Consolidated Financial Statements for Fiscal Year Ended March 31, 2010

May 11, 2010

Listed Company Name: Alpine Electronics, Inc. Securities Code: 6816 (First Section, Tokyo Stock Exchange)
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Planned Date of Ordinary General Shareholders' Meeting: June 24, 2010
Planned Commencement Date of Dividend Payment: —
Planned Date of Submission of Securities Report: June 24, 2010

Amounts less than one million yen have been omitted; percentages represent increases (decreases) from the corresponding period of the previous year.

1. Performance for the Fiscal Year Ended March 31, 2010 (April 1, 2009, to March 31, 2010)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

Fiscal Year Ended	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Loss	
March 31, 2010	168,586	(14.3%)	226	—	807	—	(1,249)	—
March 31, 2009	196,666	(22.0%)	(10,645)	—	(5,051)	—	(9,290)	—

Fiscal Year Ended	Net Loss per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Shareholder' Equity (%)	Ordinary Income (Loss) to Total Assets (%)	Operating Income (Loss) to Net Sales (%)
March 31, 2010	(17.92)	—	(1.3)	0.6	0.1
March 31, 2009	(133.17)	—	(8.8)	(3.4)	(5.4)

[Reference] Equity in earnings of subsidiaries and affiliates accounted for by the equity method
Fiscal year ended March 31, 2010: ¥1,358 million
Fiscal year ended March 31, 2009: ¥1,142 million

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

Fiscal Year Ended	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
March 31, 2010	153,428	97,035	62.7	1,379.61
March 31, 2009	132,422	96,873	72.4	1,374.95

[Reference] Shareholders' equity
Fiscal year ended March 31, 2010: ¥96,248 million
Fiscal year ended March 31, 2009: ¥95,922 million

(3) Consolidated Cash Flows

(Millions of yen)

Fiscal Year Ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Period
March 31, 2010	9,858	(3,962)	8,150	39,844
March 31, 2009	10,679	(12,850)	(329)	26,141

2. Dividend

(Millions of yen unless otherwise stated)

	Dividends per Share (Yen)					Total Dividend (Full Year)	Payout Ratio, Consolidated (%)	Ratio of Dividend to Total Assets (%)
Date of record	End of First Quarter	End of Interim Period	End of Third Quarter	End of Fiscal Year	Full Year			
March 31, 2009	—	10.00	—	0.00	10.00	697	—	0.7
March 31, 2010	—	0.00	—	0.00	0.00	—	—	—
March 31, 2011 (Forecast)	—	10.00	—	10.00	20.00		31.0	

3. Projections for Fiscal Year Ending March 31, 2011 (April 1, 2010, to March 31, 2011)

(Millions of yen unless otherwise stated)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Interim Period Ending September 30, 2010	92,000	20.4%	3,500	—	3,500	—	2,500	—	35.84
Fiscal Year Ending March 31, 2011	180,000	6.8%	6,000	—	6,000	643.1%	4,500	—	64.50

4. Others

(1) Changes in material 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 consolidated financial statements (recorded in "Changes to Important Items that Form the Basis for Preparation of Consolidated Financial Statements"):

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

2) Changes other than 1): No

(3) Average number of outstanding shares (ordinary shares)

1) Number of shares outstanding as of the end of period (including treasury shares)

Fiscal year ended March 31, 2010: 69,784,501

Fiscal year ended March 31, 2009: 69,784,501

2) Number of treasury shares as of the end of period

Fiscal year ended March 31, 2010: 19,667

Fiscal year ended March 31, 2009: 19,920

[Reference] Non-Consolidated Financial Results

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2010 (April 1, 2009, to March 31, 2010)

(1) Operating Results (Non-Consolidated)

(Millions of yen, unless otherwise stated)

Fiscal Year Ended	Net Sales		Operating Loss		Ordinary Loss		Net Loss	
March 31, 2010	122,921	(14.3%)	(2,973)	—	(2,775)	—	(3,318)	—
March 31, 2009	143,432	(22.5%)	(12,238)	—	(3,425)	—	(6,245)	—

Fiscal Year Ended	Net Loss per Share (Yen)	Fully Diluted Net Income per Share (Yen)
March 31, 2010	(47.56)	—
March 31, 2009	(89.52)	—

(2) Financial Position (Non-Consolidated)

(Millions of yen, unless otherwise stated)

Fiscal Year Ended	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
March 31, 2010	115,874	79,239	68.4	1,135.80
March 31, 2009	98,323	80,356	81.7	1,151.82

[Reference] Shareholders' equity
Fiscal year ended March 31, 2010: ¥79,239 million
Fiscal year ended March 31, 2009: ¥80,356 million

2. Non-Consolidated Projections for Fiscal Year Ending March 31, 2011 (April 1, 2010, to March 31, 2011)

(Millions of yen, unless otherwise stated)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Interim Period Ending September 30, 2010	73,000	28.3%	2,600	—	2,800	—	2,800	—	40.12
Fiscal Year Ending March 31, 2011	133,000	8.2%	3,800	—	4,000	—	4,000	—	57.32

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 fiscal year ended March 31, 2010, the world economy showed signs of partial recovery in financial-related sectors and stock markets from mid-year onward, bringing evidence that the recession had bottomed out. However, aggravated employment conditions and reduced incomes impeded personal consumption. These and other factors resulted in a continued severe overall economic climate.

