

Shareholder Information

Closing of accounts	March 31
Ordinary general meeting of shareholders	June
Record date	March 31 If necessary, another day can be designated with public notice.
Fixed date to determine which shareholders can receive dividends	Year-end dividends: March 31 Interim dividends: September 30
Number of unit ("tangen") shares	100
Transfer agent	Stock Transfer Agency Department, Head Office Mizuho Trust & Banking Co., Ltd. 2-1, Yaesu 1-chome, Chuo-ku, Tokyo
Transfer agent branch	<i>Nihon Keizai Shimbun</i> (daily newspaper) issued in the Metropolis of Tokyo
Media for public notice	
Securities code	6794

	Shareholders who have an account at a securities company	Shareholders who have a special account
Telephone inquiries	The securities company with which you have a business connection	Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 0120-288-324 (toll-free telephone service in Japan)
Mailing address		Stock Transfer Agency Department, Mizuho Trust & Banking Co., Ltd. 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507
Agencies		Mizuho Trust & Banking Co., Ltd., head office and all branches nationwide Mizuho Investors Securities Co., Ltd., head office and all branches nationwide
Notice	For details of the payment of unpaid dividends and the issuance of a payment statement, you are recommended to contact any of the "Mailing address," "Telephone inquiries" or "Agencies" listed at right under the "Shareholders who have a special account."	Shareholders are not allowed to make any stock transactions other than the purchase of shares less than one unit ("tangen"). If you have any share certificates in the name of other individuals/corporations, for which the name transfer before the adoption of the electronic share certificate system has been forgotten, please contact us immediately.

○ Advice regarding payment of the dividends for the listed stocks
Pursuant to the revised Special Taxation Measures Law in 2008 (on April 30, 2008, Law No. 23), the Company has decided to notify its shareholders of the dividends to be paid in December 2009 by sending every shareholder a "Payment Advice" notice, on which dividend payment and withholding tax amounts are stated.
For those shareholders who intend to receive dividends by way of a dividend warrant, please refer to the Payment Advice notice that will be sent by the Company in late 2009 or early 2010, in conjunction with the tax return procedure for next year.
(For those shareholders who have designated a bank account or a postal savings account for the transfer of dividends, the "Statement of Dividends" form, which should be sent when the dividends are deposited, serves as the Payment Advice notice. Please use such the Payment Advice notice as an attachment to your tax return.)

Business Report

for the Interim Period of the 76th Fiscal Term

From April 1, 2009,
to September 30, 2009

2009

FOSTER ELECTRIC CO., LTD.

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

FOSTER®
Foster Electric Company, Limited

During the interim period ended September 30, 2009, harsh economic conditions continued globally against a backdrop of high unemployment rates and stagnant consumer spending despite several signs of the bottoming of the economies in Europe and the United States, primarily sustained by increased public spending on economic



Yasuo Higashi, Chairman
Yukio Miyata, President

pump-priming measures. In Asia, although the economies of China and Vietnam have been recovering, the uncertainty of future economic prospects remains in Japan where the rapid appreciation of the yen and a record unemployment rate were seen in contrast with the optimistic view that production and exports picked up.

In the electronic equipment market in which the Foster Group operates, the inventory adjustment of mobile phones by manufacturers advanced in the mobile equipment field, and production picked up at the same time. Consequently, in the fields of automotive equipment and flat televisions, demand gradually recovered in line with the economic stimulus measures taken by governments in major countries such as systems to support purchases of automobiles and digital consumer appliances.

Under these circumstances, the Foster Group carried out proactive cost-improvement activities including the reduction of overall costs and material expenses, in addition to the emergency measures continuously taken since the previous fiscal year.

As a result, although net sales for the interim period ended September 30, 2009, decreased year over year, operating income, ordinary income and net income each increased on a consolidated basis, reflecting the contribution of the favorable effects resulting from group-wide cost-improvement activities.

Based on the aforementioned operating performance, Management decided to distribute an interim dividend of ¥16 per share.

Although the global economy shows some signs of upturn, our 2nd half of this fiscal year will be a challenging period and economics uncertainty prevails on the grounds of the ongoing slow down in spending and further yen appreciation.

Being still in a severe situation, we will continuously strive hard for our corporate goal to become a socially appreciated enterprise by implementing enforcements of the corporate policy with the mindset of CSR in our corporate activities along with our mid term of business plan so that our corporate value can be eventually improved.

