Translation

April 30, 2014

Consolidated Financial Results for the Fiscal Year Ended March 31, 2014 <under Japanese GAAP>

Company name:	**Alpine Electronics, Inc.**
Listing:	First Section of the Tokyo Stock Exchange
Stock code:	6816
URL:	http://www.alpine.com/e/investor/
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Scheduled date of ordinary general meeting of shareholders:	June 19, 2014
Scheduled date to commence dividend payments:	June 20, 2014
Scheduled date to file Securities Report:	June 19, 2014
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, 2014 (from April 1, 2013 to March 31, 2014)

(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, 2014	285,884	28.6	9,813	325.8	11,763	174.1	9,229	428.1
March 31, 2013	222,309	9.6	2,305	(59.2)	4,291	(34.2)	1,747	(61.8)

(Note) Comprehensive income
For the fiscal year ended March 31, 2014: ¥17,399 million [82.5%]
For the fiscal year ended March 31, 2013: ¥9,533 million [114.5%]

	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, 2014	132.27	–	7.9	6.6	3.4
March 31, 2013	25.05	–	1.7	2.6	1.0

(Reference) Equity in earnings (losses) of affiliates
For the fiscal year ended March 31, 2014: ¥1,029 million
For the fiscal year ended March 31, 2013: ¥1,002 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, 2014	190,694	125,218	65.1	1,778.00
March 31, 2013	168,061	109,991	64.9	1,562.62

(Reference) Equity
As of March 31, 2014: ¥124,059 million
As of March 31, 2013: ¥109,027 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, 2014	18,021	(7,206)	(1,447)	46,680
March 31, 2013	1,607	(6,023)	(6,701)	34,052

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, 2013	–	10.00	–	10.00	20.00	1,395	79.8	1.3
Fiscal year ended March 31, 2014	–	10.00	–	15.00	25.00	1,744	18.9	1.4
Fiscal year ending March 31, 2015 (Forecast)	–	10.00	–	15.00	25.00		29.1	

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

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending September 30, 2014	136,000	(1.4)	3,500	(7.4)	4,000	(10.7)	2,700	(10.3)	38.69
Fiscal year ending March 31, 2015	275,000	(3.8)	8,000	(18.5)	9,000	(23.5)	6,000	(35.0)	85.99

Analysis of Operating Results and Financial Position

(1) Analysis of operating results

During the fiscal year ended March 31, 2014, the Japanese economy began to see bright signs, such as the depreciation of the yen and high stock prices due to the effects of “Abenomics” (the economic policies taken by Prime Minister Shinzo Abe), as well as improved performance centered on exporting companies. Meanwhile, the U.S. economy is on a recovery track and the economic slowdown in Europe appears to have bottomed out. However, other factors including the slower pace of economic recovery in emerging countries such as China and Brazil mean that the pace of growth across the global economy as a whole remains sluggish.

In the car electronics industry, the Japanese aftermarket was still affected by the absence of the replacement purchase demand for navigation systems that had followed the transition from analog to fully digital broadcasting of terrestrial television. In addition, progress was made in diversifying sales channels other than stores specializing in auto products, such as having systems installed as automobile dealer options, and share competition between rival companies intensified. The market also witnessed significant structural changes: Additional demand in anticipation of the consumption tax hike due in April reversed the ongoing decline in the total number of new cars sold domestically following the end of eco-car purchase subsidies. In another example of structural change, record-high unit sales were recorded for mini-vehicles, whose installation rate for navigation systems is low. Meanwhile, sales of new cars in the North American market continued to be strong, supported by such factors as replacement demand and improved consumer sentiment due to the U.S. economic recovery. Also, in China, where private consumption remained solid, the number of new cars sold exceeded 20 million units. The car electronics industry benefited from the knock-on effect.

Under these circumstances, Alpine Group exhibited at the Shanghai Motor Show in China, and broadened the appeal of the Alpine brand and its high-quality, highly functional items, and sought to further expand its business. In addition, Alpine worked to expand its aftermarket business, for example by establishing a representative office in Indonesia, where the automobile market is expected to grow remarkably. At the ITS (Intelligent Transport Systems) World Congress and the Tokyo Motor Show, Alpine worked to secure new business opportunities by exhibiting cutting-edge technologies for EVs (electric vehicles) and advanced highway safety systems, as well as the next-generation integrated interior cockpit developed jointly with ALPS ELECTRIC CO., LTD. Meanwhile, Alpine laid the foundations for future growth by using its venture capital fund to invest in a company developing voice interaction technologies in the United States.

