



# **Financial Results Briefing for the First Half of the Fiscal Year Ending March 31, 2017**

**Foster Electric Company, Limited**

**(Stock code: 6794, First Section, Tokyo Stock Exchange)**

**November 8, 2016**

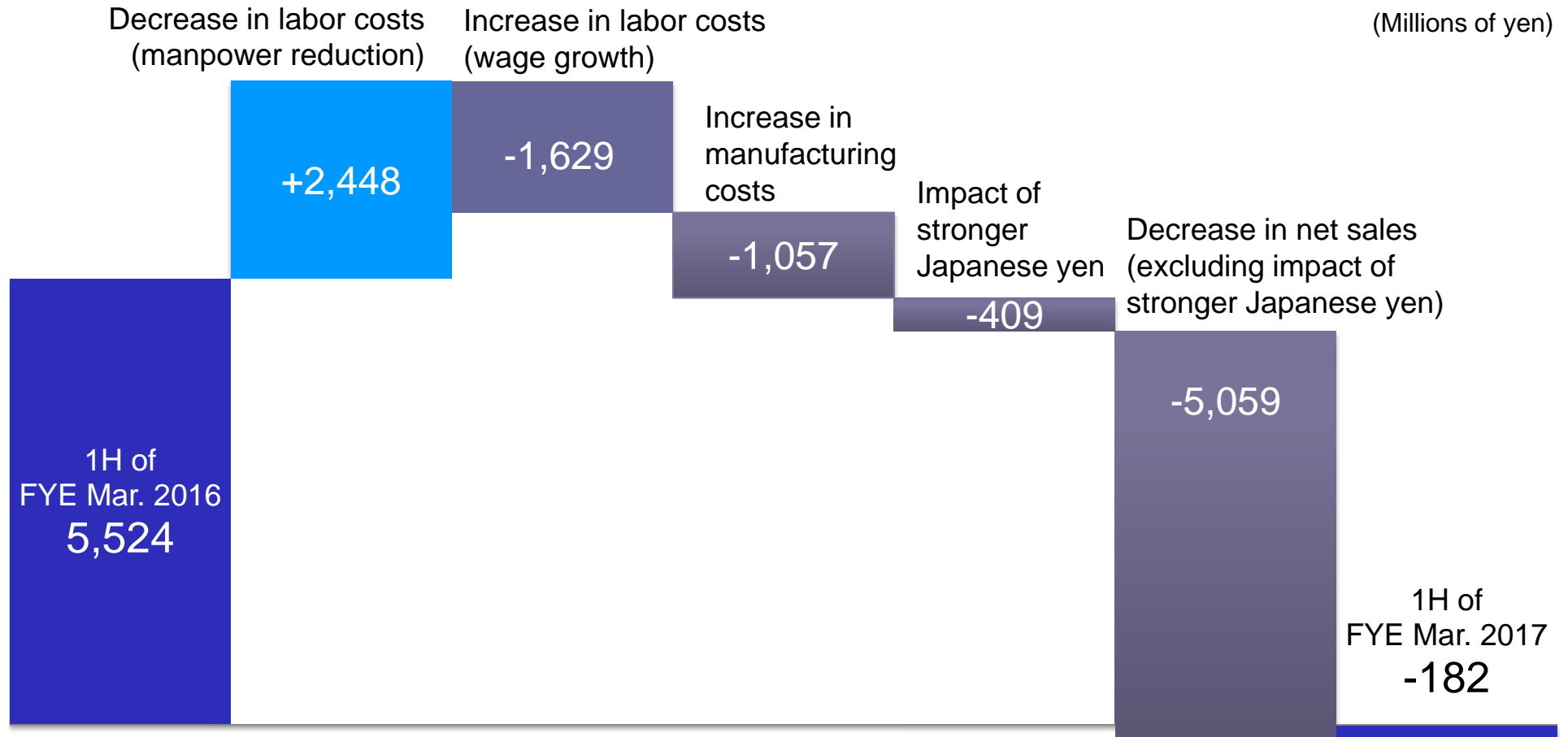
# I. Overview of Financial Results for the First Half of the Fiscal Year Ending March 31, 2017

---

(Millions of yen)

	1H of FYE Mar. 2016	Results for 1H of FYE Mar. 2017		
			Change in value (YoY)	Percentage change (YoY)
Net sales	96,641	68,342	(28,299)	(29.3)%
Operating income	5,524	(182)	(5,706)	-
<i>Operating income on net sales</i>	5.7%	(0.3)%		
Ordinary income	5,927	28	(5,899)	(99.5)%
<i>Ordinary income on net sales</i>	6.1%	0.0%		
Net income*	4,406	(227)	(4,633)	-
<i>Net income on net sales*</i>	4.6%	(0.3)%		
Dividends per share	¥25.0	¥15.0	¥(10.0)	(40.0)%
Average exchange rates	121.73 yen/US\$ 135.26 yen/EUR	105.40 yen/US\$ 117.65 yen/EUR		

\* Net income attributable to owners of parent; net income attributable to owners of parent on net sales



# Segment Information

**FOSTER**

(Millions of yen)

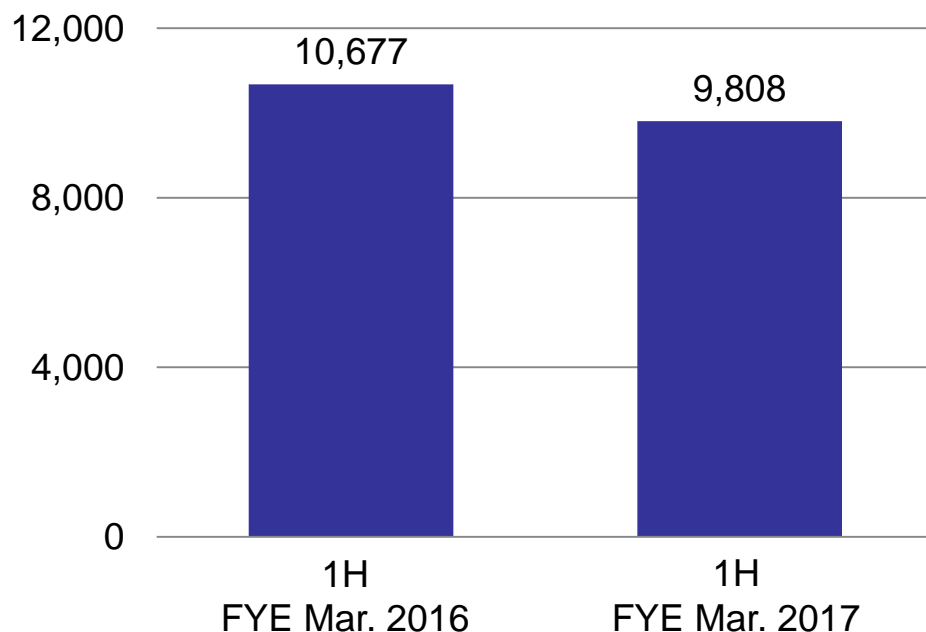
		1H of FYE Mar. 2016	Composition ratio	1H of FYE Mar. 2017	Composition ratio	Percentage change
	Net sales	96,641		68,342		(29.3)%
	Operating income	5,524		(182)		-
	<i>Operating margin</i>	5.7%		(0.3)%		
Acoustic components and products	Net sales	10,677	11.0%	9,808	14.3%	(8.1)%
	Operating income	681	12.3%	398	-	(41.5)%
	<i>Operating margin</i>	6.4%		4.1%		
Automotive components and products	Net sales	32,952	34.1%	30,081	44.0%	(8.7)%
	Operating income	1,206	21.8%	2,124	-	76.1%
	<i>Operating margin</i>	3.7%		7.1%		
Information & communication components and products	Net sales	50,142	51.9%	25,597	37.5%	(48.9)%
	Operating income	3,695	66.9%	(2,747)	-	-
	<i>Operating margin</i>	7.4%		(10.7)%		
Other	Net sales	2,867	3.0%	2,853	4.2%	(0.5)%
	Operating income	(58)	(1.0)%	42	-	-
	<i>Operating margin</i>	(2.0)%		1.5%		

- Sales volumes were in line with expectations.
- Net sales and operating income fell due to the impact of the stronger yen.

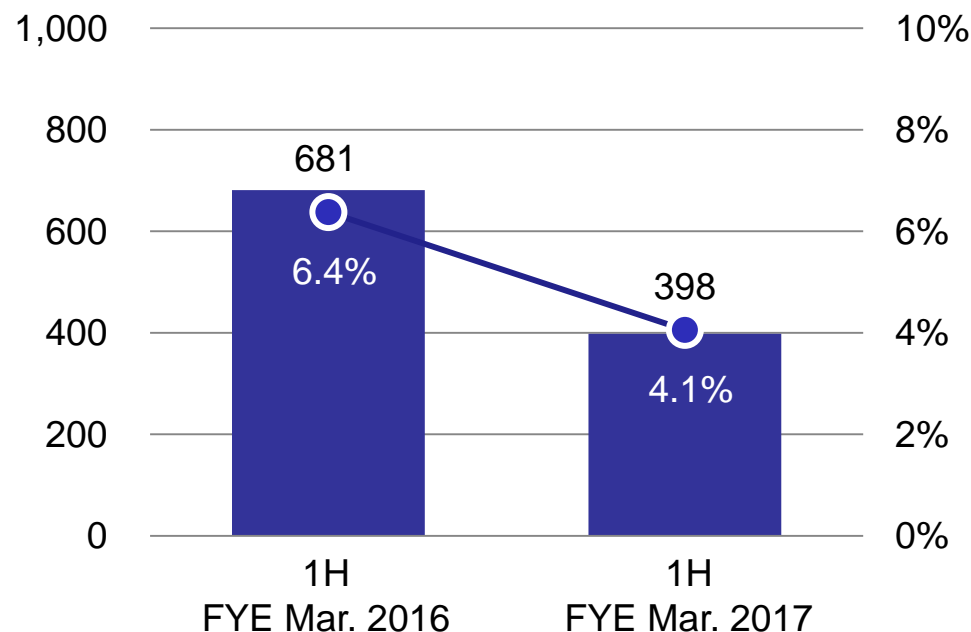
(Millions of yen)

