Translation

April 27, 2017

Consolidated Financial Results for the Fiscal Year Ended March 31, 2017 <under Japanese GAAP>

Company name: **Alpine Electronics, Inc.**
Listing: First Section of the Tokyo Stock Exchange
Code number: 6816
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Scheduled date of ordinary general meeting of shareholders: June 22, 2017
Scheduled date to commence dividend payments: June 23, 2017
Scheduled date to file Annual Securities Report: June 22, 2017
Preparation of supplementary material on earnings: Yes
Holding of earnings performance review: Yes (for analysts and institutional investors)

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

1. Consolidated performance for the fiscal year ended March 31, 2017 (from April 1, 2016 to March 31, 2017)

(1) Consolidated operating results

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March 31, 2017	247,751	(9.3)	5,612	3.3	7,439	20.6	7,760	(27.5)
March 31, 2016	273,056	(7.3)	5,434	(52.8)	6,170	(58.9)	10,698	(15.8)

(Note) Comprehensive income
For the fiscal year ended March 31, 2017: ¥3,672 million [34.9%]
For the fiscal year ended March 31, 2016: ¥2,722 million [(87.4)%]

	Basic earnings per share	Diluted earnings per share	Return on equity	Ordinary profit/ total assets	Operating profit/ net sales
Fiscal year ended	Yen	Yen	%	%	%
March 31, 2017	112.57	112.48	5.4	3.7	2.3
March 31, 2016	155.14	155.07	7.5	3.0	2.0

(Reference) Equity in earnings (losses) of affiliates
For the fiscal year ended March 31, 2017: ¥1,594 million
For the fiscal year ended March 31, 2016: ¥1,256 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, 2017	201,857	145,328	71.1	2,080.94
March 31, 2016	205,182	143,805	69.2	2,059.72

(Reference) Equity
As of March 31, 2017: ¥143,452 million
As of March 31, 2016: ¥141,983 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, 2017	3,478	3,441	(2,227)	53,309
March 31, 2016	2,043	(3,425)	(3,224)	49,282

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, 2016	–	15.00	–	15.00	30.00	2,067	19.3	1.5
Fiscal year ended March 31, 2017	–	15.00	–	15.00	30.00	2,068	26.7	1.4
Fiscal year ending March 31, 2018 (Forecast)	–	15.00	–	15.00	30.00		258.6	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First six months ending September 30, 2017	120,000	(0.7)	2,100	62.5	1,700	–	(1,000)	–	(14.51)
Fiscal year ending March 31, 2018	250,000	0.9	6,500	15.8	5,600	(24.7)	800	(89.7)	11.60

* Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) 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: None
b. Changes in accounting policies due to other reasons: Yes
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

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

As of March 31, 2017	69,784,501 shares
As of March 31, 2016	69,784,501 shares

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

As of March 31, 2017	847,284 shares
As of March 31, 2016	850,808 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2017	68,935,951 shares
Fiscal year ended March 31, 2016	68,964,206 shares

*** Consolidated financial results reports are not required to be audited.**

*** 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 "(4) Future outlook" under "1. Overview of Operating Results and Others" on page 3 of the accompanying materials.

(How to obtain supplementary material on earnings)
Supplemental materials on earnings will be posted on the Company's website on Monday, May 1, 2017.

1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year

In the global economy during the fiscal year ended March 31, 2017, US domestic demand was firm, and in Europe, economic activity continued to recover in spite of patchy performance from country to country. Meanwhile, concerns intensified about a possible economic downturn in emerging countries, such as China, as well as resource producing countries, due to slowing of growth in those countries. In the Japanese economy, there were signs of a moderate recovery; however a mood of uncertainty surrounded the future outlook due to increased uncertainty in overseas economies, such as fluctuations in exchange rates, caused by the issues arising from the U.K.'s leaving from the EU and the effects of the United States presidential elections, as well as risks in European financial and capital markets.