The automobile industry featured major structural changes, led by regionally disparate developments for manufacturers: failures in the United States, restructuring and integration in Europe, and developing nations' emergence as a serious economic force. Against this background, the governments of Japan, the United States and various European countries responded with new car replacement subsidization policies, which spurred sales of compact cars and environmentally responsive vehicles. In addition, the automobile markets of developing nations expanded, with China overtaking the United States as the leading country in terms of unit sales of new cars during the year.

There were indications of partial recovery for the car electronics industry, but a demand shift toward compact cars, which feature lower factory installation rates for navigation systems, and lackluster personal consumption undermined sales of OEM products for automobile manufacturers and after-market products.

Under these conditions, the Alpine Group persevered in its drive to improve performance, launching new products in the domestic after-market and carrying out aggressive activities geared to gaining orders from automobile manufacturers. We also promoted our "CHALLENGE 30 Plus" program of structural reforms, implemented thorough cost-reductions, streamlined investment in R&D and capital investment, and revised our global production system.

As a result of these efforts to improve profits, led by a drive to lower the break-even point, the Alpine Group posted positive profits during the second half. However, this was offset by the impact of a weak first-half performance, leading to a decline in consolidated net sales for the year of 14.3%, to ¥168.5 billion. We recorded operating income of ¥0.2 billion, compared with an operating loss of ¥10.6 billion for the preceding year, and ordinary income of ¥0.8 billion, against an ordinary loss of ¥5.0 billion. The net loss for the year stood at ¥1.2 billion, an improvement on the ¥9.2 billion posted during the previous year.

(1) Segment Information by Type of Business

Audio Products Segment

In the Audio Products segment, we carried out aggressive proposal-based marketing in the domestic after-market of high-end speakers and amplifiers for minivans with clear cabin audio reproduction, leading to an expanded market share. However, intensified price competition over head units contributed to harsh operating conditions. In the European and U.S. after-markets, sound system products with upgraded cabin audio quality, including speakers and amplifiers, and Bluetooth-enabled CD players, which were launched in the European market during the second half of the year, posted steady sales. Nonetheless, CD players, which started the term on a positive sales note in North America, suffered sales declines, impacted by lackluster personal consumption.

Orders for OEM products by automobile manufacturers showed a partial recovery as a result of a return to appropriate inventory levels for new cars following a period of adjustment. However, the tardy pace of recovery in production by automobile manufacturers meant that these positive indications stopped short of a full-blown recovery in sales.

Such key products for the segment as car audio equipment, led by CD players, continued to gravitate toward integrated visual and car navigation products. For Alpine, sales of such integrated products tend to augment sales in the Information and Communication Equipment Segment, to the detriment of Audio Products Segment sales.

As a result of the aforementioned factors, sales in this segment fell 20.3% year on year, to ¥70.4 billion.

Information and Communication Equipment Segment

In this segment, we focused on the Rear Vision Navigation X08 Premium, a newly debuted product in the domestic after-market, expanded our "minvan car life strategy," developed promotional activities targeting the family consumer bracket, and reinforced proposal-based marketing. This system solution gained widespread acclaim from customers. In addition, we provided added-value products and services attuned to customer needs through such initiatives as deploying lines tailored specifically to individual car models and introducing packages for hot-selling eco-cars. We also bolstered business for new car dealers and promoted sales of Car Beena, a rear-seat entertainment system, with combined educational and recreational benefits for younger passengers. This and other measures contributed to the segment's sales during the term.

The Rear Vision Navigation X08 Premium is a system product composed of a Rear Vision rear-seat large-screen, high-picture-quality entertainment system, compatible with DVD and terrestrial digital broadcasting, and an X08 navigation system with an advanced driving-assistance function. During the fiscal year, the Rear Vision Navigation X08 Premium was awarded a 2009 *Nikkan Jidosha Shimbun* (a daily automotive newspaper) product prize in the Car Navigation category.

The European and U.S. after-markets faced exacting conditions, despite market launches of car navigation systems and integrated information and communication equipment from the second half of the year, because of market stagnation, exacerbated by intensified competition arising from the widespread adoption of portable navigation devices (PNDs) and smart phones equipped with navigation functions.

OEM products for automobile manufacturers evidenced initial signs of recovery, despite moderate sales of luxury and larger cars with high factory installation rates for navigation systems in the North American and Chinese markets. This, however, was insufficient to offset poor first-half sales performance.

