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<Code Number 6794>
May 30, 2018

To Our Shareholders with Voting Rights

Hiromi Yoshizawa, President
Foster Electric Company, Limited
1-1-109, Tsutsujigaoka, Akishima City, Tokyo

NOTICE OF THE 84TH ORDINARY GENERAL MEETING OF SHAREHOLDERS

We hereby inform you of the 84th Ordinary General Meeting of Shareholders of Foster Electric Company, Limited (the “Company”), to be held as follows and your attendance will be most sincerely requested.

You can exercise your voting rights in writing or by using the Internet, etc.; so if you are unable to attend the meeting please read the attached Reference Documents for the General Meeting of Shareholders and exercise your voting rights in accordance with the “Guidance to Exercising Voting Rights” (in Japanese only), by no later than the closing time of our daily business hours (5:15 p.m.) on Wednesday, June 20, 2018 (Japan Time).

1. Date and Time: Thursday, June 21, 2018 at 10 a.m. (Japan Time)

2. Place: “SYLVAN HALL” (2F), Forest Inn Showakan,
4017-3 Haijimacho, Akishima City, Tokyo

3. Agenda of the Meeting

Matters to be reported:

1. The Business Report and Consolidated Financial Statements for the 84th Fiscal Year (from April 1, 2017 to March 31, 2018) and results of audits of the Consolidated Financial Statements by the Financial Auditor and the Board of Corporate Auditors.
2. Standalone Financial Statements for the 84th Fiscal Year (from April 1, 2017 to March 31, 2018)

Matter to be resolved:

Proposal: Dividends of Surplus

4. Others

- (1) If you attend the meeting, please show the enclosed Exercise Voting Rights Form at the reception of the meeting upon arrival. Please bring this notice for eco purposes.
- (2) If you are unable to attend the meeting, you may nominate one (1) shareholder with a voting right as a proxy to attend the meeting and exercise your voting rights, provided that a document verifying the proxy right of the person representing you must be submitted.
- (3) Of the documents that the Company needs to provide along with this notice, pursuant to laws and regulations, and Article 15 of the Articles of Incorporation of the Company, the matters below are posted on the corporate website (http://www.foster.co.jp/investors/shareholder_info/meeting.html). Therefore, these matters are not included in this notice and the attached Reference Documents for the General Meeting of Shareholders.
 - 1) “Structure and Policy of the Company” in the Business Report
 - 2) “Consolidated Statement of Changes in Shareholders’ Equity” and “Notes to the Consolidated Financial Statements” in the Consolidated Financial Statements.

3) “Changes in Shareholders’ Equity” and “Notes to the Standalone Financial Statements” in the Standalone Financial Statements

The Business Report, the Consolidated Financial Statements and the Standalone Financial Statements in the attached Reference Documents for the General Meeting of Shareholders are part of the Business Report and the Consolidated and Standalone Financial Statements that were audited by the Financial Auditor and Corporate Auditors of the Company when preparing the Financial Auditor’s Report and the Corporate Auditors’ Report.

- (4) If you exercise your voting rights in duplicate through the Internet and in writing, the vote using the Internet, etc., will be validated. If you exercise your voting rights multiple times, the vote you exercise last will be validated.
- (5) On the day of the meeting, our executives will be dressed casually (“Cool Biz”).
- (6) In the event any matters are to be changed with respect to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Standalone Financial Statements or the Consolidated Financial Statements, the changes will be disclosed immediately on the corporate website (<http://www.foster.co.jp/>).

An English translation of the Notice of the 84th Ordinary General Meeting of Shareholders is posted on the corporate website (<http://www.foster-electric.com/investors/meeting/index.html>).

About the platform for exercising voting rights electronically

In addition to the voting methods of in writing and through the Internet as described above, institutional investors may exercise their voting rights electronically by using the platform operated by ICJ, Inc.

Reference Documents for the General Meeting of Shareholders

Proposal and References

Proposal: Dividends of Surplus

The Company regards the enhancement of corporate value as a major management issue and maintains a basic policy of comprehensively improving shareholder profits while distributing profits that are commensurate with the Company's business results and enhancing internal reserves from a long-term viewpoint.

