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# Consolidated Financial Statements for the Six Months Ended September 30, 2007

November 7, 2007

Listed Company Name: Alpine Electronics, Inc. Securities Code: 6816 (First Section, Tokyo Stock Exchange)
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Planned Date of Issue of Semiannual Report: December 12, 2007
Planned Date of Dividend Payout: December 7, 2007

## 1. Performance for the Six Months Ended September 30, 2007 (April 1, 2007, to September 30, 2007)

(1) Operating Results (Consolidated)

Amounts less than one million yen have been omitted; percentages represent increase from the corresponding period of the previous year

(Millions of yen, %)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|---|---|---|---|---|---|---|---|---|
| Six Months Ended September 30, 2007 | 130,867 | 3.8% | 5,385 | 18.1% | 5,519 | 0.1% | 2,987 | (7.8%) |
| Six Months Ended September 30, 2006 | 126,022 | 2.6% | 4,558 | (20.1%) | 5,511 | (5.6%) | 3,239 | (8.1%) |
| Fiscal Year Ended March 31, 2007 | 265,054 | — | 10,110 | — | 12,015 | | 5,729 | — |

| | (Interim) Net Income per Share (Yen) | Fully Diluted Net Income per Share (Yen) |
|---|---|---|
| Six Months Ended September 30, 2007 | 42.83 | — |
| Six Months Ended September 30, 2006 | 46.44 | — |
| Fiscal Year Ended March 31, 2007 | 82.12 | — |

[Reference]
Equity in earnings of subsidiaries and affiliates accounted for by the equity method:
Six months ended September 30, 2007: ¥424 million
Six months ended September 30, 2006: ¥251 million
Fiscal year ended March 31, 2007: ¥676 million

(2) Financial Position (Consolidated)

(Millions of yen unless otherwise stated)

| | Total Assets | Net Assets | Equity Ratio (%) | Net Assets per Share (Yen) |
|---|---|---|---|---|
| September 30, 2007 | 181,720 | 124,049 | 67.2 | 1,751.35 |
| September 30, 2006 | 174,449 | 116,167 | 65.7 | 1,641.74 |
| March 31, 2007 | 181,185 | 120,908 | 65.7 | 1,706.54 |

### (3) Consolidated Cash Flows

(Millions of yen)

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents, End of Period |
|---|---|---|---|---|
| Six Months Ended September 30, 2007 | 4,798 | (7,015) | (970) | 34,759 |
| Six Months Ended September 30, 2006 | 7,331 | (6,452) | (646) | 33,999 |
| Fiscal Year Ended March 31, 2007 | 16,398 | (11,887) | (1,540) | 37,507 |

## 2. Dividend

| | Dividends per Share (Yen) | | |
|---|---|---|---|
| Date of record | End of Interim period | End of Fiscal Year | Full Year |
| Fiscal Year Ended March 31, 2007 | 10.00 | 15.00 | 25.00 |
| Fiscal Year Ending March 31, 2008 | 10.00 | 15.00 (Forecast) | 25.00 (Forecast) |

## 3. Projections for Fiscal Year Ending March 31, 2008 (April 1, 2007, to March 31, 2008)

(Millions of yen unless otherwise stated)

| | Net Sales | Operating Income | Ordinary Income | Net Income | Net Income per Share (Yen) |
|---|---|---|---|---|---|
| Fiscal Year Ending March 31, 2008 | 255,000 (3.8%) | 8,000 (20.9%) | 9,000 (25.1%) | 5,000 (12.7%) | 71.67 |

## 4. Others

(1) Changes in major subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation):

No

(2) Changes in the method, procedure and presentation, etc. of accounting for the preparation of interim consolidated financial statements (recorded in changes to important items that form the basis for preparation of interim consolidated financial statements):

Changes due to revisions to accounting standards, etc.: No

Other changes: No

(3) Number of outstanding shares (common stock)

| | Number of Outstanding Shares (Including Treasury Stock) | Treasury Stock |
|---|---|---|
| September 30, 2007 | 69,784,501 | 20,198 |
| September 30, 2006 | 69,784,501 | 18,839 |
| March 31, 2007 | 69,784,501 | 19,836 |

**[Reference] Non-Consolidated Financial Results**

**1. Non-Consolidated Financial Results for the First Half of the Fiscal Year Ending March 31, 2008**

**(April 1, 2007, to September 30, 2007)**

(1) Operating Results (Non-Consolidated)

(Millions of yen unless otherwise stated)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|---|---|---|---|---|---|---|---|---|
| Six Months Ended September 30, 2007 | 97,277 | 0.1% | 2,188 | 145.4% | 3,176 | (4.1%) | 2,240 | (0.7%) |
| Six Months Ended September 30, 2006 | 97,186 | 2.8% | 892 | (60.1%) | 3,312 | (15.3%) | 2,256 | (18.7%) |
| Fiscal Year Ended March 31, 2007 | 195,056 | | 2,492 | | 5,583 | | 3,201 | |

| | Net Income per Share (Yen) |
|---|---|
| Six Months Ended September 30, 2007 | 32.11 |
| Six Months Ended September 30, 2006 | 32.34 |
| Fiscal Year Ended March 31, 2007 | 45.89 |

(2) Financial Position (Non-Consolidated)

(Millions of yen unless otherwise stated)

| | Total Assets | Net Assets | Equity Ratio (%) | Net Assets per Share (Yen) |
|---|---|---|---|---|
| September 30, 2007 | 126,576 | 93,066 | 73.5 | 1,334.01 |
| September 30, 2006 | 128,506 | 92,184 | 71.7 | 1,321.34 |
| March 31, 2007 | 131,292 | 92,719 | 70.6 | 1,329.03 |

[Reference]

(Millions of yen)

| | Stockholders' Equity |
|---|---|
| September 30, 2007 | 93,066 |
| September 30, 2006 | 92,184 |
| March 31, 2007 | 92,719 |

**2. Projections for Fiscal Year Ending March 31, 2008 (April 1, 2007, to March 31, 2008)**

(Millions of yen unless otherwise stated)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income Per Share (Yen) |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending March 31, 2008 | 193,000 | (1.1%) | 3,300 | 32.4% | 5,000 | (10.4%) | 3,000 | (6.3%) | 43.00 |

**Cautionary Statement Regarding Performance Forecasts**

The forecasts and future projections in this report have been produced based on rational assessment of the information available as of the date of announcement of this summary information, and the actual results could differ significantly from forecast figures depending on operating performance and a variety of other factors which may occur hereafter.

## 1. Consolidated Business Results

### (1) Qualitative Information Regarding Consolidated Business Results

During the first half of the fiscal year ending March 31, 2008, the world economy was characterized by soaring oil prices and receding influence on the U.S. financial and capital markets from the sub-prime mortgage issue. In Europe, domestic demand supported gradual growth, despite sluggish growth in exports arising from escalation of the euro. Japan continued along its continued along recovery path, despite signs of weakness in personal consumption.

