

**Consolidated Financial Results**  
**for the First Six Months of the Fiscal Year Ending March 31, 2016**  
**<under Japanese GAAP>**

Company name: **Alpine Electronics, Inc.**  
Listing: First Section of the Tokyo Stock Exchange  
Code number: 6816  
URL: <http://www.alpine.com/e/investor/>  
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Scheduled date to file Quarterly Securities Report: November 12, 2015  
Scheduled date to commence dividend payments: November 30, 2015  
Preparation of supplementary material on quarterly earnings: Yes  
Holding of quarterly earnings performance review: Yes (for analysts and institutional investors)

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

**1. Consolidated performance for the first six months of the fiscal year ending March 31, 2016**  
**(from April 1, 2015 to September 30, 2015)**

**(1) Consolidated operating results (Cumulative)**

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ended								
September 30, 2015	139,757	(1.3)	3,550	(21.6)	3,845	(33.2)	11,405	171.1
September 30, 2014	141,630	2.6	4,529	19.8	5,754	28.6	4,207	39.6

(Note) Comprehensive income

For the first six months ended September 30, 2015: ¥9,553 million [40.2%]

For the first six months ended September 30, 2014: ¥6,815 million [(10.8)%]

	Basic earnings per share	Diluted earnings per share
First six months ended	Yen	Yen
September 30, 2015	165.30	165.24
September 30, 2014	60.69	60.69

**(2) Consolidated financial position**

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2015	219,264	151,655	68.4	2,174.85
March 31, 2015	211,309	144,223	67.4	2,058.51

(Reference) Equity

As of September 30, 2015: ¥149,918 million

As of March 31, 2015: ¥142,460 million

## 2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2015	–	10.00	–	20.00	30.00
Fiscal year ending March 31, 2016	–	15.00			
Fiscal year ending March 31, 2016 (Forecast)			–	15.00	30.00

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Fiscal year ending March 31, 2016	280,000	(4.9)	7,000	(39.3)	7,500	(50.0)	14,000	10.2		203.00

(Note) Revisions to the consolidated earnings forecasts most recently announced: Yes

For details on revisions to the consolidated earnings forecasts, please refer to the news release “Notice of Revisions to Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2016,” announced today (October 29, 2015).

\* **Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of a specific accounting procedure for preparing consolidated quarterly financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections
- a. Changes in accounting policies due to revisions to accounting standards: Yes
  - b. Changes in accounting policies due to other reasons: None
  - c. Changes in accounting estimates: Yes
  - d. Restatement of prior period financial statements after error corrections: None

(4) Number of issued shares (common shares)

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

As of September 30, 2015	69,784,501 shares
As of March 31, 2015	69,784,501 shares

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

As of September 30, 2015	851,625 shares
As of March 31, 2015	579,145 shares

c. Average number of shares during the period (cumulative from the beginning of the fiscal year)

For the first six months ended September 30, 2015	68,995,149 shares
For the first six months ended September 30, 2014	69,317,844 shares

\* **Indication regarding execution of quarterly review procedures**

This quarterly earnings report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly earnings report, the review procedures for quarterly financial statements in accordance with the Financial Instruments and Exchange Act are incomplete.

\* **Proper use of earnings forecasts and other special matters**

The earnings forecasts are based on information currently available to the Company at the time of the release of these materials. Actual business results may differ from the forecasts due to various factors. For information regarding the assumptions on which earnings forecasts are based and points to note when using the earnings forecasts, please refer to “(3) Information regarding consolidated earnings forecasts and other forward-looking statements” under “1. Qualitative Information Regarding Settlement of Accounts for the First Six Months” on page 2 of the accompanying materials.

(Method of accessing supplementary material on quarterly earnings)

Supplementary material on quarterly earnings will be available on the Company’s website, on Monday, November 2, 2015, when the quarterly earnings performance review will be held for analysts and institutional investors.

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

### (1) Information regarding operating results

In the global economy during the first six months ended September 30, 2015, although the employment situation and personal consumption progressed firmly in the U.S., there was a heightened mood of uncertainty concerning the future outlook of the emerging economies, particularly China and Brazil. In the Japanese economy, meanwhile, economic buoyancy spread at a moderate pace, supported by improved earnings of the export-related companies due to yen depreciation, recovery in personal consumption, and the purchasing demand of foreigners visiting Japan.