We propose a year-end dividend of ¥35 per share for the fiscal year under review as a distribution of profit commensurate with our business results, as a reward to reciprocate the support that our shareholders have bestowed upon us. Accordingly, since the Company paid an interim dividend of ¥20 per share, the annual total of the dividend for the fiscal year under review is ¥55 per share.

Matters related to year-end dividends

(1) Type of dividend property

Cash

(2) Allotment of dividend property to shareholders and the total amount

¥35 per share of common stock of the Company Total amount: ¥904,421,070

(3) Effective date of dividends of surplus

June 22, 2018

(REFERENCE)

Financial Highlights
(Year ended March 31)

		March 2014	March 2015	March 2016	March 2017	March 2018
1. Consolidated financial highlights						
Net sales	(Millions of yen)	167,640	189,124	190,928	160,896	184,800
Ordinary income	(Millions of yen)	6,327	10,398	10,847	3,017	9,062
Net income attributable to owners of the parent	(Millions of yen)	2,321	4,858	6,833	1,088	4,265
Comprehensive income	(Millions of yen)	6,989	11,178	3,603	43	4,201
Net assets	(Millions of yen)	48,604	64,944	67,017	63,901	66,792
Total assets	(Millions of yen)	98,030	104,843	98,735	102,409	101,350
Net assets per share	(Yen)	1,944.73	2,279.32	2,350.26	2,316.09	2,412.06
Net income per share	(Yen)	99.50	206.18	255.44	41.16	165.78
Diluted net income per share	(Yen)	86.83	-	-	-	-
Equity ratio	(%)	46.3	58.2	63.7	58.2	61.2
Return on equity	(%)	5.4	9.1	11.0	1.8	7.0
Cash flows from operating activities	(Millions of yen)	9,469	15,499	24,057	4,372	8,153
Cash flows from investing activities	(Millions of yen)	(4,249)	(4,417)	(3,946)	(11,089)	(7,131)
Cash flows from financing activities	(Millions of yen)	(5,388)	(11,513)	(6,676)	1,690	(2,859)
Cash and cash equivalents, end of year	(Millions of yen)	5,836	5,924	17,858	12,037	10,150
2. Standalone financial highlights						
Net sales	(Millions of yen)	121,761	134,350	139,060	117,059	132,723
Ordinary income	(Millions of yen)	1,256	4,101	2,942	654	438
Net income	(Millions of yen)	823	2,504	3,096	933	504
Common stock	(Millions of yen)	3,770	6,770	6,770	6,770	6,770
Total number of shares outstanding	(Thousands of shares)	23,506	26,931	26,931	26,931	26,931
Net assets	(Millions of yen)	24,010	32,269	33,700	31,401	30,790
Total assets	(Millions of yen)	54,764	57,807	56,151	61,054	59,745
Net assets per share	(Yen)	1,029.23	1,206.17	1,259.64	1,220.44	1,196.71
Annual dividends per share [Interim dividends per share]	(Yen)	40.00 [20.00]	40.00 [12.00]	50.00 [25.00]	40.00 [15.00]	55.00 [20.00]
Net income per share	(Yen)	35.32	106.29	115.73	35.31	19.61
Equity ratio	(%)	43.8	55.8	60.0	51.4	51.5
Return on equity	(%)	3.4	8.9	9.4	2.9	1.6
Payout ratio	(%)	113.3	37.6	43.2	113.3	280.5

- Notes:
1. The financial highlights are not presented in the original Notice of the Ordinary General Meeting of Shareholders in Japanese.
 2. Moreover, some of the figures in this document have been prepared based on financial statements, which are not included in the original Notice of the Ordinary General Meeting of Shareholders in Japanese.

3. Figures have been prepared in accordance with the accounting principles generally accepted in Japan, which are different in certain respects from application and disclosure requirements of the International Financial Reporting Standards.