Yasuo Higashi,
Chairman

Yukio Miyata,
President

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Review of Operations (Consolidated)

Consolidated net sales for the interim period ended September 30, 2009, amounted to ¥41,351 million, down 6.4% from ¥44,199 million for the corresponding previous interim period, reflecting the adverse impact of the decline in demand worldwide after the Lehman shock. Consolidated operating income increased 62.7% to ¥4,439 million from ¥2,729 million, mainly supported by the overall group companies' cost-improvement activities. Consolidated ordinary income surged 79.7% to ¥4,584 million from ¥2,551 million.

Electronic Equipment Segment:

The segment's overall sales, which principally consist of the sales of speaker systems and speakers with built-in amplifiers, decreased 37.6% year over year to ¥7,982 million, mainly affected by sluggish demand in the audiovisual- and automobile-related markets.

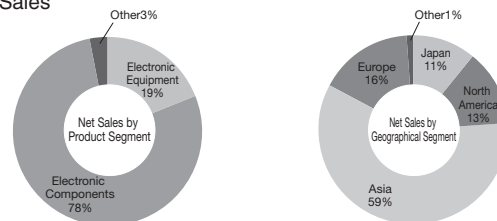
Electronic Components Segment:

Although shipments of micro speakers and microphones were sluggish, shipments of speakers for flat televisions were stable. As a result, the segment's overall sales increased 5.7% year over year to ¥32,029 million.

Other Segment:

The segment's consolidated net sales of dies and other items to our customers increased 22.9% year over year to ¥1,339 million.

● Net Sales

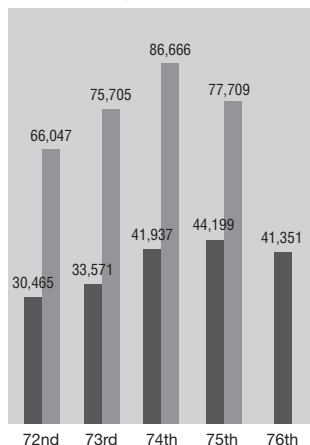


Changes in Operating Results and Total Assets (Consolidated)

Net Sales

(Millions of yen)

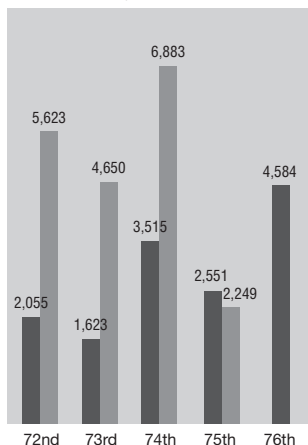
■ Interim period
■ Full year



Ordinary Income

(Millions of yen)

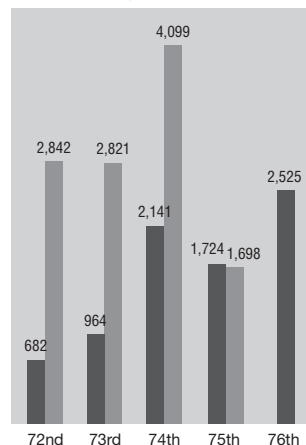
■ Interim period
■ Full year



(Interim) Net Income

(Millions of yen)

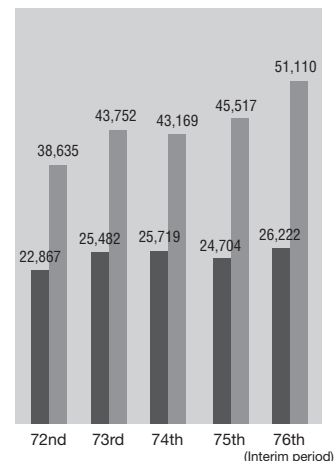
■ Interim period
■ Full year



Total Assets and Net Assets

(Millions of yen)

■ Net Assets
■ Total Assets



Interim Consolidated Balance Sheets (Condensed)

(Millions of yen)

