	(780)	333
Cash and cash equivalents, beginning of period	5,836	5,359
Cash and cash equivalents, end of period	5,055	5,692

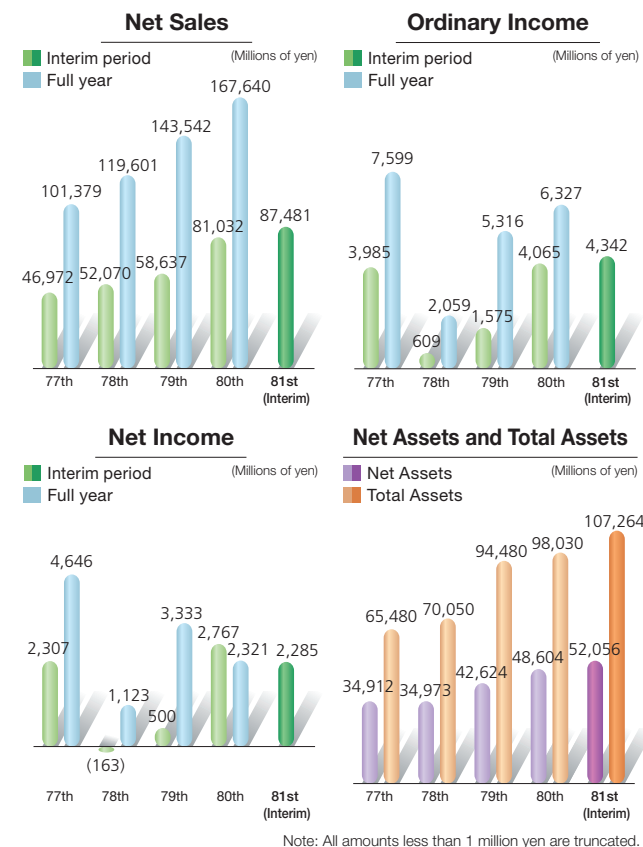
Note: All amounts less than 1 million yen are truncated.

Consolidated Performance Highlights

Review of Operations (Consolidated)

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.

Changes in Operating Results and Total Assets (Consolidated)



1 Record high average monthly production volume of speakers

Amid robust demand for automotive speakers, the average monthly production volume of speakers of the entire Group exceeded 20 million—a historic high. During the fiscal year ending March 2015, we will strive to expand business by strengthening production at Bac Ninh Plant in Vietnam, where we newly established a mass production system.

2 50th anniversary since the release of FE103

The year 2014 marks the 50th anniversary of FE103, the original high-compliance full-range speaker of the Company, since its release in 1964.



FE103-Sol: Commemorative model for the 50th anniversary since the release of FE103

3 Acquired the naming rights to the Akishima Citizens Hall

As part of the Company's contribution to the community, the Company acquired the naming rights to the Akishima Citizens Hall and changed the name to the KOTORI Hall as of April 1, 2014.



ODM and OEM Products



Automotive speakers



Headphones



Speakers for televisions



Micro acoustic components

FOSTEX Products



DAC & Headphone Amplifier HP-A4



Collaboration Earphone KOTORI meets Hallmark

© Hallmark Cards, Inc.

<http://www.fostex.jp/>
(Renewed in September 2014)

<http://kotori.fostex.jp/>

New Product

Active Monitor Speaker 6301N Series

The latest of the compact active monitor speaker 6301 Series, which has been a standard model for broadcasting facilities and used as a small size PA for more than 30 years.

This series consists of four versions with different input specifications.



Company Information (As of September 30, 2014)

