



Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (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 Fiscal year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(1) Consolidated operating results (Percentage figures represent changes from 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	%
Fiscal year ended March 31, 2018	184,800	14.9	9,307	214.1	9,062	200.3	4,265	292.0
March 31, 2017	160,896	(15.7)	2,963	(71.4)	3,017	(72.2)	1,088	(84.1)

Note: Comprehensive income: Fiscal year ended March 31, 2018 ¥4,201 million [-%]
 Fiscal year ended March 31, 2017 ¥43 million [(98.8)%]

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2018	165.78	-	7.0	8.9	5.0
March 31, 2017	41.16	-	1.8	3.0	1.8

Reference: Equity in earnings of affiliated companies: Fiscal year ended March 31, 2018 ¥- million
 Fiscal year ended March 31, 2017 ¥- million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2018	101,350	66,792	61.2	2,412.06
March 31, 2017	102,409	63,901	58.2	2,316.09

Reference: Equity capital: As of March 31, 2018 ¥62,061 million
 As of March 31, 2017 ¥59,592 million

(3) Consolidated cash flows

	Operating activities	Investing activities	Financing activities	Cash and cash equivalents, end of year
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2018	8,153	(7,131)	(2,859)	10,150
March 31, 2017	4,372	(11,089)	1,690	12,037

2. Dividends

	Annual dividends					Total cash dividends	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
	End of 1st quarter	End of 2nd quarter	End of 3rd quarter	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
March 31, 2017	-	15.00	-	25.00	40.00	1,044	97.2	1.6
March 31, 2018	-	20.00	-	35.00	55.00	1,421	33.2	2.2
Fiscal year ending March 31, 2019 (Forecast)	-	-	-	-	20.00		20.6	

3. Forecast of Financial Results for the Fiscal Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Percentage figures represent changes from 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, 2019	150,000	(18.8)	5,500	(40.9)	5,000	(44.8)	2,500	(41.4)	97.16

* Notes

- (1) Changes in major subsidiaries during the year (changes in specified subsidiaries accompanying changes in the scope of consolidation): No
 Newly added: - subsidiaries (Company name) -
 Excluded: - subsidiaries (Company name) -
- (2) Changes in accounting policies and changes/restatement of accounting estimates
 (i) Changes in accounting policies due to amendment of accounting standards, etc. : No
 (ii) Changes in accounting policies other than (i) : No
 (iii) Changes in accounting estimates : No
 (iv) Restatement : No
- (3) Number of shares outstanding (common stock)
 (i) Number of shares outstanding at the end of year (including treasury stock)
 March 31, 2018: 26,931,051
 March 31, 2017: 26,931,051
 (ii) Number of treasury stock at the end of year
 March 31, 2018: 1,201,449
 March 31, 2017: 1,201,261
 (iii) Average number of shares outstanding for the year
 Fiscal year ended March 31, 2018: 25,729,685
 Fiscal year ended March 31, 2017: 26,438,400

(Reference) Summary of non-consolidated results

1. Non-consolidated Financial Results for the Fiscal year Ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(1) Non-consolidated operating results (Percentage figures represent changes from the previous year)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ended March 31, 2018	132,723	13.4	(538)	-	438	(33.2)	504	(46.0)
March 31, 2017	117,059	(15.8)	34	(88.6)	654	(77.8)	933	(69.9)

	Net income per share	Diluted net income per share
Fiscal year ended	Yen	Yen
March 31, 2018	19.61	-
March 31, 2017	35.31	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2018	59,745	30,790	51.5	1,196.71
March 31, 2017	61,054	31,401	51.4	1,220.44

Reference: Equity capital: As of March 31, 2018 ¥30,790 million
 As of March 31, 2017 ¥31,401 million

* Consolidated financial statements are not subject to audit by a certified public accountant or an audit corporation.

* 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. 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 "Overview of operating results, etc." on page 2 of the Attachment.

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1. Overview of operating results, etc.