	1H of FYE Mar. 2016	1H of FYE Mar. 2017	Composition ratio	Percentage change
Acoustic components and products	Net sales	10,677	14.3%	(8.1)%
	Operating income	681	-	(41.5)%
	Operating margin	6.4%	4.1%	

Net sales (Millions of yen)



Operating income (Millions of yen) and operating margin

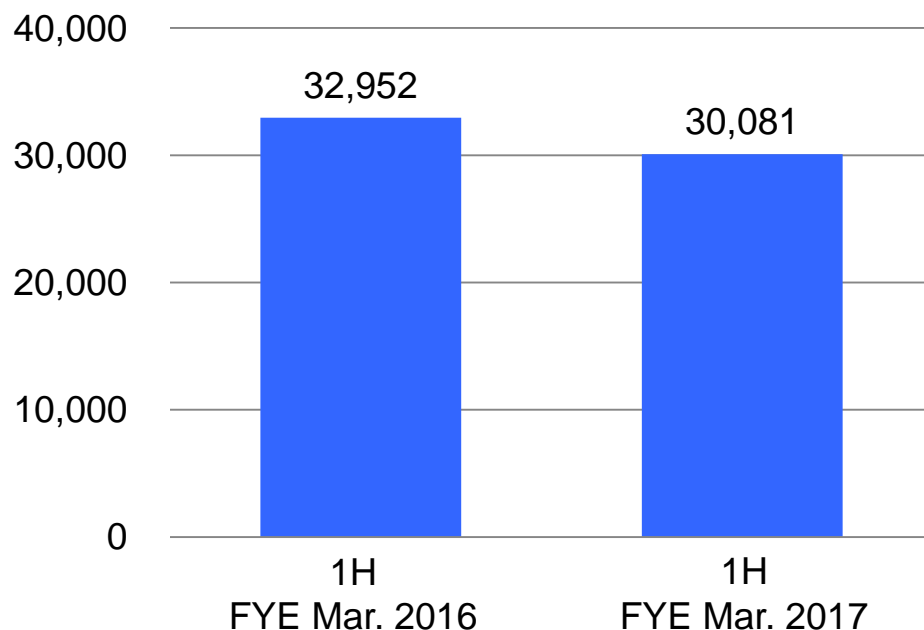


- Sales were supported by demand in the North American market, but the impact of the stronger yen led to lower net sales.
- Operating income rose significantly due to improved factory utilization.

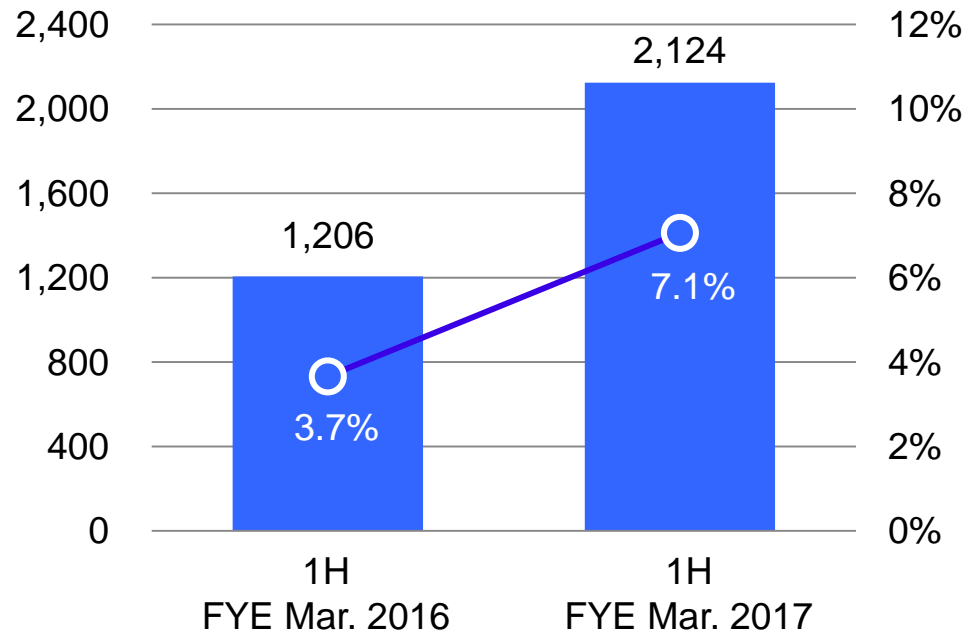
(Millions of yen)

		1H of FYE Mar. 2016	1H of FYE Mar. 2017	Composition ratio	Percentage change
Automotive components and products	Net sales	32,952	30,081	44.0%	(8.7)%
	Operating income	1,206	2,124	-	76.1%
	<i>Operating margin</i>	3.7%	7.1%		

Net sales (Millions of yen)



Operating income (Millions of yen) and operating margin

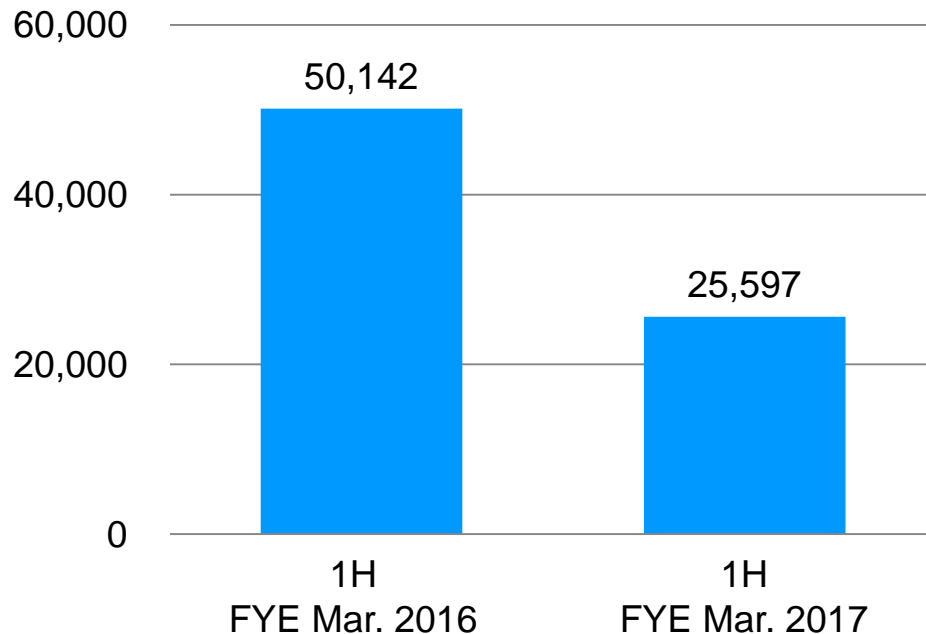


- Due to declining smartphone sales at major customers and flagship products going through a transition to new models, headset sales decreased and net sales were halved.
- An operating loss was posted due to rising labor costs related to the ramp-up of new models and lower capacity utilization.

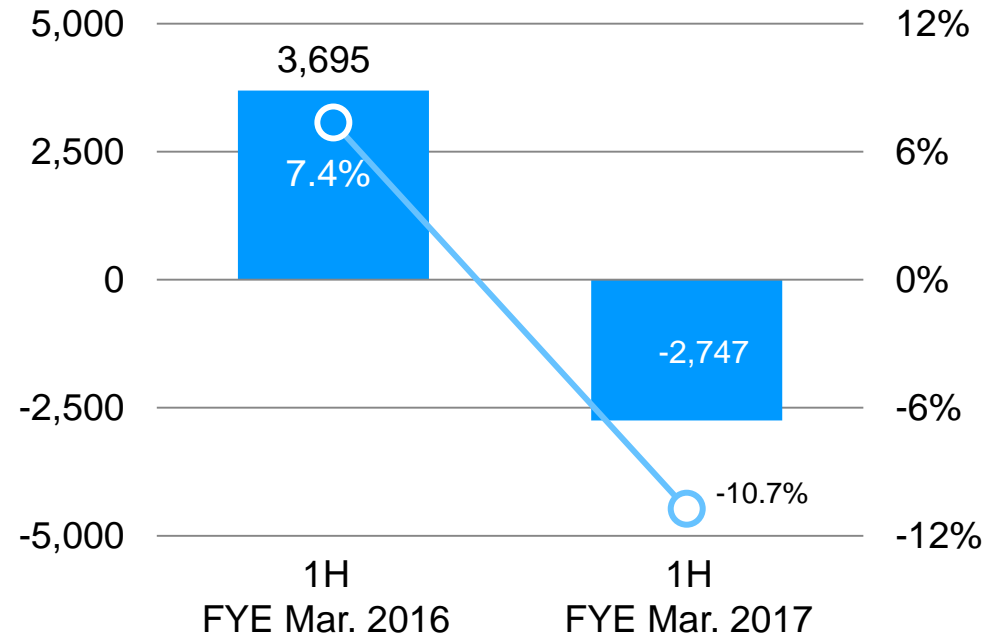
(Millions of yen)

		1H of FYE Mar. 2016	1H of FYE Mar. 2017	Composition ratio	Percentage change
Information & communication components and products	Net sales	50,142	25,597	37.5%	(48.9)%
	Operating income	3,695	(2,747)	-	-
	Operating margin	7.4%	(10.7)%		

Net sales (Millions of yen)



Operating income (Millions of yen) and operating margin



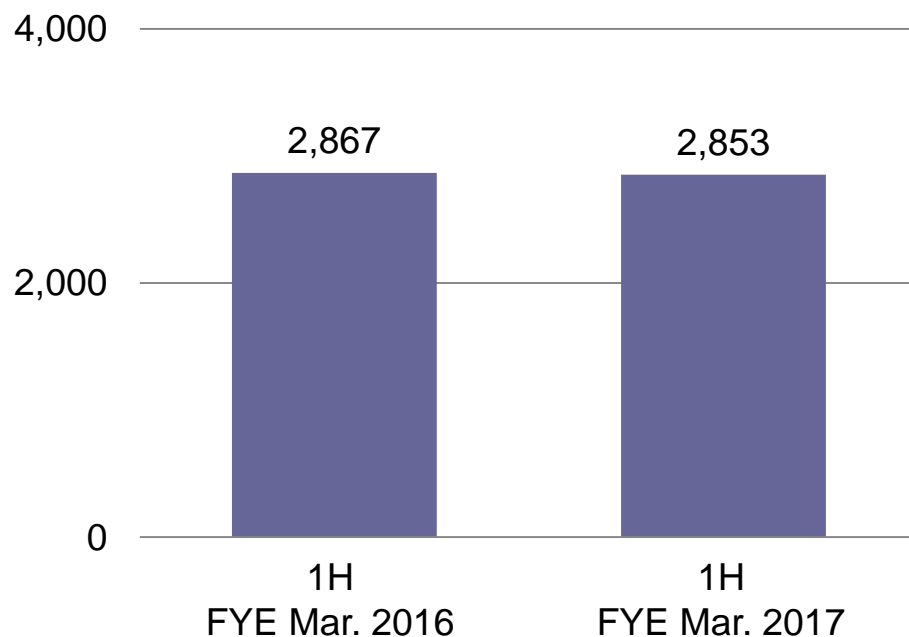


- Net sales of micro acoustic components and FOSTEX brand products were flat.
- At the operating level, the segment became profitable.