	Interim period of 76th Fiscal Term As of September 30, 2009	75th Fiscal Term As of March 31, 2009
(Assets)		
Current Assets	35,189	28,957
Fixed Assets	15,920	16,560
Total Assets	51,110	45,517
(Liabilities)		
Current Liabilities	23,211	19,364
Long-term Liabilities	1,675	1,448
Total Liabilities	24,887	20,813
(Net Assets)		
Shareholders' Equity		
Common stock	3,770	3,770
Capital surplus	4,564	4,564
Retained earnings	24,599	22,334
Treasury stock	(1,878)	(1,878)
Total Shareholders' Equity	31,055	28,790
Valuation, Translation Adjustments and Others		
Net unrealized gain (or loss) on securities	81	(358)
Foreign currency translation adjustments	(6,034)	(5,067)
Total Valuation, Translation Adjustments and Others	(5,953)	(5,425)
Minority interests	1,120	1,339
Total Net Assets	26,222	24,704
Total Liabilities and Net Assets	51,110	45,517

Note: All amounts less than 1 million are truncated.

Interim Consolidated Statements of Income (Condensed)

(Millions of yen)

	Interim period of 76th Fiscal Term From April 1, 2009, to September 30, 2009	Interim period of 75th Fiscal Term From April 1, 2008, to September 30, 2008
Net sales	41,351	44,199
Cost of goods sold	32,022	36,703
Gross profit	9,329	7,496
Selling, general and administrative expenses	4,890	4,766
Operating income	4,439	2,729
Nonoperating income	296	142
Nonoperating expenses	151	321
Ordinary income	4,584	2,551
Extraordinary gains	144	218
Extraordinary losses	1,143	67
Income before income taxes	3,585	2,703
Income taxes—current	704	1,848
Income taxes—deferred	316	(870)
Minority interests in income	38	—
Net income	2,525	1,724

Note: All amounts less than 1 million are truncated.

Interim Consolidated Statements of Cash Flows (Condensed)

(Millions of yen)

	Interim period of 76th Fiscal Term From April 1, 2009, to September 30, 2009	Interim period of 75th Fiscal Term From April 1, 2008, to September 30, 2008
Net cash used in operating activities	(25)	(1,123)
Net cash used in investing activities	(1,166)	(3,444)
Net cash provided by financing activities	658	4,879
Effect of exchange rate changes on cash and cash equivalents	19	(49)
Net (decrease) increase in cash and cash equivalents	(512)	262
Cash and cash equivalents at the beginning of the interim period	4,989	2,813
Cash and cash equivalents at the end of the interim period	4,476	3,076

Note: All amounts less than 1 million are truncated.

Geographical Segment Information

Interim Period of 76th Fiscal Term (from April 1, 2009, to September 30, 2009) (Millions of yen)

	Japan	Asia	North America	Europe	Eliminations and corporate	Consolidated
Net sales						
(1) Sales to third parties	25,892	8,903	3,786	2,768	—	41,351
(2) Inter-segment sales or transfers	3,796	28,208	242	21	(32,269)	—
Total	29,688	37,111	4,029	2,790	(32,269)	41,351
Operating income	710	4,175	34	40	(521)	4,439

Interim Period of 75th Fiscal Term (from April 1, 2008, to September 30, 2008) (Millions of yen)

	Japan	Asia	North America	Europe	Eliminations and corporate	Consolidated
Net sales						
(1) Sales to third parties	27,702	7,023	5,818	3,655	—	44,199
(2) Inter-segment sales or transfers	6,216	29,952	170	12	(36,352)	—
Total	33,918	36,976	5,989	3,668	(36,352)	44,199
Operating income (loss)	1,897	872	(65)	117	(92)	2,729

Note: All amounts less than 1 million are truncated.

- Notes: 1. Countries and areas are segmented based on their geographical proximity.
2. Major countries and areas which belong to segments other than Japan are as follows:
Asia: East Asian and Southeast Asian countries
Europe: European countries

● Nanning No. 2 Factory started full-fledged operation in China

The Nanning No. 2 Factory (a two-story building with total floor area of 16,000 m²), which was established in the Guangxi Zhuang Autonomous Region of China in November 2007 for the production of headphones, started full-fledged operation in June 2009.



● “Assuming full ownership” determined for the manufacturing of dies and facility development in China

The Company determined that part of the operational functions (i.e., the manufacturing of dies and facility development) of GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY, an outsource company in China of FOSTER ELECTRIC CO. (HONG KONG), LTD., one of the Company's subsidiaries, be incorporated into the operations of FOSTER ELECTRIC CO. (GUANGZHOU), LTD., a sub-subsidiary of the Company, by assuming full ownership of the outsource company in the pursuit of more enhanced comprehensive capacities of the Foster Group.