(1) Operating results for the year under review

During the fiscal year ended March 31, 2018, the global economy generally followed a path of moderate recovery. The US economy was solid on the back of improvements to the employment and income environments, and the European and Japanese economies were also on track for a recovery. China experienced stable growth, and other emerging economies also regained momentum. However, the US government's decision to increase tariffs has provoked fears of trade conflicts, heightening uncertainty about the future.

In the electronic components and electronic equipment industries in which the Foster Group ("the Group") operates, demand for automotive components remained strong, and we expanded various initiatives aimed at new markets such as IoT and AI. In the smartphone market, the number of parts per unit is increasing due to more advanced functionality, but unit sales began to slow.

Under this environment, the Group worked on securing new orders and cost-cutting initiatives including VA and VE in response to changes in the market.

On the production side, the Group focused on improving production processes, mechanization and labor-saving initiatives to raise productivity. In December 2017, the second phase of construction at the Thilawa plant in Myanmar was completed to strengthen the car speaker production system in the ASEAN region. Production efficiency was improved significantly for headphones and headsets by reducing the percentage of rejects and boosting yield. The Group also acquired shares in Suzuki Kanshi (Thailand) Co., Ltd. and made it a subsidiary company of the Group. The company specializes in the production of bobbins for voice coils. This is intended to further develop the Group's strengths in "acoustic products".

As a result, consolidated net sales for the fiscal year ended March 31, 2018 came to ¥184,800 million (up 14.9% y-o-y). Consolidated operating income was ¥9,307 million (up 214.1% y-o-y), while consolidated ordinary income came to ¥9,062 million (up 200.3% y-o-y). Net income attributable to owners of the parent was ¥4,265 million (up 292.0% y-o-y) which was reduced by extraordinary loss (impairment) based on the tests of cash generation from non-current assets.

The performance of each segment is as follows.

From the first quarter of the fiscal year, the reportable segment classifications have been changed, and in the section below, the figures for the same period of the previous fiscal year have been restated using the new segment classifications.

[Speaker Segment]

Shipments of car speaker and speaker systems were firm. Shipments of flat TV speakers and speaker systems, as well as audio speakers, were in line with projection. Accordingly, net sales in this segment came to ¥75,520 million (up 0.9% y-o-y). Due to a rise in material costs, ¥4,636 million (down 12.3% y-o-y) in operating income was posted.

[Mobile audio Segment]

We saw full-scale shipments of new headset models for a major customer, of which production began last year. Accordingly, net sales in this segment came to ¥103,513 million (up 28.9% y-o-y). Due to improved yield and productivity, ¥4,259 million (operating loss of ¥2,325 million posted in the previous year) in operating income was posted.

[Other Segment]

Sales for this segment, including micro acoustic components and "FOSTEX" brand products, were ¥5,886 million (up 2.1% y-o-y). Operating income came to ¥413 million (up 39,780.2% y-o-y) due to significant improvement in productivity in the micro acoustic component business.

(2) Financial position for the year under review

Total assets decreased by ¥1,058 million from the end of the previous consolidated fiscal year to ¥101,350 million, primarily due to a decrease in property, plant and equipment. Total liabilities decreased by ¥3,948 million from the end of the previous consolidated fiscal year to ¥34,558 million, primarily due to a decrease in notes and accounts payable - trade. Net assets increased by ¥2,890 million from the end of the previous consolidated fiscal year to ¥66,792 million, primarily due to an increase in retained earnings. The equity ratio increased by 3.0 percentage points from the end of the previous consolidated fiscal year to 61.2%.

(3) Cash flow for the year under review

[Operating activities]

Net cash provided by operating activities totaled ¥8,153 million, as a result of, amongst other factors, income before income taxes increasing to ¥6,929 million.

[Investing activities]

Net cash used in investing activities totaled ¥7,131 million, due mainly to capital expenditure.

[Financing activities]

Net cash used in financing activities totaled ¥2,859 million, due mainly to a decrease in loans.

The balance of cash and cash equivalents at the end of the consolidated fiscal year under review decreased by ¥1,886 million from the end of the previous consolidated fiscal year to ¥10,150 million.

