Translation

July 31, 2014

Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2015 <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 7, 2014
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, 2015 (from April 1, 2014 to June 30, 2014)

(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, 2014	69,594	1.9	2,013	40.5	1,942	1.5	829	(36.5)
June 30, 2013	68,274	23.7	1,432	6.4	1,914	59.3	1,305	(24.3)

(Note) Comprehensive income
For the first three months ended June 30, 2014: ¥(590) million [–%]
For the first three months ended June 30, 2013: ¥4,931 million [–%]

	Net income per share	Diluted net income per share
First three months ended	Yen	Yen
June 30, 2014	11.95	–
June 30, 2013	18.72	–

(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, 2014	187,399	122,519	64.7	1,752.93
March 31, 2014	190,694	125,218	65.1	1,778.00

(Reference) Equity
As of June 30, 2014: ¥121,312 million
As of March 31, 2014: ¥124,059 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, 2014	–	10.00	–	15.00	25.00
Fiscal year ending March 31, 2015	–				
Fiscal year ending March 31, 2015 (Forecast)		10.00	–	15.00	25.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2015 (from April 1, 2014 to March 31, 2015)

(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, 2014	136,000	(1.4)	3,500	(7.4)	4,000	(10.7)	2,700	(10.3)	38.89
Fiscal year ending March 31, 2015	275,000	(3.8)	8,000	(18.5)	9,000	(23.5)	6,000	(35.0)	86.42

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

(4) Number of issued shares (common shares)

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

As of June 30, 2014	69,784,501 shares
As of March 31, 2014	69,784,501 shares

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

As of June 30, 2014	578,783 shares
As of March 31, 2014	9,633 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, 2014	69,431,330 shares
For the first three months ended June 30, 2013	69,772,657 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.

1. Qualitative Information Regarding Settlement of Accounts for the First Three Months

(1) Information regarding operating results

In the global economy during the first three months ended June 30, 2014, the U.S. economy followed a recovery track and Europe showed a gradual economic upturn. Emerging countries such as China and Brazil, on the other hand, experienced stagnation largely due to slowdowns in economic growth rates and currency instability. The Japanese economy trended steadily and continued to recover gradually despite the effects of higher resource prices and the consumption tax hike implemented in April 2014.

Conditions in the car electronics industry were difficult due to the impact of a decline in domestic sales of new cars in a pullback from the additional demand generated prior to the consumption tax hike. Outside Japan, on the other hand, the industry benefited from favorable factors including continued strength in sales of new cars in North America and China and heightened demand for in-car IT products in line with the increased use of electronics in cars.

Under these circumstances, the Alpine Group made efforts to restructure its European and U.S. aftermarket business by launching high-value-added new products onto the North American aftermarket, including large-screen navigation systems tailored to specific vehicle models for pick-up trucks and SUVs. In addition, to strengthen linkage with smartphones, the Group has developed a display audio system that is compatible with Apple’s CarPlay® system and has announced that it will be launched in autumn 2014. The Group also worked to set itself apart from rival companies through the new launch to the domestic aftermarket of a navigation system with a large, 10-inch screen, the largest of its type in the world.

Meanwhile, the Group strengthened its efforts to enhance R&D investment efficiency and improve its product development capabilities for the purpose of future profitability. Efforts in this area include jointly developing an in-car platform with FUJITSU TEN LIMITED, a company in the same industry, and becoming a member of the Open Automotive Alliance (OAA), an alliance committed to developing products compatible with Google’s Android Auto® (Android for use in vehicles).

As a result, during the first three months ended June 30, 2014, consolidated net sales increased 1.9% compared with the corresponding period of the previous fiscal year, to ¥69.5 billion. Operating income increased 40.5% to ¥2.0 billion, ordinary income increased 1.5% to ¥1.9 billion, and net income amounted to ¥0.8 billion, a decrease of 36.5%.

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

< Audio Products segment >

In the Audio Products segment, Alpine worked to strengthen sales of CD players equipped with the high-definition Rich Display and high-value-added functions compatible with smartphone applications, and entry-models equipped with Bluetooth function in the Japanese, U.S. and European aftermarkets. Nevertheless, sales remained weak.

In the OEM market, there was growth in sales of high-quality sound systems with amplifiers and speakers at their cores for cars in the U.S. reflecting continued strength in sales of new cars in the U.S. and China.

Accordingly, segment sales decreased 0.4% compared with the corresponding period of the previous fiscal year, to ¥17.4 billion.