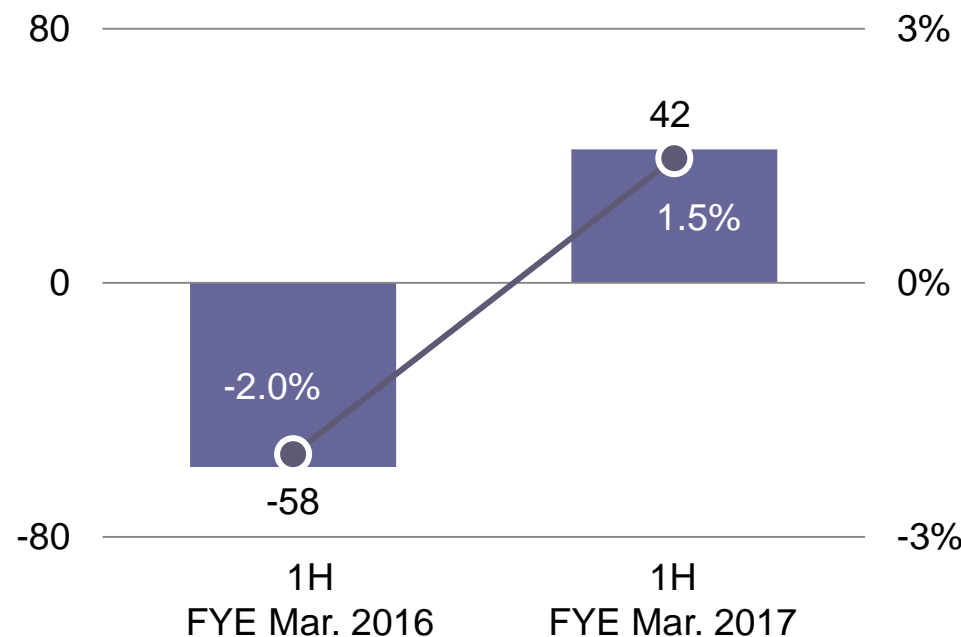
(Millions of yen)

		1H of FYE Mar. 2016	1H of FYE Mar. 2017	Composition ratio	Percentage change
Other	Net sales	2,867	2,853	4.2%	(0.5)%
	Operating income	(58)	42	-	-
	Operating margin	(2.0)%	1.5%		

Net sales (Millions of yen)



Operating income (Millions of yen) and operating margin



# Consolidated Balance Sheet

**FOSTER**

**Equity ratio at the end of the first half of FYE March 2017 was 58.6% (63.7% as of the end of March 2016)**

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016	Change in value
<b>Current assets</b>	69,959	65,776	(4,183)
Cash and deposits	16,519	9,419	(7,100)
Notes and accounts receivable - trade	24,444	22,031	(2,413)
Inventories	23,513	28,797	5,284
Other	5,483	5,529	46
<b>Non-current assets</b>	28,775	31,781	3,006
Property, plant and equipment	21,995	23,749	1,754
Intangible assets	1,534	1,383	(151)
Investments and other assets	5,245	6,648	1,403
<b>Total assets</b>	98,735	97,557	(1,178)
<b>Current liabilities</b>	29,111	32,087	2,976
Notes and accounts payable - trade	13,096	15,425	2,329
Short-term bank loans	2,236	4,354	2,118
Current portion of long-term debt	5,093	3,942	(1,151)
Other	8,686	8,366	(320)
<b>Long-term liabilities</b>	2,605	4,556	1,951
Long-term debt	1,432	3,428	1,996
Other	1,173	1,128	(45)
<b>Net assets</b>	67,017	60,913	(6,104)
Shareholders' equity	60,954	60,057	(897)
Total accumulated other comprehensive income	1,924	(2,857)	(4,781)
Non-controlling interests	4,138	3,713	(425)
<b>Total liabilities and net assets</b>	98,735	97,557	(1,178)

# Statement of Cash Flows

**FOSTER**

**Free cash flows for the first half of FYE March 2017 were negative 7.9 billion yen**

(Millions of yen)

	1H of FYE Mar. 2016	1H of FYE Mar. 2017	Change in value
Operating activities	9,896	245	(9,651)
Investing activities	(1,485)	(8,217)	(6,732)
Free cash flows*	8,411	(7,972)	(16,383)
Financing activities	(3,694)	2,335	6,029
Net increase (decrease) in cash and cash equivalents	4,681	(7,461)	(12,142)
Cash and cash equivalents at the end of the period	10,606	10,397	(209)

\*Free cash flow = operating activities + investing activities

## II. Forecast for Fiscal Year Ending March 31, 2017

---

## Full-year forecasts have been revised

- Net sales: headset sales fell short of original forecasts and there was an impact from the stronger yen
- Operating income: decrease in projected sales and increases in personnel costs

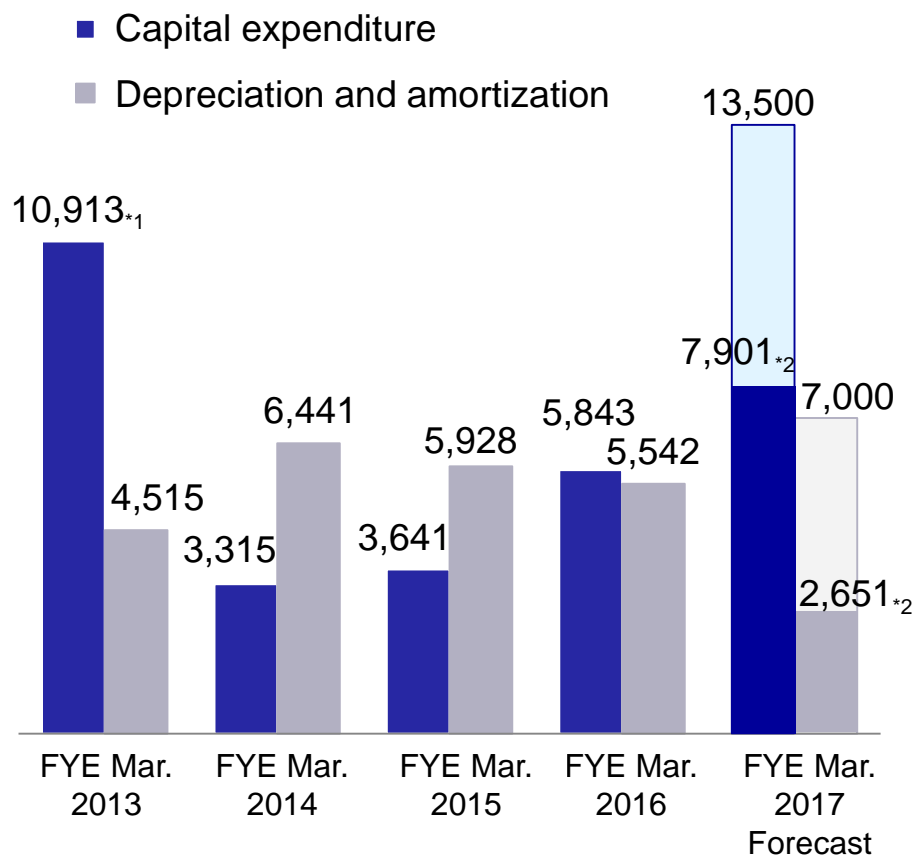
(Millions of yen)

	FYE Mar. 2016	FYE Mar. 2017 Original Forecasts	FYE Mar. 2017 Revised Forecasts	Compared to FYE Mar. 2016		Compared to Original Forecast	
				Change in value	Change (%)	Change in value	Change (%)
Net sales	190,928	180,000	160,000	(30,928)	(16.2)%	(20,000)	(11.1)%
Operating income	10,351	8,000	4,000	(6,351)	(61.4)%	(4,000)	(50.0)%
Operating income on net sales	5.4%	4.4%	2.5%				
Ordinary income	10,847	8,000	4,000	(6,847)	(63.1)%	(4,000)	(50.0)%
Ordinary income on net sales	5.7%	4.4%	2.5%				
Net income <sup>*1</sup>	6,833	4,600	2,000	(4,833)	(70.7)%	(2,600)	(56.5)%
Net income on net sales <sup>*1</sup>	3.6%	2.6%	1.3%				
Net income per share	¥255.44	¥171.94	¥74.76	¥(180.68)	(70.7)%	¥(97.18)	(56.5)%
Dividends per share	¥50.0	¥40.0	¥40.0	¥(10.0)	(20.0)%	¥0.0	0.0%
Dividend payout ratio	19.6%	23.3%	53.5%				
Average/Assumed exchange rates	119.99 yen/US\$ 132.29 yen/EUR	110 yen/US\$ 125 yen/EUR	100 yen/US\$ <sup>*2</sup> 110 yen/EUR <sup>*2</sup>				