In the original equipment manufacturer (OEM) business, which accounts for more than 80% of our sales, Alpine held technology exhibitions for its overseas automaker customers, and endeavored to gain new orders by proposing complex and advanced in-car IT products. In Detroit, the heart of the North American auto industry, Alpine moved its sales base into the ALPS ELECTRIC CO., LTD. offices, strengthening collaboration with ALPS ELECTRIC’s automotive segment.

Against a backdrop of favorable new car demand in the North American market, Alpine expanded capacity at its production base in Mexico, established Alpine Customer Service (USA), Inc. in the United States, developed its systems for repair and other after-sales services for in-car IT products, in which use of electronics is accelerating, and endeavored to improve quality.

In order to lower cost prices, Alpine collaborated with partner component makers to improve earning power by using value engineering (VE) to reform product cost structure and decreasing the number of components, among other measures.

As a result, for the fiscal year ended March 31, 2014, consolidated net sales increased 28.6% compared with the previous fiscal year, to ¥285.8 billion. Operating income increased 325.8% to ¥9.8 billion, ordinary income increased 174.1% to ¥11.7 billion, and net income amounted to ¥9.2 billion, an increase of 428.1%.

(1) Segment information related to overall fiscal 2013 business performance by type of business

a. Audio Products segment

In the Audio Products segment, Alpine launched a CD player equipped with the high-definition Rich Display onto the North American aftermarket and worked to strengthen sales through sound system sales promotions. In the European aftermarket, Alpine focused on expanding sales of entry-model CD players equipped with Bluetooth function and CD players equipped with high-value-added functions compatible with smartphone applications, which have been well received by the market. As a result, sales for aftermarket increased.

In the OEM market, sales increased in association with the robust sales of audio products adopted for the new cars that Japanese automakers began selling in North America from September 2012 and sound systems for the U.S. automakers.

Accordingly, segment sales increased 17.4% compared with the previous fiscal year, to ¥69.3 billion.

b. Information and Communication Products segment

Amid the increasing severity of sales competition with rival companies in the domestic aftermarket, the Information and Communication Products segment promoted business tailored to specific car models and continued to focus on expanding sales of the “BIG X” series of large-screen navigation systems. In particular, Alpine ascertained the needs of families, and launched new products designed to bolster its competitiveness by distinguishing it from competitors. In addition, Alpine continued to promote sales activities to automobile dealers in addition to stores specializing in auto products and worked to expand and upgrade its sales network. As a result, an increase in new cars sold prior to the consumption tax hike provided a boost, resulting in strong sales. However, this was not enough to make up for the lower sales in the first half of the fiscal year, and consequently sales for the year remained at the same level.

In the OEM market, there was a rise in the proportion of new cars built by Japanese automakers in the North American market that are equipped with hybrid products with displays featuring navigation functions at their cores. Furthermore, as in North America and China, sales continued to be robust in European luxury automakers’ new cars equipped with our products, Alpine’s sales increased.

Owing to these factors, sales in this segment grew 32.7% compared with the previous fiscal year, to ¥216.5 billion.

(2) Overall fiscal 2014 business performance and segment forecasts

During the next fiscal year the global economy is expected to recover gradually overall, led by the United States. Nonetheless, uncertainty remains with regard to China and other emerging countries, while concerns affecting the Japanese economy include potential changes in demand due to the consumption tax hike.

Meanwhile, the car electronics industry is expected to benefit from the enactment of a law mandating installation of rearview camera systems in the United States. Domestically, however, the total number of new cars sold is expected to decline in the absence of the additional demand generated prior to the consumption tax hike, and the effect on the industry gives cause for concern.

Under these circumstances, as the benefits afforded by the depreciating yen diminish, the Alpine Group will seek to improve profitability and set itself apart from rival companies by adding further value to its products, while continuing measures to strengthen its cost competitiveness.

Details of activities by segment are as follows:

< Audio Products segment >

Alpine will focus on expanding sales of sound systems including lightweight speakers and amplifiers in addition to its CD players compatible with smartphone applications, which are selling well.

< Information and Communication Products segment >

In North America, Alpine will launch a navigation system with a 7-inch-plus display for the aftermarket, as well as a display audio compatible with Apple CarPlay. Alpine will also expand sales to automakers of display products for which increased installation rates are expected as a result of new legislation mandating rearview camera systems.