In the car electronics industry, the market grew owing to increased demand for infotainment systems such as navigation systems and display products, reflecting not only brisk sales of new cars in the U.S. automobile market attributable to lower crude oil prices, but also the accelerating use of electronics in cars accompanying the enhanced functionalization in cars and the fusion of functions between in-car equipment and smartphones. However, slowdown was observed in the Chinese automobile market, one of the world's largest, and concerns have arisen as to how this will affect the industry.

Under these circumstances, aiming to capture business growth, the Alpine Group worked to strengthen efforts to propose new technologies to automakers and secure orders while accelerating product development for business aimed at automakers from which new orders have been received. Alpine Electronics, Inc. (the "Company") exhibited at motor shows held in Thailand, China, and Indonesia where it presented its solutions tailored to specific vehicle models, revolving around navigation systems. Nevertheless, net sales declined as did income, reflecting deterioration in the product model mix.

As a result, during the first six months ended September 30, 2015, consolidated net sales decreased 1.3% compared with the corresponding period of the previous fiscal year, to ¥139.7 billion. Operating income decreased 21.6% to ¥3.5 billion, and ordinary income decreased 33.2% to ¥3.8 billion. Profit attributable to owners of parent amounted to ¥11.4 billion, an increase of 171.1% compared with the corresponding period of the previous fiscal year, owing to the recognition of a gain from the sale of shares of an equity method associate in China in association with business restructuring under extraordinary income.

Effective from the first quarter ended June 30, 2015, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ (Accounting Standards Board of Japan) Statement No. 21, September 13, 2013), etc. and former "net income" is now presented as "profit attributable to owners of parent."

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

#### < Audio Products segment >

In the Audio Products segment, facing an environment where sales to the aftermarket as well as to the OEM market are declining as a result of audio functions being combined with information and communication equipment such as navigation systems and display products, the Company focused on the market expansion of sound systems such as speakers and amplifiers that offer realistically reproduced high audio quality. In particular, in the OEM market, the Company has received high appraisal for its lightweight and slim-line speakers that aid in reducing the vehicle's fuel consumption and environmental footprint, and sales to U.S. automakers progressed firmly. However, sales to the aftermarket and the OEM market declined in Europe and the Asia region, and a harsh business environment continued for the segment overall.

Accordingly, segment sales decreased 16.6% compared with the corresponding period of the previous fiscal year, to ¥27.5 billion.

#### < Information and Communication Products segment >

In the Information and Communication Products segment, the Company worked to expand sales in the domestic aftermarket by launching new products tailored to specific vehicle models, an area in which the Company is an industry forerunner, including 10-inch large screen navigation systems with high-definition LCD display and large-screen rear vision systems, and proposing to customers, high value added systems optimally designed for the cabin space of specific vehicle models. In addition, the Company strived to develop overseas business markets. While working to switch the marketing policy for large-screen navigation systems tailored to pick-up trucks and SUVs in the U.S. aftermarket to one that focuses on specific vehicle-models targets, the Company concentrated on sales of models designed for specific vehicle models that obtained excellent evaluation from EISA (European Imaging and Sound Association) in the European aftermarket. Despite these efforts, however, the business environment remained difficult.

In the OEM market, sales of display products for new vehicles increased, accompanying strong sales of American and European luxury cars in North America.

Accordingly, sales in this segment grew 3.3% compared with the corresponding period of the previous fiscal year, to ¥112.1 billion.

## (2) Information regarding financial position

### (1) Assets, liabilities and net assets

Total assets stood at ¥219.2 billion as of September 30, 2015, an increase of ¥7.9 billion compared with the end of the previous fiscal year (March 31, 2015) due mainly to a ¥15.4 billion increase in cash and deposits, a ¥7.2 billion decrease in notes and accounts receivable - trade, a ¥4.7 billion increase in inventories, a ¥6.1 billion decrease in investment securities, and a ¥1.2 billion increase in other under investments and other assets.