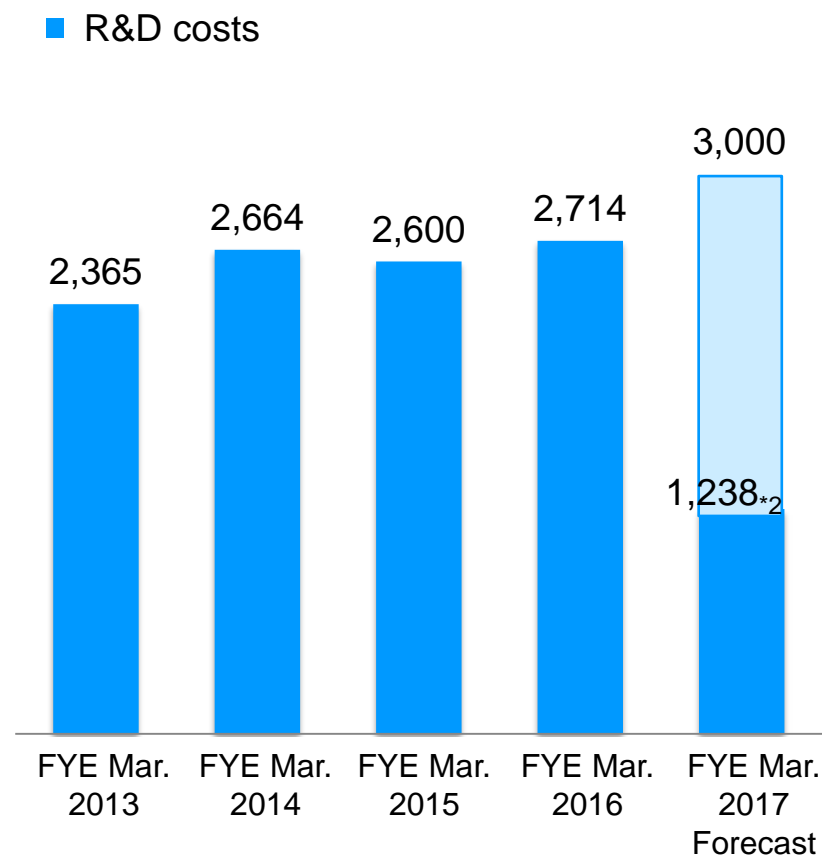
\*1. Net income attributable to owners of parent; net income attributable to owners of parent on net sales

\*2. The exchange rate assumptions for the second half revised from initial assumption of JPY110 / USD1 and JPY125 / EUR1 to JPY100 / USD1 and JPY110 / EUR1

## Capital expenditure and depreciation and amortization (Millions of yen)



## R&D costs (Millions of yen)



\*1 Including construction costs for technology development center (current headquarters)

\*2 Result for first half of the fiscal year ending March 31, 2017

## III. Future Initiatives

---

**Promote quality management and aim for long-term growth focused on profitability**

**Medium-term management target: ROE over 10% (11.0% for the fiscal year ended March 31, 2016)**

**Improve management quality based on thorough efforts to achieve quality**

- Quality of products
- Quality of proposals
- Quality of customer communication

**Pursuit of high added value**

- Smartphones: Pursuit of high added value
- Automotive: Initiatives geared to era of autonomous vehicles
- Development of new markets and products

**Optimization of Global Production and Supply Structure**

- Strengthen cost competitiveness through improvements to allocation and labor savings

**Promotion of cash flow oriented management**



Summary of the first half of the fiscal year ending March 31, 2017

- Ramped up production of new models (headsets)
- Strengthened marketing activities corresponding to changes in market
- Cost cutting and mechanization / labor saving in the production process

Initiatives for the second half of the fiscal year ending March 2017

- Improve productivity for new models (headsets)
- Strengthen production framework for car speakers
- Further cost cutting



## Bac Ninh Plant, Vietnam

- Currently 2 million units /month output

Capacity increase

- By the end of the current fiscal year shift to 3 million units /month output



## Thilawa Plant, Myanmar

- Early 2017  
Begin production of car speakers
- Construction on Stage 2 begins in November 2016  
→ Completion scheduled for fall of 2017

## Headphones and Headsets

**Enhance efforts to develop luxury models**

Shift to high performance and premium quality

**Enhance efforts to shift to wireless**

Pursue opportunities in growing wireless applications

**Enhance efforts to develop aftermarket business**

Address growing trend of using headphones to listen to music



## Car speakers and speaker systems

**Achieve cost leadership through standardization**

Further demonstrate competitive advantage in speakers for luxury vehicles

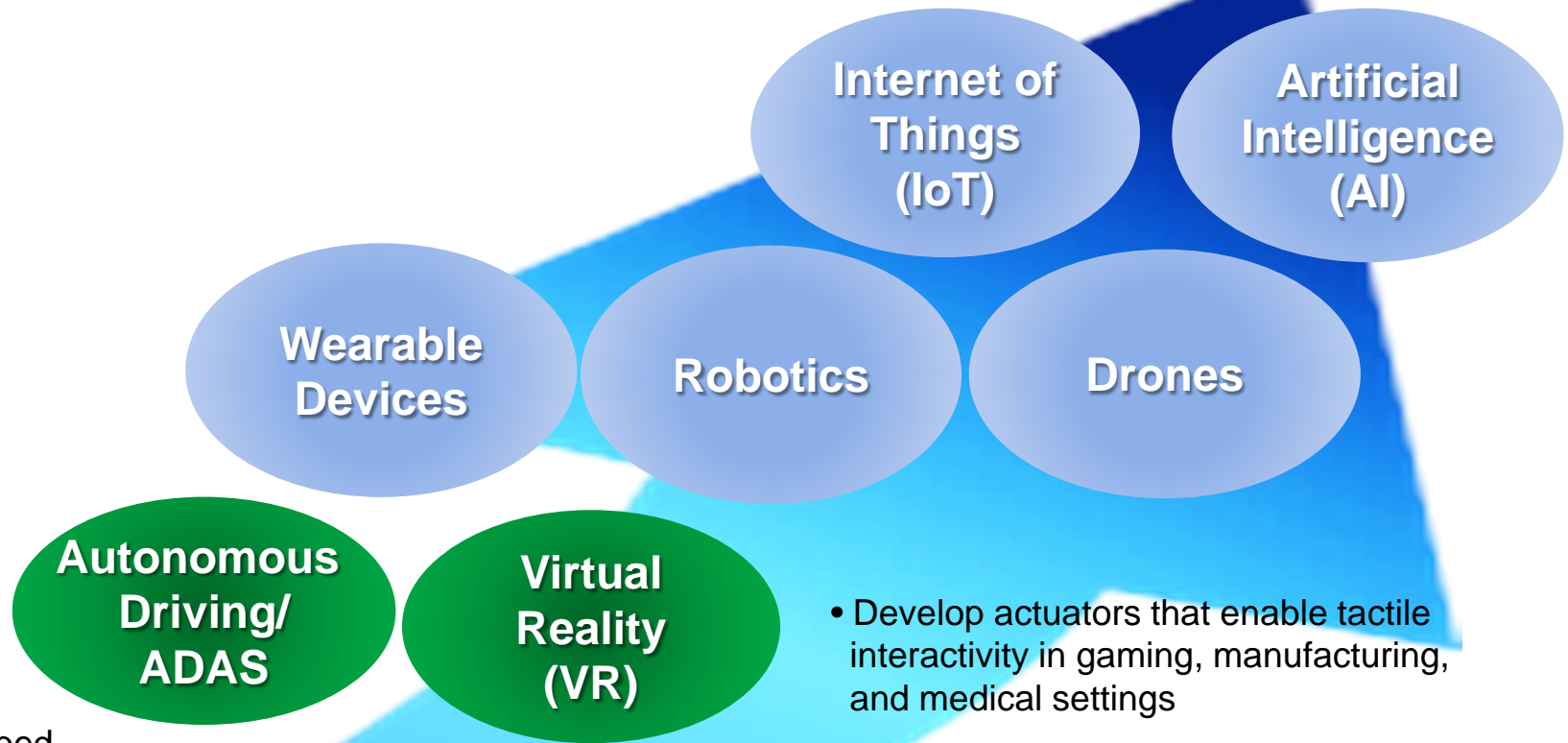
**Develop lighter-weight and more environmentally friendly products**

Develop lighter and thinner products to support environmental friendliness and energy efficiency; reduce environmentally hazardous substances

**Enhance initiatives to develop products for autonomous vehicles**

Address growing needs for warning devices and next-generation speaker layouts





## Strengthen vibration components initiative

Develop “making sound” into “making vibrations”

Technologies involving interfaces between acoustic signals and human beings

Headphones and Headsets

- Build a production framework tailored to changes in demand

Speakers and Speaker Systems

- Steadily shifting production from China to the ASEAN region



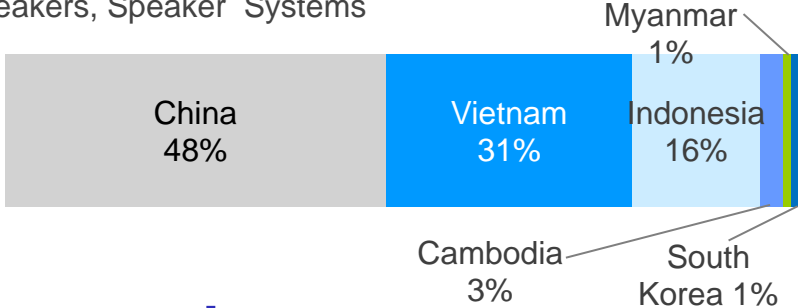
[Medium-term plan: Production by geographic region as a percentage of total production]  
 China 25%, Vietnam 50%, Myanmar and others 25%

Production percentage by geographic region: Headphones, Headsets



(First half of FY2017)

Production percentage by geographic region: Speakers, Speaker Systems



- Promote mechanization and labor savings

- Accelerate investment in automation, including robotics

**Dividends planned for the current fiscal year amount to ¥40 per share (payout ratio of 53.5%)**

- Recognizing the enhancement of corporate value as a corporate challenge and keeping the balance between profit allocation corresponding to business performance and increase of internal reserves on a long-term perspective, the Group has adopted the basic policy of improving the comprehensive benefit to shareholders. We aim to achieve a dividend payout ratio of at least 20% on a consolidated basis.