Taking into account factors that can be assumed at the time of writing, our consolidated earnings forecasts for the fiscal year ending March 31, 2015 are as follows:

< Consolidated earnings forecasts >

Net sales	¥275.0 billion	(down 3.8% year on year)
Operating income	¥8.0 billion	(down 18.5% year on year)
Ordinary income	¥9.0 billion	(down 23.5% year on year)
Net income	¥6.0 billion	(down 35.0% year on year)

* Prerequisite exchange rate assumptions for forward-looking statements: US$1 = ¥100 and €1 = ¥135

(2) Analysis of financial position

(1) Assets, liabilities and net assets

Total assets stood at ¥190.6 billion as of March 31, 2014, an increase of ¥22.6 billion from the end of the previous fiscal year. Principal factors were a ¥12.6 billion increase in cash and deposits, a ¥2.8 billion increase in notes and accounts receivable - trade, a ¥2.9 billion increase in property, plant and equipment, a ¥3.6 billion increase in fair value adjustment of investment securities.

Total liabilities increased ¥7.4 billion compared with the end of the previous fiscal year to ¥65.4 billion due to such factors as a ¥3.2 billion increase in notes and accounts payable - trade, a ¥0.6 billion increase in income taxes payable, a ¥0.6 billion increase in accrued expenses, a ¥1.3 billion increase in provision for product warranties.

Compared with the end of the previous fiscal year, net assets increased ¥15.2 billion to ¥125.2 billion due to a ¥7.9 billion increase in retained earnings, and a ¥7.8 billion increase in foreign currency translation adjustment.

Consequently, equity ratio increased 0.2 percentage points from March 31, 2013, to 65.1%.

(2) Cash flows

Cash and cash equivalents as of March 31, 2014 were ¥46.6 billion, a ¥12.6 billion increase from the end of the previous fiscal year (a ¥9.8 billion decrease in the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥18.0 billion (¥1.6 billion was provided in the previous fiscal year). Major sources of cash were income before income taxes and minority interests amounting to ¥12.3 billion, depreciation totaling ¥6.1 billion, a ¥1.1 billion decrease in notes and accounts receivable - trade and a ¥3.3 billion decrease in inventories. The principal uses of cash were a ¥2.0 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 ¥7.2 billion (¥6.0 billion was used in the previous fiscal year). Principal uses of cash were ¥6.8 billion for purchase of property, plant and equipment and ¥3.1 billion for payments of loans receivable, while a factor increasing cash was ¥4.2 billion in collection of loans receivable.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1.4 billion (¥6.7 billion was used in the previous fiscal year). Cash dividends paid of ¥1.3 billion was the main factor in the decrease.

Due to these factors, the free cash flows increased by ¥10.8 billion (¥4.4 billion was used 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, 2010	March 31, 2011	March 31, 2012	March 31, 2013	March 31, 2014
Equity ratio (%)	62.7	63.7	60.4	64.9	65.1
Market value equity ratio (%)	51.7	42.3	46.6	37.7	49.5
Interest-bearing debt to cash flow ratio (times)	1.0	0.4	0.6	0.1	0.0
Interest coverage ratio (times)	68.3	70.8	115.9	14.7	390.0

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 based on the number of issued shares excluding treasury shares.

* 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, 2014 and fiscal year ending March 31, 2015

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; returning profits to shareholders, proactive investment on R&D and facilities for enhancing competitiveness, and internal reserves directed toward future business growth.
Based on this policy, the planned year-end dividend for the fiscal year under review is ¥15 per share, a ¥5 increase compared with the previous fiscal year, reflecting a strong performance. As Alpine paid an interim dividend of ¥10 per share at the end of the second quarter, the planned annual dividend is therefore ¥25 per share.
For the fiscal year ending March 31, 2015, the planned annual dividend is unchanged from the fiscal year under review at ¥25 per share, and the interim dividend is planned to be ¥10 per share.
Alpine plans to take a flexible approach to repurchasing its own shares as a means of returning corporate profits to shareholders.

Business Policy

(1) Alpine’s fundamental business policy

The Alpine Group’s corporate philosophy entails respect for individuality, creating value, and contribution to society. In 2013 Alpine devised VISION2020, its new corporate vision targeting the year 2020. Guided by the vision statement, “Alpine aims to be a Mobile Media Innovation Company that provides you with an enjoyable car lifestyle,” Alpine will enhance its corporate value by tackling the challenge of generating value more creatively and innovatively as a craftsmanship-oriented manufacturer.