The automobile industry featured a demand shift toward fuel-efficient compact vehicles and growth in markets for Asian countries, led by China, and developing nations.

The car electronics market benefited from growth in the after-market for portable navigation systems, aided by increased factory installation of integrated units in new cars.

In this environment, Alpine proposed state-of-the-art technologies for automakers and focused on securing orders. Moreover, we reinforced our product lineup for the after-market and fortified our production and sales systems.

As a result of the aforementioned factors, consolidated net sales during the six-month period ended September 30, 2007, increased 3.8% compared with the corresponding period of the previous fiscal year, to ¥130.8 billion. Operating income jumped 18.1% to ¥5.3 billion, and ordinary income edged up 0.1% to ¥5.5 billion. Net income for the period was ¥2.9 billion, down 7.8% from the previous year.

On a non-consolidated basis, net sales grew 0.1% to ¥97.2 billion, operating income leapt 145.4% to ¥2.1 billion, and ordinary income rose 4.1% to ¥3.1 billion, while net income eased 0.7% to ¥2.2 billion.

(1) Segment information by type of business

***Audio Products Segment***

In the Audio Products segment, Alpine's iPod-LINK automotive CD player functions gained high acclaim, and after-market sales in Japan, the United States and Europe were robust for the Company's European Imaging & Sound Association award-winning iDA-X001 digital media head unit.

However, the impact on sales of CD players by integration with visual and navigation systems and the influence of reduction in market size arising from increased factory installation (systems) led to a 7% decline in sales in the after-market.

Business with automobile manufacturers was bolstered by increased installation of new-media DVD audio systems in SUVs for North America along with brisk sales of models mounted with CD audio systems. In addition, sales of speakers, amplifiers and acoustical corrective sound systems to European and U.S. automakers expanded, contributing to a 4% rise in sales to automobile manufacturers.

As a result, sales in this segment were ¥63.1 billion, up 0.4% year on year.

***Information and Communication Equipment Segment***

In the Information and Communication Equipment segment, we bolstered our product lineup and expanded sales through the launches of Mobile Media Station X07, a car navigation system with terrestrial digital broadcast full-segment response for the domestic after-market, and the Blackbird portable navigation system for the European after-market.

Furthermore, Alpine's flip-down monitor compatible with terrestrial digital broadcasting and DVD playback is storming the Japanese after-market as a result of its suitability to user needs. However, the impact of intense price competition and increased factory installation (systems) restrained growth in sales to the after-market.

Sales to automobile manufacturers increased 8%, principally attributable to trends toward rising factory installation rates for of car navigation systems and integrated information and communication equipment and robust new car sales by our clients.

As a result of these factors, sales in this segment advanced 7.3% year on year, to ¥67.7 billion.

(2) Projections for the full fiscal year

For the year ending March 31, 2008, concerns remains about the potential impact of the sub-prime mortgage issue on the European and U.S. economies. In the United States, underlying downtrends in personal consumption are appearing, while in Europe, there is anxiety about stagnant growth rates arising from appreciation of the euro. The economic slowdown and rising oil prices in the United States, compounded by escalating raw material costs, unstable exchange rate trends and other factors, make prospects for the Japanese economy uncertain.

In response, during the second half of the fiscal year Alpine aims to expand sales by launching new products in the after-market, including next generation navigation system "Mobile Media Station X07" for Japan and large-screen high-definition flip-down monitors compatible with terrestrial digital broadcasting and DVD playback. Moreover, we have commenced deliveries of large-scale system products to European automobile manufacturers.

In addition to continued aggressive R&D investment, the Company is pursuing a medium-term plan, "CHALLENGE 30," for structural reform and growth.

Consolidated full-year projections are as follows:

(Millions of yen, %)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year Ending March 31, 2008 | 255,000 | (3.8%) | 8,000 | (20.9%) | 9,000 | (25.1%) | 5,000 | (12.7%) |

Notes:
All projected results assume an exchange rate in the second half of US$1=¥115 and €1 = ¥160.
The aforementioned projections are based on information currently available and include uncertain factors that may influence actual performance.

## 2. Qualitative Information Regarding Consolidated Financial Position

### (1) Assets, Liabilities and Net Assets

Total assets stood at ¥181.7 billion as of September 30, 2007, up ¥0.5 billion from the end of the previous fiscal year. Net assets grew ¥3.1 billion, to ¥124.0 billion. As a result, the equity ratio was 67.2%. Current assets were down ¥1.8 billion, principally attributable to reductions of ¥2.7 billion in cash and cash equivalents and ¥3.3 billion in notes and accounts payable and increases of ¥1.1 billion in merchandise, ¥0.8 billion in raw materials and ¥0.4 billion in goods in process. Fixed assets were ¥2.3 billion higher, prompted by a gain of ¥2.4 billion in tangible fixed assets.

Current liabilities decreased ¥1.7 billion, owing mainly to a decline in notes and accounts payable of ¥2.9 billion and a rise of ¥0.4 billion in accrued expenses. Long-term liabilities decreased ¥0.8 billion as a result of such factors as lower deferred tax liabilities.

### (2) Consolidated Cash Flows

Cash and cash equivalents at September 30, 2007, were ¥34.7 billion, ¥2.7 billion, or 7.3%, lower than at the end of the previous fiscal year.

Cash flows provided by operating activities were ¥4.7 billion, down ¥2.5 billion, or 34.6%, from the corresponding period of the previous year. Major cash inflows were appropriation of income before income taxes of ¥5.2 billion, depreciation and amortization of ¥4.9 billion and a decrease in notes and accounts receivables of ¥4.2 billion. Major cash outflows included a decrease in notes and accounts payable of ¥4.3 billion, a ¥2.0 billion increase in inventories and income and other taxes of ¥2.9 billion.

Net cash used in investing activities was ¥7.0 billion, a reduction of ¥0.5 billion, or 8.7%, from the previous year. This figure was mainly attributable to the purchase of tangible fixed assets of ¥5.3 billion and purchase of intangible fixed assets of ¥1.4 billion.

Net cash used in financing activities amounted to ¥0.9 billion, down ¥0.9 billion, or 50.0%. The principal component was cash dividends paid of ¥1.0 billion.

As a result of these factors, the net decrease in free cash flow was ¥2.2 billion. Free cash flow is the sum of cash flows from operating activities and cash flows from investing activities.