● Production at the Mexican factory discontinued

FOSTER ELECTRIC (MEXICO) S.A. DE C.V., of which closure was officially determined in December 2008, ended its production activity in September 2009.

(As of September 30, 2009)

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
Head Office	512, Miyazawa-cho, Akishima, Tokyo 196-8550, Japan Phone: +81-42-546-2311 (switchboard) FAX: +81-42-546-2317
FOSTEX COMPANY	2-35, Musashino 3-chome, Akishima, Tokyo 196-0021, Japan Phone: +81-42-545-6111 FAX: +81-42-546-9222
Kansai Sales Office	7-18, Nishinakajima 4-chome, Yodogawaku, Osaka, Osaka 532-0011, Japan Phone: +81-6-6100-0718 FAX: +81-6-6885-6718
Chubu Sales Office	Sungreen Building 2F, 7-17, Toei-cho 2-chome, Anjo, Aichi 446-0007, Japan Phone: +81-566-97-6180 FAX: +81-566-97-6183
Iga Warehouse	310 Kitada, Kawahigashi, Iga, Mie 519-1424, Japan Phone: +81-595-45-3222 FAX: +81-595-45-6808
Tachikawa Warehouse	100-1, Takamatsu-cho 1-chome, Tachikawa, Tokyo 190-0011, Japan Phone: +81-42-524-1471 FAX: +81-42-524-1478
Number of Employees	423 (Foster Electric Company, Limited, only); total of group companies: 38,853 (Total number of employees of group companies includes the employees of GUANGZHOU PANYU JIU SHUI KENG FOSTER ELECTRIC FACTORY, outsource of Panyu in China)

Directors and Corporate Auditors

(As of October 1, 2009)

Chairman and Representative Director	Yasuo Higashi
President and Representative Director	Yukio Miyata
Managing Director	Hiromi Yoshizawa
Director	Lu San Tie
Director	Terushige Nagasawa
Director	Kazuhiro Kishi
Director	Kaoru Matsumoto
Standing Corporate Auditor	Masashi Ikeuchi
Corporate Auditor	Osamu Nakamoto
Corporate Auditor	Takeshi Shiobara
Senior Executive Officer	Rintaro Kohara
Senior Executive Officer	Yoichi Takahashi
Senior Executive Officer	Takuro Yamaguchi
Executive Officer	Yuji Izumi
Executive Officer	Haruo Shirasu
Executive Officer	Hidetoshi Shirakawa
Executive Officer	Hiroyuki Nakanishi

● North America**FOSTER ELECTRIC (U.S.A.), INC.**

Sale of various types of speakers, speaker systems, microphones, headphones and electronic equipment and components

1000 E. State Parkway, Suite G, Schaumburg, IL. 60173 U.S.A.

Phone 1-847-310-8200 FAX 1-847-310-8212

EL PASO OPERATION

1216 Don Haskins Drive, El Paso, TX. 79936 U.S.A.

Phone 1-915-872-9160 FAX 1-915-872-9165

DETROIT OFFICE

47689 Avante Drive, Wixom, MI. 48393 U.S.A.

Phone 1-248-449-3076 FAX 1-248-449-3176

LOS ANGELES OFFICE

28338 Constellation Road, Unit910, Valencia, CA.91355 U.S.A.

Phone 1-661-295-2200 FAX 1-661-295-5900

SAN JOSE OFFICE

19925 Stevens Creek Blvd., Suite 149, Cupertino, CA.95014 U.S.A.

Phone 1-408-973-7853 FAX 1-408-973-7854

BOSTON OFFICE

1661 Worcester Road, Suite 202 Framingham, MA. 01701 U.S.A.

Phone 1-508-405-2810 FAX 1-508-405-2812

● Europe**FOSTER ELECTRIC (EUROPE) GmbH**

Sale of various types of speakers, speaker systems, headphones, microphones and electronic components