(4) Future outlook

The global economy is expected to remain solid. However, conditions remain unpredictable due to concerns over trade conflicts triggered by protectionist trade policies and the resulting turmoil in financial markets, as well as geopolitical risks such as instability in the Middle East.

In the electronic components industry to which the Group belongs, we expect demand for automotive components to remain firm. Smartphone components would continue to drive global demand, but growth is slowing. With technical innovation in AI, IoT, robots, and autonomous driving expected to pick up speed, initiatives in these new markets have become even more important.

In this environment, the Group is keeping its vision "To make contributions for future society through acoustics" and its mission "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." In addition to ensuring a solid position within the industry, the Group will build a system for sustainable growth while augmenting its business further and raising corporate value as a global company.

In order to achieve these goals, we will promote quality management and aim for long-term growth focused on profits. As a medium-term management target, the Group is aiming for consolidated ROE over 10% by raising the efficiency of its assets and capital. In order to further leverage its strengths, the Group will pursue added value in its product strategy. In addition, the Group will spearhead further advances in the knowledge and expertise it has built up thus far in acoustic signal and human interface technology in order to turn new technological trends into business chances. We will also work to develop new technology and create new businesses.

Based on the above, we will promote reforms through an advancement of activities aimed at the continuous improvement of our corporate structure under our corporate slogan of "Year for Quality and Profit Enhancement, and Business Transformation." Specific measures to be implemented are, "Promote and enhance operational quality to satisfy automotive requirements," "Strengthen the production processes," "Strengthen the global platforms of HR and information systems, etc.," and "Develop new products and markets," and thereby strive to innovate/improve all operations in the whole Group. Meanwhile, with CSR (Corporate Social Responsibility) in mind, we will develop awareness of legal compliance, environmental response, and risk management across the entire Group, and continue to make steady efforts to become a company that is trusted and required by the society and markets we serve.

We project the consolidated earnings for the fiscal year ending March 31, 2019, as follows.

Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent
¥150,000 million	¥5,500 million	¥5,000 million	¥2,500 million

* In projecting the performance above, we assumed exchange rates of ¥105 to the US dollar and ¥130 to the euro.

* Net income attributable to owners of the parent shows a significant drop in the above forecast because the Group expects to post an extraordinary loss, including extra retirement payments as noted in "Important subsequent events." The Group's productivity is improving in the production and shipment of headsets for mobile phones, but the smartphone market is slowing. In order to build a more solid profit structure, the Group believes it needs to upgrade its production capacity and, at the same time, dispose of its surplus assets.

Note: Considerations to take into account when using earnings projections

The earnings projections above are calculated based on information currently available and assumptions currently made on the risk and uncertain factors that may affect future earnings, etc. However, actual earnings may differ from the projections and estimates above due to various factors including but not limited to economic conditions of the business segments of the Group, business conditions of related markets and OEM customers, trends of competition and price competition in Japan and overseas, conditions of raw material markets, exchange rates, risk of overseas development, legal regulations in Japan and overseas, disasters and accidents, and share prices.

(5) Basic policy for profit sharing and dividends for the current and next fiscal year

The Group has adopted the basic policy of improving the benefit of shareholders comprehensively, recognizing the enhancement of corporate value as a corporate challenge and keeping the balance between profit allocation according to earnings and increase of internal reserves on a long-term perspective, and aims to achieve the dividend payout ratio of at least 20% on a consolidated basis.

Based on this policy, we plan to pay a year-end dividend of ¥35 per share considering the results of the fiscal year under review and the business environment in the future. As a result, the annual dividend for the entire fiscal year, including the interim dividend (¥20 per share) is ¥55 per share.

For the next fiscal year, the Company plans to set the dividend at ¥20 per share, in view of the current business environment and earnings forecasts.

2. Basic policies concerning the Selection of Accounting Standards

In light of the comparability between consolidated financial statements for different fiscal years and companies, it is the Group's policy to continue to prepare consolidated financial statements under Japanese GAAP for the foreseeable future.

Meanwhile, with an eye to the future adoption of IFRS, the Group is moving ahead on development of internal manuals and guidelines, etc. and the timing of its adoption.

