Translation

April 30, 2013

Consolidated Financial Results for the Fiscal Year Ended March 31, 2013 <under Japanese GAAP>

Company name: **Alpine Electronics, Inc.**
Listing: First Section of the Tokyo Stock Exchange
Stock code: 6816
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Scheduled date of ordinary general meeting of shareholders: June 20, 2013
Scheduled date to commence dividend payments: June 21, 2013
Scheduled date to file Securities Report: June 20, 2013
Preparation of supplementary material on earnings: Yes
Holding of earnings performance review: Yes

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

1. Consolidated performance for the fiscal year ended March 31, 2013 (from April 1, 2012 to March 31, 2013)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2013	222,309	9.6	2,305	(59.2)	4,291	(34.2)	1,747	(61.8)
March 31, 2012	202,905	0.8	5,649	(49.4)	6,521	(39.5)	4,572	(24.2)

(Note) Comprehensive income
For the fiscal year ended March 31, 2013: ¥9,533 million [114.5%]
For the fiscal year ended March 31, 2012: ¥4,445 million [86.6%]

	Net income per share	Diluted net income per share	Net income/ equity	Ordinary income/ total assets	Operating income/ net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2013	25.05	–	1.7	2.6	1.0
March 31, 2012	65.53	–	4.6	4.1	2.8

(Reference) Equity in earnings (losses) of affiliates
For the fiscal year ended March 31, 2013: ¥1,002 million
For the fiscal year ended March 31, 2012: ¥760 million

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
March 31, 2013	168,061	109,991	64.9	1,562.62
March 31, 2012	167,355	101,811	60.4	1,448.63

(Reference) Equity
As of March 31, 2013: ¥109,027 million
As of March 31, 2012: ¥101,067 million

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Period-end cash and cash equivalents
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
March 31, 2013	1,607	(6,023)	(6,701)	34,052
March 31, 2012	9,921	(7,710)	(1,381)	43,947

2. Cash dividends

	Annual dividends					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Fiscal year ended March 31, 2012	–	10.00	–	10.00	20.00	1,395	30.5	1.4
Fiscal year ended March 31, 2013	–	10.00	–	10.00	20.00	1,395	79.8	1.3
Fiscal year ending March 31, 2014 (Forecast)	–	10.00	–	10.00	20.00		46.5	

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

(Percentages indicate year-on-year changes.)

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

Analysis of Operating Results and Financial Position

(1) Analysis of operating results

During the fiscal year ended March 31, 2013, the Japanese economy continued to face difficult conditions due to such factors as prolonged appreciation of the yen, a downturn in the electronics industry, and a slowdown on the stock market. From the latter half of the fiscal year, however, signs of an improvement in economic prospects could be seen due to the sense of expectation arising from the economic policies of the new administration. Overseas, the U.S. economy showed a gradual recovery, but global economic uncertainty continued. The uncertainty was due to such factors as the prolonging of the sovereign debt crisis in Europe and worsening economic conditions in southern European countries, as well as decelerating growth rates in developing countries such as China and India.

In the car electronics industry, there were expectations for sales growth in the Japanese market associated with increased sales of new cars due to a rebound in demand following the Great East Japan Earthquake of 2011 and the effect of eco-car purchase subsidies. However, sales of aftermarket navigation systems declined due to the absence of the replacement purchase demand that had followed the transition from analog to fully digital broadcasting of terrestrial television and the increasing number of cars with these systems being installed as dealer options. Buffeted by the global economic slowdown, demand in overseas markets weakened, and price competition between rival companies intensified. Furthermore, although steady sales of new cars in the U.S. provided the car electronics industry with impetus, the overall situation remained difficult due to the impact of production adjustments associated with stagnant sales of new cars in Europe and a reluctance to buy Japanese automobiles in China.

Under these circumstances, the Alpine Group worked to build production and sales networks in the Middle East and Brazil, where growth is expected, and resumed production in Thailand in anticipation of economic development in the Asian market. In the U.S., Alpine established an R&D company in the cloud computing area and worked to develop new products that will link in-car IT products with mobile devices such as smart phones.

From the earnings standpoint, sales to automakers grew due to recovering production and sales at Alpine's main automaker customers and steady automobile sales in the U.S. Nevertheless, although there was a correction in the appreciation of the yen, sales competition intensified with rival companies in the domestic, U.S., and European aftermarkets. Moreover, changes in the sales mix in the original equipment manufacture (OEM) market and the costs of materials for in-car displays and HDDs (hard disk drives), which remained as high as ever, placed downward pressure on profits, and the harsh conditions remained.