[Reference] Cash Flow Indicators

Trends in indicators of cash flows for Alpine are as follows:

| | Fiscal Year Ended March 31, 2006 | | Fiscal Year Ended March 31, 2007 | | Fiscal Year Ending March 31, 2008 |
|---|---|---|---|---|---|
| | Interim | Full year | Interim | Full year | Interim |
| Equity ratio (%) | 61.3 | 65.3 | 65.7 | 65.7 | 67.2 |
| Equity ratio (market value basis) (%) | 73.8 | 71.6 | 66.2 | 81.6 | 65.0 |
| Cash flow/interest bearing liabilities ratio (years) | 19.4 | 0.0 | 0.0 | 0.0 | 0.0 |
| Indexed coverage ratio (times) | 2.1 | 95.5 | 145.1 | 129.9 | 54.6 |

Notes:
Equity ratio: Stockholders' equity/ Total Assets
Equity ratio (market value basis): Market capitalization/ Total Assets
Cash flow/interest bearing liabilities ratio: Interest-bearing debt/ Operating cash flow (For interim value, the operating cash flow is doubled to covert to full-year figures.)
Indexed coverage ratio: Operating cash flow/Interest payments
Each indicator is calculated based on consolidated financial statements.
Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares as of the date.
Operating cash flow uses net cash provided by operating activities on the consolidated cash flow statements. Interest-bearing debt covers all liabilities with interest payments under the liabilities section of the consolidated balance sheets. Interest payments equal the amount of interest paid on the consolidated cash flow statements.

**(3) Basic Policy on Profit Distribution and Dividends for the Current Period**

We have positioned the return of profit to shareholders as a primary issue for management. In determining dividend payment, it is our fundamental policy to deliberate on a balance of essential requirements based on the consolidated business performance, namely: 1) returning profit to shareholders, 2) active investment in R&D and capital investment in order to strengthen competitiveness, and 3) retention of earnings for future business expansion. We will continue striving to maintain a stably increasing level of dividend payment.

The implementation of the Companies Act removed a restriction on the frequency of corporate dividend payments. At this stage, however, we have no particular plans to change our dividend policy.

**(4) Business and Other Risks**

Alpine views the following points as potential risk factors that may affect business development.

*(1) Economic Change*

Alpine develops operations globally centered on the mobile multimedia business. Alpine's products are sold in various markets around the world directly to end users and indirectly through automakers.

Accordingly, economic slowdowns in the Company's primary markets of Japan, North America, Europe and Asia could adversely affect performance and financial position.

*(2) Foreign Currency Exchange Rate Fluctuations*

Alpine derives approximately 86% of its net sales from overseas markets and the financial statements of its overseas subsidiaries are prepared using local currencies. As a result, Alpine is exposed to fluctuations in foreign currency exchange rates. An appreciation of the yen against other currencies, especially the U.S. dollar and the euro, have an adverse impact on Alpine's consolidated performance. Alpine engages in foreign currency hedge transactions such as forward exchange contracts, but sharp changes in foreign exchange rates could adversely affect the Company's performance and financial position.

*(3) New Product Development*

Alpine aggressively invests in R&D to develop attractive new products. In the event that new product development falls behind rapid advances in technology and changes in customer needs, however, future growth and earnings potential would decline and could adversely affect the Company's performance and financial position.

*(4) Price Competition*

Price competition is becoming more intense in the mobile multimedia industry in which Alpine operates. In the after-sales market, stand-alone car audio products are susceptible to price competition. Moreover, prices are likely to continue declining as automakers demand cost reductions and rival companies enter the market. Alpine is striving to improve its earnings and cost structure from a global viewpoint. Nevertheless, a decline in sales prices could adversely affect the Company's performance and financial position.

*(5) Risks Inherent to Advancing Overseas*

Alpine engages in production and sales activities in the United States, Europe, China and other Asian countries. On conducting business in these overseas markets, Alpine is susceptible to risks including 1) unforeseen changes in laws and tax codes,

2) restrictive political and economic factors, 3) terrorism, war and other social unrest. The occurrence of any of these events could adversely affect the Company's performance and financial position.

*(6) Supply of Specific Components*

Alpine internally produces many of its important components, but some critical components are procured from outside the Group. In the event that Alpine is unable to procure the necessary volume of components as scheduled due to natural disasters or other reasons at the supplier company, production would be delayed and sales opportunities would be lost, which could adversely affect the Company's performance and financial position.

*(7) Demands of Corporate Customers*

Alpine's OEM business serves automakers from around the world. Alpine aims to expand its sales by revising its order-receiving process over the medium term. Automakers' demands for better quality, lower prices and shorter delivery times are increasing in response to intense global competition. Sales to corporate customers in this field are affected significantly by changes in the corporate customers' performance and procurement policies. In addition, customer requests for lower prices could adversely affect the Company's performance and financial position.

*(8) Intellectual Property*

Alpine strives to protect its technologies and R&D results through patents, trademarks and other intellectual property rights. However, intellectual property rights are not fully protected in some regions, and Alpine may not be able to effectively prevent third parties from manufacturing similar products that use Alpine's intellectual property. Moreover, Alpine's products and technologies may inadvertently infringe on the intellectual property rights of other companies in the future.

*(9) Product Defects*

Alpine manufactures various products under stringent quality control processes. However, not all products are free from defects, so there is the possibility of a product recall in the future. Although Alpine is insured against damages from product liability, there are no assurances that this insurance will cover all damages. Product defects that lead to a major recall or product liability damages would incur considerable costs and adversely affect the Company's reputation. As a result, the Company's performance and financial position could be adversely affected.

*(10) Public Laws and Regulations*

Alpine is subject to various government laws and regulations in countries where it conducts business, including business and investment permits as well as customs duties and other import/export regulations. In the event that the Company was unable to strictly follow these laws and regulations, Alpine's business activities could be restricted, leading to an increase in costs. Accordingly, these laws and regulations could adversely affect the Company's performance and financial position.

*(11) Risk of Natural Disaster*

Alpine takes thorough measures to prevent damage from natural disasters such as earthquakes, and in the past the company has been able to minimize the impact of natural disasters on its operations. However, in the event of a major natural disaster that is more severe than predicted, there are no assurances that Alpine will be able to completely prevent or lessen the impact of power outages or other interruptions on operations.

## 3. Management Policy

### (1) Basic Business Concept

It is our basic corporate philosophy to: 1) respect the value of individuals, 2) create value for the future, and 3) contribute to society. Based on this understanding, we established our corporate vision to guide us toward the year 2015, which is: "Alpine continues to strive to be a mobile media solution company that creates future value. We intend to enhance corporate value by undertaking the challenge of creating new value and products centering on our long-cultivated core technologies in the fields of car audio equipment and information & communication devices, in an assertive and passionate manner."

### (2) Benchmarks and Quantitative Targets

With an emphasis on the consolidated performance of Group companies both in Japan and overseas, the Company aims to increase consolidated profit and pursue effective cash flow management. Alpine also aims to improve return on assets (ROA) to more than 5% by improving its net profit ratio and asset turnover, and taking measures to cut inventory assets and interest-bearing debt.

### (3) Mid-Term Management Strategy and Issues Facing the Company

In the car electronics industry, demand is increasing for audio equipment that connects with the latest digital devices, adding intensity to price competition among rival companies.