< Information and Communication Products segment >

In the domestic aftermarket, the Information and Communication Products segment launched a navigation system with a large, 10-inch screen, the largest of its type in the world, which features a wide-area map display and impressive images, and worked to expand sales. Even so, these efforts were not enough to cover the impact from the sales decline following the consumption tax hike and sales remained at the same level. In overseas aftermarkets, on the other hand, there was growth in sales reflecting firm sales of hybrid products in Europe and efforts to expand sales of a large-screen navigation system tailored to specific vehicle models, which was launched at the end of June as a new product in North America.

In the OEM market, there were strong sales of European luxury cars in the North American and Chinese markets and growth in sales of hybrid displays installed in new cars. Overall OEM market sales only showed a slight increase, however, owing to the impact of model changeovers for some products.

Accordingly, sales in this segment grew 2.8% compared with the corresponding period of the previous fiscal year, to ¥52.1 billion.

(2) Information regarding financial position

Total assets stood at ¥187.3 billion as of June 30, 2014, a decrease of ¥3.2 billion compared with the end of the previous fiscal year (March 31, 2014). Primary factors behind this change were a ¥0.7 billion decrease in cash and deposits, a ¥4.3 billion decrease in notes and accounts receivable - trade, a ¥1.0 billion decrease in investment securities, a ¥1.4 billion increase in inventories, and a ¥1.6 billion increase in other under current assets.

Total liabilities decreased ¥0.5 billion from March 31, 2014, to ¥64.8 billion due to such factors as a ¥0.9 billion decrease in provision for bonuses, a ¥0.8 billion decrease in accrued expenses, and a ¥1.4 billion increase in notes and accounts payable - trade.

Compared with the end of the previous fiscal year, net assets decreased ¥2.6 billion to ¥122.5 billion due to a ¥0.6 billion decrease in retained earnings, a ¥0.7 billion decrease from purchase of treasury shares, and a ¥1.3 billion decrease in foreign currency translation adjustment.

Consequently, equity ratio decreased 0.4 percentage points from March 31, 2014, to 64.7%.

(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, 2014,” dated April 30, 2014.

2. Matters Regarding Summary Information (Notes)

(1) Changes in significant subsidiaries during the period

No items to report

(2) Application of a specific accounting procedure for preparing consolidated quarterly financial statements

No items to report

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

Changes in accounting policies

(Application of Accounting Standard for Retirement Benefits and its Guidance)

For the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, May 17, 2012) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, May 17, 2012), the Company has applied the provisions set forth in the main clauses of Paragraph 35 of the Accounting Standard for Retirement Benefits and Paragraph 67 of the Guidance on Accounting Standard for Retirement Benefits from the first quarter ended June 30, 2014, and reviewed the determination of retirement benefit obligations and current service cost. Accordingly, the Company changed the method of attributing expected benefit to periods from the straight-line basis to the benefit formula basis as well as amended the determination method of the discount rate from that based on the remaining working lives to a single weighted average discount rate.

Application of the Accounting Standard for Retirement Benefits and its Guidance is in line with the transitional measures provided in Paragraph 37 of the Accounting Standard for Retirement Benefits. In accordance with such measures, the effect of the change in the determination of retirement benefit obligations and current service cost has been added to or deducted from retained earnings as of April 1, 2014.

As a result of this change, as of April 1, 2014, net defined benefit liability increased ¥402 million, and retained earnings decreased ¥402 million. The effect of these changes on profit or loss for the first three months ended June 30, 2014 is immaterial.

(4) Additional information

(Abolition of retirement allowances for Directors)

Effective the conclusion of the Ordinary General Shareholders' Meeting held on June 19, 2014 ("the General Shareholders' Meeting"), the Company abolished the retirement allowances for Directors.

In accordance with this action, final retirement allowances will be paid to the Directors who are continuing to serve as Directors after the conclusion of the General Shareholders' Meeting for their services until the conclusion of the General Shareholders' Meeting, when each Director retires.

