

Stock Information (As of March 31, 2014)

FOSTER®

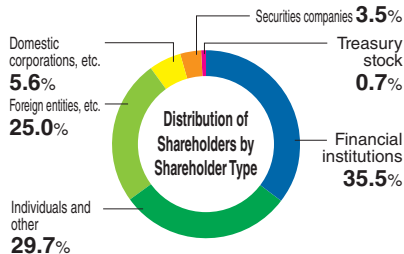
Status of Shares

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:
9,759

Number of treasury stock:
177,093 shares



Major Shareholders

Shareholder's Name	Number of Shares Held (thousand)	Ratio of Shares Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	1,323	5.6
Mizuho Bank, Ltd.	1,016	4.3
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	945	4.0
Goldman Sachs International	748	3.2
The Master Trust Bank of Japan, Ltd. (trust account)	741	3.1
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
Japan Trustee Services Bank, Ltd. (trust account No.1)	482	2.0
Showa Aircraft Industry Co., Ltd.	446	1.9
Japan Trustee Services Bank, Ltd. (trust account No.5)	420	1.8
Japan Trustee Services Bank, Ltd. (trust account No.6)	418	1.7

Treasury stock (177,093 shares) is excluded for the calculation of the "Ratio of Shares Held".

BUSINESS REPORT

**For the 80th Fiscal Year
From April 1, 2013 to March 31, 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.

Foster Electric Company, Limited

Securities Code: 6794



We are honored to report our overview of business and performance for the 80th fiscal year ended March 31, 2014.

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 global economy during the fiscal year ended March 31, 2014 saw a gradual recovery mainly among the advanced countries. In the U.S. economy, the housing market and personal consumption remained firm despite future uncertainty due to the anticipated curtailment of monetary easing measures. Although concerns due to sovereign debt issues remained, it seems that signs of recovery emerged overall in the European economies against the backdrop of improving business confidence. Meanwhile, the growth decelerated in emerging countries including China although there are dispersion depending on the region. As for the Japanese economy, recovery trends continued, supported by the positive effects from various government policies and last-minute demand in anticipation of the hike in the consumption tax.

In the electronic equipment and electronic components industries where the Foster Group (“the Group”) operates, the markets for mobile phones, tablet terminal-related parts and car electronics-related parts and components continued to expand. In particular, a shift to smartphones was accelerated in the mobile phone market, thereby driving demand for electronics-related parts and components. However, in view of the spreading use of low-priced models, ensuring profitability has become an important management objective. The market conditions remained severe for parts and components related to flat televisions and personal computers.

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.

Consequently, the Group achieved record high consolidated net sales for the fiscal year ended March 31, 2014 mainly due to the effects of yen depreciation, and profits also increased.

We decided to distribute a year-end dividend of ¥20 per share, as a distribution of profit commensurate with the business results and to express management’s gratitude for the continuing support of our shareholders. The annual dividend for the year under review therefore is ¥40 per share.

Outlook

In the 81st fiscal year, the year ending March 31, 2015, the economies of the advanced countries are expected to follow a gradual track to recovery. On the other hand, in the emerging countries, there are uncertain factors such as weakening currencies and falling stock prices accompanying the curtailment of monetary easing measures in the United States, the shadow banking issue in China and emerging geopolitical risks. Due to all these factors, the overall situation of the global economy is expected to continue to be severe and there is still the need to be cautious.

In the electronic components industry where the Group operates, although smartphones and tablet terminal-related parts and components, as well as car electronics-related ones, are anticipated to drive global demand, a trend of price reduction is projected in light of the saturation in demand in the advanced countries and the full-fledged propagation in the emerging countries. Meanwhile, the market condition for flat television-related parts and components is expected to continue to be severe due to the commoditization of relevant products.

Given such a situation, the Group intends to take necessary measures for future business deployment and corporate growth in the 81st fiscal year and beyond.