Gotenstrabe 19, D-20097 Hamburg, Germany

Phone 49-(0)40-23912-0 FAX 49-(0)40-23912-222

MUENCHEN OFFICE

Schätzweg 11, D-80935 München, Germany

Phone 49-(0)89-35466844 FAX 49-(0)89-35466951

SWEDEN OFFICE

Hantverksvägen 15 SE-43633 Askim, Sweden

Phone 46-(0)31-7484343 FAX 49-(0)31-7484377

● Asia**FOSTER ELECTRIC CO., (HONG KONG) LTD.**

Manufacture and sale of various types of speakers, speaker systems, headphones, microphones and electronic components

Block "D", 12th Floor, Kaiser Estate, 41 Man Yue

Street, Hung Hom, Kowloon, Hong Kong

Phone 852-2362-6233 FAX 852-2764-2466

GUANGZHOU PANYU JIU SHUI KENG**FOSTER ELECTRIC FACTORY *outsourcer**

Jiu Shui Keng Xiang, Shi Ji Zhen, Pan Yu Qu,

Guangzhou shi, Guangdong, 511450 China

Phone 86-(0)20-8462-1172 FAX 86-(0)20-8462-0158

FOSTER ELECTRIC CO., (GUANGZHOU) LTD.

Sale of various types of speakers, speaker systems, headphones, microphones and electronic components

Jiu Shui Keng Xiang, Shi Ji Zhen, Pan Yu Qu,

Guangzhou Shi, Guangdong, 511450 China

Phone 86-(0)20-3456-9181 FAX 86-(0)20-3456-9280

SHANGHAI OFFICE

Room B, 11th Floor, Golden Bridge Plaza, 585 Xizang Middle Road, Shanghai, 200003, China

Phone 86-(0)21-6358-6170 FAX 86-(0)21-6358-6173

FOSTER ELECTRIC CO., (CHANGZHOU) LTD.

Manufacture of various types of dies

No.8 Xi Hu Road, (JINTON International Industrial Park)

Wu Jin, Changzhou, Jiangsu, 213164, China

Phone 86-(0)519-8619-1602 FAX 86-(0)519-8622-6156

FOSTER ELECTRIC CO., (NANNING) LTD.

Manufacture of various types of headphones and headsets

Workshop No.7 1 ZongBu Rd. Nanning New&High-tech

Industrial Development Zone Nanning,

Guang Xi, 530007, China

Phone 86-(0)771-3210002 FAX 86-(0)771-3212391

FOSTER ELECTRIC CO., (TAIWAN) LTD.

Sales of various types of speakers and speaker systems
6 East 12th Street Kaohsiung Export Processing Zone,
Kaohsiung, 806, Taiwan
Phone 886-(0)7-831-9101 FAX 886-(0)7-841-4810

TAIPEI OFFICE

No.119 Sec.1, Sinnan Road, Luju Shiang,
Taoyuan Hsien, 338 Taiwan
Phone 886-(0)3-212-3334 FAX 886-(0)3-321-1897

FOSTER ELECTRIC (SINGAPORE) PTE. LTD.

Sale of various types of speakers, speaker systems,
headphones, microphones and electronic components
159, Kampong Ampat, #03-01/02 KA Place Singapore 368328
Phone 65-6747-8811 FAX 65-6746-0062

P.T. FOSTER ELECTRIC INDONESIA

Manufacture of various types of speakers, speaker
systems and microphones
Kawasan Industri Batamindo, Lot 3, Jalan Beringin,
Mukakuning, Batam 29433 Indonesia
Phone 62-(0)770-611635 FAX 62-(0)770-611258

FOSTER ELECTRIC IPO (THAILAND) LTD.

Sale of various types of speakers and speaker systems
and procurement of electronic components
Bangna KM23 Warehouse, (Opposite Banplee Industrial Estate),
31/11 Moo 3 Bangna-Trad Road Km 23, T.Bangsaothong,
A. Bangsaothong, Samutprakarn 10540, Thailand
Phone 66-(0)2-740-0853 FAX 66-(0)2-740-0855

FOSTER ELECTRIC (VIETNAM) CO., LTD.

