



Consolidated Financial Results for the Nine Months Ended December 31, 2015 (Japanese GAAP)

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Tokyo Stock Exchange

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(Amounts less than one million yen are omitted)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2015 (From April 1, 2015 to December 31, 2015)

(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 attributable to owners of the parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended December 31, 2015	149,575	7.5	9,867	20.7	10,303	15.4	7,530	64.3
December 31, 2014	139,105	11.8	8,178	39.7	8,928	40.5	4,584	13.1

Note: Comprehensive income: Nine months ended December 31, 2015 ¥6,891 million [(31.2) %]
 Nine months ended December 31, 2014 ¥10,022 million [10.7 %]

	Net income per share	Diluted net income per share
Nine months ended December 31, 2015	Yen 281.47	Yen -
December 31, 2014	196.51	171.39

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of December 31, 2015	Millions of yen 108,983	Millions of yen 70,305	60.9	Yen 2,478.79
March 31, 2015	104,843	64,944	58.2	2,279.32

Reference: Equity capital: As of December 31, 2015 ¥66,317 million
 As of March 31, 2015 ¥60,980 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, 2015	Yen -	Yen 12.00	Yen -	Yen 28.00	Yen 40.00
Fiscal year ending March 31, 2016	-	25.00	-		
Fiscal year ending March 31, 2016 (Forecast)				25.00	50.00

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

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Percentage figures represent changes from the corresponding periods of the previous year)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2016	190,000	0.5	10,000	2.6	10,000	(3.8)	5,000	2.9	186.89

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

*** Notes**

- (1) Changes in major 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, accounting estimates and restatements
(i) Changes in accounting policies due to amendment 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 outstanding (common stock)
(i) Number of shares outstanding at end of period (including treasury stock)
December 31, 2015: 26,931,051
March 31, 2015: 26,931,051
(ii) Number of treasury stock at end of period
December 31, 2015: 177,209
March 31, 2015: 177,166
(iii) Average number of shares outstanding during the period
Nine months ended December 31, 2015: 26,753,847
Nine months ended December 31, 2014: 23,328,874

* 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 projected 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 nine months ended December 31, 2015

(1) Explanation of operating results

The world economy during the nine months ended December 31, 2015 (from April 1 to December 31, 2015) recovered moderately as a whole despite weakness in emerging and other countries. Meanwhile, uncertainties about the future heightened mainly due to the economic slowdown in China, the decline in crude oil prices, and the escalation of geopolitical risks.

In the electronic equipment and electronic components industries where the Foster Group (“the Group”) operates, tough conditions persisted for components related to audiovisual equipment such as flat TVs even though smartphone components and automotive components drove global demand.

Under this business environment, the Group concentrated efforts on ensuring orders in response to market changes. On the production front, the Group worked to improve processes to increase productivity, promote mechanization and laborsaving, and reduce costs such as material costs.

As a result, during the nine months ended December 31, 2015, consolidated net sales increased by 7.5% from the same period of the previous year to ¥149,575 million. In terms of profits, consolidated operating income increased by 20.7% from the same period of the previous year to ¥9,867 million, consolidated ordinary income increased by 15.4% from the same period of the previous year to ¥10,303 million, and net income attributable to owners of the parent increased by 64.3% from the same period of the previous year to ¥7,530 million.

The performance of each segment is as follows.

[Acoustic Components and Products Segment]

Mainly due to a decrease of shipments of flat TV speakers and speaker systems, and audio speakers, sales of this segment were ¥17,048 million (down 24.0%, y-o-y). Operating income was ¥1,350 million (down 10.5%, y-o-y) due to the decrease in sales, despite improvement in the profit ratio.

[Automotive Components and Products Segment]

Due to robust demand in the North American market, sales of this segment were ¥48,381 million (up 11.7%, y-o-y). Operating income was ¥2,323 million (up 7.2%, y-o-y).

[Information & Communication Components and Products Segment]

Due to robust shipments of headsets to major customers, sales of this segment were ¥79,629 million (up 15.0%, y-o-y). Operating income was ¥6,297 million (up 43.0%, y-o-y) mainly due to improvement in productivity.

[Other Segment]

Sales of this segment, including micro acoustic components and the “FOSTEX” brand products, were ¥4,516 million (up 10.5%, y-o-y). Operating loss was ¥103 million (operating income was ¥106 million for the same period of the previous year) due to a deterioration in profitability of products for the domestic market caused by yen depreciation.

(2) Explanation of financial position

Total assets increased by ¥4,139 million from the end of the previous consolidated fiscal year to ¥108,983 million due mainly to the increase in cash and deposits. Total liabilities decreased by ¥1,220 million from the end of the previous consolidated fiscal year to ¥38,678 million due mainly to the decrease in short-term bank loans. Net assets increased by ¥5,360 million from the end of the previous consolidated fiscal year to ¥70,305 million due mainly to the increase in retained earnings. Equity ratio increased by 2.7% from the end of the previous consolidated fiscal year to 60.9%.