For the 81st fiscal year, we will follow the previous year’s Annual Management Policy of “To establish the base of global business and create the profitable structure toward the year of 2020”, and focus our efforts on improving the quality of our business operations.

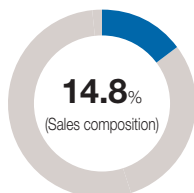
We will continue taking various measures to achieve our goals based on the medium-term management plan to enhance corporate value and develop various policies with the mind-set of CSR in our corporate activities to become a socially recognized enterprise.

Shareholders’ continued support will be greatly appreciated.

June 2014

Segment Information

Acoustic Components and Products Segment

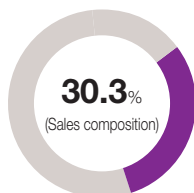


Net sales: **¥24,801** million

A 6.5% year-over-year decrease

Although shipments of headphones for audio products, mainly those for aftermarket sales, were favorable, sales of loudspeakers and speaker systems for audio products were affected by the sluggish market. Sales of loudspeakers and speaker systems for flat televisions continued to face a challenging situation in sales volume and prices.

Automobile Components and Products Segment

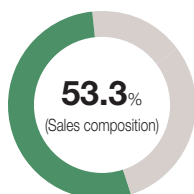


Net sales: **¥50,798** million

A 37.7% year-over-year increase

As for the production and sales volume of automobiles, the North American markets led global demand. In Japan, sales of automobiles were also favorable including the last-minute demand before the hike in the consumption tax. Consequently, the production and shipments of our automotive speakers and speaker systems increased.

Information & Communication Equipment Components and Products Segment

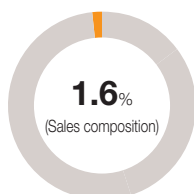


Net sales: **¥89,422** million

A 14.6% year-over-year increase

Against the backdrop of an accelerated shift to smartphones in the mobile phone market, net sales for headsets for mobile phones increased.

Other Segment



Net sales: **¥2,618** million

A 27.5% year-over-year increase

The segment's overall net sales increased significantly, reflecting the inclusion of net sales for the micro acoustic components business, which was taken over from Star Micronics Co., Ltd. in January 2014.

Financial Highlights (Condensed)

Consolidated Balance Sheets (Condensed) (Millions of yen)

	80th Fiscal Year As of March 31, 2014	79th Fiscal Year As of March 31, 2013
(Assets)		
Current assets	67,713	62,460
Fixed assets	30,316	32,019
Total assets	98,030	94,480
(Liabilities)		
Current liabilities	34,865	40,639
Long-term liabilities	14,560	11,216
Total liabilities	49,425	51,855
(Net Assets)		
Shareholders' equity	45,426	43,921
Accumulated other comprehensive income	(58)	(3,728)
Minority interests	3,236	2,430
Total net assets	48,604	42,624
Total liabilities and net assets	98,030	94,480

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

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

	80th Fiscal Year From April 1, 2013 to March 31, 2014	79th Fiscal Year From April 1, 2012 to March 31, 2013
Net sales	167,640	143,542
Operating income	6,021	5,515
Ordinary income	6,327	5,316
Income before income taxes	4,515	5,143
Net income	2,321	3,333

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

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

	80th Fiscal Year From April 1, 2013 to March 31, 2014	79th Fiscal Year From April 1, 2012 to March 31, 2013
Net cash provided by operating activities	9,469	1,577
Net cash used in investing activities	(4,249)	(11,947)
Net cash provided by (used in) financing activities	(5,388)	9,257
Effect of exchange rate changes on cash and cash equivalents	644	869
Net increase (decrease) in cash and cash equivalents	476	(243)
Cash and cash equivalents at the beginning of the period	5,359	5,603
Cash and cash equivalents at the end of the period	5,836	5,359