In information communications equipment, a growing percentage of new automobiles incorporates integrated audio, visual and information devices as standard equipment. Moreover, automakers are becoming more demanding in terms of product quality, prices and delivery schedules as global competition heats up.

To address these conditions, we established our corporate vision to guide us toward the year 2015, which is: "Alpine continues to strive to be a mobile media solution company that creates future value. In addition, we are promoting our mid-term management plan medium-term plan, 'CHALLENGE 30,' for structural reform and growth."

To achieve these mid-term management policies, Alpine is promoting measures based on the following strategies in order to expand corporate value, cultivate new business fields, strengthen operations and enhance earnings.

1) Alpine aims to establish a strong business foundation by promoting the development of advanced technologies and large-scale system products while further polishing its core technologies through aggressive R&D investment in the information communications equipment market, which is expanding in scale.

2) Alpine aims to strengthen price competitiveness by promoting a fully integrated production structure from local component procurement to component processing and finished products at its global manufacturing bases, while striving to reform its product design systems to secure unrivalled product quality in response to intensifying price competition.

3) Alpine is making every effort to reform its earnings and cost structure as well as to improve customer satisfaction by expanding its four-point global business structure in Japan, the United States, Europe and Asia in terms of sales, procurement, production and development.

4) Risk management and compliance are increasingly important to the diversification of risk surrounding our corporate activities. We are determined to strengthen risk control and information control systems by organizing CSR committees.

**(4) Outlook**

We expect the favorable trend of the Japanese economy to persist due to strong corporate performance and an improved employment situation, as well as aggressive private-sector investment. However, we remain concerned about such issues as performance gaps among companies and the potential impact of global oil price hikes and rising long-term interest rates.

Uncertainties in overseas economic conditions include a potential adjustment following excessive housing investment and higher oil prices in the United States, economic gaps between European nations and the stability of economic growth in China.

In the automobile industry, competition has intensified globally in the areas of enforced measures for pollution and safety, global and simultaneous production of new cars and increasing demand for high quality. Also, in the car electronics industry, technology development, enforcement of price competitiveness and globalization have evolved to be main issues for management in responding growing demand of automobile manufacturers.

Under these circumstances, the Alpine Group will continue its aggressive R&D investment in the field of car information technology & communication, with an emphasis on navigation equipment whose market size is expanding. We also plan to extend our software development base in China in a bid to raise development efficiency. Furthermore, we will promote the enhancement of client satisfaction by pursuing extraordinary quality and conducting structural reforms to reduce direct and indirect costs, thereby improving our ability to generate revenues and reinforcing our managerial base.

## 4. Interim Consolidated Financial Statements

### (1) Interim Consolidated Balance Sheets

(Millions of yen, %)

| | September 30, 2006 | | | September 30, 2007 | | | March 31, 2006 | | | Change |
|---|---|---|---|---|---|---|---|---|---|---|
| **ASSETS** | | | % | | | % | | | % | |
| **Current Assets:** | | | | | | | | | | |
| Cash and time deposits | | 34,222 | | | 34,775 | | | 37,553 | | (2,778) |
| Notes and accounts receivable *2 | | 36,682 | | | 35,239 | | | 38,605 | | (3,365) |
| Merchandise | | 23,632 | | | 22,100 | | | 20,936 | | 1,163 |
| Raw materials | | 6,830 | | | 6,858 | | | 6,004 | | 854 |
| Goods in process | | 1,614 | | | 1,832 | | | 1,425 | | 407 |
| Inventories | | 506 | | | 434 | | | 466 | | (31) |
| Deferred tax assets | | 3,528 | | | 4,316 | | | 4,121 | | 194 |
| Other current assets | | 6,163 | | | 8,474 | | | 6,808 | | 1,665 |
| Allowance for doubtful receivables | | (979) | | | (940) | | | (984) | | 43 |
| **Total current assets** | | **112,203** | **64.3** | | **113,091** | **62.2** | | **114,937** | **63.4** | **(1,845)** |
| **Fixed Assets:** | | | | | | | | | | |
| **Tangible Fixed Assets:** | | | | | | | | | | |
| Buildings and structures | 21,077 | | | 21,898 | | | 21,589 | | | |
| Less accumulated depreciation | (12,093) | 8,984 | | (12,775) | 9,122 | | (12,454) | 9,134 | | (12) |
| Machinery and equipment | 16,205 | | | 19,123 | | | 17,859 | | | |
| Less accumulated depreciation | (8,586) | 7,619 | | (10,142) | 8,980 | | (9,347) | 8,512 | | 468 |
| Fixtures and fittings | 43,901 | | | 48,659 | | | 45,633 | | | |
| Less accumulated depreciation | (37,656) | 6,244 | | (41,032) | 7,626 | | (39,061) | 6,571 | | 1,055 |
| Land | | 4,957 | | | 5,198 | | | 5,179 | | 18 |
| Construction in progress | | 302 | | | 1,607 | | | 692 | | 915 |
| **Total tangible fixed assets** | | **28,108** | **16.1** | | **32,535** | **17.9** | | **30,090** | **16.6** | **2,445** |
| **Intangible Fixed Assets:** | | **6,751** | **3.9** | | **6,916** | **3.8** | | **6,923** | **3.8** | **(6)** |
| **Investments and Other Assets:** | | | | | | | | | | |
| Investments in securities | | 17,848 | | | 17,130 | | | 18,335 | | (1,204) |
| Deferred tax assets | | 196 | | | 227 | | | 228 | | (1) |
| Other investments | | 9,395 | | | 11,891 | | | 10,727 | | 1,163 |
| Allowance for doubtful receivables | | (55) | | | (73) | | | (57) | | (16) |
| **Total investments and other assets** | | **27,385** | **15.7** | | **29,176** | **16.1** | | **29,234** | **16.2** | **(57)** |
| **Total fixed assets** | | **62,246** | **35.7** | | **68,628** | **37.8** | | **66,247** | **36.6** | **2,381** |
| **Total Assets** | | **174,449** | **100.0** | | **181,720** | **100.0** | | **181,185** | **100.0** | **535** |