(2) Target business indicator

The Alpine Group emphasizes consolidated business management including its associates in Japan and overseas, and aims to enhance its consolidated earning power. It will therefore target a consolidated operating income to net sales ratio exceeding 5% and coordinate its development, manufacturing, and sales capabilities to ensure sustainable growth and profitability in its companies.

(3) Mid-term business strategy

The car electronics industry is witnessing growth in demand for audio products linked to the latest digital equipment, but price competition between rival companies has become fiercer than ever.

In information and communication products, hybrid products combining audio, video, and information equipment are increasingly included as central features in cars, with the ratio installed as OEM products in new cars becoming ever higher. On the other hand, however, automakers have become even more demanding with regard to quality, price, and delivery dates in response to heightened global competition. The automobile industry is starting to witness some positive signs with increased demand in North America and China, but Alpine is aware that this is a period of transition for the industry, and it is treating the competition centered on the new themes of the environment, energy conservation, and safety as a key issue.

The Alpine Group will address this situation by uniting in support of its vision statement for 2020 devised in 2013: “Alpine aims to be a Mobile Media Innovation Company that provides you with an enjoyable car lifestyle,” and the target of its 13th Mid-Term Business Plan to be launched in the fiscal year ending March 31, 2015: “Establish a platform for growth to achieve the goals of VISION2020.”

To achieve the target of its Mid-Term Business Plan, Alpine intends to enhance its corporate value by implementing measures to create new value, reinforce its management, and increase earnings according to the following strategy.

a. Invest actively in R&D to further explore core technologies in the Information and Communication Products segment, for which the market is expanding. At the same time, work to establish firm foundations for the business by building a business model based on integration with cloud services, development of leading-edge technologies and large system products, and creation of products that are the first of their kind globally.
b. Address heightened price competition and exacting product quality requirements by involving the whole Group in restructuring product design and pursuing unparalleled quality at installation and on the market. In addition, bolster the Group’s ability to compete on price by expanding and improving the integration of production systems in its global production sites to cover everything from local procurement of parts and parts processing to completion of the final product.
c. Improve customer satisfaction levels and restructure earnings and costs by expanding and improving the Group’s capabilities in sales, procurement, production, and development on a global basis (in Japan, the Americas, Europe, China and elsewhere in Asia).

d. Use the CSR committee to strengthen risk management, the information management system, and related areas to address the increased importance of risk management and compliance as the risks associated with corporate activities become more diverse.

(4) Issues to address

Overall, some positive signs are now emerging, such as the gradual recovery in the U.S. economy, revival in the Japanese economy as a result of the "Abenomics effect," and correction of the yen's appreciation. Nonetheless, the global economy is still very much in a process of change, with instability in the European economy due to the situation in Ukraine and a sense of economic uncertainty in China and other emerging countries.

Although the economic environment surrounding the auto industry is affected by these political and economic movements, solid growth is continuing in the North American and Chinese markets, and Europe is on a recovery track thanks to such positive developments as the economic upturn and improved consumer sentiment. The Japanese market also grew from the second half of the year onward due to such factors as the last-minute increase in demand before the higher rate of consumption tax was introduced. The up-and-coming emerging countries, on the other hand, have been significantly affected by worsening economic conditions, political instability, and other challenges; they continue to underachieve compared with the previous fiscal year, and considerable differences are apparent from one region to another.

In the car electronics industry, business models and product formats have witnessed rapid change: The prominence of smartphones means that they are now increasingly integrated with cars, and research on automated driving has gained momentum. As a result, the key management issues now are to pursue technological innovation and bolster the Group's ability to compete on price in order to respond to these changes.

Under these circumstances, the Alpine Group will reinforce its framework for developing software technologies in all four key locations: Japan, the United States, Europe, and China in order to respond to the recent migration to cloud computing. In addition, the Group will endeavor to develop leading-edge technologies by other means including equity participation in start-ups. Alpine is also taking steps to work more closely with its parent company, ALPS ELECTRIC CO., LTD., with a view to providing total solutions for in-car equipment and redoubling its efforts to develop in-car devices featuring advanced consumer electronics technologies.