In the car electronics industry, collaboration between the in-car IT field which centers on infotainment systems, and new fields such as the use of electronics in cars, vehicle automation and artificial intelligence (AI) is expanding and it leads competition to be intensified regardless of business area or type.

Under these circumstances, the Alpine Group (the "Group") regards this fiscal year as a year to implement reforms in order to build the foundation for the growth described in VISION2020, its corporate vision targeting the 2020 fiscal year. To this end, it has worked to enhance its corporate standing through means such as organizational reform of the R&D division, improving efficiency of R&D investment, and promoting to lower cost prices.

Furthermore, on the growth front, Alpine Electronics, Inc. (the "Company") exhibited at motor shows in China, which is the world's largest automobile market where it presented its solutions tailored to specific vehicle models, revolving around navigation systems and premium sound systems. In addition, the Company aimed at expansion of sales by rolling out high value added new models in the domestic and overseas aftermarket. In addition, with the EV (Electric Vehicle) market rapidly expanding in China, the Company implemented a capital increase in an entity accounted for using equity method, which has been focusing on EV-related business such as development of next-generation battery control systems, in working to strengthen its development functions. Moreover, the Company has made a strategic move to the future growth, such as by commencing development of next-generation in-car systems in collaboration with IBM Japan, Ltd., in preparation for self-driving cars becoming common place, and by entering a strategic business alliance with TOSHIBA CORPORATION, in order to create new businesses that utilize compact unmanned aerial vehicles, drones, and apply the position control technology fostered through the development of car navigation systems. In addition, the Company has worked to strengthen its business platforms by promoting efforts for reorganization of its production system, in preparation for business integration of domestic manufacturing subsidiaries in April 2017.

Nevertheless net sales declined due to worsening of external conditions, such as abrupt short-term fluctuations in exchange rates. Meanwhile, operating profit increased slightly, mainly due to curtailed non-current expenses.

As a result, during the fiscal year ended March 31, 2017 (April 2016 to March 2017), consolidated net sales decreased 9.3% compared with the previous fiscal year, to ¥247.7 billion. Operating profit increased 3.3% to ¥5.6 billion, and ordinary profit increased 20.6% to ¥7.4 billion, due to an increase in share of profit of entities accounted for using equity method. Profit attributable to owners of parent amounted to ¥7.7 billion, a decrease of 27.5% compared with the previous fiscal year, due to a decrease in gain on sales of shares of subsidiaries and associates that was recorded under extraordinary income.

(Segment information related to overall fiscal 2016 business performance by type of business)

(i) Audio Products segment

In the Audio Products segment, although there was a trend toward a decline in sales to the aftermarket as well as to the OEM market as a result of audio functions being combined with information and communication equipment such as navigation systems and display products, the Company focused on sales expansion by conducting promotion activities for sound systems to the aftermarket, etc. Furthermore, in the OEM market, the Company focused on increasing orders for slim-line and lightweight speakers that aid in the vehicle's fuel consumption and environmental footprint, and its new lightweight and compact free layout speakers that improve freedom of placement in order to adapt to changes in the vehicle's interior design, in addition to speakers and amplifiers that offer realistically reproduced high-quality audio tailored to luxury vehicle models with exceptionally quiet cabins. However, segment sales overall were impacted by a harsh business environment for the aftermarket as well as the OEM market.

Accordingly, segment sales decreased 13.0% compared with the previous fiscal year, to ¥45.9 billion.

(ii) Information and Communication Products segment

In the Information and Communication Products segment, the Company worked to create differentiation from rival companies by launching the Big X series of new 11-inch large-screen navigation systems in the domestic aftermarket, in which competition has intensified for large-screen navigation systems for minivans, as well as proposing total systems including rear monitors and front cameras to customers, particularly drivers in their child-rearing years. In addition, through alliances with car sharing companies, the Company installed system products in minivans, aiming at acquiring new purchasers. Furthermore, the Company commenced sales of new products that are compatible with Apple CarPlay® and 9-inch screen in-dash systems in the U.S. aftermarket. Sales for the domestic aftermarket were favorable due to these measures implemented, and sales for the aftermarket were robust overall because the Company was able to make up for the slump in businesses tailored to specific vehicle models in the U.S. and Europe aftermarkets. In the OEM market, although sales were robust for display products aimed at European automakers, sales decreased due to the effects of model changeovers for some models produced by Japanese automakers.