(Cash flows)

The balance of cash and cash equivalents as of December 31, 2015 increased by ¥7,359 million from the end of the previous consolidated fiscal year to ¥13,283 million due mainly to the following cash flows.

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥14,791 million due mainly to income before income taxes.

(Cash flows from investing activities)

Net cash used in investing activities totaled ¥2,355 million due mainly to capital investment.

(Cash flows from financing activities)

Net cash used in financing activities totaled ¥5,194 million due mainly to the repayments of short-term bank loans.

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

Up to the third quarter of the fiscal year ending March 31, 2016, the Group's business performance have exceeded the initial plan, but entering the fourth quarter, the yen has been stronger than expected and the demand for products for smartphones is projected to decline. As such, situations have continued to be unpredictable, and moreover, additional expenses may be incurred towards the end of the fiscal year. Therefore, we have maintained our forecast made at the beginning of the fiscal year.

In projecting the performance above, we assumed exchange rates of ¥120 to the US dollar and ¥135 to the Euro from the second half of the fiscal year.

2. Matter concerning summary information (notes)

(1) Changes in major subsidiaries during the nine months ended December 31, 2015

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 standard for business combinations, etc.)

Effective from the first quarter of the fiscal year ending March 31, 2016, the Company has adopted "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21, September 13, 2013), "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, September 13, 2013) and "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, September 13, 2013), etc., and accordingly has changed the presentation of net income and others as well as the presentation of minority interests to non-controlling interests. In order to reflect such changes in presentation, the reclassification of accounts has been made to the quarterly consolidated financial statements and the consolidated financial statements for the nine months ended December 31, 2014 and the previous consolidated fiscal year.

3. Quarterly consolidated financial statements

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	8,589	13,089
Notes and accounts receivable - trade	31,692	31,620
Electronically recorded monetary claims - operating	522	576
Securities	-	1,200
Finished goods	18,090	18,265
Raw materials	8,928	8,467
Work in process	1,156	1,352
Supplies	285	253
Short-term loans receivable	11	10
Accounts receivable - other	2,117	1,886
Deferred tax assets	604	493
Other	2,695	2,575
Allowance for doubtful receivables	(971)	(893)
Total current assets	73,721	78,898
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,806	10,189
Machinery and equipment, net	8,737	7,442
Tools, furniture and fixtures, net	3,070	2,845
Land	1,133	1,095
Construction in progress	523	720
Net property, plant and equipment	23,271	22,293
Intangible assets		
Software	393	348
Leasehold rights	1,248	1,130
Other	115	105
Total intangible assets	1,757	1,584
Investments and other assets		
Investment securities	3,800	3,864
Long-term loans receivable	45	33
Long-term prepaid expenses	601	549
Asset for employees' retirement benefits	837	1,054
Deferred tax assets	369	345
Other	447	367
Allowance for doubtful receivables	(9)	(9)
Total investments and other assets	6,093	6,207
Total non-current assets	31,121	30,085
Total assets	104,843	108,983

(Millions of yen)

	As of March 31, 2015	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable - trade	14,433	17,172
Electronically recorded obligations - operating	80	43
Short-term bank loans	6,494	3,389
Current portion of long-term debt	1,052	5,031
Accounts payable - other	4,298	4,051
Income taxes payable	1,672	655
Accrued expenses	1,985	2,056
Deferred tax liabilities	138	127
Reserve for bonuses	677	1,243
Other	866	1,451
Total current liabilities	31,699	35,224
Long-term liabilities		
Long-term debt	6,514	1,768
Deferred tax liabilities	974	918
Liability for employees' retirement benefits	201	311
Liability for director's retirement benefits	68	48
Asset retirement obligations	226	230
Other	213	175
Total long-term liabilities	8,199	3,453
Total liabilities	39,899	38,678
Net assets		
Shareholders' equity		
Common stock	6,770	6,770
Capital surplus	9,372	9,372
Retained earnings	39,528	45,641
Treasury stock	(133)	(133)
Total shareholders' equity	55,538	61,650
Accumulated other comprehensive income		
Unrealized gain on available-for-sale securities	1,141	1,223
Foreign currency translation adjustment	4,477	3,538
Remeasurements of defined benefit plans	(176)	(94)
Total accumulated other comprehensive income	5,442	4,666
Non-controlling interests	3,963	3,987
Total net assets	64,944	70,305
Total liabilities and net assets	104,843	108,983

(2) Quarterly consolidated statement of income and quarterly consolidated statement of comprehensive income