(Millions of yen, %)

| | September 30, 2006 | | September 30, 2007 | | March 31, 2006 | | Change |
|---|---|---|---|---|---|---|---|
| **LIABILITIES** | | % | | % | | % | |
| **Current liabilities:** | | | | | | | |
| Notes and accounts payable[*2] | 28,036 | | 26,056 | | 28,971 | | (2,914) |
| Bank loans[*1] | 375 | | 419 | | 174 | | 245 |
| Income taxes payable | 2,168 | | 1,550 | | 1,946 | | (396) |
| Accrued expenses | 9,564 | | 11,090 | | 10,678 | | 412 |
| Deferred tax liabilities | 111 | | 53 | | 52 | | 0 |
| Allowance for employee bonuses | 1,930 | | 1,976 | | 1,849 | | 127 |
| Allowance for directors' bonuses | 31 | | 29 | | 62 | | (32) |
| Provision for product warranties | 5,168 | | 5,988 | | 5,775 | | 212 |
| Other current liabilities | 5,438 | | 4,847 | | 4,252 | | 595 |
| **Total current liabilities** | **52,824** | **30.3** | **52,011** | **28.6** | **53,763** | **29.7** | **(1,751)** |
| **Long-term liabilities:** | | | | | | | |
| Deferred tax liabilities | 3,242 | | 3,757 | | 4,219 | | (461) |
| Accrued retirement benefits | 603 | | 638 | | 619 | | 18 |
| Directors' severance and retirement benefits | 660 | | 649 | | 718 | | (68) |
| Other long-term liabilities | 950 | | 613 | | 955 | | (342) |
| **Total long-term liabilities** | **5,457** | **3.1** | **5,659** | **3.1** | **6,513** | **3.6** | **(853)** |
| **Total liabilities** | **58,282** | **33.4** | **57,671** | **31.7** | **60,276** | **33.3** | **(2,605)** |
| | | | | | | | |
| **NET ASSETS** | | | | | | | |
| **Stockholders' capital** | | | | | | | |
| **Capital stock** | **25,920** | **14.8** | **25,920** | **14.3** | **25,920** | **14.3** | **—** |
| **Additional paid-in capital** | **24,905** | **14.3** | **24,905** | **13.7** | **24,905** | **13.8** | **0** |
| **Retained earnings** | **55,055** | **31.6** | **59,283** | **32.6** | **57,344** | **31.6** | **1,939** |
| **Treasury stock** | **(27)** | **(0.0)** | **(30)** | **(0.0)** | **(29)** | **(0.0)** | **0** |
| **Evaluation and conversions** | **8,682** | **5.0** | **12,101** | **6.7** | **10,914** | **6.0** | **1,186** |
| **Total stockholders' capital** | **105,854** | **60.7** | **110,079** | **60.6** | **108,141** | **59.7** | **1,938** |
| **Valuation adjustment, other marketable securities** | **7,500** | **4.3** | **7,177** | **4.0** | **7,789** | **4.3** | **(611)** |
| **Land revaluation adjustment** | **(1,394)** | **(0.8)** | **(1,394)** | **(0.8)** | **(1,394)** | **(0.8)** | **—** |
| **Foreign currency translation** | **2,576** | **1.5** | **6,318** | **3.5** | **4,520** | **2.5** | **1,798** |
| **Minority Interests** | **1,630** | **0.9** | **1,867** | **1.0** | **1,852** | **1.0** | **15** |
| **Total net assets** | **116,167** | **66.6** | **124,049** | **68.3** | **120,908** | **66.7** | **3,140** |
| **Total liabilities and net assets** | **174,449** | **100.0** | **181,720** | **100.0** | **181,185** | **100.0** | **535** |

## (2) Interim Consolidated Statements of Income

(Millions of yen, %)

| | Six Months Ended September 30, 2006 | | | Six Months Ended September 30, 2007 | | | Change | Fiscal Year Ended March 31, 2007 | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | % | | | % | | | | % |
| Net sales | | 126,022 | 100.0 | | 130,867 | 100.0 | 4,845 | | 265,054 | 100.0 |
| Cost of sales | | 100,727 | 79.9 | | 104,782 | 80.1 | 4,054 | | 210,442 | 79.4 |
| **Gross profit** | | **25,294** | **20.1** | | **26,085** | **19.9** | **790** | | **54,612** | **20.6** |
| Selling, general and administrative expenses*1 | | 20,735 | 16.5 | | 20,699 | 15.8 | (35) | | 44,502 | 16.8 |
| **Operating income** | | **4,558** | **3.6** | | **5,385** | **4.1** | **826** | | **10,110** | **3.8** |
| Other income | | | | | | | | | | |
| Interest income | 128 | | | 199 | | | | 297 | | |
| Dividend Income | 249 | | | 375 | | | | 437 | | |
| Foreign exchange gain | 460 | | | — | | | | 788 | | |
| Equity in gain from affiliated companies | 251 | | | 424 | | | | 676 | | |
| Other | 226 | 1,315 | 1.1 | 255 | 1,255 | 1.0 | (60) | 506 | 2,706 | 1.0 |
| Other expenses | | | | | | | | | | |
| Interest expense | 50 | | | 87 | | | | 125 | | |
| Foreign exchange loss | — | | | 570 | | | | — | | |
| Sales discounts | 211 | | | 130 | | | | 334 | | |
| Loss on adjustment of customer molds | 35 | | | 154 | | | | 9 | | |
| Other | 65 | 363 | 0.3 | 178 | 1,121 | 0.9 | 758 | 331 | 801 | 0.3 |
| **Ordinary income** | | **5,511** | **4.4** | | **5,519** | **4.2** | **7** | | **12,015** | **4.5** |
| Extraordinary income | | | | | | | | | | |
| Gain on sales of fixed assets | 5 | | | 5 | | | | 31 | | |
| Other | — | 5 | 0.0 | — | 5 | 0.0 | 0 | 1 | 32 | 0.0 |
| Extraordinary losses | | | | | | | | | | |
| Loss on sales of fixed assets | 61 | | | 232 | | | | 261 | | |
| Loss on valuation of investments in securities | 119 | | | 27 | | | | 119 | | |
| Previous period's royalty payments | 117 | | | — | | | | 117 | | |
| Other | 15 | 312 | 0.3 | — | 260 | 0.2 | (52) | 1,246 | 1,745 | 0.6 |
| **Income before income taxes** | | **5,204** | **4.1** | | **5,264** | **4.0** | **60** | | **10,302** | **3.9** |
| Income taxes | 2,270 | | | 2,209 | | | | 4,155 | | |
| Additional corporate tax and others (refunds) | (167) | | | 100 | | | | 582 | | |
| Income tax adjustments | (212) | 1,889 | 1.5 | (100) | 2,209 | 1.7 | 319 | (372) | 4,365 | 1.6 |
| **Minority interests in net income** | | **74** | **0.0** | | **67** | **0.0** | **(7)** | | **207** | **0.1** |
| **Net income** | | **3,239** | **2.6** | | **2,987** | **2.3** | **(252)** | | **5,729** | **2.2** |