3. Consolidated financial statements and important notes

(1) Consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	10,258	9,704
Notes and accounts receivable - trade	18,932	21,744
Electronically recorded monetary claims - operating	547	499
Securities	2,172	2,310
Finished goods	24,840	26,582
Raw materials	7,632	7,972
Work in process	1,337	2,075
Supplies	209	425
Short-term loans receivable	3	0
Accounts receivable - other	791	841
Deferred tax assets	613	708
Other	2,034	1,473
Allowance for doubtful receivables	(59)	(15)
Total current assets	69,315	74,323
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,494	15,753
Accumulated depreciation	(5,549)	(6,035)
Buildings and structures, net	9,944	9,717
Machinery and equipment	25,688	24,775
Accumulated depreciation	(15,169)	(18,260)
Machinery and equipment, net	10,519	6,515
Tools, furniture and fixtures	12,483	13,394
Accumulated depreciation	(9,415)	(10,338)
Tools, furniture and fixtures, net	3,067	3,056
Land	1,074	1,151
Construction in progress	1,339	679
Net property, plant and equipment	25,945	21,120
Intangible assets		
Software	382	307
Leasehold rights	933	816
Other	113	176
Total intangible assets	1,429	1,300
Investments and other assets		
Investment securities	2,606	2,743
Long-term loans receivable	31	30
Long-term prepaid expenses	1,845	543
Asset for employees' retirement benefits	626	778
Deferred tax assets	314	211
Other	303	309
Allowance for doubtful accounts	(9)	(9)
Total investments and other assets	5,718	4,607
Total non-current assets	33,094	27,027
Total assets	102,409	101,350

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	15,445	13,053
Electronically recorded obligations - operating	67	60
Short-term bank loans	3,905	3,353
Current portion of long-term debt	1,335	1,250
Accounts payable - other	4,420	4,316
Income taxes payable	850	627
Accrued expenses	1,779	1,946
Deferred tax liabilities	251	398
Reserve for bonuses	586	693
Other	748	651
Total current liabilities	29,390	26,351
Non-current liabilities		
Long-term debt	8,135	7,098
Deferred tax liabilities	362	503
Liability for employees' retirement benefits	181	140
Liability for directors' retirement benefits	48	8
Provisions for stock benefit program	-	46
Asset retirement obligations	235	240
Other	153	169
Total long-term liabilities	9,116	8,206
Total non-current liabilities	38,507	34,558
Net assets		
Shareholders' equity		
Common stock	6,770	6,770
Capital surplus	9,372	9,394
Retained earnings	44,962	48,068
Treasury stock	(2,133)	(2,156)
Total shareholders' equity	58,972	62,077
Accumulated other comprehensive income		
Unrealized gain on investment securities	730	776
Foreign currency translation adjustment	337	(410)
Remeasurements of defined benefit plans	(447)	(382)
Total accumulated other comprehensive income	620	(15)
Non-controlling interests	4,309	4,731
Total net assets	63,901	66,792
Total liabilities and net assets	102,409	101,350

**(2) Consolidated statement of income and consolidated statement of comprehensive income
(Consolidated statement of income)**

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	160,896	184,800
Cost of sales	143,527	160,441
Gross profit	17,369	24,359
Selling, general and administrative expenses	14,405	15,052
Operating income	2,963	9,307
Non-operating income		
Interest income	106	102
Dividend income	63	53
Miscellaneous income	580	487
Total non-operating income	750	643
Non-operating expenses		
Interest expense	121	229
Foreign currency exchange loss	211	65
Miscellaneous loss	362	593
Total non-operating expenses	696	888
Ordinary income	3,017	9,062
Extraordinary income		
Gain on sales of investment securities	665	-
Government subsidy	70	-
Total extraordinary income	736	-
Extraordinary losses		
Impairment losses	111	2,014
Special retirement payments	243	118
Total extraordinary losses	354	2,132
Income before income taxes	3,399	6,929
Income taxes – current	1,795	1,994
Income taxes – deferred	23	263
Total income taxes	1,818	2,258
Net income	1,581	4,671
Net income attributable to non-controlling interests	492	405
Net income attributable to owners of the parent	1,088	4,265