Accordingly, segment sales decreased 8.4% compared with the previous fiscal year, to ¥201.7 billion.

(2) Overview of financial position for the fiscal year

(Assets, liabilities and net assets)

Total assets stood at ¥201.8 billion as of March 31, 2017, a decrease of ¥3.3 billion compared with the end of the previous fiscal year, due mainly to a ¥4.0 billion increase in cash and deposits, a ¥2.6 billion increase in notes and accounts receivable - trade, a ¥4.4 billion decrease in inventories, a ¥4.4 billion decrease in other current assets, a ¥1.3 billion decrease in property, plant and equipment.

Total liabilities decreased ¥4.8 billion compared with the end of the previous fiscal year to ¥56.5 billion due mainly to a ¥3.0 billion decrease in notes and accounts payable - trade, a ¥0.4 billion increase in accrued expenses, a ¥0.7 billion decrease in provision for product warranties, a ¥1.1 billion decrease in other current liabilities, and a ¥0.2 billion decrease in other non-current liabilities.

Net assets increased ¥1.5 billion compared with the end of the previous fiscal year to ¥145.3 billion, due mainly to a ¥5.6 billion increase in retained earnings and a ¥4.0 billion decrease in foreign currency translation adjustment.

Consequently, equity ratio increased 1.9 percentage points from March 31, 2016, to 71.1%.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents as of March 31, 2017 were ¥53.3 billion, a ¥4.0 billion increase from the end of the previous fiscal year (a ¥6.8 billion decrease in the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥3.4 billion (¥2.0 billion was provided in the previous fiscal year). Contributing factors were profit before income taxes amounting to ¥13.1 billion, depreciation totaling ¥6.4 billion, a ¥3.2 billion decrease in inventories, despite share of profit of entities accounted for using equity method amounting to ¥1.5 billion, gain on sales of shares of subsidiaries and associates amounting to ¥6.2 billion, a ¥4.5 billion increase in notes and accounts receivable - trade, a ¥1.0 billion decrease in notes and accounts payable - trade and income taxes paid of ¥5.9 billion.

(Cash flows from investing activities)

Net cash provided by investing activities amounted to ¥3.4 billion (¥3.4 billion was used in the previous fiscal year). Looking at the principal factors for provision of cash, factors increasing cash of ¥9.3 billion for proceeds from sales of shares of subsidiaries and associates and ¥5.4 billion of collection of loans receivable more than offset factors decreasing cash of ¥4.9 billion for purchase of property, plant and equipment, ¥2.9 billion for purchase of intangible assets, ¥2.2 billion for payments of loans receivable and ¥1.6 billion for payments for investments in capital.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2.2 billion (¥3.2 billion was used in the previous fiscal year). Principal use of cash was ¥2.0 billion of cash dividends paid.

Due to these factors, the free cash flows increased by ¥6.9 billion (¥1.3 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, 2013	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017
Equity ratio (%)	64.9	65.1	67.4	69.2	71.1
Market value equity ratio (%)	37.7	49.5	65.6	42.4	54.7
Interest-bearing debt to cash flow ratio (times)	0.1	0.0	0.0	0.1	0.0
Interest coverage ratio (times)	14.7	390.0	764.2	5.4	175.4

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.

(4) Future outlook

It is expected that the outlook for the global economy will remain unclear, as uncertainty, such as geopolitical risk, increases, in addition to policy trends of the new administration in the U.S., and the rise of protectionism in the U.S. and Europe. Furthermore, in the car electronics industry, the business environment is expected to remain harsh with technological advancement, intensification of competition between companies, etc.