(3) Interim Consolidated Statements of Changes in Stockholders' Capital

Six months ended September 30, 2007

(Millions of yen)

| | Stockholders' Capital | | | | | Valuation and Conversions | | | | Minority Interests | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital | Capital Surplus | Retained Earnings | Treasury Stock | Total Stockholders' Capital | Valuation adjustment, other marketable securities | Land Revaluation Adjustment | Foreign Currency Translation Adjustment | Total Valuation and Conversions | | Total Net Assets |
| **Balance as of March 31, 2006** | 25,920 | 24,905 | 52,213 | (27) | 103,012 | 7,124 | (1,394) | 2,039 | 7,769 | 1,594 | 112,376 |
| Increase (decrease) during the period | | | | | | | | | | | |
| Cash dividends (Note) | | | (697) | | (697) | | | | | | (697) |
| Directors' bonuses (Note) | | | (60) | | (60) | | | | | | (60) |
| Interim Net income | | | 3,239 | | 3,239 | | | | | | 3,239 |
| Increase attributed to the increase in consolidated subsidiaries | | | 227 | | 227 | | | | | | 227 |
| Increase attributed to the merger of consolidated and non-consolidated subsidiaries | | | 134 | | 134 | | | | | | 134 |
| Acquisition of treasury stock | | | | (0) | (0) | | | | | | (0) |
| Disposition of treasury stock | | 0 | | 0 | 0 | | | | | | 0 |
| Other (Employee Welfare Benefit Fund) | | | (1) | | (1) | | | | | | (1) |
| Net change in items excluding stockholders' capital during the period | | | | | | 375 | — | 537 | 912 | 36 | 948 |
| Total increase (decrease) during the period | — | 0 | 2,842 | (0) | 2,841 | 375 | — | 537 | 912 | 36 | 3,790 |
| Balance as of September 30, 2006 | 25,920 | 24,905 | 52,213 | (27) | 105,854 | 7,500 | (1,394) | 2,576 | 8,682 | 1,630 | 116,167 |

Note: The appropriation of retained earnings was approved at the Annual General Meeting of Stockholders held in June 2006.

Six months ended September 30, 2007

(Millions of yen)

| | Stockholders' Capital | | | | | Valuation and Conversions | | | | Minority Interests | Total Net Assets |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | Capital | Capital Surplus | Retained Earnings | Treasury Stock | Total Stockholders' Capital | Valuation adjustment, other marketable securities | Land Revaluation Adjustment | Foreign Currency Translation Adjustment | Total Valuation and Conversions | | |
| **Balance as of March 31, 2007** | 25,920 | 24,905 | 57,344 | (29) | 108,141 | 7,789 | (1,394) | 4,520 | 10,914 | 1,852 | 120,908 |
| Increase (decrease) during the period | | | | | | | | | | | |
| Cash dividends | | | (1,046) | | (1,046) | | | | | | (1,046) |
| Interim Net income | | | 2,987 | | 2,987 | | | | | | 2,987 |
| Acquisition of treasury stock | | | | (0) | (0) | | | | | | (0) |
| Deposition of treasury stock | | 0 | | 0 | 0 | | | | | | 0 |
| Other (Employee Welfare Benefit Fund) | | | (2) | | (2) | | | | | | (2) |
| Net change in items excluding stockholders' capital during the period | | | | | | (611) | − | 1,798 | 1,186 | 15 | 1,202 |
| Total increase (decrease) during the period | − | 0 | 1,939 | (0) | 1,938 | (611) | − | 1,798 | 1,186 | 15 | 3,140 |
| Balance as of September 30, 2007 | 25,920 | 24,905 | 59,283 | (30) | 110,079 | 7,177 | (1,394) | 6,318 | 12,101 | 1,867 | 124,049 |

Year ended March 31, 2007

## (4) Interim Consolidated Statements of Cash Flows (Summary)

(Millions of yen)

| | Six Months Ended September 30, 2006 | Six Months Ended September 30, 2007 | Change | Fiscal Year Ended March 31, 2007 |
|---|---|---|---|---|
| **Cash Flows from Operating Activities** | | | | |
| Income before tax and other adjustments | 5,204 | 5,264 | 60 | 10,302 |
| Depreciation and amortization | 4,625 | 4,974 | 349 | 9,326 |
| Increase (decrease) in accrued retirement benefits | (2) | 14 | 16 | 7 |
| Increase (decrease) in directors' severance and retirement benefits | 24 | (68) | (92) | 82 |
| Increase in provision for product warranties | 407 | 195 | (211) | 903 |
| Interest and dividend income | (377) | (575) | (197) | (735) |
| Interest expense | 50 | 87 | 36 | 125 |
| Equity in earnings of affiliated companies | (251) | (424) | (172) | (676) |
| Loss on sales of fixed assets | 3 | 0 | (2) | 10 |
| Decrease in notes and accounts receivable | 4,306 | 4,260 | (46) | 3,503 |
| Decrease (Increase) in inventories | (3,272) | (2,020) | 1,251 | 1,129 |
| Decrease in notes and accounts payable | (2,428) | (4,350) | (1,922) | (2,307) |
| Decrease (Increase) in consumption taxes receivable | (49) | — | 49 | 70 |
| Other—net | (400) | (114) | 285 | (1,326) |
| Total | 7,840 | 7,243 | (596) | 20,417 |
| Interest and dividend received | 379 | 576 | 196 | 735 |
| Interest paid | (50) | (87) | (37) | (126) |
| Income taxes paid | (837) | (2,934) | (2,096) | (3,692) |
| Previous period's product indemnification costs | — | — | — | (934) |
| Net cash provided by operating activities | 7,331 | 4,798 | (2,533) | 16,398 |
| **Cash Flows from Investing Activities:** | | | | |
| Payments for acquisition of property, plant and equipment | (3,961) | (5,370) | (1,408) | (8,573) |
| Proceeds from sale of property, plant and equipment | 13 | 8 | (5) | 100 |
| Payments for acquisition of intangible fixed assets | (2,253) | (1,448) | 804 | (3,593) |
| Payments for loans | (22) | (18) | 4 | (47) |
| Collection of loans receivable | 20 | 16 | (4) | 48 |
| Other—net | (250) | (204) | 46 | 176 |
| Net cash used in investing activities | (6,452) | (7,015) | (562) | (11,887) |
| **Cash Flows from Financing Activities:** | | | | |
| Increase (Decrease) in short-term borrowings | 79 | 243 | 164 | (113) |
| Repayments of long-term debt | (6) | — | 6 | (6) |
| Cash dividends paid | (697) | (1,046) | (348) | (1,395) |
| Cash dividends paid to minority interests | (80) | (167) | (86) | (81) |
| Paid-in capital from minority interests | 59 | — | (59) | 59 |
| Other—net | (0) | (0) | (0) | (2) |
| Net cash used in financing activities | (646) | (970) | (323) | (1,540) |
| Effect of exchange rate changes on cash and cash equivalents | 370 | 440 | 69 | 1,139 |
| Net increase (decrease) in cash and cash equivalents | 603 | (2,747) | (3,350) | 4,110 |
| Cash and cash equivalents at beginning of the period | 33,206 | 37,507 | 4,300 | 33,206 |
| Increase in cash and cash equivalents due to inclusion of additional subsidiaries in the consolidation | 162 | — | (162) | 162 |
| Increase in cash and cash equivalents acquired due to merger of consolidated and non-consolidated subsidiaries | 26 | — | (26) | 26 |
| Cash and cash equivalents at end of period (Note 1) | 33,999 | 34,759 | 759 | 37,507 |