As a result, for the fiscal year ended March 31, 2013, consolidated net sales increased 9.6% compared with the previous fiscal year, to ¥222.3 billion. Operating income decreased 59.2% to ¥2.3 billion, ordinary income fell 34.2% to ¥4.2 billion, and net income amounted to ¥1.7 billion, a decrease of 61.8%.

(1) Segment information related to overall fiscal 2012 business performance by type of business

a. Audio Products segment

In the Audio Products segment, Alpine worked to expand sales in the North American aftermarket through sales of head units, chiefly CD players, and sound systems that combine high-quality speakers and amplifiers, as well as the start of sales of products to the Brazilian market, where a commercial distribution network was newly acquired. However, as the market environment continued to be harsh, sales remained at the same level as the previous year. In the European aftermarket, Alpine launched new digital audio broadcast (DAB)-related products and developed CD player sales promotions to expand sales, but price competition with rival companies intensified, and conditions remained harsh. In the domestic aftermarket, conditions remained generally difficult as a result of intensifying competition due to reduced market scale and sluggish sales of speakers that had previously maintained a high market share.

In the OEM market, sales to automakers increased on the back of recovering production and sales at Japanese automakers, and favorable sales at major U.S. automakers.

Accordingly, segment sales increased 6.0% compared with the previous fiscal year, to ¥59.1 billion.

b. Information and Communication Products segment

The Information and Communication Products segment sought to expand sales, through broadening the appeal of total coordination as "Alpine Style," proposing unique car interior layouts on the Japanese aftermarket, in addition to the "BIG X" series and "Perfect Fit" systems, which gained the No. 1 position in terms of customer satisfaction in a survey conducted by an external ratings agency. The segment also strengthened its lineup of new products that meets user needs, such as by launching onto the market the REARVISION in-car monitor fitted with an ion-generating system, a world first, and navigation systems with a 9-inch display. However, sales suffered a decline as a result of new products launched onto the market by competitors and the intensifying price competition. Sales in the European and U.S. aftermarkets were sluggish due to a sales decline in hybrid products resulting from intensifying price competition, as well as the later-than-planned introduction of new products.

In the OEM market, sales to automakers increased on the back of favorable sales at high-end car manufacturers in Europe and at major U.S. automakers. Also contributing to the increased sales were the recovering production and sales at Japanese automakers and the rising proportion of cars that have navigation or display products installed.

Owing to these factors, sales in this segment grew 10.9% compared with the previous fiscal year, to ¥163.2 billion.

(2) Overall fiscal 2013 business performance and segment forecasts

With regard to forecasts for the next fiscal year, the outlook is for strong growth in the Japanese economy against a backdrop of such factors as Bank of Japan monetary easing measures and correction of the yen's appreciation. Furthermore, it is anticipated that the U.S. economy will remain on a recovery track. In contrast, it is thought that the European economy will continue to suffer due to social destabilization—caused by the worsening economic conditions in southern Europe—and the increasing severity of the sovereign debt crisis.

Under these circumstances, the Alpine Group is seeking to expand sales and working to set itself apart from rival companies by having high-value added products. In addition, the Group will continue to advance efforts toward the strengthening of its cost competitiveness to improve profitability.

Details of activities by segment are as follows:

< Audio Products segment >

Alpine will endeavor to increase sales of its head units fitted with its in-house developed "TuneIT App" application software for smart phones and of its sound systems, such as lightweight, environment-friendly speakers and amplifiers, with a view to expanding sales of the segment.

< Information and Communication Products segment >

Alpine will work to strengthen its product lineup by launching on the North American aftermarket the "Perfect Fit" systems and navigation systems with 8- and 9-inch displays, which have caught on in Japan. In addition, Alpine is making system proposals to automakers that include products designed to assist drivers—including rearview camera systems and display products—with a view to expanding sales.

Taking into account factors that can be assumed at the time of writing, our consolidated earnings forecasts for the fiscal year ending March 31, 2014 are as follows:

< Consolidated earnings forecasts >

Net sales	¥242.0 billion	(up 8.9% year on year)
Operating income	¥5.0 billion	(up 116.9% year on year)
Ordinary income	¥5.5 billion	(up 28.2% year on year)
Net income	¥3.0 billion	(up 71.7% year on year)

* Prerequisite exchange rate assumptions for forward-looking statements: US$1 = ¥90 and €1 = ¥117

(2) Analysis of financial position

(1) Assets, liabilities and net assets

Total assets stood at ¥168.0 billion as of March 31, 2013, an increase of ¥0.7 billion from the end of the previous fiscal year. Principal factors were a ¥2.5 billion increase in notes and accounts receivable-trade, a ¥2.3 billion increase in inventories, a ¥2.3 billion increase in property, plant and equipment, a ¥3.8 billion increase in fair value adjustment of investment securities, and a ¥10.1 billion decrease in cash and deposits.