Consolidated Balance Sheet
(as of March 31, 2018)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	74,323	Current liabilities	26,351
Cash and deposits	9,704	Notes and accounts payable—trade	13,053
Notes and accounts receivable—trade	21,744	Electronically recorded obligations—operating	60
Electronically recorded monetary claims—operating	499	Short-term bank loans	3,353
Securities	2,310	Current portion of long-term debt	1,250
Finished goods	26,582	Accounts payable—other	4,316
Raw materials	7,972	Income taxes payable	627
Work in process	2,075	Accrued expenses	1,946
Supplies	425	Deferred tax liabilities	398
Short-term loans receivable	0	Reserve for bonuses	693
Accounts receivable—other	841	Other	651
Deferred tax assets	708	Long-term liabilities	8,206
Other	1,473	Long-term debt	7,098
Allowance for doubtful accounts	(15)	Deferred tax liabilities	503
Non-current assets	27,027	Liability for employees' retirement benefits	140
Property, plant and equipment	21,120	Liability for director's retirement benefits	8
Buildings and structures	9,717	Provisions for stock benefit program	46
Machinery and equipment	6,515	Asset retirement obligations	240
Furniture and fixtures	3,056	Other	169
Land	1,151	Total liabilities	34,558
Construction in progress	679	Net assets	
Intangible assets	1,300	Shareholders' equity	62,077
Software	307	Common stock	6,770
Leasehold rights	816	Capital surplus	9,394
Other	176	Retained earnings	48,068
Investments and other assets	4,607	Treasury stock	(2,156)
Investment securities	2,743	Accumulated other comprehensive income	(15)
Long-term loans receivable	30	Unrealized gain on available-for-sale securities	776
Long-term prepaid expenses	543	Foreign currency translation adjustment	(410)
Asset for employees' retirement benefits	778	Remeasurements of defined benefit plans	(382)
Deferred tax assets	211	Non-controlling interests	4,731
Other	309	Total net assets	66,792
Allowance for doubtful accounts	(9)	Total liabilities and net assets	101,350
Total assets	101,350		

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

Consolidated Statement of Income
(from April 1, 2017 to March 31, 2018)

(Millions of yen)

Account item	Amount	
Net sales		184,800
Cost of sales		160,441
Gross profit		24,359
Selling, general and administrative expenses		15,052
Operating income		9,307
Non-operating income:		
Interest income	102	
Dividend income	53	
Miscellaneous income	487	643
Non-operating expenses:		
Interest expenses	229	
Foreign currency exchange loss	65	
Miscellaneous loss	593	888
Ordinary income		9,062
Extraordinary losses:		
Loss on impairment of long-lived assets	2,014	
Special retirement expenses	118	2,132
Income before income taxes		6,929
Income taxes—current	1,994	
Income taxes—deferred	263	2,258
Net income		4,671
Net income attributable to non-controlling interests		405
Net income attributable to owners of the parent		4,265

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

Consolidated Statement of Changes in Shareholders' Equity

(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 fiscal year					
Cash 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 fiscal year					
Total changes during the fiscal year	—	21	3,105	(22)	3,105
Balance, March 31, 2018	6,770	9,394	48,068	(2,156)	62,077

(Millions of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Unrealized gain on available-for-sale 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 fiscal year						
Cash 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 fiscal year	46	(748)	65	(636)	421	(214)
Total changes during the fiscal year	46	(748)	65	(636)	421	2,890
Balance, March 31, 2018	776	(410)	(382)	(15)	4,731	66,792

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

Standalone Balance Sheet

(as of March 31, 2018)

(Millions of yen)