	FYE Mar. 2013	FYE Mar. 2014	FYE Mar. 2015	FYE Mar. 2016	FYE Mar. 2017 Forecast
Net income per share	¥142.91	¥99.50	¥206.18	¥255.44	¥74.76
Dividends per share	¥25.0	¥40.0	¥40.0	¥50.0	¥40.0
Dividend payout ratio	17.5%	40.2%	19.4%	19.6%	53.5%

**Resolution to repurchase stock approved by Board**

<b>Date of resolution</b>	October 28, 2016
<b>Type of stock subject to purchase</b>	Common stock of the company
<b>Total amount of stock to be purchased</b>	1,300,000 shares (maximum)
<b>Total value of stock to be purchased</b>	¥2 billion (maximum)
<b>Purchase period</b>	October 31, 2016 - January 31, 2017
<b>Method of purchase</b>	On the open market, Tokyo Stock Exchange

## IV. Reference Materials



**Our Corporate Creed is “Sincerity” and our Corporate Vision is “To make contributions to future society through acoustics”**

<b>Company Name</b>	Foster Electric Company, Limited
<b>Representative</b>	Hiroshi Yoshizawa, President & Representative Director
<b>Founded</b>	June 20, 1949
<b>Headquarters</b>	1-1-109, Tsutsujigaoka, Akishima City, Tokyo 196-8550, Japan
<b>Listed Market</b>	Listed on Second Section of the Tokyo Stock Exchange (May 1962) Designated for First Section of the Tokyo Stock Exchange (September 1999)
<b>Common Stock</b>	¥6,770 million (As of September 30, 2016)
<b>Business Domains</b>	Production and sales of loudspeakers, audio equipment, and electronic equipment
<b>Number of Employees</b>	Consolidated: 53,201 (including the employees of our outsourcee in Panyu, China) Non-consolidated: 470 (as of September 30, 2016 for both consolidated and non-consolidated)

**Provision of acoustic products mainly through ODMs and OEMs using our original analog technologies**

## Acoustic components and products

- Manufacturing and sales of speakers and speaker systems for audio devices and TVs, amplifier built-in speakers, headphones, etc.

TV speakers



Amplifier built-in speakers



Headphones



## Automotive components and products

- Manufacturing and sales of car speakers, speaker systems, etc.

Car speakers



Car speaker systems



## Information & communication components and products

- Manufacturing and sales of headsets and small speakers for mobile phones, and commercial microphones

Headsets



Microspeakers for PCs and smartphones



Microphones



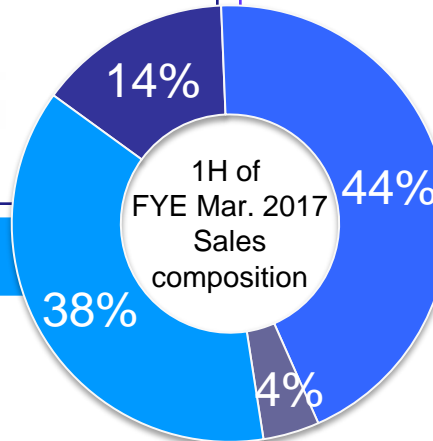
## Other

- Manufacturing and sales of micro acoustic components, manufacturing and sales of "FOSTEX" brand products, provision of logistics services, etc.

Micro acoustic components



FOSTEX products

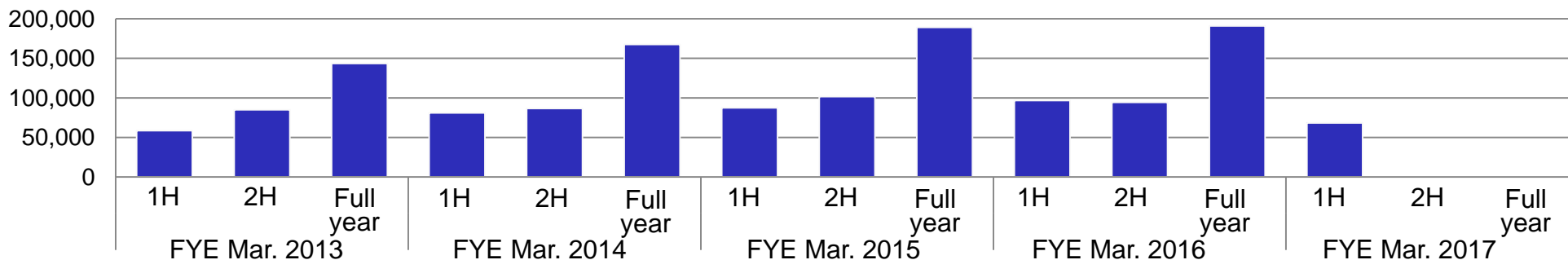


# Half-year and Full-year Results

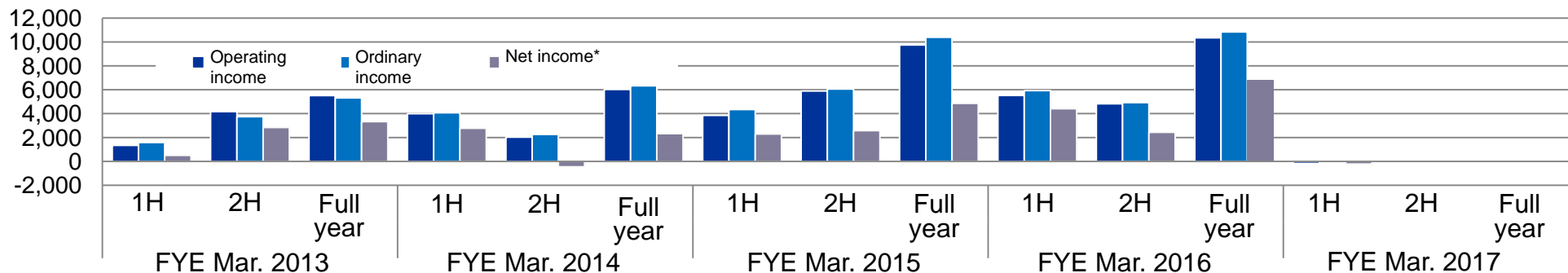
## Results table (Millions of yen)

	FYE Mar. 2013			FYE Mar. 2014			FYE Mar. 2015			FYE Mar. 2016			FYE Mar. 2017		
	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year
Net sales	58,637	84,905	143,542	81,032	86,608	167,640	87,481	101,643	189,124	96,641	94,287	190,928	68,342		
Operating income	1,343	4,172	5,515	3,991	2,030	6,021	3,852	5,895	9,747	5,524	4,827	10,351	(182)		
Ordinary income	1,575	3,741	5,316	4,065	2,262	6,327	4,342	6,056	10,398	5,927	4,920	10,847	28		
Net income*	500	2,833	3,333	2,767	(446)	2,321	2,285	2,573	4,858	4,406	2,427	6,833	(227)		
Operating margin	2.3%	4.9%	3.8%	4.9%	2.3%	3.6%	4.4%	5.8%	5.2%	5.7%	5.1%	5.4%	(0.3)%		
Ordinary income margin	2.7%	4.4%	3.7%	5.0%	2.6%	3.8%	5.0%	6.0%	5.5%	6.1%	5.2%	5.7%	0.0%		
Net income margin*	0.9%	3.3%	2.3%	3.4%	(0.5)%	1.4%	2.6%	2.5%	2.6%	4.6%	2.6%	3.6%	(0.3)%		

## Net sales (Millions of yen)



## Profit (Millions of yen)



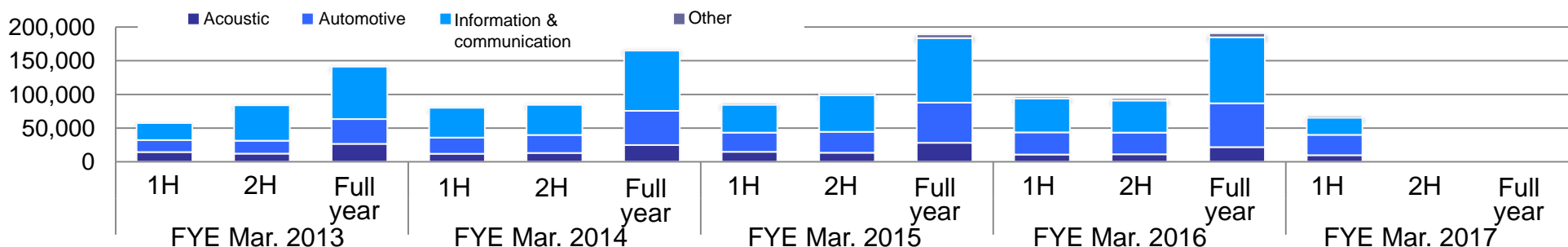
\*Net income attributable to owners of parent; net income attributable to owners of parent on net sales

# Half-year and Full-year Results by Segment

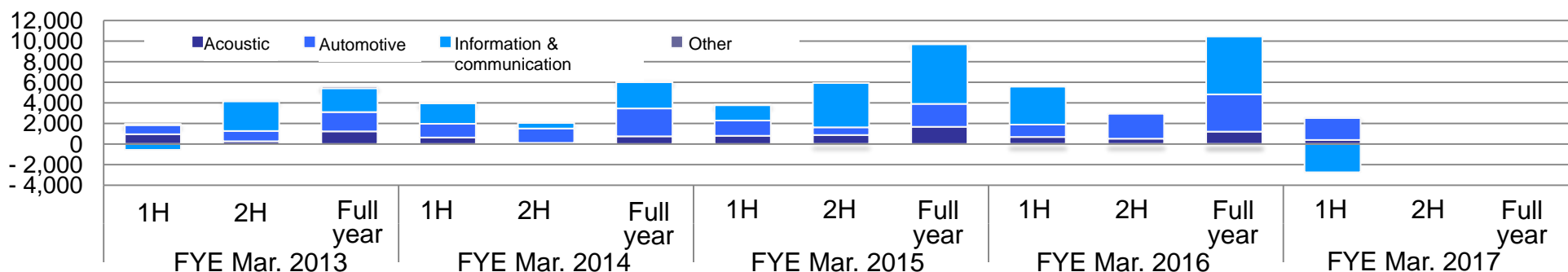
Results table (Millions of yen)