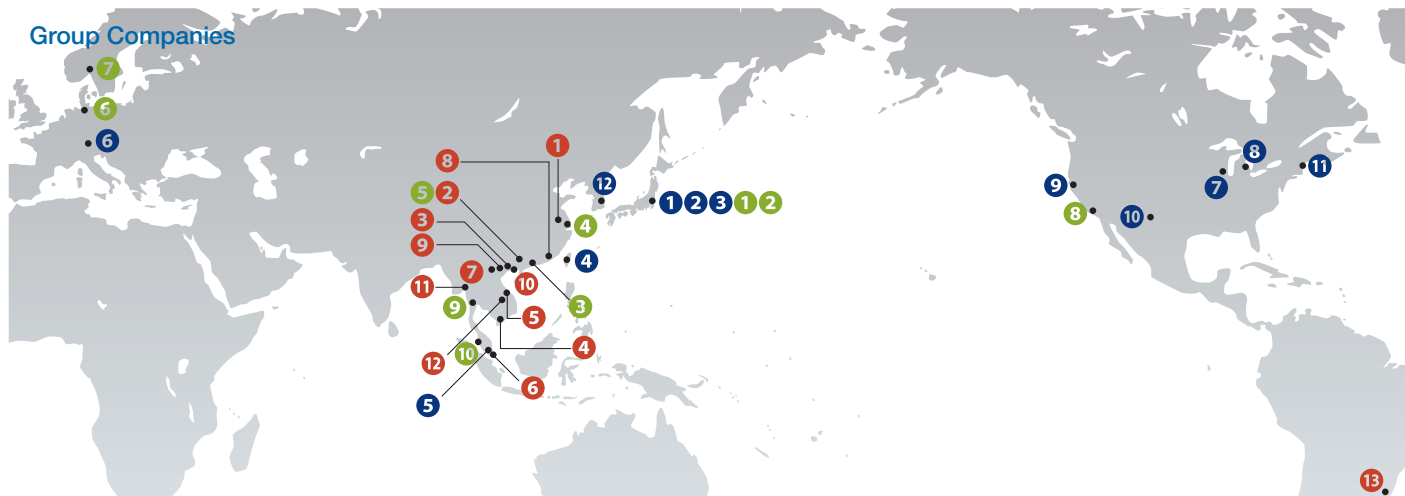
Company Profile

Trade Name	Foster Electric Company, Limited
Founded	June 20, 1949
Capital Stock	¥3,770,360,135 Listed on the First Section of the Tokyo Stock Exchange
Headquarters	1-1-109, Tsutsujigaoka, Akishima City, Tokyo, 196-8550, Japan Phone: +81-42-546-2311 (switchboard) FAX: +81-42-546-2317
Number of employees	445 (total of group companies: 57,694); Total number of employees of group companies includes the employees of our outsourcee in Panyu, China.
URL	http://www.foster.co.jp/

Directors and Statutory Auditors

President and Representative Director	Hiromi Yoshizawa	Senior Officer	Yoichi Takahashi
Chairman and Director	Yasuo Higashi	Senior Officer	Takuro Yamaguchi
Managing Director	Kazuhiro Kishi	Senior Officer	Fumio Murayama
Director	Lu San Tie	Officer	Masatoshi Kohama
Director	Terushige Nagasawa	Officer	Tatsuhito Tanaka
Director	Hidetoshi Shirakawa	Officer	Roy Ching-Sheng Chen
Director	Kaoru Matsumoto	Officer	Oh In-Yong
Standing Statutory Auditor	Takuma Ino	* Kaoru Matsumoto is an Outside Director.	
Statutory Auditor	Osamu Nakamoto	* Takuma Ino and Osamu Nakamoto are Outside Statutory Auditors.	
Statutory Auditor	Haruo Shirasu		

Group Companies



Sales/Development Bases (12 bases)

- 1 FOSTER ELECTRIC COMPANY, LIMITED
- 2 FOSTEX COMPANY
- 3 FOSTER MICRO ACOUSTIC COMPANY
- 4 FOSTER ELECTRIC CO., (TAIWAN) LTD.
- 5 FOSTER ELECTRIC (SINGAPORE) PTE. LTD.
- 6 MUNICH OFFICE
- 7 FOSTER ELECTRIC (U.S.A.), INC.
- 8 DETROIT OFFICE
- 9 SAN JOSE OFFICE
- 10 EL PASO OPERATIONS
- 11 BOSTON OFFICE
- 12 ESTec CORPORATION

Sales Bases (10 bases)

- 1 FOSTER ELECTRONICS LIMITED
- 2 FOSTER TRANSPORTATIONS LIMITED
- 3 FOSTER ELECTRIC CO., (HONG KONG) LTD.
- 4 SHANGHAI OFFICE
- 5 FOSTER ELECTRIC CO., (GUANGZHOU) LTD.
- 6 FOSTER ELECTRIC (EUROPE) GmbH
- 7 SWEDEN OFFICE
- 8 LOS ANGELES OFFICE
- 9 FOSTER ELECTRIC IPO (THAILAND) LTD.
- 10 PENANG OFFICE

Manufacturing Bases (13 bases)

- 1 FOSTER ELECTRIC CO., (CHANGZHOU) LTD. (Scheduled to be dissolved in December, 2014)
- 2 GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY
- 3 FOSTER ELECTRIC CO., (NANNING) LTD.
- 4 FOSTER ELECTRIC (VIETNAM) CO., LTD.
- 5 FOSTER ELECTRIC (DA NANG) CO., LTD.
- 6 P.T. FOSTER ELECTRIC INDONESIA
- 7 FOSTER ELECTRIC (BAC NINH) CO., LTD.
- 8 FOSTER ELECTRIC CO., (HEYUAN) LTD.
- 9 FOSTER ELECTRIC CO., (CHONGZUO) LTD.
- 10 FOSTER ELECTRIC CO., (GAOZHOU) LTD. (Scheduled to be dissolved in December, 2014)
- 11 MYANMAR FOSTER ELECTRIC CO., LTD.
- 12 FOSTER ELECTRIC (QUANG NGAI) CO., LTD.
- 13 THOMAS K.L. INDUSTRIA DE ALTO-FALANTES S.A. (Associated company)