Under these circumstances, the Group will conduct structural reforms by reorganization of the group, such as by enhancing its technological development capabilities by absorbing its domestic technological development subsidiaries into the Company and improving production efficiency by integrating its three domestic manufacturing subsidiaries, and promote the establishment of firmer business platforms with an eye to achieving VISION2020, its corporate vision targeting the 2020 fiscal year. Furthermore, the following efforts are being made in the business.

(i) Audio Products segment

In addition to pursuing increased sales of the sound systems that already have been well received in the OEM market, Alpine is targeting higher orders by seeking to create added value for its lightweight and slim-line speakers that aid in reducing the vehicle's fuel consumption and environmental footprint, and its new lightweight and compact free layout speakers that improve freedom of placement in order to adapt to changes in the vehicle's interior design.

(ii) Information and Communication Products segment

Alpine is striving to expand sales of large-screen navigation systems tailored to specific vehicle models rolled out in U.S. and Europe aftermarkets with the aim of fostering fresh demand, while also continuing to focus its sights on pick-up trucks and SUVs in the U.S., where strong vehicle sales continue. In addition, in the domestic aftermarket, Alpine will aim to expand sales by promoting the customizing of cars by equipping them with our large-screen navigation systems, the largest in the industry, and rear monitors, and providing specific design choices for the cabin interior and exterior components.

Taking into account factors that can be assumed at the time of writing, our consolidated earnings forecasts for the fiscal year ending March 31, 2018 are as follows:

<Consolidated earnings forecasts>

Net sales	¥250.0 billion	(up 0.9% year on year)
Operating profit	¥6.5 billion	(up 15.8% year on year)
Ordinary profit	¥5.6 billion	(down 24.7% year on year)
Profit attributable to owners of parent	¥0.8 billion	(down 89.7% year on year)

* Prerequisite exchange rate assumptions for forward-looking statements: US$1 = ¥108 and €1 = ¥116

(5) Basic policy on profit distribution and dividends for the fiscal year ended March 31, 2017 and fiscal year ending March 31, 2018

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 in the business of automotive infotainment (Audio Products and Information and Communication Products segments) with consideration given to a proper balance among the three; returning profits to shareholders, proactive investment on R&D and facilities for enhancing competitiveness, and internal reserves directed toward future business growth.

With regard to the year-end dividend for the fiscal year under review, based on the above basic policy, Alpine plans to submit a proposal to pay ¥15 per share to the 51st Ordinary General Meeting of Shareholders, giving comprehensive consideration to performance trends, future business development, financial strength, etc. As Alpine paid an interim dividend of ¥15 per share, the planned annual dividend is therefore ¥30 per share. For the fiscal year ending March 31, 2018, the planned dividend is ¥30 per share, including the interim dividend of ¥15 per share.

2. Business Policy, Business Environment, Issues to Address, etc.

(1) Alpine's fundamental business policy

As a member of the Alps Group, whose business operations center on Alps Electronics, the Company considers the Alps Group's founding spirit (Alps Precepts) to be the point of origin for business operations of the Alps Group, and accordingly makes efforts to maximize corporate value through cooperation within the Alps Group. Alpine's corporate philosophy entails respect for individuality, creating value, and contribution to society, and guided by the vision statement of VISION2020, its corporate vision targeting the year 2020, "Alpine aims to be a Mobile Media Innovation Company that provides you with an enjoyable car lifestyle." Alpine will continue to enhance its corporate value by tackling the challenge of generating value more creatively and innovatively as a craftsmanship-oriented manufacturer.

(2) Target business indicator

Alpine emphasizes consolidated business management including its associates in Japan and overseas, and targeting a consolidated operating profit to net sales ratio exceeding 5%. It will continue to coordinate its development, manufacturing, and sales capabilities to enhance sustainable growth and its earning power.