Total liabilities increased ¥0.5 billion compared with the end of the previous fiscal year to ¥67.6 billion due mainly to a ¥1.4 billion decrease in notes and accounts payable - trade, a ¥4.3 billion increase in income taxes payable, a ¥2.0 billion decrease in accrued expenses, and a ¥0.5 billion decrease in other under current liabilities.

Net assets increased ¥7.4 billion compared with the end of the previous fiscal year to ¥151.6 billion due mainly to a ¥10.0 billion increase in retained earnings, a ¥0.7 billion decrease from purchase of treasury shares, a ¥1.0 billion decrease in foreign currency translation adjustment, and a ¥0.9 billion decrease in valuation difference on available-for-sale securities.

Consequently, equity ratio increased 1.0 percentage points from March 31, 2015, to 68.4%.

### (2) Cash flows

Cash and cash equivalents as of September 30, 2015 were ¥71.5 billion, a ¥15.4 billion increase from the end of the previous fiscal year (a ¥1.0 billion increase in the corresponding period of the previous fiscal year).

#### (Cash flows from operating activities)

Net cash provided by operating activities totaled ¥1.5 billion (¥5.2 billion was provided in the corresponding period of the previous fiscal year). Contributing factors were income before income taxes amounting to ¥19.4 billion, depreciation totaling ¥3.6 billion, and a ¥7.6 billion decrease in notes and accounts receivable - trade, despite gain on sales of shares of subsidiaries and associates amounting to ¥15.6 billion, a ¥4.5 billion increase in inventories, a ¥2.7 billion decrease in notes and accounts payable - trade and income taxes paid of ¥2.3 billion.

#### (Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥15.8 billion (¥3.8 billion was used in the corresponding period of the previous fiscal year). Major sources of cash were proceeds from sales of shares of subsidiaries and associates of ¥20.5 billion and collection of loans receivable of ¥0.2 billion. The principal uses of cash were ¥3.6 billion for purchase of property, plant and equipment, ¥0.4 billion for purchase of intangible assets and ¥0.6 billion for payments of loans receivable.

#### (Cash flows from financing activities)

Net cash used in financing activities was ¥1.7 billion (¥1.7 billion was used in the corresponding period of the previous fiscal year). Principal uses of cash were cash dividends paid of ¥1.3 billion and purchase of treasury shares of ¥0.7 billion.

Due to these factors, the free cash flows increased by ¥17.4 billion. Free cash flows are the sum of cash flows from operating activities and cash flows from investing activities.

## (3) Information regarding consolidated earnings forecasts and other forward-looking statements

For earnings forecasts, please refer to the news release "Notice of Revisions to Full-Year Earnings Forecasts for the Fiscal Year Ending March 31, 2016" announced today (October 29, 2015).

The exchange rates assumed for the last six months ending March 31, 2016, are US\$1 = ¥115.00 and €1 = ¥125.00.

### < Consolidated full-year earnings forecasts for the fiscal year ending March 31, 2016 >

Net sales	¥280.0 billion	(down 4.9% year on year)
Operating income	¥7.0 billion	(down 39.3% year on year)
Ordinary income	¥7.5 billion	(down 50.0% year on year)
Profit attributable to owners of parent	¥14.0 billion	(up 10.2% year on year)

## **2. Matters Regarding Summary Information (Notes)**

### **(1) Changes in significant subsidiaries during the period**

No items to report

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

No items to report

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

#### **(Changes in accounting policies)**

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter ended June 30, 2015, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013), the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013), etc. As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus. Furthermore, the presentation method for “net income” and other related items was changed, and “minority interests” was changed to “non-controlling interests.” To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the first six months of the previous fiscal year and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standards, etc. prospectively from the beginning of the first quarter ended June 30, 2015.

These changes in accounting policies have no impact on the consolidated quarterly financial statements for the first six months ended September 30, 2015.

#### **(Changes in accounting estimates)**

(Change in amortization period for actuarial differences in accounting for retirement benefit obligations)

Actuarial differences in accounting for retirement benefit obligations were previously amortized over a period within the average remaining working lives for employees (16 years). However, because the average remaining working lives for employees fell below the aforementioned years, the Company changed the amortization period from 16 years to 12 years from the first quarter ended June 30, 2015.

As a result of this change, compared with the figures based on the previous amortization period, operating income, ordinary income and income before income taxes for the first six months ended September 30, 2015, each decreased by ¥136 million.

