Translation

July 31, 2013

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2014 <under Japanese GAAP>

Company name:	**Alpine Electronics, Inc.**
Listing:	First Section of the Tokyo Stock Exchange
Stock code:	6816
URL:	http://www.alpine.com/e/investor/
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Scheduled date to file Quarterly Securities Report:	August 8, 2013
Scheduled date to commence dividend payments:	–
Preparation of supplementary material on quarterly earnings:	No
Holding of quarterly earnings performance review:	No

(Millions of yen with fractional amounts discarded, unless otherwise noted)

1. Consolidated performance for the first three months of the fiscal year ending March 31, 2014 (from April 1, 2013 to June 30, 2013)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
First three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2013	68,274	23.7	1,432	6.4	1,914	59.3	1,305	(24.3)
June 30, 2012	55,185	18.2	1,346	(12.8)	1,202	(21.6)	1,726	53.9

(Note) Comprehensive income
For the first three months ended June 30, 2013: ¥4,931 million [–%]
For the first three months ended June 30, 2012: ¥(920) million [–%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2013	18.72	–
June 30, 2012	24.74	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
June 30, 2013	174,498	114,345	64.9	1,624.30
March 31, 2013	168,061	109,991	64.9	1,562.62

(Reference) Equity
As of June 30, 2013: ¥113,332 million
As of March 31, 2013: ¥109,027 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2013	–	10.00	–	10.00	20.00
Fiscal year ending March 31, 2014	–				
Fiscal year ending March 31, 2014 (Forecast)		10.00	–	10.00	20.00

(Note) Revisions to the forecasts of cash dividends most recently announced: None

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2014 (from April 1, 2013 to March 31, 2014)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending September 30, 2013	118,500	14.0	2,000	75.9	2,200	69.7	1,000	33.3	14.33
Fiscal year ending March 31, 2014	242,000	8.9	5,000	116.9	5,500	28.2	3,000	71.7	43.00

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of a specific accounting procedure for preparing consolidated quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards: None
b. Changes in accounting policies due to other reasons: Yes
c. Changes in accounting estimates: Yes
d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common stock)

a. Total number of issued shares at the end of the period (including treasury stock)

As of June 30, 2013	69,784,501 shares
As of March 31, 2013	69,784,501 shares

b. Number of shares of treasury stock at the end of the period

As of June 30, 2013	11,183 shares
As of March 31, 2013	12,153 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the first three months ended June 30, 2013	69,772,657 shares
For the first three months ended June 30, 2012	69,768,589 shares

*** Indication regarding execution of quarterly review procedures**

This quarterly earnings report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

*** Proper use of earnings forecasts and other special matters**

The earnings forecasts are based on information currently available to the Company at the time of the release of these materials. Actual business results may differ from the forecasts due to various factors.

Qualitative Information Regarding Settlement of Accounts for the First Three Months

(1) Information regarding operating results

During the first three months ended June 30, 2013, the Japanese economy began in part to see bright signs, such as the depreciation of the yen and high stock prices, due to the expectations arising from the economic policies of the new administration and improved performance centered on exporting companies. Although the U.S. economy is showing a recovering trend, the economic slowdown in Europe is expected to continue. The pace of economic recovery is also slowing in emerging countries such as China and Brazil, and there is a sense of continued global economic uncertainty.

In the car electronics industry, in the Japanese aftermarket, there was a continuation of the absence of the replacement purchase demand for navigation systems that had followed the transition from analog to fully digital broadcasting of terrestrial television in 2011. In addition, progress was made in diversifying sales channels other than stores specializing in auto products, such as having systems installed as automobile dealer options, and price competition between rival companies intensified. The European and U.S. aftermarkets also continued to face difficult conditions as the balance between supply and demand was lost due to the global economic slowdown.

Under these circumstances, Alpine exhibited at the Shanghai Motor Show in China, and broadened the appeal of the Alpine brand and its high-quality, highly functional items, and sought to further expand its business. In addition, Alpine worked to expand its aftermarket business, for example by establishing a representative office in Indonesia, where the automobile market is expected to grow remarkably. In its original equipment manufacturer (OEM) business, Alpine held technology exhibitions for overseas automakers, proposed complex and advanced in-car IT products, and endeavored to gain new business orders. Against a backdrop of favorable new car demand in the North American market, Alpine expanded capacity at its production base in Mexico, established Alpine Customer Service (USA), Inc. in the United States, developed its systems for repair and other after-sales services for in-car IT products, in which use of electronics is accelerating, and endeavored to improve quality. In collaboration with partner component makers, Alpine also made efforts in the structural reform of product costs by value engineering (VE) and in decreasing the number of components and aimed to improve its earning power.

As a result, during the first three months ended June 30, 2013, consolidated net sales increased 23.7% compared with the corresponding period of the previous fiscal year, to ¥68.2 billion. Operating income increased 6.4% to ¥1.4 billion, ordinary income increased 59.3% to ¥1.9 billion, and net income amounted to ¥1.3 billion, a decrease of 24.3%.