Owing to the above-mentioned factors, segment sales decreased 9.4% year on year, to ¥98.1 billion.

(2) Overall and Segment Performance Forecast for the Next Fiscal Year

Forecasts for the world economy are punctuated by signs of recovery from the acute recessionary phase ongoing from the latter half of the previous fiscal year. However, the problems besetting the administration in Greece, financial restraints imposed by the government in China and other developments render the outlook unpredictable.

Global automobile sales appear to have bottomed out, but with support systems for new car purchases drawing to a close in various countries, a backlash can be anticipated in terms of intensified competition. Furthermore, as demand expands for eco cars such as hybrid and electric vehicles and fuel-efficient compact cars, car electronics products should enjoy steady demand growth on the back of trends toward lightweight and energy-efficient vehicles.

In this operating environment, the Alpine Group will continue to adhere to its cost-containment strategies and to lower its break-even point. In terms of products, we will differentiate ourselves from our competitors by leading the industry in developing and launching in the North American market head units that can be linked to Pandora Internet radio and the i-Phone.

Furthermore, we are aiming to boost sales of OEM products for automobile manufacturers by introducing products for small and medium-sized models, designed with cost effectiveness in mind, to cater to demand from developing nations.

Alpine is also aggressively pursuing product development to respond to future growth in factory-installed information terminal equipment that is compatible with intelligent traffic systems (ITSs). Moreover, we are implementing ongoing restructuring of our sales systems and fortifying our sales network to gain new business in the expanding Chinese automobile market, in addition to carrying out aggressive marketing activities toward Chinese automobile manufacturers to bolster new orders.

In recent years, there has been a focus on automotive quality problems. Alpine has received the Quality Division Award and the Outstanding Quality Award from its major automaker clients. We believe that raising quality in itself contributes to boosting customer trust, raising brand image and lowering costs. In the future, we will continue striving to elevate the value of the Alpine brand as a synonym for reliability with customers and in society.

Our business outlook for the upcoming fiscal year is as follows:

Audio Products Segment

Such key products for the segment as car audio equipment, led by CD players, continued to gravitate toward integrated visual and car navigation products. For Alpine, sales of such integrated products tend to augment sales in the Information and Communication Equipment Segment, to the detriment of Audio Products Segment sales.

Sales in this segment are forecast to decrease 0.7% during the next fiscal year, to ¥70.0 billion.

Information and Communication Equipment segment

Sales in this segment are expected to expand on the back of new navigation product launches in the domestic after-market in the footsteps of the X08. In addition, growth of sales is anticipated to automobile manufacturers as a result of a recovery trend in automobile sales.

Sales in this segment are expected to increase 12.1%, to ¥110.0 billion.

Our consolidated performance forecasts for the fiscal year ending March 31, 2011, are as follows.

Consolidated Performance Forecasts

Net sales	¥180.0 billion	(Compared with the preceding fiscal year: up ¥11.4 billion, or 6.8%)
Operating income	¥6.0 billion	(Compared with the preceding fiscal year: up ¥5.7 billion)
Ordinary income	¥6.0 billion	(Compared with the preceding fiscal year: up ¥5.1 billion)
Net income	¥4.5 billion	(Compared with the preceding fiscal year: up from ¥1.2 net loss)

Notes: All projected results assume an exchange rate of US$1=¥90 and €1= ¥120.

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 ¥153.4 billion as of March 31, 2010, up ¥21.0 billion from the end of the previous fiscal year. Net assets grew ¥0.1 billion, to ¥97.0 billion. As a result, the equity ratio was 62.7%. The principal factor behind these changes was a ¥21.0 billion increase in current assets, arising from rises of ¥13.9 billion in cash and deposits and ¥10.2 billion in notes and accounts receivable–trade and a ¥1.3 billion decline in inventories. Noncurrent assets showed no significant change from the previous year, with property, plant and equipment falling ¥3.0 billion and intangible assets down ¥1.3 billion against an increase of ¥4.3 billion in investment and other assets.

Current liabilities advanced ¥8.8 billion, primarily owing to growth of ¥10.4 billion in notes and accounts payable–trade and a cut of ¥1.5 billion in short-term loans payable. Noncurrent liabilities surged ¥12.0 billion, largely as a result of rises of ¥10.0 billion in long-term loans payable and ¥2.0 billion in deferred tax liabilities.

(2) Cash flows

Cash and cash equivalents at March 31, 2010, were ¥39.8 billion, up ¥13.7 billion, or 52.4%, from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities was down 7.7%, at ¥9.8 billion. Major components were cash inflows derived from depreciation and amortization of ¥8.3 billion, an increase in notes and accounts payable–trade of ¥10.9 billion and a decrease in inventories of ¥1.1 billion; cash outflows primarily comprised an increase in notes and accounts receivable–trade of ¥10.8 billion.