	FYE Mar. 2013			FYE Mar. 2014			FYE Mar. 2015			FYE Mar. 2016			FYE Mar. 2017		
	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year
Net sales															
Acoustic	14,421	12,118	26,539	11,869	12,932	24,801	14,812	13,377	28,189	10,677	11,081	21,758	9,808		
Automotive	17,750	19,137	36,887	23,938	26,860	50,798	28,521	30,995	59,516	32,952	32,087	65,039	30,081		
Information & communication	25,494	52,568	78,062	44,428	44,994	89,422	41,424	54,557	95,981	50,142	47,816	97,958	25,597		
Other	969	1,085	2,054	794	1,824	2,618	2,723	2,714	5,437	2,867	3,306	6,173	2,853		
Operating income															
Acoustic	954	275	1,229	640	116	756	797	883	1,680	681	520	1,201	398		
Automotive	885	989	1,874	1,321	1,390	2,711	1,482	736	2,218	1,206	2,417	3,623	2,124		
Information & communication	(568)	2,895	2,327	1,994	548	2,542	1,503	4,307	5,810	3,695	1,937	5,632	(2,747)		
Other	121	61	182	84	25	109	76	(32)	44	(58)	(48)	(106)	42		

Net sales (Millions of yen)



Operating income (Millions of yen)

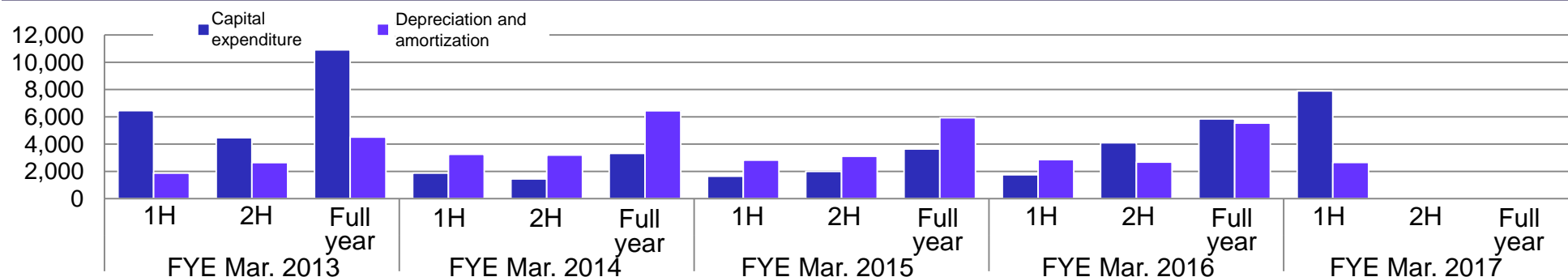


# Half-year and Full-year Capital Expenditure, Depreciation and Amortization, and R&D Costs

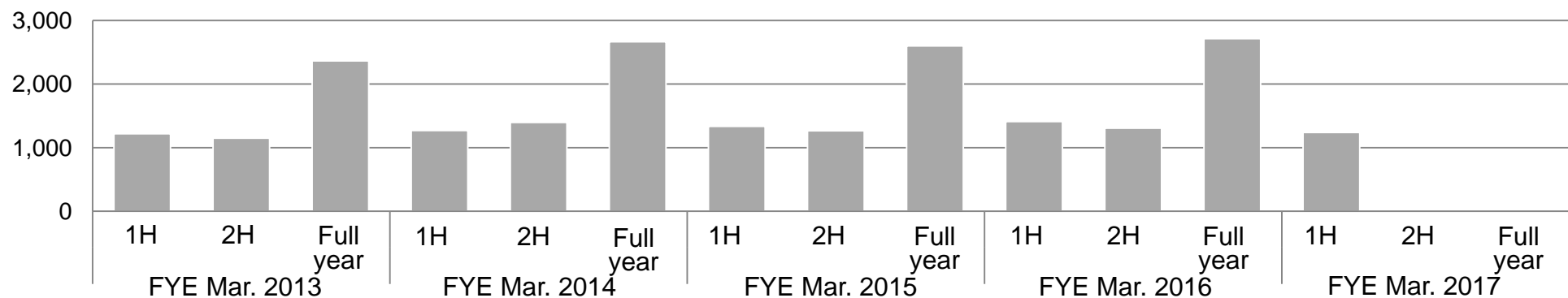
Capital expenditure, depreciation and amortization, and R&D costs(Millions of yen)

	FYE Mar. 2013			FYE Mar. 2014			FYE Mar. 2015			FYE Mar. 2016			FYE Mar. 2017		
	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year	1H	2H	Full year
Capital expenditure	6,448	4,465	10,913	1,869	1,446	3,315	1,647	1,994	3,641	1,751	4,092	5,843	7,901		
Depreciation and amortization	1,874	2,641	4,515	3,248	3,193	6,441	2,822	3,106	5,928	2,860	2,682	5,542	2,651		
R&D costs	1,217	1,148	2,365	1,269	1,395	2,664	1,335	1,265	2,600	1,409	1,305	2,714	1,238		

Capital expenditure and depreciation and amortization (Millions of yen)



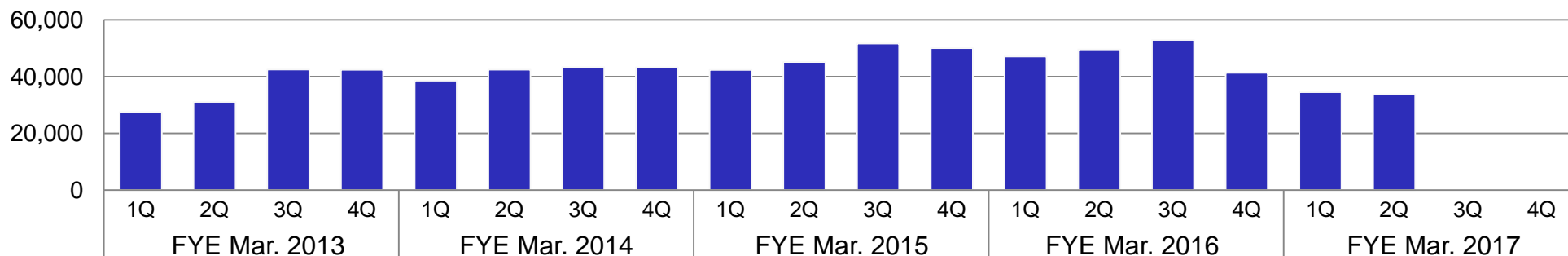
R&D costs(Millions of yen)



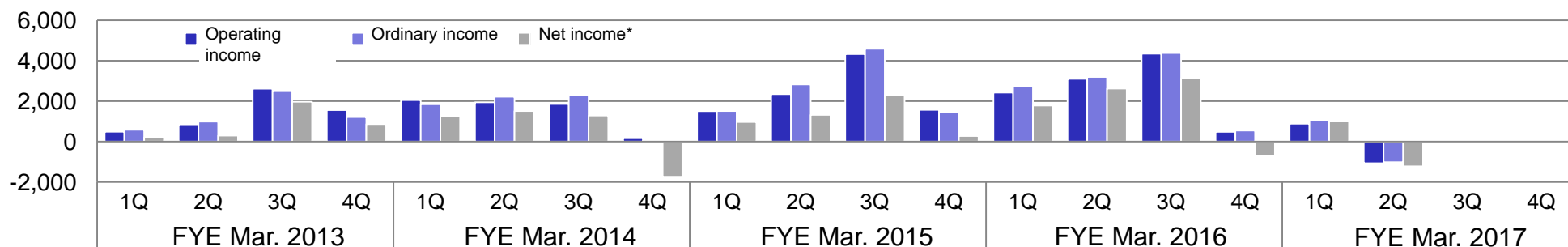
## Results table (Millions of yen)

	FYE Mar. 2013				FYE Mar. 2014				FYE Mar. 2015				FYE Mar. 2016				FYE Mar. 2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	27,543	31,094	42,505	42,400	38,595	42,437	43,360	43,248	42,327	45,154	51,624	50,019	47,092	49,549	52,934	41,353	34,555	33,787		
Operating income	490	853	2,615	1,557	2,049	1,942	1,861	169	1,505	2,347	4,326	1,569	2,424	3,100	4,343	484	885	(1,067)		
Ordinary income	586	989	2,529	1,212	1,845	2,220	2,287	(25)	1,516	2,826	4,586	1,470	2,728	3,199	4,376	544	1,048	(1,020)		
Net income*	203	297	1,968	865	1,256	1,511	1,287	(1,733)	967	1,318	2,299	274	1,784	2,622	3,124	(697)	997	(1,224)		
Operating margin	1.8%	2.7%	6.2%	3.7%	5.3%	4.6%	4.3%	0.4%	3.6%	5.2%	8.4%	3.1%	5.1%	6.3%	8.2%	1.2%	2.6%	(3.2)%		
Ordinary income margin	2.1%	3.2%	5.9%	2.9%	4.8%	5.2%	5.3%	(0.1)%	3.6%	6.3%	8.9%	2.9%	5.8%	6.5%	8.3%	1.3%	3.0%	(3.0)%		
Net income margin*	0.7%	1.0%	4.6%	2.0%	3.3%	3.6%	3.0%	(4.0)%	2.3%	2.9%	4.5%	0.5%	3.8%	5.3%	5.9%	(1.7)%	2.9%	(3.6)%		