### 3. Consolidated Quarterly Financial Statements

#### (1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
<b>Assets</b>		
Current assets		
Cash and deposits	56,150	71,593
Notes and accounts receivable - trade	42,238	35,034
Merchandise and finished goods	21,830	24,126
Work in process	857	921
Raw materials and supplies	7,970	10,332
Deferred tax assets	2,739	1,936
Other	11,447	11,754
Allowance for doubtful accounts	(280)	(189)
Total current assets	142,952	155,509
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,151	27,332
Accumulated depreciation	(17,819)	(18,135)
Buildings and structures, net	9,331	9,197
Machinery, equipment and vehicles	25,337	25,786
Accumulated depreciation	(18,339)	(18,649)
Machinery, equipment and vehicles, net	6,998	7,136
Tools, furniture, fixtures and dies	53,217	54,529
Accumulated depreciation	(46,824)	(47,982)
Tools, furniture, fixtures and dies, net	6,393	6,547
Land	5,041	5,047
Leased assets	199	209
Accumulated depreciation	(66)	(78)
Leased assets, net	132	130
Construction in progress	1,054	1,116
Total property, plant and equipment	28,952	29,176
Intangible assets	2,601	2,677
Investments and other assets		
Investment securities	32,950	26,781
Net defined benefit asset	50	14
Deferred tax assets	732	752
Other	3,083	4,364
Allowance for doubtful accounts	(12)	(12)
Total investments and other assets	36,803	31,900
Total non-current assets	68,357	63,754
Total assets	211,309	219,264

(Millions of yen)

	As of March 31, 2015	As of September 30, 2015
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	28,818	27,349
Short-term loans payable	–	400
Accrued expenses	11,819	9,792
Income taxes payable	2,919	7,300
Provision for bonuses	2,191	2,125
Provision for directors' bonuses	67	33
Provision for product warranties	5,942	6,290
Other	6,025	5,432
Total current liabilities	57,784	58,722
Non-current liabilities		
Deferred tax liabilities	4,301	4,100
Net defined benefit liability	2,733	2,575
Provision for directors' retirement benefits	60	50
Other	2,207	2,159
Total non-current liabilities	9,302	8,885
Total liabilities	67,086	67,608
<b>Net assets</b>		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	73,835	83,856
Treasury shares	(713)	(1,409)
Total shareholders' equity	123,949	133,273
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,937	6,991
Deferred gains or losses on hedges	(3)	(6)
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	12,689	11,598
Remeasurements of defined benefit plans	(801)	(627)
Total accumulated other comprehensive income	18,511	16,645
Subscription rights to shares	32	41
Non-controlling interests	1,731	1,694
Total net assets	144,223	151,655
<b>Total liabilities and net assets</b>	<b>211,309</b>	<b>219,264</b>

**(2) Consolidated quarterly statements of (comprehensive) income**

(Millions of yen)

	First six months ended September 30, 2014	First six months ended September 30, 2015
Net sales	141,630	139,757
Cost of sales	117,517	117,840
Gross profit	24,112	21,916
Selling, general and administrative expenses	19,583	18,366
Operating income	4,529	3,550
Non-operating income		
Interest income	107	136
Dividend income	201	206
Foreign exchange gains	543	–
Share of profit of entities accounted for using equity method	345	272
Other	199	329
Total non-operating income	1,397	944
Non-operating expenses		
Interest expenses	8	332
Foreign exchange losses	–	149
Commission fee	32	32
Sales discounts	66	85
Other	64	49
Total non-operating expenses	171	649
Ordinary income	5,754	3,845
Extraordinary income		
Gain on sales of non-current assets	18	11
Gain on liquidation of investment securities	52	–
Gain on sales of shares of subsidiaries and associates	–	15,620
Other	6	5
Total extraordinary income	76	15,637
Extraordinary losses		
Loss on sales and retirement of non-current assets	22	8
Total extraordinary losses	22	8
Income before income taxes	5,808	19,474
Income taxes - current	1,585	6,947
Income taxes - deferred	(43)	1,021
Total income taxes	1,541	7,969
Profit	4,266	11,505
Profit attributable to		
Profit attributable to owners of parent	4,207	11,405
Profit attributable to non-controlling interests	59	99