Segment information is summarized below. Sales figures indicate sales to outside customers.

< Audio Products segment >

In the Audio Products segment, Alpine launched a CD player equipped with the high-definition Rich Display onto the North American aftermarket and worked to strengthen sales through sound system sales promotions. However, in addition to the intensifying price competition with rival companies, Alpine felt the impact of deteriorating market conditions, and sales remained difficult. In contrast, sales were strong in the European aftermarket, where Alpine focused on expanding sales of entry-model CD players equipped with Bluetooth function and CD players equipped with high-value-added functions compatible with smartphone applications, which have been well received by the market.

In the OEM market, sales of audio products adopted for the new cars that Japanese automakers began selling in North America from September 2012 increased in association with the robust sales of the cars. Furthermore, sales increased because of strong new car sales at the U.S. automakers that are our customers.

Accordingly, segment sales increased 10.8% compared with the corresponding period of the previous fiscal year, to ¥17.5 billion.

< Information and Communication Products segment >

Amid the increasing severity of sales competition with rival companies in the domestic aftermarket, the Information and Communication Products segment promoted business tailored to specific car models and continued to focus on expanding sales of the “BIG X” series of large-screen navigation systems.

In particular, Alpine endeavored to ascertain and cultivate the needs of car occupants other than the driver and launched new products that had a stronger appeal to families. In addition, Alpine continued to promote sales activities to automobile dealers in addition to stores specializing in auto products and worked to expand and upgrade its sales network, but sales decreased under the impact of the decrease in new car sales in Japan. In the European and U.S. aftermarkets, conditions remained severe due to the impact of the deteriorating market conditions.

In the OEM market, there was a rise in the proportion of new cars built by Japanese automakers in the North

American market that are equipped with hybrid products with displays featuring navigation functions at their cores, and sales of the car models equipped with these products also increased. Furthermore, as in North America and China, sales continued to be robust in European luxury automakers' new cars equipped with our products, Alpine's sales increased.

Owing to these factors, sales in this segment grew 28.9% compared with the corresponding period of the previous fiscal year, to ¥50.7 billion.

(2) Information regarding financial position

Total assets stood at ¥174.4 billion as of June 30, 2013, an increase of ¥6.4 billion compared with the end of the previous fiscal year (March 31, 2013). Primary factors behind this change were a ¥1.4 billion increase in cash and deposits, a ¥0.7 billion increase in notes and accounts receivable-trade, a ¥0.7 billion increase in inventories, a ¥0.3 billion increase in deferred tax assets, a ¥1.0 billion increase in short-term loans receivable, a ¥0.9 billion increase in property, plant and equipment, and a ¥1.0 billion increase in fair value adjustment of investment securities.

Total liabilities increased ¥2.0 billion from March 31, 2013, to ¥60.1 billion due to such factors as a ¥2.8 billion increase in notes and accounts payable-trade, and a ¥0.2 billion decrease in short-term loans payable.

Compared with the end of the previous fiscal year, net assets increased ¥4.3 billion to ¥114.3 billion due to a ¥3.2 billion increase in foreign currency translation adjustment and a ¥0.7 billion increase in retained earnings.

Consequently, equity ratio was 64.9%, essentially unchanged from March 31, 2013.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

There are no changes to the first six months and full-year consolidated forecasts announced in the "Consolidated Financial Results for the Fiscal Year Ended March 31, 2013," dated April 30, 2013.

Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Assets		
Current assets		
Cash and deposits	34,070	35,550
Notes and accounts receivable-trade	38,207	38,969
Merchandise and finished goods	21,141	20,251
Work in process	1,013	1,244
Raw materials and supplies	7,161	8,564
Deferred tax assets	2,018	2,381
Other	9,912	10,915
Allowance for doubtful accounts	(214)	(315)
Total current assets	113,311	117,562
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	24,380	24,853
Accumulated depreciation	(15,817)	(16,166)
Buildings and structures, net	8,562	8,687
Machinery, equipment and vehicles	20,023	20,853
Accumulated depreciation	(14,165)	(14,763)
Machinery, equipment and vehicles, net	5,857	6,090
Tools, furniture, fixtures and dies	51,777	53,665
Accumulated depreciation	(47,646)	(49,179)
Tools, furniture, fixtures and dies, net	4,130	4,486
Land	4,896	4,935
Lease assets	146	193
Accumulated depreciation	(54)	(76)
Lease assets, net	92	116
Construction in progress	405	553
Total property, plant and equipment	23,944	24,870
Intangible assets	2,438	2,286
Investments and other assets		
Investment securities	25,864	26,877
Deferred tax assets	274	287
Other	2,287	2,673
Allowance for doubtful accounts	(58)	(58)
Total investments and other assets	28,367	29,779
Total noncurrent assets	54,750	56,936
Total assets	168,061	174,498

(Millions of yen)