(Cash flows from investing activities)

Net cash used in investing activities fell 69.2% compared with the previous fiscal year, to ¥3.9 billion. Major factors were cash outflows for the purchase of property, plant and equipment of ¥2.9 billion and ¥1.2 billion for the purchase of intangible fixed assets.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥8.1 billion, compared with net cash used in financing activities of ¥0.3 billion during the previous year. Important factors included cash outflows arising from a ¥1.5 billion net decrease in short-term loans payable and cash inflows of ¥10.0 billion for long-term loans payable.

As a result of these activities, free cash flow stood at ¥5.8 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 Ended March 31, 2008	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Equity ratio (%)	65.3	65.7	68.5	72.4	62.7
Equity ratio (market value basis) (%)	71.6	81.6	45.7	33.7	51.7
Cash flow/interest-bearing liabilities ratio (years)	0.0	0.0	0.0	0.2	1.0
Interest coverage ratio (times)	95.5	129.9	58.8	90.0	68.3

Notes:

Equity ratio: Shareholders' equity/total assets

Equity ratio (market value basis): Market capitalization/total assets

Cash flow/interest bearing liabilities ratio: Interest-bearing liabilities/operating cash flow

Interest coverage ratio: Operating cash flow/interest payment

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 (excluding treasury stock) as of that date.

Interest-bearing liabilities cover 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 statements of cash flows.

3. Basic policy on profit distribution and dividend for the current period and next period

Alpine regards the return of profits to its shareholders as one of its most important management priorities. The Company has adopted the basic policy of determining the distribution of consolidated profits through a balanced approach that takes into overall consideration “returning profits to shareholders,” “active investment in R&D and capital investment in order to strengthen competitiveness,” and “retention of earnings for future business expansion.”

Although initiatives to improve earnings and bring the company back into the black on an operating basis have been successful, the Company posted net losses for the year. As a result, we have resolved to refrain from paying a year-end dividend for the fiscal year.

However, we intend to reinstate dividends in the upcoming fiscal year, paying ¥10 per share as an interim dividend and ¥10 per share as a year-end dividend.

4. Business and other risks

Alpine views the following points as potential risk factors that may affect business development. The Group bases any forward-looking statements on data current as of this report.

(1) Economic Change

Alpine develops operations globally centered on the mobile multimedia business. The Group’s products are sold on 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 82% 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, has 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-market, 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 in Conducting Business Overseas

Alpine engages in production and sales activities in the United States, Europe, and China and other Asian countries. In 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 crucial 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 sales by reforming the 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 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 management 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 of operations.

2. Status of the Corporate Group

This section has been omitted, as no material changes have occurred in the “business content” or “status of affiliated companies” categories since the most recent securities report (submitted June 24, 2009).

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 and 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. There are some signs that circumstances in the automotive industry are beginning to improve, but we recognize that the industry is in a period of change. The environment, energy conservation and safety are emerging as new competitive factors, and thus represent important areas of activity for the Alpine.

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, "CHALLENGE 30," for structural reform and growth.

To achieve these mid-term management policies, Alpine is promoting measures based on the following strategies 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, and being the global leader in product introductions, while further enhancing 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 an unrivalled ability to bring products to market, as well as 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 global business structure in Japan, the United States, Europe, China and other parts of 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

In Japan, the global economic crisis has affected the real economy by reducing domestic demand. Furthermore, levels of consumption remain lackluster in Europe and the Americas. In addition, a falloff in the rate of growth of certain emerging economies is causing external demand to worsen. These factors, plus exchange rate fluctuations, are creating a difficult management environment.

Overseas, as well, we are concerned that there may be delays in recovery from long-term economic malaise and in the employment environment. We have not yet seen indications that overseas economies have moved from recession and onto a path toward recovery. Although some signs of recovery are apparent, we will need to carefully monitor the situation to determine whether China will be able to maintain its ongoing growth and whether the market growth that is forecast for Russia and other emerging economies will change its course.

The automobile industry is being affected particularly harshly by the global economic downturn, as the slowdown in consumption has hit spending on durable consumer goods particularly severely, driving unit sales down to unprecedented lows. We have also been affected by production reductions and stoppages, as automakers seek to reduce the number of automobiles in the inventory pipeline. Consequently, manufacturers of automotive parts, as well as automakers, are facing a major turning point on the road to their survival. Meanwhile, in addition to calling for lower prices, consumers are responding to government initiatives to that have been implemented to promote vehicles with environmental and safety features, and these have grown increasingly important factors in purchase decisions, in addition to price. Environment-related economic stimulus measures have helped production levels recover to a certain degree, but the extent of recovery falls short of achieving previous production levels. Among the reasons for extreme caution are that demand may swing back downward once these up-front purchase incentives are discontinued.

Also, in the car electronics industry, technology development, enforcement of price competitiveness and globalization have evolved to be main issues for management in responding to the growing demands of automobile manufacturers.