(Millions of yen)

	First six months ended September 30, 2014	First six months ended September 30, 2015
Other comprehensive income		
Valuation difference on available-for-sale securities	529	(940)
Deferred gains or losses on hedges	(0)	(2)
Foreign currency translation adjustment	2,771	(4)
Remeasurements of defined benefit plans, net of tax	97	173
Share of other comprehensive income of entities accounted for using equity method	(849)	(1,176)
Total other comprehensive income	2,548	(1,951)
Comprehensive income	6,815	9,553
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	6,681	9,539
Comprehensive income attributable to non-controlling interests	133	14

**(3) Consolidated quarterly statements of cash flows**

(Millions of yen)

	First six months ended September 30, 2014	First six months ended September 30, 2015
<b>Cash flows from operating activities</b>		
Income before income taxes	5,808	19,474
Depreciation	3,004	3,606
Loss (gain) on sales of shares of subsidiaries and associates	–	(15,620)
Decrease (increase) in notes and accounts receivable - trade	2,513	7,613
Decrease (increase) in inventories	(1,279)	(4,593)
Increase (decrease) in notes and accounts payable - trade	(2,342)	(2,711)
Other, net	(1,168)	(4,481)
Subtotal	6,536	3,287
Interest and dividend income received	648	591
Interest expenses paid	(8)	(11)
Income taxes paid	(2,005)	(2,340)
Income taxes refund	118	36
Net cash provided by (used in) operating activities	5,289	1,563
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,465)	(3,642)
Proceeds from sales of property, plant and equipment	73	36
Purchase of intangible assets	(458)	(442)
Purchase of investment securities	(8)	(22)
Proceeds from sales of shares of subsidiaries and associates	–	20,569
Payments of loans receivable	(711)	(679)
Collection of loans receivable	670	282
Other, net	35	(201)
Net cash provided by (used in) investing activities	(3,864)	15,899
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	–	400
Cash dividends paid	(1,046)	(1,383)
Purchase of treasury shares	(700)	(700)
Proceeds from share issuance to non-controlling shareholders	38	–
Dividends paid to non-controlling interests	(34)	(50)
Other, net	(33)	(33)
Net cash provided by (used in) financing activities	(1,775)	(1,767)
Effect of exchange rate change on cash and cash equivalents	1,437	(250)
Net increase (decrease) in cash and cash equivalents	1,086	15,444
Cash and cash equivalents at beginning of period	46,680	56,130
Cash and cash equivalents at end of period	47,766	71,575

#### (4) Notes to consolidated quarterly financial statements

(Notes on premise of going concern)

No items to report

(Notes on significant changes in the amount of shareholders' equity)

The Company purchased 274,900 treasury shares (¥699 million) in accordance with a resolution at a meeting of the Board of Directors on April 27, 2015. As a result, treasury shares increased by ¥696 million during the first six months ended September 30, 2015, bringing the amount of treasury shares to ¥1,409 million as of September 30, 2015.

(Segment information)

Segment information

1) First six months ended September 30, 2014

Information concerning sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustment (Note)	Amount on consolidated quarterly financial statements
	Audio Products segment	Information and Communication Products segment	Total		
Sales					
Sales to outside customers	33,103	108,527	141,630	–	141,630
Internal sales or transfer among segments	356	104	460	(460)	–
Total	33,459	108,631	142,090	(460)	141,630
Segment profit (operating income)	1,296	5,659	6,956	(2,426)	4,529

Note: The adjustment of negative ¥2,426 million to segment profit represents corporate expenses not allocated to reportable segments. The corporate expenses are principally costs related to the administration division and part of the development division that are not attributable to the segments.

2) First six months ended September 30, 2015

Information concerning sales and profit/loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustment (Note)	Amount on consolidated quarterly financial statements
	Audio Products segment	Information and Communication Products segment	Total		
Sales					
Sales to outside customers	27,594	112,162	139,757	–	139,757
Internal sales or transfer among segments	389	100	489	(489)	–
Total	27,984	112,263	140,247	(489)	139,757
Segment profit (operating income)	1,847	4,427	6,275	(2,725)	3,550

Notes: 1. The adjustment of negative ¥2,725 million to segment profit represents corporate expenses not allocated to reportable segments. The corporate expenses are principally costs related to the administration division and part of the development division that are not attributable to the segments.