(Consolidated statement of comprehensive income)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income	1,581	4,671
Other comprehensive income		
Unrealized gain on investment securities	(161)	46
Foreign currency translation adjustment	(1,371)	(582)
Remeasurements of defined benefit plans	(4)	66
Total accumulated other comprehensive income	(1,537)	(469)
Comprehensive income	43	4,201
(Breakdown)		
Total comprehensive income attributable to owners of the parent	(215)	3,629
Total comprehensive income attributable to non-controlling interests	259	572

(3) Consolidated statement of changes in shareholder's equity
Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2016	6,770	9,372	44,944	(133)	60,954
Changes during the year					
Dividends paid			(1,070)		(1,070)
Net income attributable to owners of the parent			1,088		1,088
Purchase of treasury stock				(2,000)	(2,000)
Net change in items other than shareholders' equity during the year (net value)					
Net change in the year	-	-	18	(2,000)	(1,982)
Balance, March 31, 2017	6,770	9,372	44,962	(2,133)	58,972

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on investment securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, April 1, 2016	891	1,479	(446)	1,924	4,138	67,017
Changes during the year						
Dividends paid						(1,070)
Net income attributable to owners of the parent						1,088
Purchase of treasury stock						(2,000)
Net change in items other than shareholders' equity during the year (net value)	(161)	(1,141)	(0)	(1,303)	170	(1,133)
Net change in the year	(161)	(1,141)	(0)	(1,303)	170	(3,115)
Balance, March 31, 2017	730	337	(447)	620	4,309	63,901

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance, April 1, 2017	6,770	9,372	44,962	(2,133)	58,972
Changes during the year					
Dividends paid			(1,160)		(1,160)
Net income attributable to owners of the parent			4,265		4,265
Purchase of treasury stock				(219)	(219)
Disposal of treasury stock		21		197	218
Net change in items other than shareholders' equity during the year (net value)					
Net change in the year	-	21	3,105	(22)	3,105
Balance, March 31, 2018	6,770	9,394	48,068	(2,156)	62,077

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on investment securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance, April 1, 2017	730	337	(447)	620	4,309	63,901
Changes during the year						
Dividends paid						(1,160)
Net income attributable to owners of the parent						4,265
Purchase of treasury stock						(219)
Disposal of treasury stock						218
Net change in items other than shareholders' equity during the year (net value)	46	(748)	65	(636)	421	(214)
Net change in the year	46	(748)	65	(636)	421	2,890
Balance, March 31, 2018	776	(410)	(382)	(15)	4,731	66,792

(4) Consolidated statement of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Operating activities		
Income before income taxes	3,399	6,929
Depreciation and amortization	6,922	8,155
(Increase) decrease in asset for employees' retirement benefits	(50)	(150)
Increase (decrease) in liability for employees' retirement benefits	3	(48)
Increase (decrease) in directors' retirement benefits	2	(44)
Increase (decrease) in allowance for doubtful receivables	(311)	(42)
Increase (decrease) in reserve for bonuses	(9)	113
Loss (gain) on sales of investment securities	(665)	-
Government subsidy	(70)	-
Loss on impairment of long-lived assets	111	2,014
Special retirement expenses	243	118
Interest and dividend income	(170)	(155)
Interest expense	121	229
Foreign exchange loss (gain)	(150)	(109)
Decrease (increase) in trade notes and accounts receivable	4,526	(2,222)
Decrease (increase) in inventories	(10,967)	(3,123)
Increase (decrease) in trade notes and accounts payable	2,603	(2,156)
Decrease (increase) in other accounts receivable	103	(2)
Increase (decrease) in other accounts payable	39	587
Other	531	513
Subtotal	6,212	10,604
Interest and dividend income received	170	155
Interest expenses paid	(121)	(229)
Government subsidies received	70	-
Payments for special retirement expenses	(440)	(118)
Income taxes - paid	(1,518)	(2,259)
Net cash provided by operating activities	4,372	8,153
Investing activities		
Purchases of securities	(184)	(1,570)
Proceeds from sales of securities	470	-
Proceeds from redemption of securities	-	195
Purchases of investment securities	(0)	(100)
Proceeds from sales of investment securities	1,218	-
Purchases of property, plant and equipment	(10,099)	(5,794)
Proceeds from sales of property, plant and equipment	-	733
Purchases of intangible assets	(162)	(142)
Decrease (increase) in time deposits	(97)	-
Decrease (increase) in short-term loans receivable	1	3
Payments of long-term loans receivable	(15)	(10)
Collection of long-term loans receivable	11	10
Payment for long-term prepaid expenses	(2,275)	(193)
Purchase of shares in a subsidiary company resulting in change in scope of consolidation	-	(261)
Other	45	(1)
Net cash used in investing activities	(11,089)	(7,131)