Under these circumstances, the Alpine Group will continue its R&D investment in the field of car information communications, with an emphasis on navigation equipment whose market size is expanding. We also plan to raise development efficiency in China through such methods as extending our software development base there and entering broad-ranging technical alliances. 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.

In the future, demand is anticipated to rise for such eco-cars as electric-powered and hybrid vehicles and for compact, fuel-efficient models. Alpine is working to accelerate its development of lightweight, energy-efficient and inexpensive parts for these vehicles. We are also upgrading our driver-support systems that realize safety and security.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	March 31, 2009	March 31, 2010
ASSETS		
Current assets		
Cash and deposits	26,290	40,199
Notes and accounts receivable–trade	18,054	28,290
Goods and finished products	13,443	12,832
Work in process	1,067	670
Raw materials and supplies	4,566	4,245
Deferred tax assets	1,431	1,545
Other	11,048	8,750
Allowance for doubtful accounts	(767)	(350)
Total current assets	75,133	96,184
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	23,324	23,320
Accumulated depreciation	(13,221)	(13,956)
Buildings and structures, net	10,102	9,363
Machinery, equipment and vehicles	17,529	17,253
Accumulated depreciation	(10,382)	(11,275)
Machinery, equipment and vehicles, net	7,146	5,977
Tools, furniture, fixtures and dies	49,635	48,692
Accumulated depreciation	(43,608)	(44,129)
Tools, furniture, fixtures and dies, net	6,027	4,563
Land	5,004	4,997
Lease assets	542	385
Accumulated depreciation	(320)	(250)
Lease assets, net	221	135
Construction in progress	400	837
Total property, plant and equipment	28,902	25,874
Intangible assets	7,002	5,672
Investments and other assets		
Investment securities	17,228	22,011
Deferred tax assets	328	463
Other	3,848	3,234
Allowance for doubtful accounts	(21)	(13)
Total investments and other assets	21,383	25,696
Total noncurrent assets	57,288	57,243
Total assets	132,422	153,428

(Millions of yen)

	March 31, 2009	March 31, 2010
LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	12,434	22,923
Short-term loans payable	1,621	42
Income taxes payable	369	601
Accrued expenses	7,951	7,629
Deferred tax liabilities	69	—
Provision for bonuses	1,369	1,415
Provision for product warranties	3,544	3,916
Other	3,137	2,777
Total current liabilities	30,498	39,305
Noncurrent liabilities		
Long-term loans payable	—	10,001
Deferred tax liabilities	2,932	4,953
Provision for retirement benefits	632	658
Provision for directors' retirement benefits	732	642
Other	753	831
Total noncurrent liabilities	5,049	17,087
Total liabilities	35,548	56,393
NET ASSETS		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	47,838	46,549
Treasury stock	(29)	(28)
Total shareholders' equity	98,635	97,347
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,090	5,260
Revaluation reserve for land	(1,394)	(1,394)
Foreign currency translation adjustment	(4,408)	(4,964)
Total valuation and translation adjustments	(2,713)	(1,098)
Minority interests	951	786
Total net assets	96,873	97,035
Total liabilities and net assets	132,422	153,428

(2) Consolidated Statements of Income

(Millions of yen)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Net sales	196,666	168,586
Cost of sales	171,518	140,149
Gross profit	25,147	28,436
Selling, general and administrative expenses	35,793	28,210
Operating income (loss)	(10,645)	226
Non-operating income		
Interest income	246	134
Dividend income	506	309
Equity in earnings of affiliates	1,142	1,358
Foreign exchange gains	3,527	—
Other	661	347
Total non-operating income	6,084	2,149
Non-operating expenses		
Interest expenses	121	149
Sales discounts	174	157
Foreign exchange loss	—	627
Other	194	633
Total non-operating expenses	490	1,568
Ordinary income (loss)	(5,051)	807
Extraordinary income		
Gain on sales of noncurrent assets	36	66
Gain on sales of investment securities	117	—
Reversal of allowance for doubtful accounts	67	377
Gain on valuation of options	2,577	—
Gain on exchange of land use rights	—	223
Gain on valuation of option	—	128
Other	288	55
Total extraordinary income	3,088	850
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	342	344
Loss on valuation of investment securities	51	232
Loss on valuation of inventories	1,090	—
Loss on valuation of property, plant and equipment	492	—
Product warranties expenses in prior periods	—	433
Previous period's royalty payments	—	297
Business structure improvement expenses	—	220
Other	93	117
Total extraordinary loss	2,072	1,646
Income (loss) before income taxes and minority interests	(4,035)	11
Income taxes–current	943	1,247
Previous period's income taxes	(913)	(21)
Income taxes–deferred	5,102	65
Total income taxes	5,133	1,291
Minority interests in income	122	(29)
Net income (loss)	(9,290)	(1,249)