# Segment Information
## 1) Information by Business Segment

**(April 1, 2006 to September 30, 2006)**

(Millions of yen)

| | Audio Products | Information and Communication Equipment | Total | Elimination and/or Corporate | Consolidated |
|---|---|---|---|---|---|
| Net sales | | | | | |
| (1) Outside customers | 62,906 | 63,116 | 126,022 | – | 126,022 |
| (2) Within consolidated group | 381 | 183 | 565 | (565) | – |
| Total | 63,287 | 63,299 | 126,587 | (565) | 126,022 |
| Costs and expenses | 58,457 | 59,426 | 117,883 | 3,579 | 121,463 |
| Operating income | 4,830 | 3,873 | 8,703 | (4,144) | 4,558 |

**(April 1, 2007 to September 30, 2007)**

(Millions of yen)

| | Audio Products | Information and Communication Equipment | Total | Elimination and/or Corporate | Consolidated |
|---|---|---|---|---|---|
| Net sales | | | | | |
| (1) Outside customers | 63,167 | 67,700 | 130,867 | – | 130,867 |
| (2) Within consolidated group | 317 | 212 | 529 | (529) | – |
| Total | 63,484 | 67,912 | 131,397 | (529) | 130,867 |
| Costs and expenses | 59,548 | 62,082 | 121,631 | 3,850 | 125,482 |
| Operating income | 3,935 | 5,830 | 9,766 | (4,380) | 5,385 |

**(April 1, 2006 to March 31, 2007)**

(Millions of yen)

| | Audio Products | Information and Communication Equipment | Total | Elimination and/or Corporate | Consolidated |
|---|---|---|---|---|---|
| Net sales | | | | | |
| (1) Outside customers | 129,337 | 135,717 | 265,054 | – | 265,054 |
| (2) Within consolidated group | 753 | 391 | 1,145 | (1,145) | – |
| Total | 130,090 | 136,108 | 266,199 | (1,145) | 265,054 |
| Costs and expenses | 120,129 | 127,252 | 247,381 | 7,562 | 254,944 |
| Operating income | 9,961 | 8,856 | 18,818 | (8,708) | 10,110 |

Notes:
1. Business segments are based on internal administrative segmentation.
2. The Company's primary business activities include:
   (1) The audio products business, which includes car audio systems and accessories.
   (2) The information and communication equipment business, which includes car communications, electronic components and imaging unit components.
3. Unallocated costs and expenses included in elimination and/or corporate comprise mainly corporate administrative and research and development costs. Such costs were:
   (1) ¥4,144 million in the six-month period ended September 30, 2006
   (2) ¥4,380 million in the six-month period ended September 30, 2007
   (3) ¥8,708 million in the fiscal year ended March 31, 2007

4. Changes in accounting policy (during the six-month period ended September 30, 2006)
   The Company adopted the Accounting Standard for Directors' Bonus (Accounting Standard Board of Japan Statement No. 4 issued on November 29, 2005) during the six-month period ended September 30, 2006 (see "Important items that form the basis for preparation of interim consolidated financial statements, 4 (3) iii"). When compared with the previous accounting policy, operating expenses included in eliminations and/or corporate in the interim consolidated financial statements increased by ¥31 million, while operating income declined by the same amount.
5. Changes in accounting policy (during the fiscal year ended March 31, 2007)
   The Company adopted the Accounting Standard for Directors' Bonus (Accounting Standard Board of Japan Statement No. 4 issued on November 29, 2005) during the fiscal year ended March 31, 2007 (See "Important items that form the basis for preparation of interim consolidated financial statements, 4 (3) iii."). When compared with the previous accounting policy, operating expenses included in eliminations and/or corporate in the consolidated financial statements increased by ¥62 million, while operating income declined by the same amount.

## 2) Geographic Area Information

**(April 1, 2006 to September 30, 2006)**

(Millions of yen)

| | Japan | North America | Europe | Asia | Other Areas | Total | Elimination and/or Corporate | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Net sales | | | | | | | | |
| (1) Outside customers | 23,390 | 47,026 | 49,444 | 5,409 | 750 | 126,022 | — | 126,022 |
| (2) Within consolidated group | 77,938 | 879 | 16,040 | 23,671 | 1 | 118,531 | (118,531) | — |
| Total | 101,32 | 47,906 | 65,485 | 29,081 | 751 | 244,554 | (118,531) | 126,022 |
| Costs and expenses | 95,990 | 46,638 | 64,249 | 27,557 | 726 | 235,163 | (113,700) | 121,463 |
| Operating income | 5,338 | 1,267 | 1,235 | 1,523 | 25 | 9,390 | (4,831) | 4,558 |

**(April 1, 2007 to September 30, 2007)**

(Millions of yen)

| | Japan | North America | Europe | Asia | Other Areas | Total | Elimination and/or Corporate | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Net sales | | | | | | | | |
| (1) Outside customers | 21,071 | 48,361 | 51,175 | 9,458 | 801 | 130,867 | — | 130,867 |
| (2) Within consolidated group | 79,920 | 959 | 18,631 | 24,066 | 0 | 123,578 | (123,578) | — |
| Total | 100,99 | 49,320 | 69,806 | 33,525 | 801 | 254,446 | (123,578) | 130,867 |
| Costs and expenses | 94,434 | 47,790 | 69,048 | 32,136 | 752 | 244,162 | (118,680) | 125,482 |
| Operating income | 6,557 | 1,530 | 757 | 1,388 | 49 | 10,283 | (4,898) | 5,385 |

**(April 1, 2006 to March 31, 2007)**

(Millions of yen)

| | Japan | North America | Europe | Asia | Other Areas | Total | Elimination and/or Corporate | Consolidated |
|---|---|---|---|---|---|---|---|---|
| Net sales | | | | | | | | |
| (1) Outside customers | 47,777 | 99,330 | 103,519 | 12,962 | 1,464 | 265,054 | — | 265,054 |
| (2) Within consolidated group | 154,896 | 1,759 | 31,704 | 46,575 | 1 | 234,937 | (234,937) | — |
| Total | 202,674 | 101,08 | 135,224 | 59,538 | 1,466 | 499,992 | (234,937) | 265,054 |
| Costs and expenses | 190,821 | 97,726 | 134,051 | 56,603 | 1,430 | 480,632 | (225,687) | 254,944 |
| Operating income | 11,852 | 3,363 | 1,173 | 2,934 | 35 | 19,360 | (9,250) | 10,110 |

Notes:
1. Differentiation between countries and regions is based on geographic proximity.
2. Major countries and regions are:
   1) North America: The United States of America and Canada
   2) Europe: Germany, France, the United Kingdom, Italy and Spain
   3) Asia: Singapore, China and Thailand
   4) Other Areas: Australia
3. Unallocated costs and expenses included in elimination and/or corporate comprise mainly corporate administrative and research and development costs. Such costs were:
   1) ¥4,144 million in the period ended September 30, 2006
   2) ¥4,380 million in the period ended September 30, 2007
   3) ¥8,708 million in the fiscal year ended March 31, 2007

4. Changes in accounting policy (during the six-month period ended September 30, 2006)
   The Company adopted the Accounting Standard for Directors' Bonus (Accounting Standard Board of Japan Statement No. 4 issued on November 29, 2005) during the six-month period ended September 30, 2006 (see "Important items that form the basis for preparation of interim consolidated financial statements, 4 (3) iii"). When compared with the previous accounting policy, operating expenses included in eliminations and/or corporate in the interim consolidated financial statements increased by ¥31 million, while operating income declined by the same amount.