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Financing activities		
Increase (decrease) in short-term bank loans payable, net	1,818	(525)
Proceeds from long-term debt	8,679	365
Repayments of long-term debt	(5,647)	(1,388)
Dividends paid	(1,070)	(1,160)
Dividends paid to non-controlling interests	(89)	(150)
Purchase of treasury stock	(2,000)	(0)
Net cash provided by (used in) financing activities	1,690	(2,859)
Effect of exchange rate changes on cash and cash equivalents	(795)	(49)
Net increase (decrease) in cash and cash equivalents	(5,820)	(1,886)
Cash and cash equivalents, beginning of year	17,858	12,037
Cash and cash equivalents, end of year	12,037	10,150

(5) Notes to the consolidated financial statements**(Notes on going concern assumption)**

Not applicable.

(Segment information, etc.)

1. Outline of reportable segments

The Company's reportable segments are the business units for which the Company is able to obtain respective financial information separately, and the management makes periodic reviews to determine the distribution of management resources and evaluate their performance.

The Company identifies business segments according to business organizations, contents of products to be provided, and similarity of market and has three reportable segments: "Speaker Segment", "Mobile audio Segment," and "Other Segment."

The Speaker Segment manufactures and distributes audio and TV speakers and speaker systems as well as car speakers and speaker systems. The Mobile audio Segment manufactures and distributes headphones, headsets, micro speakers, and business microphones. The Other Segment manufactures and distributes "FOSTEX" brand products, and electronic buzzers and sounders for applications such as alarms or warnings, and provides logistics services, etc.

2. Method of accounting for net sales, income or loss, assets, liabilities, and other items for each reportable segment

Accounting procedures applied to reportable business segments are generally the same as those described in "Significant Matters that Serve as the Basis for Preparation of Consolidated Financial Statements."

Income in the reportable segments is based on operating income.

3. Information on Method of accounting for net sales, income or loss, assets, liabilities, and other items for each reportable segment

Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segments			Total	Adjustments * Note 1	Total amount * Note 2
	Speaker	Mobile audio	Other			
Net sales						
Sales to external customers	74,840	80,293	5,762	160,896	-	160,896
Inter-segment sales or transfers	-	-	-	-	-	-
Total	74,840	80,293	5,762	160,896	-	160,896
Segment income (loss)	5,288	(2,325)	1	2,963	-	2,963
Segment assets	37,374	42,043	3,721	83,139	19,270	102,409
Other						
(1) Depreciation	2,055	4,569	297	6,922	-	6,922
(2) Impairment loss	-	111	-	111	-	111
(3) Investment in entities accounted for using equity method	418	-	-	418	-	418
(4) Increase in property, plant and equipment, and intangible assets	3,438	7,237	185	10,861	-	10,861

Notes: 1. The ¥19,270 million in adjustments to segment assets pertains to company-wide assets that are not distributed to each reportable segment.