(3) Consolidated Statements of Changes in Shareholders' Equity

(Millions of yen)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Shareholders' equity		
Capital stock		
Balance at end of previous period	25,920	25,920
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance at end of period	25,920	25,920
Capital surplus		
Balance at end of previous period	24,905	24,905
Increase (decrease) during the period		
Disposition of treasury stock	(0)	(0)
Reversal of loss on disposition of treasury stock	0	0
Total increase (decrease) during the period	(0)	—
Balance at end of period	24,905	24,905
Retained earnings		
Balance at end of previous period	58,592	47,838
Increase (decrease) due to changes in accounting policies applied to foreign subsidiaries	281	—
Increase (decrease) during the period		
Cash dividends	(1,744)	—
Net income (loss)	(9,290)	(1,249)
Reversal of loss on disposition of treasury stock	(0)	(0)
Adjustment of retained earnings for application of new accounting standards to subsidiaries employing U.S. GAAP	—	(38)
Total increase (decrease) during the period	(11,035)	(1,289)
Balance at end of period	47,838	46,549
Treasury stock		
Balance at end of previous period	(30)	(29)
Increase (decrease) during the period		
Acquisition of treasury stock	(0)	(0)
Disposition of treasury stock	2	1
Total increase (decrease) during the period	1	0
Balance at end of period	(29)	(28)
Total shareholders' equity		
Balance at end of previous period	109,388	98,635
Increase (decrease) due to changes in accounting policies applied to foreign subsidiaries	281	—
Increase (decrease) during the period		
Cash dividends	(1,744)	—
Net income (loss)	(9,290)	(1,249)
Acquisition of treasury stock	(0)	(0)
Disposition of treasury stock	1	0
Adjustment of retained earnings for application of new accounting standards to subsidiaries employing U.S. GAAP	—	(38)
Total increase (decrease) during the period	(11,034)	(1,288)
Balance at end of period	98,635	97,347

(Millions of yen)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Valuation and conversions		
Valuation adjustment, other marketable securities		
Balance at end of previous period	4,753	3,090
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(1,662)	2,169
Total increase (decrease) during the period	(1,662)	2,169
Balance at end of period	3,090	5,260
Land revaluation adjustment		
Balance at end of previous period	(1,394)	(1,394)
Increase (decrease) during the period		
Total increase (decrease) during the period	—	—
Balance at end of period	(1,394)	(1,394)
Foreign currency translation adjustment		
Balance at end of previous period	2,111	(4,408)
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(6,519)	(555)
Total increase (decrease) during the period	(6,519)	(555)
Balance at end of period	(4,408)	(4,964)
Total valuation and conversions		
Balance at end of previous period	5,469	(2,713)
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(8,182)	1,614
Total increase (decrease) during the period	(8,182)	1,614
Balance at end of period	(2,713)	(1,098)
Minority interests		
Balance at end of previous period	1,406	951
Increase (decrease) during the period		
Net change in items excluding shareholders' equity during the period	(455)	(164)
Total increase (decrease) during the period	(455)	(164)
Balance at end of period	951	786
Total net assets		
Balance at end of previous period	116,264	96,873
Increase (decrease) due to changes in accounting policies applied to foreign subsidiaries	281	—
Increase (decrease) during the period		
Cash dividends	(1,744)	—
Net income (loss)	(9,290)	(1,249)
Acquisition of treasury stock	(0)	(0)
Disposition of treasury stock	1	0
Adjustment of retained earnings for application of new accounting standards to subsidiaries employing U.S. GAAP	—	(38)
Net change in items excluding shareholders' equity during the period	(8,638)	1,450
Total increase (decrease) during the period	(19,672)	161
Balance at end of period	96,873	97,035

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(4,035)	11
Depreciation and amortization	10,336	8,352
Increase (decrease) in accrued retirement benefits	(16)	37
Increase (decrease) in directors' severance and retirement benefits	27	(90)
Interest and dividend income	(752)	(443)
Interest expenses paid	121	149
Equity in losses (earnings) of affiliated companies	(1,142)	(1,358)
Loss (gain) on sales of property, plant and equipment	11	(44)
Loss (gain) on exchange of land-use rights	—	(223)
Decrease (increase) in notes and accounts receivable–trade	10,241	(10,845)
Decrease (increase) in inventories	6,348	1,129
Increase (decrease) in notes and accounts payable-trade	(9,233)	10,973
Increase (decrease) in provision for product warranties	(813)	502
Loss (gain) on valuation of options	(2,577)	—
Loss (gain) on settlement and valuation of operation transaction	—	(128)
Other, net	2,132	1,983
Subtotal	10,647	10,004
Interest and dividend income received	783	443
Interest expenses paid	(118)	(144)
Income taxes paid	(1,668)	(973)
Income taxes refunded	1,036	528
Net cash provided by (used in) operating activities	10,679	9,858
Net cash provided by (used in) investment activities		
Purchase of property, plant and equipment	(7,139)	(2,998)
Proceeds from sales of property, plant and equipment	87	214
Purchase of intangible assets	(3,156)	(1,221)
Proceeds from sales of investment securities	130	—
Purchase of investments in subsidiaries	(544)	(44)
Proceeds from sales of investment in affiliated companies	(245)	—
Payments for loans receivable	(1,857)	(1,482)
Collections of loans receivable	66	1,791
Other, net	(193)	(222)
Net cash provided by (used in) investment activities	(12,850)	(3,962)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,576	(1,593)
Proceeds from long-term loans payable	—	10,002
Cash dividends paid	(1,744)	(1)
Cash dividends paid to minority shareholders	(16)	(162)
Paid-in capital from minority shareholders	—	42
Other, net	(145)	(136)
Net cash provided by (used in) financing activities	(329)	8,150
Effect of exchange rate changes on cash and cash equivalents	(1,518)	(343)
Net increase (decrease) in cash and cash equivalents	(4,017)	13,703
Cash and cash equivalents at beginning of period	30,159	26,141
Cash and cash equivalents at end of period	26,141	39,844