Manufacture of various types of headphones, headsets and those
components
No.6A, Street 6, Vietnam Singapore Industrial Park (VSIP),
Thuan An District, Binh Duong Province, Vietnam
Phone 84-(0)650-3767547 FAX 84-(0)650-3767548

VIETNAM FACTORY 2

Manufacture of various types of headphones, headsets and those
components
No. 20, Street 5, Vietnam Singapore Industrial Park II (VSIP II),
Binh Duong Industry Service-Urban Complex,
Ben Cat District, Binh Duong Province, Vietnam
Phone 84-(0)650-3635050 FAX 84-(0)650-3635051

FOSTER ELECTRIC (DA NANG) CO., LTD.

Manufacture of components for various types of headsets
Street 1, Hoa Cam Industrial Zone, Cam Le District,
Da Nang City, Vietnam
Phone 84-(0)511-3675965 FAX 84-(0)511-3675966

ESTec CORPORATION

Manufacture and sale of various types of speakers and speaker systems
85-12, Yusan-Dong, Yangsan-City, Kyongnam-do 626-230, Korea
Phone 82-(0)55-370-2200 FAX 82-(0)55-382-0133

● Japan**FOSTER TRANSPORTATIONS LIMITED**

Transportation, vehicle maintenance, sheet metal coating,
warehouse management and non-life insurance agency business
35-1, Inadaira 2-chome, Musashi-Murayama, Tokyo 208-0023, Japan
Phone +81-42-560-6631 Fax +81-42-560-5371

FOSTER ELECTRONICS LIMITED

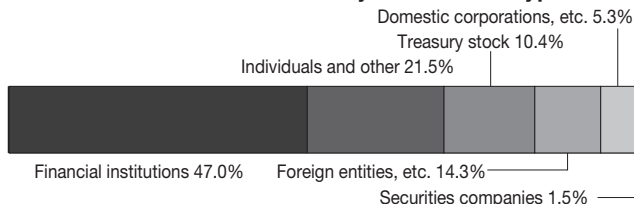
Sale of various types of speakers, speaker systems,
headphones, microphones and electronic components
Noguchi Bldg 6F., 7-1, Nakano 4-chome, Nakano-ku
Tokyo 164-0001, Japan
Phone +81-3-5345-9383 Fax +81-3-5345-9352

(As of September 30, 2009)

● Status of Shares

Total number of shares authorized to be issued by the Company:	80,000,000
Total number of shares issued:	24,106,015
Number of shareholders:	6,598

● Distribution of Shareholders by Shareholder Type



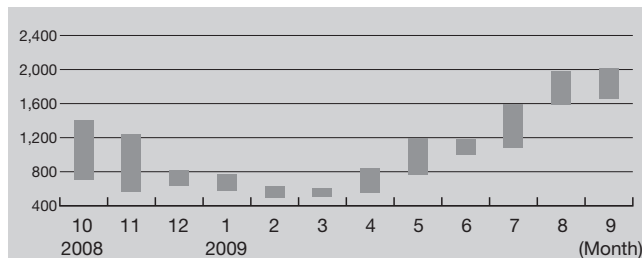
● Major Shareholders

Shareholder's Name	Number of Shares Held (thousand)	Ratio of Shares Held (%)
Japan Trustee Services Bank, Ltd. (trust account)	2,121	8.79
The Master Trust Bank of Japan, Ltd. (Retirement Benefit Trust Hitachi Metals Account)	1,685	6.98
The Master Trust Bank of Japan, Ltd. (trust account)	1,508	6.25
Mizuho Bank, Ltd.	1,016	4.21
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	945	3.92
Japan Trustee Services Bank, Ltd. (Portion re-trusted to Chuo Mitsui Asset Trust and Banking Company, Limited, and the trust account for the TDK Corporation's retirement benefit fund)	587	2.43
Showa Aircraft Industry Co., Ltd.	446	1.85
Mizuho Trust & Banking Co., Ltd.	405	1.68
Sompo Japan Insurance Inc.	376	1.55
State Street Bank and Trust Company 505019	343	1.42

In addition to the above, the Company owns 2,501 thousand shares (10.4%) of treasury stock..

● Stock Price Range

(Yen)



As a "sound specialist," Foster Electric delivers a variety of sound-related products for customers around the world. In addition to the mainstay ODM and OEM products, the Company delivers commercial FOSTEX-brand products that have gained high appraisal in the music and broadcasting equipment markets.

● ODM and OEM products



Headphones



Speakers



Speaker systems



Micro speakers

● FOSTEX-brand products



"GX103"
speaker systems



"FM-3"
portable mixer