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

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Reportable segments			Total	Adjustments * Note 1	Total amount * Note 2
	Speaker	Mobile audio	Other			
Net sales						
Sales to external customers	75,520	103,513	5,766	184,800	-	184,800
Inter-segment sales or transfers	-	-	119	119	(119)	-
Total	75,520	103,513	5,886	184,920	(119)	184,800
Segment income	4,636	4,259	413	9,310	(3)	9,307
Segment assets	37,955	40,519	4,170	82,645	18,705	101,351
Other						
(1) Depreciation	2,260	5,633	261	8,155	-	8,155
(2) Impairment loss	-	2,014	-	2,014	-	2,014
(3) Investment in entities accounted for using equity method	381	-	-	381	-	381
(4) Increase in property, plant and equipment, and intangible assets	3,266	1,652	372	5,292	-	5,292

Notes: 1. The adjusted amounts are as follows:

(1) The negative ¥3 million in adjustments for segment income refers to the elimination of inter-segment transactions between segments.

(2) The ¥18,705 million in adjustments to segment assets pertains to company-wide assets that are not distributed to each reportable segment.

2. Total segment income is adjusted with the value of operating income posted in the consolidated statement of income.

4. Matters related to the change in reportable segments, etc.

From the first quarter of the current fiscal year, the reportable segments have been changed from the previous four classifications, consisting of "Acoustic components and products," "Automotive components and products," "Information & communication components and products," and "Other" to the three classifications, consisting of "Speaker," "Mobile audio," and "Other."

In addition, segment information for the previous fiscal year is presented based on the classifications after the change of reportable segments.

(Per-share information)

The amounts and bases for the computation of net assets per share and net income per share are set out below.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net assets per share	¥ 2,316.09	¥ 2,412.06
Net income per share	¥ 41.16	¥ 165.78

Notes: 1. The diluted net income per share is not stated as there were no dilutive shares.

2. The basis for calculation of net income per share is as follows.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income per share		
Net income attributable to owners of the parent (Millions of yen)	1,088	4,265
Amount not attributable to common shareholders (Millions of yen)	-	-
Net income attributable to owners of the parent relating to common shares (Millions of yen)	1,088	4,265
Average number of common shares outstanding for the year (shares)	26,438,400	25,729,685

Note 3. The basis for calculation of net assets per share is as follows.

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Total net assets (Millions of yen)	63,901	66,792
Amount to be deducted from total net assets (Millions of yen)	4,309	4,731
Of which, non-controlling interests (Millions of yen)	(4,309)	(4,731)
Year-end net assets relating to common shares (Millions of yen)	59,592	62,061
Number of common shares at year-end used for calculating net assets per share (shares)	25,729,790	25,729,602

(Important subsequent events)

(Early retirement offer)

At the Board Meeting held on April 27, 2018, the Company decided to solicit applicants for early retirement at the Vietnam factory and the Da Nang factory.

1. Reason for soliciting applicants for early retirement

The Company is seeking to optimize its production capacity in line with recent demand trends and with the aim of raising productivity of headsets for mobile phones.

2. Overview

Eligible applicants: Employees at Foster Electric (Vietnam) Co., Ltd. and Foster Electric (Da Nang) Co., Ltd.

Target number of applicants: About 5,000 at the Vietnam factory and about 1,500 at the Da Nang factory

Solicitation period: May 4-14, 2018

Retirement period: May-June 2018

Special retirement payments: An extra retirement payment will be added to the usual retirement payment.

3. Impact on earnings

The extra retirement payments resulting from this solicitation will be posted as an extraordinary loss in the fiscal year ending in March 2019. The earnings forecasts for the fiscal year ending in March 2019, noted in these materials, includes

these extra retirement payments to some extent, but it is difficult to rationally estimate the impact on earnings as the number of applicants is uncertain at this point.

4. Other

(1) Changes in Executives

(i) Change in the representative

Not applicable.

(ii) Change in other executives (scheduled for June 21, 2018) **Disclosed on March 28, 2018**

1. Promotion of directors

Senior Managing Director, Lu San Tie (current: Managing Director)

2. Promotion of officers

Senior Officer, Tatsuhito Tanaka (current: Officer)

Senior Officer, Ryoji Otowa (current: Officer)

(2) Other

Not applicable.