Meanwhile, Alpine is adapting to the greater demand for eco-cars such as EVs (electric vehicles) and HVs (hybrid vehicles). To this end, its product development is addressing the need for light-weight, energy-efficient, reasonably-priced vehicles, while it is improving the quality and range of features offered by driver support systems to ensure safety and peace of mind.

Alpine will take the necessary measures to address the persistently high levels of some procurement costs, including those for in-car displays. Such measures include working with its suppliers to implement value engineering (VE) and improve productivity, as well as bolstering its resilience to exchange rate fluctuations. At the same time, Alpine will build a profitable foundation for its business by driving forward its indirect restructuring.

Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Assets		
Current assets		
Cash and deposits	34,070	46,698
Notes and accounts receivable - trade	38,207	41,029
Merchandise and finished goods	21,141	21,115
Work in process	1,013	1,036
Raw materials and supplies	7,161	6,878
Deferred tax assets	2,018	3,008
Other	9,912	9,238
Allowance for doubtful accounts	(214)	(378)
Total current assets	113,311	128,628
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,380	25,306
Accumulated depreciation	(15,817)	(16,664)
Buildings and structures, net	8,562	8,642
Machinery, equipment and vehicles	20,023	22,103
Accumulated depreciation	(14,165)	(15,842)
Machinery, equipment and vehicles, net	5,857	6,260
Tools, furniture, fixtures and dies	51,777	51,347
Accumulated depreciation	(47,646)	(45,933)
Tools, furniture, fixture and dies, net	4,130	5,413
Land	4,896	4,988
Leased assets	146	214
Accumulated depreciation	(54)	(92)
Leased assets, net	92	122
Construction in progress	405	1,482
Total property, plant and equipment	23,944	26,909
Intangible assets	2,438	2,359
Investments and other assets		
Investment securities	25,864	29,493
Net defined benefit asset	–	11
Deferred tax assets	274	485
Other	2,287	2,820
Allowance for doubtful accounts	(58)	(12)
Total investments and other assets	28,367	32,797
Total non-current assets	54,750	62,066
Total assets	168,061	190,694

(Millions of yen)

	As of March 31, 2013	As of March 31, 2014
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,629	30,926
Short-term loans payable	239	–
Accrued expenses	9,690	10,386
Income taxes payable	1,064	1,757
Deferred tax liabilities	117	16
Provision for bonuses	1,839	2,107
Provision for directors’ bonuses	47	45
Provision for product warranties	4,810	6,132
Other	3,587	4,238
Total current liabilities	49,026	55,610
Non-current liabilities		
Deferred tax liabilities	5,478	5,836
Provision for retirement benefits	1,292	–
Net defined benefit liability	–	1,892
Provision for directors’ retirement benefits	677	353
Other	1,597	1,783
Total non-current liabilities	9,044	9,865
Total liabilities	58,070	65,475
Net assets		
Shareholders’ equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	55,320	63,272
Treasury shares	(17)	(13)
Total shareholders’ equity	106,129	114,085
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,434	6,629
Deferred gains or losses on hedges	19	–
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	(2,245)	5,554
Remeasurements of defined benefit plans	–	(899)
Total accumulated other comprehensive income	2,897	9,974
Minority interests	963	1,158
Total net assets	109,991	125,218
Total liabilities and net assets	168,061	190,694

(2) Consolidated statements of (comprehensive) income

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Net sales	222,309	285,884
Cost of sales	191,433	237,205
Gross profit	30,876	48,679
Selling, general and administrative expenses	28,571	38,865
Operating income	2,305	9,813
Non-operating income		
Interest income	161	202
Dividend income	341	361
Share of profit of entities accounted for using equity method	1,002	1,029
Foreign exchange gains	629	272
Insurance income for inventory extinguishment	–	111
Other	261	411
Total non-operating income	2,395	2,389
Non-operating expenses		
Interest expenses	83	45
Sales discounts	112	153
Commission fee	112	95
Loss on settlement of receivables on tooling	53	–
Loss on inventory extinguishment	–	102
Other	46	41
Total non-operating expenses	408	439
Ordinary income	4,291	11,763
Extraordinary income		
Gain on sales of non-current assets	18	47
Gain on sales of investment securities	0	–
Compensation income	1,181	491
Income of earthquake disaster reconstruction subsidy	84	–
Subsidy income	–	216
Other	99	27
Total extraordinary income	1,383	783
Extraordinary losses		
Loss on sales and retirement of non-current assets	130	171
Loss on valuation of investment securities	0	0
Provision of allowance for doubtful accounts	45	–
Loss on transition of retirement benefit plan	118	–
Loss on disaster	6	–
Other	27	5
Total extraordinary losses	329	176
Income before income taxes and minority interests	5,346	12,371
Income taxes - current	3,085	3,876
Income taxes - deferred	455	(859)
Total income taxes	3,541	3,016
Income before minority interests	1,804	9,354
Minority interests in income (loss)	57	125
Net income	1,747	9,229
Minority interests in income (loss)	57	125
Income before minority interests	1,804	9,354