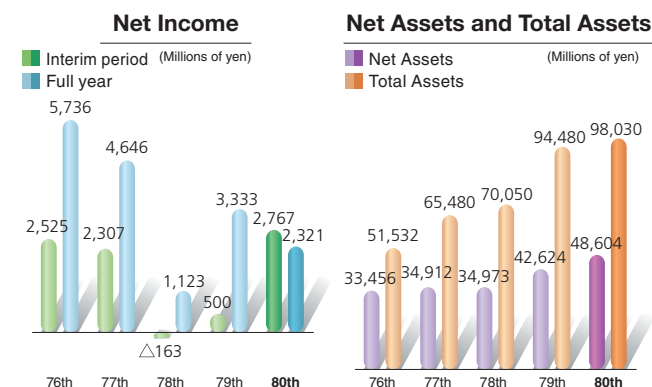
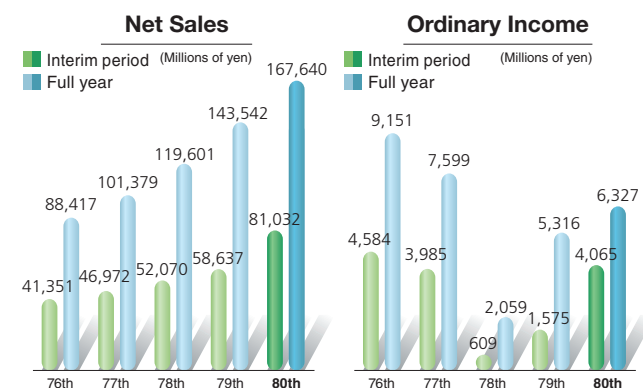
Note: All amounts less than 1 million yen are truncated.

Consolidated Performance Highlights

Review of Operations (Consolidated)

Consolidated net sales for the fiscal year ended March 31, 2014 amounted to ¥167,640 million, up 16.8% year over year, mainly due to the favorable effects of yen depreciation. Profits increased due to such factors as the effects of yen depreciation and favorable shipments of automotive speakers. Consolidated operating income increased 9.2% year over year to ¥6,021 million, and consolidated ordinary income increased 19.0% year over year to ¥6,327 million. However, consolidated net income decreased 30.4% year over year to ¥2,321 million, affected by the recording of extraordinary losses, which resulted from the disposal of surplus assets (fixed assets) after reviewing our production capability.

Changes in Operating Results and Total Assets (Consolidated)



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

Topics

TOPICS

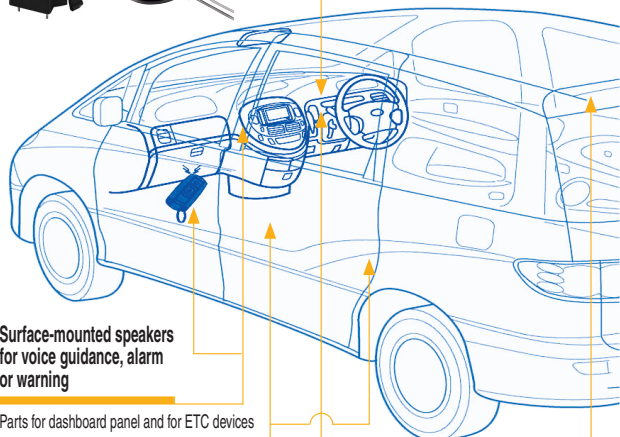
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Completion of transfer for the micro acoustic components business

In January 2014, we took over micro acoustic components business from Star Micronics Co., Ltd. to expand our lineup to include electronic buzzers, sounders for alarm or warning and speakers for notification sound of approaching.

Speakers for alarm, warning or turn signal sound

Parts for dashboard panel



Surface-mounted speakers for voice guidance, alarm or warning

Parts for dashboard panel and for ETC devices



Buzzers for alarm or warning

Parts for dashboard panel

Buzzers for warning

Parts for doors



TOPICS

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Renewal of the Company's Web site

Our Web site was renewed on April 1, 2014.