Total liabilities decreased ¥7.4 billion compared with the end of the previous fiscal year to ¥58.0 billion. This was attributable to a decrease of ¥4.4 billion in notes and accounts payable-trade, ¥5.4 billion full repayment of current portion of long-term loans payable, a ¥1.2 billion increase in accrued expenses, and a ¥0.9 billion increase in deferred tax liabilities.

Net assets increased ¥8.1 billion compared with the end of the previous fiscal year to ¥109.9 billion due to such factors as a ¥1.0 billion increase in valuation difference on available-for-sale securities and a ¥6.4 billion increase in foreign currency translation adjustment.

Consequently, equity ratio increased 4.5 percentage points from March 31, 2012, to 64.9%.

(2) Cash flows

Cash and cash equivalents as of March 31, 2013 were ¥34.0 billion, a ¥9.8 billion decrease from the end of the previous fiscal year (a ¥60 million increase in the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥1.6 billion (¥9.9 billion was provided in the previous fiscal year). Major sources of cash were income before income taxes and minority interests amounting to ¥5.3 billion, depreciation and amortization totaling ¥6.1 billion, a ¥0.6 billion decrease in notes and accounts receivable-trade and a ¥1.3 billion decrease in inventories. The principal uses of cash were an ¥8.1 billion decrease in notes and accounts payable-trade and income taxes paid of ¥3.2 billion.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥6.0 billion (¥7.7 billion was used in the previous fiscal year). Principal uses of cash were ¥6.0 billion for purchase of property, plant and equipment and ¥5.9 billion for payments of loans receivable, while a factor increasing cash was ¥6.9 billion in collection of loans receivable.

(Cash flows from financing activities)

Net cash used in financing activities was ¥6.7 billion (¥1.3 billion was used in the previous fiscal year). Repayment of long-term loans payable of ¥5.4 billion and cash dividends paid of ¥1.3 billion were the main factors in the decrease.

Due to these factors, the free cash flows decreased by ¥4.4 billion (¥2.2 billion was provided in the previous fiscal year). Free cash flows are the sum of cash flows from operating activities and cash flows from investing activities.

(Reference) Trends in cash flow indicators

Trends in cash flow indicators of the Group are as shown below.

Fiscal year ended:	March 31, 2009	March 31, 2010	March 31, 2011	March 31, 2012	March 31, 2013
Equity ratio (%)	72.4	62.7	63.7	60.4	64.9
Market value equity ratio (%)	33.7	51.7	42.3	46.6	37.7
Interest-bearing debt to cash flow ratio (times)	0.2	1.0	0.4	0.6	0.1
Interest coverage ratio (times)	90.0	68.3	70.8	115.9	14.7

Equity ratio: equity / total assets

Market value equity ratio: market capitalization / total assets

Interest-bearing debt to cash flow ratio: interest-bearing debt / operating cash flow

Interest coverage ratio: operating cash flow / paid interest

* All indicators are calculated using consolidated-based financial indicators.
* Market capitalization is calculated by multiplying the closing stock price at the end of the period by the number of issued shares at the end of the period (excluding treasury stock).
* The figure used for operating cash flow is “net cash provided by (used in) operating activities” on the consolidated statements of cash flows. Interest-bearing debt includes all liabilities recorded on the consolidated balance sheets on which we paid interest. Regarding the paid interest, we use “interest expenses paid” on the consolidated statements of cash flows.

(3) Basic policy on profit distribution and dividends for the fiscal year ended March 31, 2013 and fiscal year ending March 31, 2014

Alpine regards returning corporate profits to shareholders as an important feature of its business operations. Its basic policy is to determine the distribution of profits on a consolidated basis with consideration given to a proper balance among: 1) returning profits to shareholders, 2) proactive investment on R&D and facilities for enhancing competitiveness, and 3) internal reserves directed toward future business growth.