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Other comprehensive income		
Valuation difference on available-for-sale securities	1,085	177
Deferred gains or losses on hedges	25	(19)
Foreign currency translation adjustment	5,489	5,134
Share of other comprehensive income of entities accounted for using equity method	1,127	2,751
Total other comprehensive income	7,729	8,044
Comprehensive income	9,533	17,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,351	17,205
Comprehensive income attributable to minority interests	182	194

(3) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2013	Fiscal year ended March 31, 2014
Cash flows from operating activities		
Income before income taxes and minority interests	5,346	12,371
Depreciation	6,106	6,100
Increase (decrease) in provision for retirement benefits	160	(1,364)
Increase (decrease) in net defined benefit liability	–	1,892
Increase (decrease) in provision for directors' retirement benefits	68	(323)
Interest and dividend income	(502)	(563)
Interest expenses	83	45
Share of (profit) loss of entities accounted for using equity method	(1,002)	(1,029)
Loss (gain) on sales of property, plant and equipment	30	18
Decrease (increase) in notes and accounts receivable - trade	650	1,157
Decrease (increase) in inventories	1,333	3,325
Increase (decrease) in notes and accounts payable - trade	(8,194)	(2,005)
Increase (decrease) in provision for product warranties	(342)	792
Other, net	498	(646)
Subtotal	4,237	19,768
Interest and dividend income received	509	1,032
Interest expenses paid	(109)	(46)
Income taxes paid	(3,274)	(3,288)
Income taxes refund	244	555
Net cash provided by (used in) operating activities	1,607	18,021
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,047)	(6,894)
Proceeds from sales of property, plant and equipment	42	92
Purchase of intangible assets	(675)	(775)
Payments of loans receivable	(5,904)	(3,163)
Collection of loans receivable	6,966	4,237
Other, net	(405)	(703)
Net cash provided by (used in) investing activities	(6,023)	(7,206)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	80	–
Repayments of long-term loans payable	(5,400)	–
Cash dividends paid	(1,394)	(1,394)
Proceeds from share issuance to minority shareholders	37	–
Other, net	(25)	(52)
Net cash provided by (used in) financing activities	(6,701)	(1,447)
Effect of exchange rate change on cash and cash equivalents	1,221	3,048
Net increase (decrease) in cash and cash equivalents	(9,895)	12,415
Cash and cash equivalents at beginning of period	43,947	34,052
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	212
Cash and cash equivalents at end of period	34,052	46,680

(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, 2014

(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	69,378	216,505	285,884	–	285,884
Internal sales or transfer among segments	741	220	961	(961)	–
Total	70,120	216,725	286,846	(961)	285,884
Segment profit (operating income)	2,552	11,857	14,410	(4,596)	9,813
Segment assets	31,707	126,394	158,102	32,592	190,694
Other items					
Depreciation and amortization	1,792	4,285	6,078	21	6,100
Increase in property, plant and equipment and intangible assets	2,076	6,100	8,177	16	8,193

Notes: 1. The adjustment of negative ¥961 million to total sales represents elimination of transactions among segments.

2. The adjustment of negative ¥4,596 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 ¥32,592 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.

5. Previously, Alpine and its consolidated subsidiaries in Japan adopted the declining-balance method for the depreciation method of property, plant and equipment, but this has been changed to the straight-line method from the first quarter of the current fiscal year. In accordance with this change, segment profit (operating income) for the fiscal year ended March 31, 2014 increased in comparison with the previous method; the Audio Products segment profit increased by ¥118 million and the Information and Communication Products segment profit increased by ¥297 million.

6. Alpine and its consolidated subsidiaries have changed the useful lives of dies, from the first quarter of the current fiscal year. In accordance with this change, segment profit (operating income) for the fiscal year ended March 31, 2014 increased in comparison with the previous method; the Audio Products segment profit increased by ¥70 million and the Information and Communication Products segment profit increased by ¥181 million.