<http://www.foster.co.jp/>



Introduction of Our Products

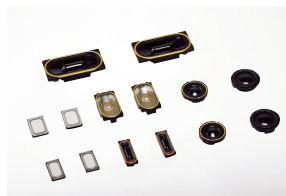
ODM and OEM products



Automotive speaker units



Headphones



Micro speaker units for personal computers and smartphones



Speaker system and units for televisions

FOSTEX products



HP-V1 Portable Headphone Amplifier



PM0.1 Personal Active Speaker System

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

New Product

TE-05 In-Ear Headphones

The TE-05 is a high-quality in-ear headphones built with a high-rigidity and high-precision aluminum body, of which a dynamic-type driver offers powerful low bass, a wide spectrum of reproduced sounds and the flows of naturally associated sounds.



Company Information

Company Profile (As of March 31, 2014)

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	439 (total of group companies: 61,222); Total number of employees of group companies includes the employees of our outsourcee in Panyu, China.
URL	http://www.foster.co.jp/

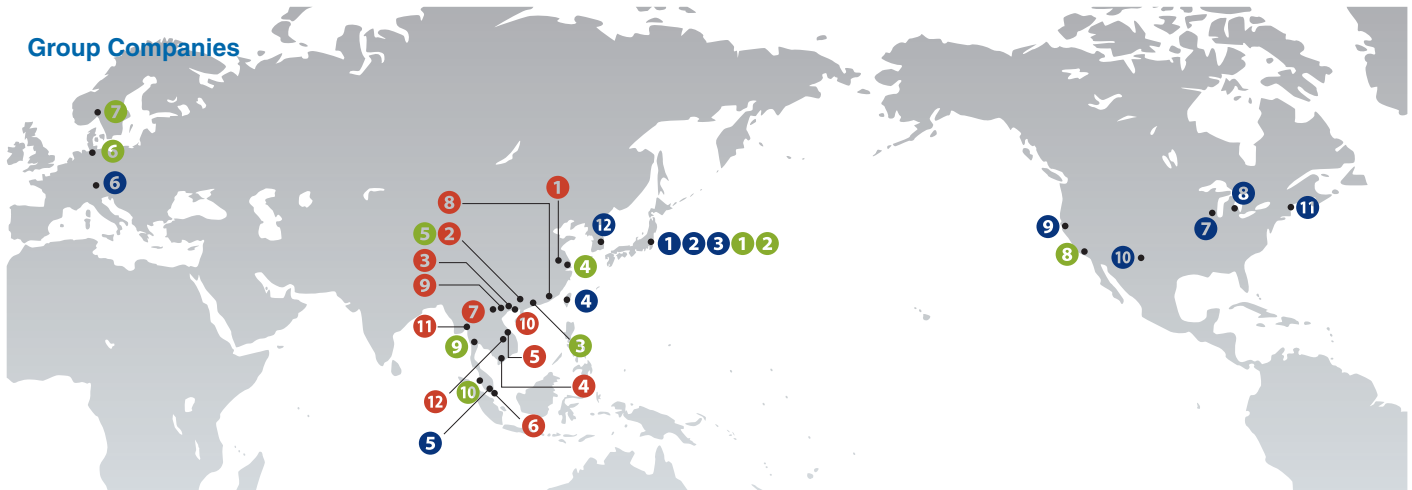
Directors and Statutory Auditors (As of June 25, 2014)

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		
Statutory Auditor	Osamu Nakamoto		
Statutory Auditor	Haruo Shirasu		

*Kaoru Matsumoto is an Outside Director.

*Takuma Ino and Osamu Nakamoto are Outside Statutory Auditors.

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 (12 bases)

- 1 FOSTER ELECTRIC CO., (CHANGZHOU) LTD.
- 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.
- 11 MYANMAR FOSTER ELECTRIC CO., LTD.
- 12 FOSTER ELECTRIC (QUANG NGAI) CO., LTD.