5. Changes in accounting policy (during the fiscal year ended March 31, 2007)

The Company adopted the Accounting Standard for Directors' Bonus (Accounting Standard Board of Japan Statement No. 4 issued on November 29, 2005) during the fiscal year ended March 31, 2007 (see "Important items that form the basis for preparation of interim consolidated financial statements, 4 (3) iii"). When compared with the previous accounting policy, operating expenses included in eliminations and/or corporate in the consolidated financial statements increased by ¥62 million, while operating income declined by the same amount.

## 3) Overseas Sales

**(April 1, 2006 to September 30, 2006)**

(Millions of yen unless otherwise stated)

| | North America | Europe | Other Areas | Total |
|---|---|---|---|---|
| I. Overseas sales | 46,568 | 49,474 | 12,061 | 108,104 |
| II. Consolidated sales | | | | 126,022 |
| III. Ratio of overseas sales (%) | 37.0 | 39.3 | 9.6 | 85.8 |

**(April 1, 2007 to September 30, 2007)**

(Millions of yen unless otherwise stated)

| | North America | Europe | Asia | Other Areas | Total |
|---|---|---|---|---|---|
| I. Overseas sales | 47,771 | 51,184 | 13,912 | 1,428 | 114,296 |
| II. Consolidated sales | | | | | 130,867 |
| III. Ratio of overseas sales (%) | 36.5 | 39.1 | 10.6 | 1.1 | 87.3 |

**(April 1, 2006 to March 31, 2007)**

(Millions of yen unless otherwise stated)

| | North America | Europe | Other Areas | Total |
|---|---|---|---|---|
| I. Overseas sales | 98,249 | 103,574 | 26,555 | 228,379 |
| II. Consolidated sales | | | | 265,054 |
| III. Ratio of overseas sales (%) | 37.1 | 39.1 | 10.0 | 86.2 |

Notes:

1. Differentiation between countries and regions is based on geographic proximity.
2. Major countries and regions are:
   1) North America: The United States of America and Canada
   2) Europe: Germany, France, the United Kingdom, Italy, Spain and Sweden
   3) Asia: China and Thailand
   4) Other Areas: Australia
3. Overseas sales refer to sales by Alpine and its consolidated subsidiaries in countries or regions outside Japan.
4. Changes in overseas sales categories
   Consolidated accounts for the first half of the fiscal year ended March 31, 2007, as well as for the entire year, included "Asia" within "Other Areas." However, from the six months under review, Asia was designated as a separate category within overseas sales, as this region now accounts for more than 10% of overseas sales. Consolidated overseas sales for the first half of the fiscal year ended March 31, 2007, and the full fiscal year ended March 31, 2007, restated to show Asia as a separate region, were as follows.

(April 1, 2006 to September 30, 2007)

(Millions of yen unless otherwise stated)

| | North America | Europe | Asia | Other Areas | Total |
|---|---|---|---|---|---|
| I. Overseas sales | 46,568 | 49,474 | 10,809 | 1,251 | 108,104 |
| II. Consolidated sales | | | | | 126,022 |
| III. Ratio of overseas sales (%) | 37.0 | 39.3 | 8.6 | 1.0 | 85.8 |

(April 1, 2006 to March 31, 2007)

(Millions of yen unless otherwise stated)

| | North America | Europe | Asia | Other Areas | Total |
|---|---|---|---|---|---|
| I. Overseas sales | 98,249 | 103,574 | 23,703 | 2,852 | 228,379 |
| II. Consolidated sales | | | | | 265,054 |
| III. Ratio of overseas sales (%) | 37.1 | 39.1 | 8.9 | 1.1 | 86.2 |

5. Production, Orders and Sales

(1) Production

Production for the six-month period ended September 30, 2007, stated in line with the revised product classification, was as follows:

(Millions of yen, %)

| | Six Months Ended September 30, 2006 | Six Months Ended September 30, 2007 | Change (%) | Fiscal Year Ended March 31, 2007 |
|---|---|---|---|---|
| Audio Products | 56,083 | 59,600 | 6.3 | 113,777 |
| Information and Communication Equipment | 55,081 | 56,007 | 1.7 | 109,028 |
| Total | 111,164 | 115,607 | 4.0 | 222,805 |

Notes:
1. Stated amounts are calculated based on sales prices.
2. Consumption tax is not included in stated amounts.

(2) Orders

Orders for the six-month period ended September 30, 2007, stated in line with the revised product classification, were as follows:

(i) Orders received

(Millions of yen, %)

| | Six Months Ended September 30, 2006 | Six Months Ended September 30, 2007 | Change (%) | Fiscal Year Ended March 31, 2007 |
|---|---|---|---|---|
| Audio Products | 60,445 | 60,789 | 0.6 | 129,336 |
| Information and Communication Equipment | 59,903 | 67,750 | 13.1 | 133,308 |
| Total | 120,349 | 128,540 | 6.8 | 262,644 |

(ii) Orders backlog

(Millions of yen, %)

| | Six Months Ended September 30, 2006 | Six Months Ended September 30, 2007 | Change (%) | Fiscal Year Ended March 31, 2007 |
|---|---|---|---|---|
| Audio Products | 13,508 | 13,590 | 0.6 | 15,968 |
| Information and Communication Equipment | 14,539 | 15,392 | 5.9 | 15,342 |
| Total | 28,048 | 28,983 | 3.3 | 31,311 |

(3) Sales

Sales for the six-month period ended September 30, 2007, stated in line with the revised product classification, were as follows:

(Millions of yen, %)

| | Six Months Ended September 30, 2006 | Six Months Ended September 30, 2007 | Change (%) | Fiscal Year Ended March 31, 2007 |
|---|---|---|---|---|
| Audio Products | 62,906 | 63,167 | 0.4 | 129,337 |
| Information and Communication Equipment | 63,116 | 67,700 | 7.3 | 135,717 |
| Total | 126,022 | 130,867 | 3.8 | 265,054 |