## Net sales (Millions of yen)



## Profit (Millions of yen)



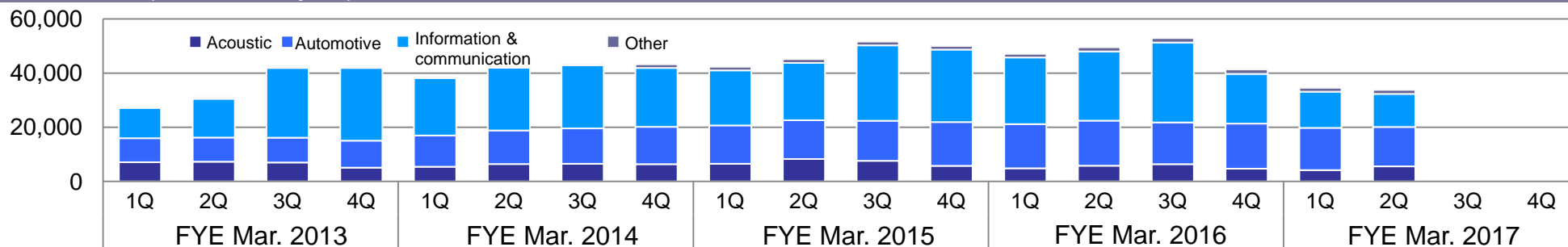
\* Net income attributable to owners of parent; net income attributable to owners of parent on net sales

# Quarterly Results by Segment

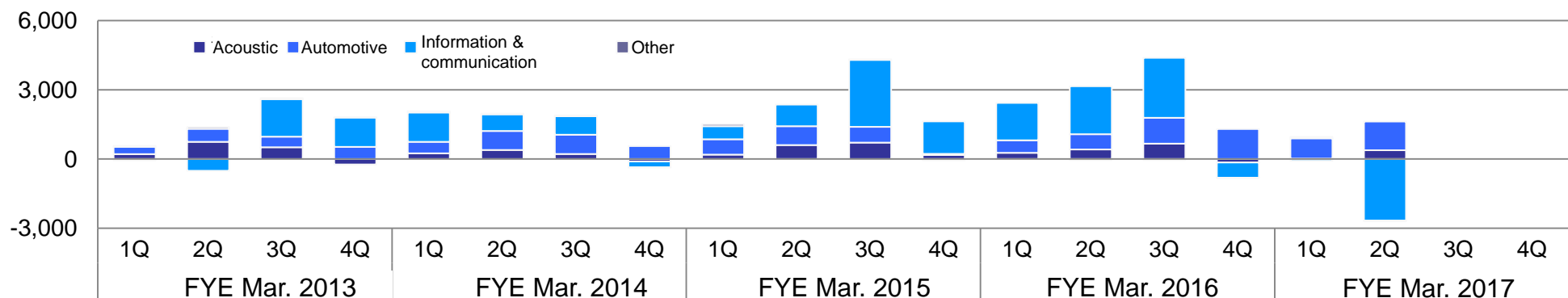
Results table (Millions of yen)

	FYE Mar. 2013				FYE Mar. 2014				FYE Mar. 2015				FYE Mar. 2016				FYE Mar. 2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales																				
Acoustic	7,108	7,313	7,010	5,108	5,436	6,433	6,547	6,385	6,517	8,295	7,624	5,753	4,869	5,808	6,371	4,710	4,212	5,596		
Automotive	8,875	8,875	9,165	9,972	11,526	12,412	13,071	13,789	14,194	14,327	14,808	16,187	16,293	16,659	15,429	16,658	15,576	14,505		
Information & communication	11,151	14,343	25,726	26,842	21,255	23,173	23,231	21,763	20,279	21,145	27,827	26,730	24,607	25,535	29,487	18,329	13,361	12,236		
Other	407	562	605	480	377	417	513	1,311	1,335	1,388	1,364	1,350	1,322	1,545	1,649	1,657	1,404	1,449		
Operating income																				
Acoustic	211	743	510	(235)	246	394	221	(105)	190	607	711	172	268	413	669	(149)	15	383		
Automotive	315	570	460	529	500	821	832	558	666	816	685	51	544	662	1,117	1,300	880	1,244		
Information & communication	(56)	(512)	1,624	1,271	1,273	721	802	(254)	568	935	2,900	1,407	1,618	2,077	2,602	(665)	(77)	(2,670)		
Other	44	77	45	16	54	30	31	(6)	88	(12)	30	(62)	(6)	(52)	(45)	(3)	67	(25)		

Net sales (Millions of yen)



Operating income (Millions of yen)



# Quarterly Balance Sheet and Statement of Cash Flows



## Balance sheet (Millions of yen)

	FYE Mar. 2013				FYE Mar. 2014				FYE Mar. 2015				FYE Mar. 2016				FYE Mar. 2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Total current assets	49,847	60,671	73,962	62,460	67,559	73,650	73,043	67,713	69,836	77,215	86,942	73,721	74,107	77,218	78,898	69,959	63,208	65,776		
Cash and deposits	6,456	6,296	10,206	6,581	6,217	7,333	7,916	8,225	9,766	8,304	12,402	8,589	15,071	12,882	13,089	16,519	10,588	9,419		
Notes and accounts receivable - trade	18,133	21,406	31,492	28,582	29,457	31,964	31,137	29,966	31,332	34,929	39,363	32,214	26,141	30,650	32,196	24,444	22,779	22,031		
Other	25,258	32,969	32,264	27,297	31,885	34,353	33,990	29,522	28,738	33,982	35,177	32,918	32,895	33,686	33,613	28,996	29,841	34,326		
Total non-current assets	24,324	25,746	29,587	32,019	32,394	32,057	33,269	30,316	29,581	30,048	30,842	31,121	31,288	29,880	30,085	28,775	29,566	31,781		
Net property, plant and equipment	19,743	21,234	24,773	26,396	26,817	25,682	26,671	24,079	23,054	23,321	23,806	23,271	23,017	22,396	22,293	21,995	23,335	23,749		
Total intangible assets	1,234	1,157	1,173	1,202	1,207	1,274	1,294	1,311	1,267	1,323	1,398	1,757	1,745	1,699	1,584	1,534	1,436	1,383		
Total investments and other assets	3,347	3,354	3,640	4,420	4,370	5,099	5,303	4,925	5,259	5,403	5,637	6,093	6,525	5,785	6,207	5,245	4,794	6,648		
Total assets	74,171	86,417	103,550	94,480	99,954	105,708	106,313	98,030	99,418	107,264	117,785	104,843	105,395	107,099	108,983	98,735	92,775	97,557		
Total current liabilities	36,350	47,764	53,131	40,639	43,466	45,894	40,203	34,865	36,788	41,099	45,752	31,699	30,206	32,325	35,224	29,111	27,062	32,087		
Notes and accounts payable - trade	10,317	15,224	13,131	11,758	11,968	13,827	12,797	12,045	13,329	15,662	17,855	14,513	15,466	16,398	17,215	13,096	10,939	15,425		
Total of short-term loans and bonds payable	20,057	25,287	31,834	20,865	23,650	23,531	18,476	15,473	16,659	17,292	18,136	7,546	5,931	6,373	8,420	7,329	7,757	8,296		
Other	5,976	7,253	8,166	8,016	7,848	8,536	8,930	7,347	6,800	8,145	9,761	9,640	8,809	9,554	9,589	8,686	8,366	8,366		
Total long-term liabilities	3,460	4,545	11,947	11,216	11,175	12,526	15,316	14,560	14,226	14,108	14,149	8,199	8,328	6,358	3,453	2,605	2,427	4,556		
Long-term debt and bonds payable	2,631	3,752	10,807	9,958	9,899	11,068	13,730	13,080	12,843	12,631	12,537	6,514	6,600	4,804	1,768	1,432	1,241	3,428		
Other	829	793	1,140	1,258	1,276	1,458	1,586	1,480	1,383	1,477	1,612	1,685	1,728	1,554	1,685	1,173	1,186	1,128		
Total net assets	34,360	34,107	38,471	42,624	45,312	47,286	50,794	48,604	48,403	52,056	57,883	64,944	66,860	68,415	70,305	67,017	63,285	60,913		
Shareholders' equity	41,025	41,321	43,056	43,921	44,789	46,339	47,159	45,426	45,927	47,244	49,264	55,538	56,573	59,195	61,650	60,954	61,282	60,057		
Accumulated other comprehensive income	(8,719)	(9,233)	(6,682)	(3,728)	(2,058)	(1,788)	723	(58)	(642)	1,501	4,934	5,442	6,401	5,131	4,666	1,924	(1,961)	(2,857)		
Non-controlling interests	2,054	2,018	2,097	2,430	2,581	2,735	2,911	3,236	3,119	3,310	3,683	3,963	3,885	4,088	3,987	4,138	3,964	3,713		
Total liabilities and net assets	74,171	86,417	103,550	94,480	99,954	105,708	106,313	98,030	99,418	107,264	117,785	104,843	105,395	107,099	108,983	98,735	92,775	97,557		

## Statement of cash flows (millions of yen)

	FYE Mar. 2013				FYE Mar. 2014				FYE Mar. 2015				FYE Mar. 2016				FYE Mar. 2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Operating activities	(776)	(3,252)	(5,072)	10,677	(1,093)	739	5,611	4,212	2,196	37	3,902	9,364	9,565	331	4,895	9,266	(1,015)	1,260		
Investing activities	(4,100)	(2,931)	(2,134)	(2,782)	(1,042)	(1,108)	(1,615)	(484)	(1,881)	(1,211)	(65)	(1,260)	(1,183)	(302)	(870)	(1,591)	(3,080)	(5,137)		
Financing activities	4,427	6,567	10,789	(12,526)	1,237	1,205	(4,366)	(3,464)	671	(749)	(248)	(11,187)	(2,429)	(1,265)	(1,500)	(1,482)	(330)	2,665		
Effect of exchange rate change on cash and cash equivalents	266	(286)	254	635	227	168	102	147	(126)	282	806	(443)	381	(415)	151	(1,616)	(1,493)	(332)		
Net increase (decrease) in cash and cash equivalents	(182)	97	3,836	(3,994)	(670)	1,003	(270)	413	859	(1,639)	4,393	(3,525)	6,333	(1,652)	2,678	4,575	(5,920)	(1,541)		
Cash and cash equivalents at end of the period	5,420	5,517	9,354	5,359	4,688	5,692	5,423	5,836	6,695	5,055	9,449	5,924	12,257	10,606	13,283	17,858	11,938	10,397		