Segment Information

a) Information by Business Segment

Fiscal Year Ended March 31, 2009

(Millions of yen)

	Audio Products	Information and Communication Equipment	Total	Elimination and/or Corporate	Consolidated
Net sales					
(1) Outside customers	88,409	108,257	196,666	—	196,666
(2) Within consolidated group	698	337	1,036	(1,036)	—
Total	89,107	108,595	197,703	(1,036)	196,666
Costs and expenses	89,440	112,304	201,744	5,567	207,311
Operating loss	(332)	(3,709)	(4,041)	(6,603)	(10,645)
Assets, depreciation and amortization and capital expenditures					
Assets	46,867	61,735	108,602	23,820	132,422
Depreciation and amortization	5,609	4,643	10,252	83	10,336
Capital expenditures	5,323	4,830	10,153	6	10,160

Fiscal Year Ended March 31, 2010

(Millions of yen)

	Audio Products	Information and Communication Equipment	Total	Elimination and/or Corporate	Consolidated
Net sales					
(1) Outside customers	70,463	98,123	168,586	—	168,586
(2) Within consolidated group	566	216	783	(783)	—
Total	71,029	98,339	169,369	(783)	168,586
Costs and expenses	69,932	94,506	164,439	3,920	168,359
Operating income	1,096	3,833	4,930	(4,703)	226
Assets, depreciation and amortization and capital expenditures					
Assets	44,136	76,156	120,292	33,136	153,428
Depreciation and amortization	4,034	4,222	8,256	95	8,352
Capital expenditures	2,084	2,287	4,372	6	4,378

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:
   ¥6,603 million in the fiscal year ended March 31, 2009
   ¥4,703 million in the fiscal year ended March 31, 2010
4. Elimination and/or corporate includes corporate assets that consist principally of surplus investment funds (cash, cash equivalents and marketable securities) long-term investment funds (marketable securities) and assets related to administrative and management divisions. Such costs were:
   ¥23,928 million in the fiscal year ended March 31, 2009
   ¥33,233 million in the fiscal year ended March 31, 2010
5. Long-term prepaid expenses and their amortization expenses are included in depreciation and amortization and capital expenditures.
6. Changes in accounting method
   (Fiscal year ended March 31, 2009)
   (Accounting Standard for Valuing Inventory Assets)
   From the fiscal year under review the Company adopted the "Accounting Standard for Valuing Inventory Assets" (Financial Accounting Standard No. 9, July 5, 2006). Owing to this change, the operating loss was ¥34 million less in the Audio Products segment and ¥2 million higher in the Information and Communication Equipment segment than it would have been under the previous method.
   (Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

From the fiscal year under review the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006). Owing to this change, the operating loss was ¥25 million less in the Audio Products segment and ¥42 million less in the Information and Communication Equipment segment than it would have been under the previous method.

7. Additional information

(Fiscal year ended March 31, 2009)

(Change in the useful life of property, plant and equipment)

From the fiscal year under review the Company revised the useful life of machinery and equipment owned by the Company and its domestic consolidated subsidiaries to seven years.