Assets		Liabilities	
Account item	Amount	Account item	Amount
Current assets	39,999	Current liabilities	22,131
Cash and deposits	2,640	Account payable—trade	18,928
Notes receivable—trade	29	Short-term bank loans	212
Electronically recorded monetary claims—operating	307	Current portion of long-term debt	1,050
Account receivable—trade	13,955	Accounts payable—other	936
Finished goods	17,544	Income taxes payable	74
Raw materials and supplies	88	Accrued expenses	236
Prepaid expenses	47	Advance received	0
Short-term loans receivable	4,516	Deposits received	133
Accounts receivable—other	440	Reserve for bonuses	558
Income taxes receivable	30	Long-term liabilities	6,823
Deferred tax assets	376	Long-term debt	6,100
Other	21	Provisions for stock benefit program	46
Allowance for doubtful accounts	(0)	Deferred tax liabilities	435
Non-current assets	19,747	Asset retirement obligations	240
Property, plant and equipment	3,520	Other	1
Buildings	2,810	Total liabilities	28,954
Structures	45	Net assets	
Machinery and equipment	244	Shareholders' equity	30,027
Vehicles and transportation equipment	6	Common stock	6,770
Furniture and fixture	137	Capital surplus	9,394
Land	263	Capital reserve	6,896
Construction in progress	12	Other capital surplus	2,497
Intangible assets	156	Retained earnings	16,018
Software	109	Legal reserve	373
Other	46	Other retained earnings	15,644
Investments and other assets	16,069	Reserve for special depreciation	23
Investment securities	2,237	General reserve	4,700
Stocks of subsidiaries and affiliates	12,749	Retained earnings brought forward	10,921
Prepaid pension cost	1,006	Treasury stock	(2,156)
Other	114	Valuation and translation adjustments	763
Allowance for doubtful accounts	(9)	Net unrealized gain on securities	763
Allowance for investment loss to subsidiaries and affiliates	(29)	Total net assets	30,790
Total assets	59,745	Total liabilities and net assets	59,745

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

Standalone Statement of Income
(from April 1, 2017 to March 31, 2018)

(Millions of yen)

Account item	Amount	
Net sales		132,723
Cost of sales		127,574
Gross profit		5,148
Selling, general and administrative expenses		5,687
Operating loss		(538)
Non-operating income:		
Interest and dividend income	1,218	
Foreign currency exchange gain	32	
Miscellaneous income	22	1,273
Non-operating expenses:		
Interest expenses	122	
Miscellaneous loss	173	296
Ordinary income		438
Income before income taxes		438
Income taxes—current	88	
Income taxes—deferred	(154)	(66)
Net income		504

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

Standalone Statement of Changes in Shareholders' Equity

(from April 1, 2017 to March 31, 2018)

(Millions of yen)

	Shareholders' equity			
	Common stock	Capital surplus		
		Capital reserve	Other capital surplus	Total capital surplus
Balance, April 1, 2017	6,770	6,896	2,476	9,372
Changes during the fiscal year				
Reversal of reserve for special depreciation				
Cash dividends paid				
Net income				
Purchase of treasury stock				
Disposal of treasury stock			21	21
Net change in items other than shareholders' equity during the fiscal year				
Net change in the year	—	—	21	21
Balance, March 31, 2018	6,770	6,896	2,497	9,394

(Millions of yen)

	Shareholders' equity						
	Retained earnings					Treasury stock	Total shareholders' equity
	Legal reserve	Other retained earnings			Total retained earnings		
		Reserve for special depreciation	General reserve	Retained earnings brought forward			
Balance, April 1, 2017	373	29	4,700	11,570	16,674	(2,133)	30,683
Changes during the fiscal year							
Reversal of reserve for special depreciation		(5)		5	—		—
Cash dividends paid				(1,160)	(1,160)		(1,160)
Net income				504	504		504
Purchase of treasury stock					—	(219)	(219)
Disposal of treasury stock						197	218
Net change in items other than shareholders' equity during the fiscal year							
Net change in the year	—	(5)	—	(649)	(655)	(22)	(655)
Balance, March 31, 2018	373	23	4,700	10,921	16,018	(2,156)	30,027

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.

(Millions of yen)

	Valuation and translation adjustments		Total net assets
	Net unrealized gain on securities	Total valuation and translation adjustments	
Balance, April 1, 2017	718	718	31,401
Changes during the fiscal year			
Reversal of reserve for special depreciation			—
Cash dividends paid			(1,160)
Net income			504
Purchase of treasury stock			(219)
Disposal of treasury stock			218
Net change in items other than shareholders' equity during the fiscal year	44	44	44
Net change in the year	44	44	(610)
Balance, March 31, 2018	763	763	30,790

Note: Figures less than ¥1,000,000 are rounded down to the nearest ¥1,000,000.