Thus, as a result of the above, a reversal was performed on the Company's "Provision for directors' retirement benefits" in the first quarter ended June 30, 2014, and an amount payable of ¥269 million in final retirement allowances is included in "Other" under non-current liabilities as a long-term accounts payable.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Assets		
Current assets		
Cash and deposits	46,698	45,940
Notes and accounts receivable - trade	41,029	36,717
Merchandise and finished goods	21,115	20,948
Work in process	1,036	1,144
Raw materials and supplies	6,878	8,373
Deferred tax assets	3,008	2,386
Other	9,238	10,890
Allowance for doubtful accounts	(378)	(251)
Total current assets	128,628	126,151
Non-current assets		
Property, plant and equipment		
Buildings and structures	25,306	26,002
Accumulated depreciation	(16,664)	(16,754)
Buildings and structures, net	8,642	9,247
Machinery, equipment and vehicles	22,103	22,235
Accumulated depreciation	(15,842)	(15,781)
Machinery, equipment and vehicles, net	6,260	6,453
Tools, furniture, fixtures and dies	51,347	52,111
Accumulated depreciation	(45,933)	(46,545)
Tools, furniture, fixtures and dies, net	5,413	5,566
Land	4,988	4,972
Leased assets	214	208
Accumulated depreciation	(92)	(79)
Leased assets, net	122	129
Construction in progress	1,482	638
Total property, plant and equipment	26,909	27,007
Intangible assets	2,359	2,316
Investments and other assets		
Investment securities	29,493	28,403
Net defined benefit asset	11	4
Deferred tax assets	485	573
Other	2,820	2,956
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	32,797	31,924
Total non-current assets	62,066	61,248
Total assets	190,694	187,399

(Millions of yen)

	As of March 31, 2014	As of June 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,926	32,379
Accrued expenses	10,386	9,496
Income taxes payable	1,757	1,713
Deferred tax liabilities	16	–
Provision for bonuses	2,107	1,199
Provision for directors’ bonuses	45	16
Provision for product warranties	6,132	6,394
Other	4,238	3,764
Total current liabilities	55,610	54,965
Non-current liabilities		
Deferred tax liabilities	5,836	5,677
Net defined benefit liability	1,892	2,283
Provision for directors’ retirement benefits	353	54
Other	1,783	1,899
Total non-current liabilities	9,865	9,915
Total liabilities	65,475	64,880
Net assets		
Shareholders’ equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	63,272	62,653
Treasury shares	(13)	(712)
Total shareholders’ equity	114,085	112,767
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,629	6,483
Deferred gains or losses on hedges	–	(0)
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	5,554	4,224
Remeasurements of defined benefit plans	(899)	(850)
Total accumulated other comprehensive income	9,974	8,545
Minority interests	1,158	1,206
Total net assets	125,218	122,519
Total liabilities and net assets	190,694	187,399

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	First three months ended June 30, 2013	First three months ended June 30, 2014
Net sales	68,274	69,594
Cost of sales	57,590	57,523
Gross profit	10,683	12,071
Selling, general and administrative expenses	9,250	10,057
Operating income	1,432	2,013
Non-operating income		
Interest income	36	50
Dividend income	102	121
Foreign exchange gains	185	–
Share of profit of entities accounted for using equity method	117	72
Other	113	123
Total non-operating income	554	367
Non-operating expenses		
Interest expenses	2	2
Foreign exchange losses	–	340
Sales discounts	40	38
Commission fee	24	16
Other	5	41
Total non-operating expenses	72	438
Ordinary income	1,914	1,942
Extraordinary income		
Gain on sales of non-current assets	9	7
Compensation income	0	–
Gain on liquidation of investment securities	–	52
Other	–	4
Total extraordinary income	9	64
Extraordinary losses		
Loss on sales and retirement of non-current assets	25	4
Total extraordinary losses	25	4
Income before income taxes and minority interests	1,898	2,002
Income taxes - current	952	687
Income taxes - deferred	(378)	455
Total income taxes	573	1,143
Income before minority interests	1,324	859
Minority interests in income	18	29
Net income	1,305	829
Minority interests in income	18	29
Income before minority interests	1,324	859

(Millions of yen)

	First three months ended June 30, 2013	First three months ended June 30, 2014
Other comprehensive income		
Valuation difference on available-for-sale securities	298	(151)
Deferred gains or losses on hedges	(11)	(0)
Foreign currency translation adjustment	2,325	(718)
Remeasurements of defined benefit plans, net of tax	–	46
Share of other comprehensive income of entities accounted for using equity method	994	(625)
Total other comprehensive income	3,606	(1,449)
Comprehensive income	4,931	(590)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,882	(598)
Comprehensive income attributable to minority interests	49	8

(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)

The Company purchased 570,100 treasury shares in accordance with a resolution at a meeting of the Board of Directors on April 30, 2014. As a result, treasury shares increased ¥699 million during the first three months ended June 30, 2014, bringing the amount of treasury shares to ¥712 million as of June 30, 2014.

(Segment information)

Segment information

1) 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 been 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.

2) First three months ended June 30, 2014

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	17,451	52,143	69,594	–	69,594
Internal sales or transfer among segments	168	50	219	(219)	–
Total	17,620	52,193	69,814	(219)	69,594
Segment profit (operating income)	718	2,553	3,271	(1,258)	2,013

Note: The adjustment of negative ¥1,258 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.