(Quarterly consolidated statement of income)
 (Nine months ended December 31)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net sales	139,105	149,575
Cost of sales	118,405	127,622
Gross profit	20,699	21,953
Selling, general and administrative expenses	12,521	12,086
Operating income	8,178	9,867
Non-operating income		
Interest income	114	88
Dividend income	44	64
Foreign currency exchange gain	520	329
Miscellaneous income	423	404
Total non-operating income	1,102	886
Non-operating expenses		
Interest expense	172	98
Miscellaneous loss	181	351
Total non-operating expenses	353	450
Ordinary income	8,928	10,303
Extraordinary income		
Gain on sales of investment securities	22	-
Government subsidy	105	-
Compensation income	-	551
Total extraordinary income	127	551
Extraordinary losses		
Loss on impairment of long-lived assets	1,011	221
Special retirement expenses	297	294
Total extraordinary losses	1,309	515
Income before income taxes	7,746	10,338
Income taxes – current	2,224	2,395
Income taxes for prior periods	493	-
Income taxes – deferred	21	(24)
Total income taxes	2,738	2,370
Net income	5,008	7,968
Net income attributable to non-controlling interests	423	437
Net income attributable to owners of the parent	4,584	7,530

(Quarterly consolidated statement of comprehensive income)
 (Nine months ended December 31)

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Net income	5,008	7,968
Other comprehensive income		
Unrealized gain on available-for-sale securities	149	81
Foreign currency translation adjustments	4,818	(1,224)
Remeasurements of defined benefit plans	46	65
Total other comprehensive income	5,014	(1,076)
Comprehensive income	10,022	6,891
(Breakdown)		
Total comprehensive income attributable to owners of the parent	9,533	6,754
Total comprehensive income attributable to non-controlling interests	488	136

(3) Quarterly consolidated statement of cash flows

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Operating activities		
Income before income taxes	7,746	10,338
Depreciation and amortization	4,367	4,162
Amortization of goodwill	7	-
Decrease (increase) in asset for employees' retirement benefits	(144)	(216)
Increase (decrease) in liability for employees' retirement benefits	107	121
Increase (decrease) in director's retirement benefits	(0)	(20)
Increase (decrease) in allowance for doubtful receivables	10	0
Increase (decrease) in reserve for bonuses	409	577
Loss (gain) on sales of investment securities	(22)	-
Compensation income	-	(551)
Loss on impairment of long-lived assets	1,011	221
Special retirement expenses	297	294
Interest and dividend income	(158)	(152)
Interest expenses	172	98
Foreign exchange loss (gain)	1,152	80
Decrease (increase) in trade notes and accounts receivable	(8,211)	(505)
Decrease (increase) in inventories	(2,560)	(283)
Increase (decrease) in trade notes and accounts payable	3,639	2,977
Decrease (increase) in other accounts receivable	64	101
Increase (decrease) in other accounts payable	310	(162)
Other	(70)	783
Subtotal	8,126	17,866
Interest and dividend income received	158	152
Interest expenses paid	(136)	(98)
Compensation received	-	551
Payments for special retirement expenses	(297)	(294)
Income taxes - paid	(1,715)	(3,385)
Net cash provided by operating activities	6,135	14,791

(Millions of yen)

	Nine months ended December 31, 2014	Nine months ended December 31, 2015
Investing activities		
Purchases of investment securities	(509)	(0)
Proceeds from sales of investment securities	89	-
Purchases of property, plant and equipment	(1,950)	(3,639)
Purchases of intangible assets	(101)	(74)
Decrease (increase) in time deposits	(434)	1,536
Decrease (increase) in short-term loans receivable	46	3
Payments of long-term loans receivable	(17)	(5)
Collection of long-term loans receivable	14	11
Payments for long-term prepaid expenses	(306)	(254)
Other	9	66
Net cash used in investing activities	(3,157)	(2,355)
Financing activities		
Increase (decrease) in short-term bank loans payable-net	1,488	(2,994)
Proceeds from long-term debt	104	405
Repayments of long-term debt	(1,092)	(1,060)
Dividends paid	(746)	(1,417)
Dividends paid to non-controlling interests	(80)	(126)
Purchase of treasury stock	(0)	(0)
Net cash used in financing activities	(326)	(5,194)
Effect of exchange rate changes on cash and cash equivalents	962	117
Net increase (decrease) in cash and cash equivalents	3,613	7,359
Cash and cash equivalents, beginning of period	5,836	5,924
Cash and cash equivalents, end of period	9,449	13,283

(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. Nine months ended December 31, 2014 (from April 1, 2014 to December 31, 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 components and products	Other			
Net sales							
Sales to external customers	22,436	43,329	69,251	4,087	139,105	-	139,105
Inter-segment sales or transfers	-	-	-	-	-	-	-
Total	22,436	43,329	69,251	4,087	139,105	-	139,105
Segment income	1,508	2,167	4,403	106	8,185	(7)	8,178

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

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

II. Nine months ended December 31, 2015 (from April 1, 2015 to December 31, 2015)

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 components and products	Other			
Net sales							
Sales to external customers	17,048	48,381	79,629	4,516	149,575	-	149,575
Inter-segment sales or transfers	-	-	-	-	-	-	-
Total	17,048	48,381	79,629	4,516	149,575	-	149,575
Segment income (loss)	1,350	2,323	6,297	(103)	9,867	-	9,867

Notes: 1. There are no segment adjustments.

2. Total segment income (loss) coincides with the value of operating income of the quarterly consolidated income statement.