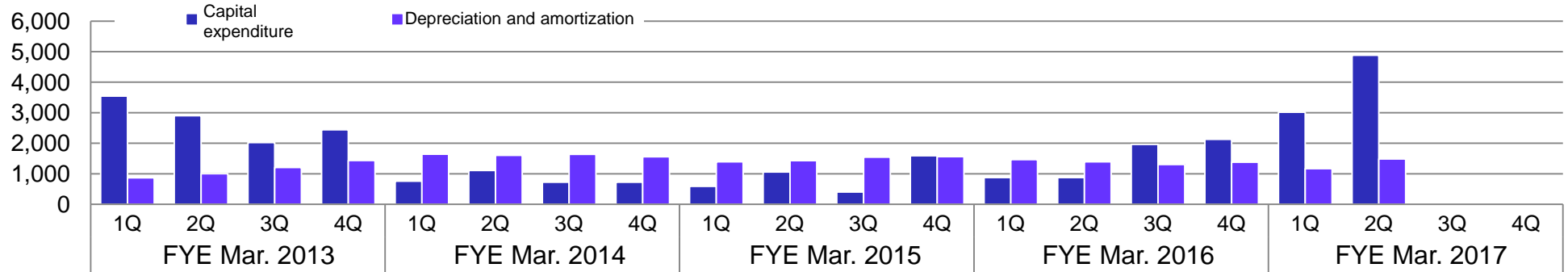


# Quarterly Capital Expenditure, Depreciation and Amortization, and R&D costs **FOSTER**

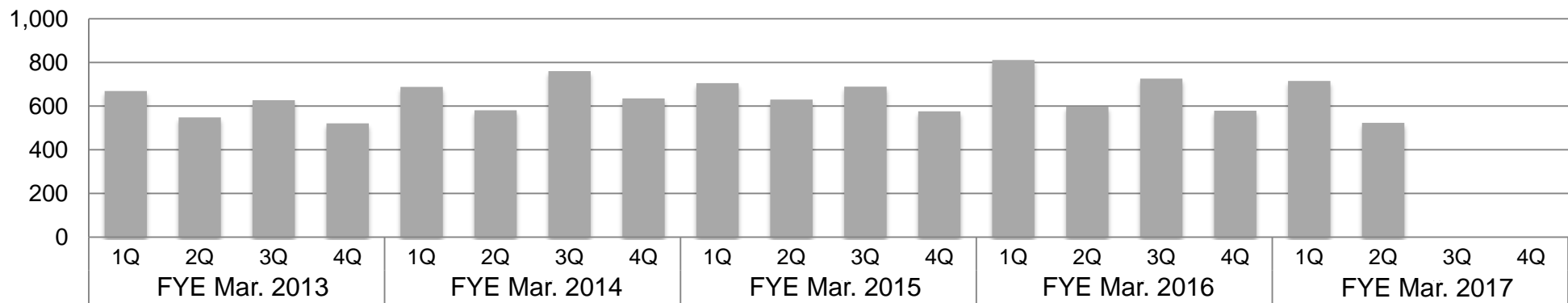
Capital expenditure, depreciation and amortization, and R&D costs(Millions of yen)

	FYE Mar. 2013				FYE Mar. 2014				FYE Mar. 2015				FYE Mar. 2016				FYE Mar. 2017			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Capital expenditure	3,545	2,903	2,022	2,443	759	1,110	723	723	590	1,057	404	1,589	874	877	1,962	2,130	3,018	4,883		
Depreciation and amortization	869	1,005	1,208	1,433	1,643	1,605	1,638	1,555	1,392	1,430	1,545	1,561	1,466	1,394	1,302	1,380	1,166	1,485		
R&D costs	669	548	627	521	688	581	760	635	705	630	689	576	811	598	726	579	715	523		

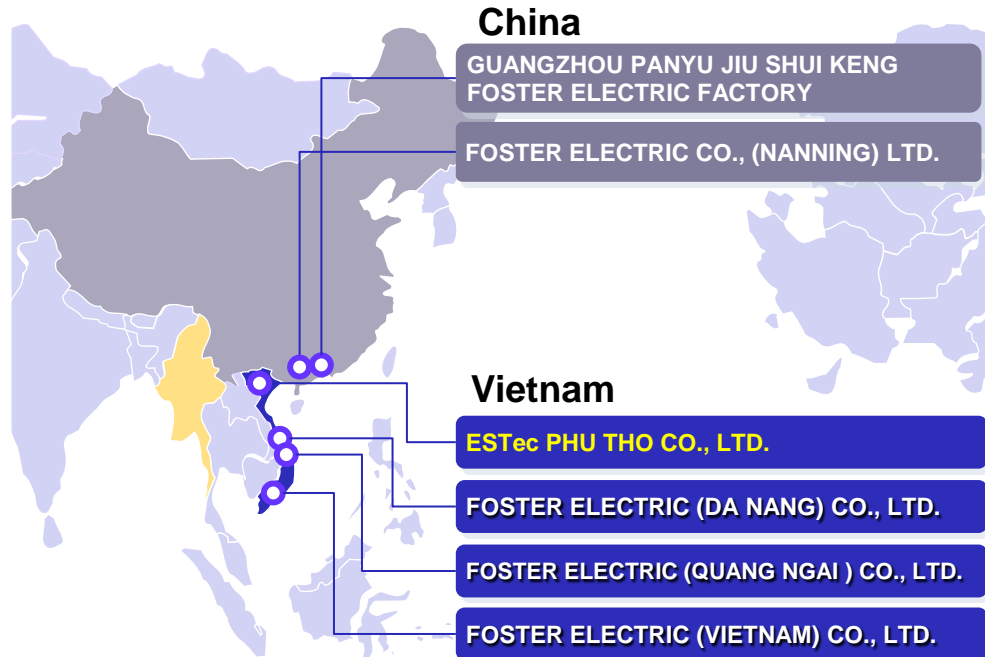
Capital expenditure and depreciation and amortization (Millions of yen)



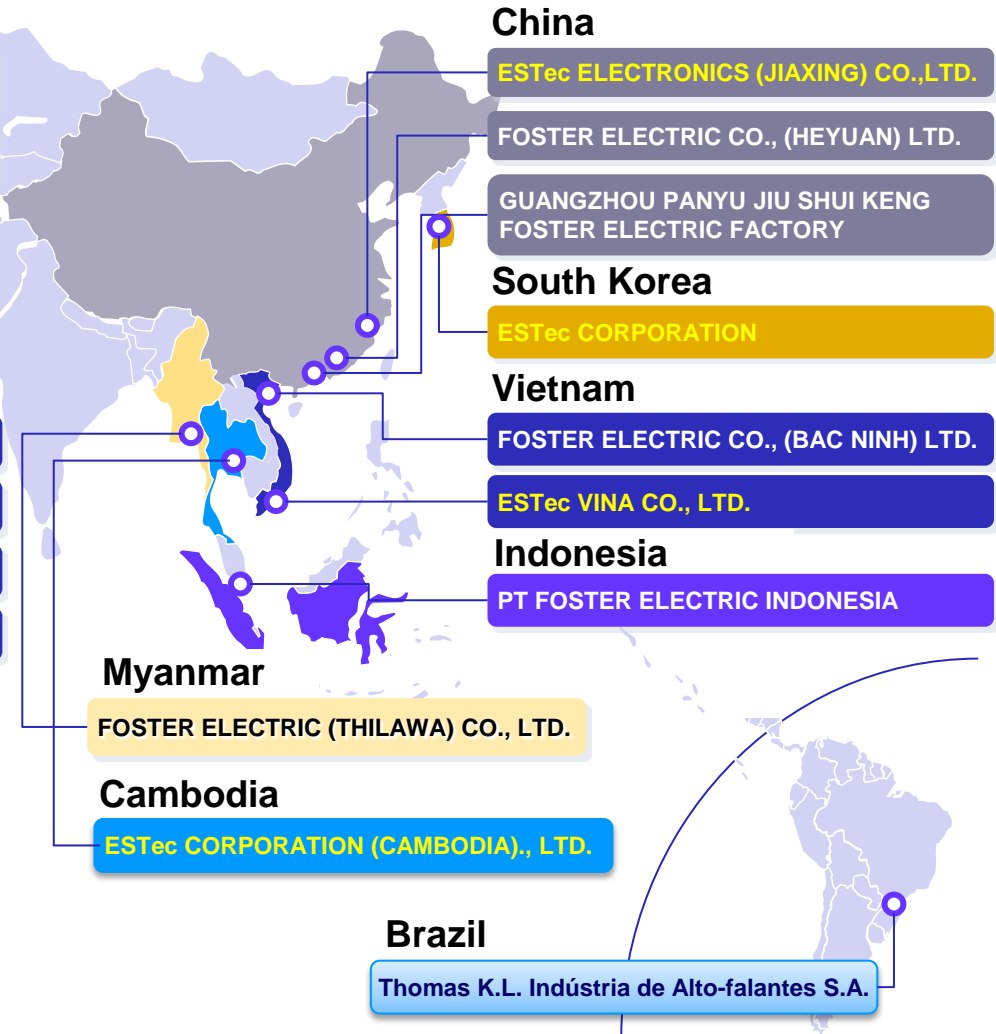
R&D costs(Millions of yen)



## Headphones and Headsets



## Speakers



(As of September 30, 2016)

## [Notes]

The forecasts, plans, outlooks, etc. concerning the financial results for the current fiscal year and the future contained in this document 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 results may differ from the forecasts 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.

## [Inquiries]

IR Division, IR and Legal Affairs Department, Foster Electric Company, Limited

TEL: +81-42-546-2305 / FAX: +81-42-546-2317

1-1-109, Tsutsujigaoka, Akishima City, Tokyo 196-8550, Japan