	As of March 31, 2013	As of June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,629	30,510
Short-term loans payable	239	–
Accrued expenses	9,690	9,700
Income taxes payable	1,064	1,223
Deferred tax liabilities	117	123
Provision for bonuses	1,839	1,101
Provision for directors' bonuses	47	9
Provision for product warranties	4,810	5,171
Other	3,587	3,336
Total current liabilities	49,026	51,176
Noncurrent liabilities		
Deferred tax liabilities	5,478	5,553
Provision for retirement benefits	1,292	1,349
Provision for directors' retirement benefits	677	312
Other	1,597	1,761
Total noncurrent liabilities	9,044	8,976
Total liabilities	58,070	60,152
Net assets		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	55,320	56,048
Treasury stock	(17)	(16)
Total shareholders' equity	106,129	106,858
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,434	6,736
Deferred gains or losses on hedges	19	7
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	(2,245)	1,040
Total accumulated other comprehensive income	2,897	6,473
Minority interests	963	1,013
Total net assets	109,991	114,345
Total liabilities and net assets	168,061	174,498

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	First three months ended June 30, 2012	First three months ended June 30, 2013
Net sales	55,185	68,274
Cost of sales	46,605	57,590
Gross profit	8,580	10,683
Selling, general and administrative expenses	7,234	9,250
Operating income	1,346	1,432
Non-operating income		
Interest income	46	36
Dividends income	98	102
Foreign exchange gains	–	185
Equity in earnings of affiliates	203	117
Other	42	113
Total non-operating income	391	554
Non-operating expenses		
Interest expenses	25	2
Foreign exchange losses	433	–
Sales discounts	34	40
Commission fee	30	24
Other	11	5
Total non-operating expenses	535	72
Ordinary income	1,202	1,914
Extraordinary income		
Gain on sales of noncurrent assets	10	9
Compensation income	1,178	0
Other	6	–
Total extraordinary income	1,194	9
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	11	25
Loss on disaster	0	–
Total extraordinary losses	12	25
Income before income taxes and minority interests	2,384	1,898
Income taxes-current	609	952
Income taxes-deferred	38	(378)
Total income taxes	648	573
Income before minority interests	1,736	1,324
Minority interests in income	10	18
Net income	1,726	1,305
Minority interests in income	10	18
Income before minority interests	1,736	1,324

(Millions of yen)

	First three months ended June 30, 2012	First three months ended June 30, 2013
Other comprehensive income		
Valuation difference on available-for-sale securities	(951)	298
Deferred gains or losses on hedges	57	(11)
Foreign currency translation adjustment	(2,219)	2,325
Share of other comprehensive income of associates accounted for using equity method	457	994
Total other comprehensive income	(2,656)	3,606
Comprehensive income	(920)	4,931
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(895)	4,882
Comprehensive income attributable to minority interests	(25)	49

(3) Notes to consolidated quarterly financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

No items to report

(Segment information)

1) First three months ended June 30, 2012

Information concerning net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustment (Note)	Amount on consolidated quarterly financial statements
	Audio Products segment	Information and Communication Products segment	Total		
Sales					
Sales to outside customers	15,819	39,366	55,185	–	55,185
Internal sales or transfer among segments	189	64	254	(254)	–
Total	16,008	39,431	55,440	(254)	55,185
Segment profit (operating income)	208	2,357	2,566	(1,220)	1,346

Note: The adjustment of negative ¥1,220 million to segment profit represents corporate expenses not allocated to reportable segments. The corporate expenses are principally costs related to the administration division and part of the development division that are not attributable to the segments.

2) First three months ended June 30, 2013

Information concerning net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustment (Note)	Amount on consolidated quarterly financial statements
	Audio Products segment	Information and Communication Products segment	Total		
Sales					
Sales to outside customers	17,526	50,747	68,274	–	68,274
Internal sales or transfer among segments	171	49	221	(221)	–
Total	17,697	50,797	68,495	(221)	68,274
Segment profit (operating income)	179	2,406	2,586	(1,153)	1,432

Notes: 1. The adjustment of negative ¥1,153 million to segment profit represents corporate expenses not allocated to reportable segments. The corporate expenses are principally costs related to the administration division and part of the development division that are not attributable to the segments.

2. Previously, Alpine and its consolidated subsidiaries in Japan adopted the declining-balance method for the depreciation method of property, plant and equipment, but this has changed to the straight-line method from the first quarter of the current fiscal year. In accordance with this change, segment profit (operating income) for the first three months ended June 30, 2013 increased in comparison with the previous method; the Audio Products segment profit increased by ¥25 million and the Information and Communication Products segment profit increased by ¥64 million.

3. Alpine and its consolidated subsidiaries have changed the useful lives of dies, from the first quarter of the current fiscal year. In accordance with this change, segment profit (operating income) for the first three months ended June 30, 2013 increased in comparison with the previous method; the Audio Products segment profit increased by ¥7 million and the Information and Communication Products segment profit increased by ¥15 million.