2. As described in "Changes in accounting estimates," actuarial differences in accounting for retirement benefit obligations were previously amortized over a period within the average remaining working lives for employees (16 years). However, because the average remaining service years for employees fell below the aforementioned years, the Company changed the amortization period from 16 years to 12 years from the first quarter ended June 30, 2015.

As a result of this change, compared with the figures based on the previous amortization period, segment profit (operating income) for the first six months ended September 30, 2015 decreased; the Audio Products segment profit decreased by ¥26 million and the Information and Communication Products segment profit decreased by ¥110 million.

## (Significant subsequent events)

Concerning the “Investment in significant subsidiary, etc.” and “Establishment of significant subsidiary, etc.” disclosed in the first three months of the fiscal year ending March 31, 2016, the Company originally planned for the timing of investment to be August 2015. However, the procedures for obtaining the necessary approvals from the Chinese authorities are taking longer than planned and the Company now expects the investment will not be completed by the end of October, 2015.

The Company plans to make the investment as soon as the approval procedures are completed.

### A. Investment in significant subsidiary, etc.

#### 1) Purpose of investment

The Company has decided to reinvest in Neusoft Holdings (hereinafter “NHD”) for the purpose of the comprehensive reorganization of the group under the corporate umbrella of NHD, the target of this investment.

#### 2) Name, business activities, and size of investee

- Name: Neusoft Holdings
- Business activities: Education, medical treatment, IT solutions business
- Total assets: RMB2,433 million (approx. ¥45,740 million)

#### 3) Timing of investment

November 2015 (planned)

#### 4) Amount to be invested and ownership ratio after acquisition

- Amount to be invested: RMB577 million (approx. ¥10,847 million)
- Ownership ratio after acquisition: 10.35%

#### 5) Significant special arrangements, etc.

The Alpine Group plans to account for the target-of-investment company using the equity method because the target-of-investment company falls under the definition of an associate as provided for by ASBJ Statement No. 16, paragraph 5-2 (3); namely, (i) including the percentage of shares held by “persons whose consents are obtained” as provided for by ASBJ Guidance No. 22, paragraph 10, the ownership ratio of the target-of-investment company held by the Alpine Group is not less than 20%, and (ii) the requirement of ASBJ Statement No. 16, paragraph 5-2 (2)-1, is met, which requires that “a person who is or was an officer or employee of the Company or its subsidiary and who is able to exert an influence on the financial and operational or business policy decisions of the non-subsiary entity has been appointed to the position of representative director, director or any other position equivalent thereto at the non-subsiary entity.”

### B. Establishment of significant subsidiary, etc.

#### 1) Purpose of establishment

Aiming to further expand the automotive business in the Chinese market, the Company and NHD concluded a strategic alliance framework memorandum of agreement on June 10, 2015. The rapid development of the Chinese automobile industry has brought about various innovations and reforms. The Company believes that it is essential to take steps of software development and relevant technological development associated with the adoption in automobiles of artificial intelligence (AI) and internet technologies as well as renewable energies. Neusoft Reach Automotive Technology (Shanghai) Co., Ltd. aims to carry out significant technological development for the future automobile industry, using the more than 20 years of research and development of the Company and Neusoft Corporation as a base, and expand its business in the Chinese market.

#### 2) Name, business activities, and size of company to be established

- Name: Neusoft Reach Automotive Technology (Shanghai) Co., Ltd.
- Business activities: Development and sales of automotive technologies
- Capital: RMB384.6 million (approx. ¥7,230 million)

#### 3) Timing of establishment

November 2015 (planned)

#### 4) Capital contribution and ownership ratio after capital contribution

- Capital contribution: RMB150 million (approx. ¥2,820 million)
- Ownership ratio after capital contribution: 39.0%

#### 5) Significant special arrangements, etc.

The Company plans for the investee to become an associate accounted for using the equity method.

\* The above amounts in Japanese yen are stated based on the exchange rate of RMB1 to ¥18.80. The amounts may change due to fluctuations in currency exchange rates.