Owing to this change, the operating loss was ¥56 million higher in the Audio Products segment and ¥76 million higher in the Information and Communication Equipment segment than it would have been under the previous method.

b) Geographic Area Information

Fiscal Year Ended March 31, 2009

(Millions of yen)

	Japan	North America	Europe	Asia	Other Areas	Total	Elimination and/or Corporate	Consolidated
Net sales								
(1) Outside customers	32,951	54,950	91,974	15,426	1,364	196,666	—	196,666
(2) Within consolidated group	117,476	909	28,453	42,647	21	189,509	(189,509)	—
Total	150,427	55,860	120,427	58,074	1,385	386,175	(189,509)	196,666
Costs and expenses	156,678	56,875	121,236	55,810	1,313	391,913	(184,601)	207,311
Operating income (loss)	(6,250)	(1,015)	(808)	2,264	71	(5,738)	(4,907)	(10,645)
Assets	79,655	16,790	27,748	26,174	419	150,788	(18,365)	132,422

Fiscal Year Ended March 31, 2010

(Millions of yen)

	Japan	North America	Europe	Asia	Other Areas	Total	Elimination and/or Corporate	Consolidated
Net sales								
(1) Outside customers	34,432	42,081	76,918	13,741	1,412	168,586	—	168,586
(2) Within consolidated group	95,440	186	24,811	25,836	0	146,275	(146,275)	—
Total	129,873	42,267	101,729	39,578	1,412	314,861	(146,275)	168,586
Costs and expenses	128,087	41,541	100,606	37,773	1,258	309,268	(140,909)	168,359
Operating income	1,785	725	1,122	1,804	154	5,592	(5,366)	226
Assets	89,254	19,664	34,121	29,903	674	173,619	(20,190)	153,428

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 Hungary
   (3) Asia: Singapore, China, Thailand and India
   (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:
   ¥6,603 million in the fiscal year ended March 31, 2009
   ¥4,703 million in the fiscal year ended March 31, 2010
4. Elimination and/or corporate includes corporate assets that consist principally of surplus investment funds (cash, cash equivalents and marketable securities) long-term investment funds (marketable securities) and assets related to administrative and management divisions. Such costs were:
   ¥23,928 million in the fiscal year ended March 31, 2009
   ¥33,233 million in the fiscal year ended March 31, 2010
5. Changes in accounting method
   (Fiscal year ended March 31, 2009)
   (Accounting Standard for Valuing Inventory Assets)
   From the fiscal year under review the Company adopted the "Accounting Standard for Valuing Inventory Assets" (Financial Accounting Standard No. 9, July 5, 2006). Owing to this change, the operating loss was ¥31 million less in Japan than it would have been under the previous method.
   (Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)
   From the fiscal year under review the Company adopted the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18, May 17, 2006). Owing to this change, the operating loss was ¥46 million less in Europe and operating income was ¥21 million higher in Asia than it would have been under the previous method.
6. Additional information
   (Fiscal year ended March 31, 2009)
   (Change in the useful life of property, plant and equipment)
   From the fiscal year under review the Company revised the useful life of machinery and equipment owned by the Company and its domestic consolidated subsidiaries to seven years.
   Owing to this change, the operating loss was ¥142 million higher in Japan than it would have been under the previous method.

c) Overseas Sales

Fiscal Year Ended March 31, 2009

(Millions of yen unless otherwise stated)

	North America	Europe	Asia	Other Areas	Total
I Overseas sales	54,308	91,993	18,554	2,015	166,873
II Consolidated sales					196,666
III Ratio of overseas sales (%)	27.6	46.8	9.4	1.0	84.9

Fiscal Year Ended March 31, 2010

(Millions of yen unless otherwise stated)

	North America	Europe	Asia	Other Areas	Total
I Overseas sales	41,596	76,927	17,895	1,915	138,335
II Consolidated sales					168,586
III Ratio of overseas sales (%)	24.7	45.6	10.6	1.1	82.1

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: Singapore, China, Thailand and India
   4) Other Areas: Australia
3. Overseas sales refer to sales by Alpine and its consolidated subsidiaries in countries or regions outside Japan.

5. Production, Orders and Sales

(1) Production

Production for the fiscal years ended March 31, 2010 and 2009, by business segment, was as follows:

(Millions of yen, %)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Change (%)
Audio Products	68,607	54,414	(20.7)
Information and Communication Equipment	80,901	85,640	5.9
Total	149,508	140,055	(6.3)

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

(2) Order balance and orders received

The order balance for the fiscal years ended March 31, 2010 and 2009, by business segment, was as follows:

(Millions of yen, %)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Change (%)
Audio Products	82,303	72,699	(11.7)
Information and Communication Equipment	102,768	101,754	(1.0)
Total	185,071	174,454	(5.7)

Orders received during the fiscal years ended March 31, 2010 and 2009, by business segment, were as follows:

(Millions of yen, %)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Change (%)
Audio Products	6,630	8,867	33.7
Information and Communication Equipment	12,269	15,901	29.6
Total	18,900	24,768	31.0

Note: Consumption tax is not included in the above-stated amounts.

(3) Sales

Sales for the fiscal years ended March 31, 2010 and 2009, by business segment, were as follows:

(Millions of yen, %)

	Fiscal Year Ended March 31, 2009	Fiscal Year Ended March 31, 2010	Change (%)
Audio Products	88,409	70,463	(20.3)
Information and Communication Equipment	108,257	98,123	(9.4)
Total	196,666	168,586	(14.3)

Note: Consumption tax is not included in the above-stated amounts.