The planned year-end dividend for the fiscal year under review is ¥10 per share. As Alpine paid an interim dividend of ¥10 per share at the end of the second quarter, the planned annual dividend is ¥20 per share. For the fiscal year ending March 31, 2014, the planned annual dividend is unchanged from the fiscal year under review at ¥20 per share, and the interim dividend is planned to be ¥10 per share.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	44,209	34,070
Notes and accounts receivable-trade	35,695	38,207
Merchandise and finished goods	20,092	21,141
Work in process	992	1,013
Raw materials and supplies	5,927	7,161
Deferred tax assets	1,999	2,018
Other	9,946	9,912
Allowance for doubtful accounts	(262)	(214)
Total current assets	118,602	113,311
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	22,984	24,380
Accumulated depreciation	(14,704)	(15,817)
Buildings and structures, net	8,280	8,562
Machinery, equipment and vehicles	16,552	20,023
Accumulated depreciation	(12,335)	(14,165)
Machinery, equipment and vehicles, net	4,216	5,857
Tools, furniture, fixtures and dies	50,073	51,777
Accumulated depreciation	(46,450)	(47,646)
Tools, furniture, fixture and dies, net	3,622	4,130
Land	4,810	4,896
Lease assets	123	146
Accumulated depreciation	(36)	(54)
Lease assets, net	86	92
Construction in progress	575	405
Total property, plant and equipment	21,592	23,944
Intangible assets	2,814	2,438
Investments and other assets		
Investment securities	22,032	25,864
Deferred tax assets	268	274
Other	2,059	2,287
Allowance for doubtful accounts	(13)	(58)
Total investments and other assets	24,346	28,367
Total noncurrent assets	48,753	54,750
Total assets	167,355	168,061

(Millions of yen)

	As of March 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,116	27,629
Short-term loans payable	132	239
Current portion of long-term loans payable	5,400	-
Accrued expenses	8,466	9,690
Income taxes payable	755	1,064
Deferred tax liabilities	90	117
Provision for bonuses	1,791	1,839
Provision for directors' bonuses	52	47
Provision for product warranties	4,725	4,810
Provision for loss on disaster	38	-
Other	4,225	3,587
Total current liabilities	57,795	49,026
Noncurrent liabilities		
Deferred tax liabilities	4,600	5,478
Provision for retirement benefits	1,080	1,292
Provision for directors' retirement benefits	608	677
Other	1,459	1,597
Total noncurrent liabilities	7,749	9,044
Total liabilities	65,544	58,070
Net assets		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	54,972	55,320
Treasury stock	(24)	(17)
Total shareholders' equity	105,774	106,129
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,355	6,434
Deferred gains or losses on hedges	(6)	19
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	(8,745)	(2,245)
Total accumulated other comprehensive income	(4,706)	2,897
Minority interests	743	963
Total net assets	101,811	109,991
Total liabilities and net assets	167,355	168,061

(2) Consolidated statements of (comprehensive) income

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net sales	202,905	222,309
Cost of sales	167,406	191,433
Gross profit	35,499	30,876
Selling, general and administrative expenses	29,849	28,571
Operating income	5,649	2,305
Non-operating income		
Interest income	203	161
Dividends income	275	341
Equity in earnings of affiliates	760	1,002
Foreign exchange gains	23	629
Other	277	261
Total non-operating income	1,541	2,395
Non-operating expenses		
Interest expenses	113	83
Sales discounts	125	112
Commission fee	124	112
Withholding tax	171	-
Loss on settlement of receivables on tooling	31	53
Other	102	46
Total non-operating expenses	669	408
Ordinary income	6,521	4,291
Extraordinary income		
Gain on sales of noncurrent assets	44	18
Gain on sales of investment securities	4	0
Income of employment adjustment subsidy	157	-
Compensation income	244	1,181
Income of earthquake disaster reconstruction subsidy	595	84
Other	120	99
Total extraordinary income	1,167	1,383
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	145	130
Impairment loss	199	-
Loss on valuation of investment securities	35	0
Provision of allowance for doubtful accounts	-	45
Loss on transition of retirement benefit plan	-	118
Loss on disaster	299	6
Other	28	27
Total extraordinary losses	709	329
Income before income taxes and minority interests	6,980	5,346
Income taxes-current	2,496	3,085
Income taxes-deferred	(21)	455
Total income taxes	2,474	3,541
Income before minority interests	4,505	1,804
Minority interests in income (loss)	(66)	57
Net income	4,572	1,747
Minority interests in income (loss)	(66)	57
Income before minority interests	4,505	1,804

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Other comprehensive income		
Valuation difference on available-for-sale securities	505	1,085
Deferred gains or losses on hedges	(6)	25
Foreign currency translation adjustment	(257)	5,489
Share of other comprehensive income of associates accounted for using equity method	(302)	1,127
Total other comprehensive income	(60)	7,729
Comprehensive income	4,445	9,533
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,532	9,351
Comprehensive income attributable to minority interests	(87)	182

(3) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,980	5,346
Depreciation and amortization	6,740	6,106
Increase (decrease) in provision for retirement benefits	338	160
Increase (decrease) in provision for directors' retirement benefits	(8)	68
Impairment loss	199	-
Interest and dividends income	(479)	(502)
Interest expenses	113	83
Equity in (earnings) losses of affiliates	(760)	(1,002)
Loss (gain) on sales of property, plant and equipment	(29)	30
Decrease (increase) in notes and accounts receivable-trade	(8,299)	650
Decrease (increase) in inventories	(5,640)	1,333
Increase (decrease) in notes and accounts payable-trade	11,763	(8,194)
Increase (decrease) in provision for product warranties	83	(342)
Other, net	1,295	498
Subtotal	12,296	4,237
Interest and dividends income received	488	509
Interest expenses paid	(85)	(109)
Income taxes paid	(3,251)	(3,274)
Income taxes refund	474	244
Net cash provided by (used in) operating activities	9,921	1,607
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(4,783)	(6,047)
Proceeds from sales of property, plant and equipment	69	42
Purchase of intangible assets	(401)	(675)
Payments of loans receivable	(5,502)	(5,904)
Collection of loans receivable	3,014	6,966
Other, net	(107)	(405)
Net cash provided by (used in) investing activities	(7,710)	(6,023)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	87	80
Repayment of long-term loans payable	-	(5,400)
Cash dividends paid	(1,392)	(1,394)
Proceeds from stock issuance to minority shareholders	-	37
Other, net	(76)	(25)
Net cash provided by (used in) financing activities	(1,381)	(6,701)
Effect of exchange rate change on cash and cash equivalents	(765)	1,221
Net increase (decrease) in cash and cash equivalents	63	(9,895)
Cash and cash equivalents at beginning of period	43,883	43,947
Cash and cash equivalents at end of period	43,947	34,052

(Segment information)

1. Overview of reportable segments

The reportable segments of Alpine are components of Alpine whose separate financial information is available. These segments are periodically evaluated by the Board of Directors in deciding how to allocate management resources and in assessing the performance.

Alpine's two reportable segments reflect its main businesses: the manufacture and sale of audio products as well as information and communication products for installation in automobiles.

The main products in the "Audio Products segment" include car audio products, such as CD players, amplifiers, and speakers.

The main products in the "Information and Communication Products segment" include car navigation and car communication products.

2. Method of calculating amounts of net sales, income/loss, assets, liabilities and other items by reportable segment

Figures of reportable segment profit are based on operating income. Internal sales and transfers among segments are based on past performance.

3. Information concerning net sales, income/loss, assets, liabilities and other items by reportable segment

Fiscal year ended March 31, 2013

(Millions of yen)

	Reportable segment			Adjustment (Note)	Amount on consolidated financial statements
	Audio Products segment	Information and Communication Products segment	Total		
Sales					
Sales to outside customers	59,107	163,202	222,309	–	222,309
Internal sales or transfer among segments	717	245	962	(962)	–
Total	59,824	163,447	223,272	(962)	222,309
Segment profit (operating income)	232	6,709	6,941	(4,636)	2,305
Segment assets	25,036	115,913	140,950	27,111	168,061
Other items					
Depreciation and amortization	2,214	3,857	6,072	34	6,106
Increase in property, plant and equipment and intangible assets	1,882	4,833	6,715	3	6,719

Notes: 1. The adjustment of negative ¥962 million to total sales represents elimination of transactions among segments.
2. The adjustment of negative ¥4,636 million to segment profit represents corporate expenses not allocated to reportable segments. The corporate expenses are principally costs related to the administration division and part of the development division that are not attributable to the segments.
3. The adjustment of ¥27,111 million to segment assets represents corporate assets not allocated to reportable segments. The corporate assets mainly include Alpine's funds to manage surplus assets (cash, deposits and securities), long-term investment funds (investment securities) and assets related to the administration division that are not attributable to the segments.
4. The adjustment of ¥37 million to other items represents an increase in corporate assets not allocated to reportable segments and depreciation and amortization. The increase in corporate assets mainly includes Alpine's assets related to the administration division that are not attributable to the segments.