(3) Mid- to Long-term business strategy

In the car electronics industry, collaboration between the in-car IT field which centers on infotainment systems, and new fields such as the use of electronics in cars, vehicle automation and artificial intelligence (AI) is expanding and it leads competition to be intensified regardless of business area or type, and demands for quality, price, and delivery dates from automakers have been even more stringent.

To address this situation, Alpine is now exerting group-wide efforts aiming at realizing its corporate vision VISION2020, which was formulated during the 2014 fiscal year, states what is to be achieved by 2020. Alpine considers the three-year period from 2017 as the period to conduct corporate reforms to achieve VISION2020. To achieve the target of its mid-term business plan and accelerate the construction of a foundation for growth beyond 2020, Alpine aims to increase its corporate value by securely promoting measures under the following strategy to reinforce its corporate standing, increase profitability, and create unique value.

a. Continue to invest in R&D in the Information and Communication Products segment, which forms a central pillar of Alpine's sales and profit. At the same time, establish new business platforms by increasing R&D investment ratio into developing more advanced smartphone-integrated products and the new fields such as new HMI (human machine interfaces).
b. Involve the whole Group in remodeling product designs, reforming design processes, and pursuing unparalleled quality at installation and on the market, while striving to boost quality and strengthen the Group's ability to compete on price by actively carrying out capital investment for production management reform.
c. Improve customer satisfaction levels and restructure earnings and costs by optimizing the Group's capabilities in development, procurement, production, and sales on a global basis (in Japan, the Americas, Europe, China and elsewhere in Asia), promote shifting of resources to growth areas through scrap-and-build strategies, to create a strong corporate standing.
d. Continue to strengthen internal control and boost risk management and compliance measures primarily through the efforts of the CSR committee as a response to the risks associated with corporate activities become more diverse.

(4) Issues to address

In the car electronics industry, the importance of in-car systems is rapidly increasing with the advances in information terminals for automobiles, the progress in driver support and vehicle automation technologies, and the like with a focus on the three policy axes of safety, information and environment. The collaboration of infotainment systems with safety packages that utilize cameras, sensors, etc., and the integration with meter cluster panels exemplify this. In addition the industry has begun to shift away from being a hardware-centric business to focusing on systems that combine hardware with vehicle control and software, such as the sophistication of data transmission systems and map data that is required as competition to develop a Connected Car intensifies. Furthermore, new entrants in the field of automated driving from different industry sectors represented by the IT industry, as well as the evolution of advanced information processing such as big data or AI may have the possibility of completely changing not only the business model of the automobile industry, but also the mobility society and lifestyles of consumers as well.

Under these circumstances, Alpine Group will provide products and services to meet the needs of customers more closely, as well as strive to develop products with improved quality and functionalities. Alpine especially recognizes reinforcement of software development capabilities as a key issue for management, cultivates development of leading-edge technologies by forming business alliances, investing equity in venture companies, and the like, and works to improve efficiency of R&D investment. In addition, Alpine is also taking steps to work more closely with its parent company, ALPS ELECTRIC CO., LTD., and focus on advanced consumer electronics technologies and fusion of devices that will serve as the core for ADAS (Advanced Driver Assistance System) and infotainment systems, and thus to provide total solutions for in-car information systems such as Digital Cockpit for automakers. Moreover, as concern over eco-cars including EV (Electric Vehicle) or HV (Hybrid Vehicle) increases, Alpine will enhance development of next-generation products to conform to demand for lightening and electricity saving in automobiles.

3. Basic Concept Regarding Selection of Accounting Standard

Alpine and the Alpine Group have a policy to prepare the consolidated financial statements based on the generally accepted accounting standards in Japan (Japanese GAAP), giving consideration to the possibility of comparing the consolidated financial statements between terms and with other companies.

With respect to application of IFRS, Alpine’s policy is to respond appropriately in accordance with the policy of its parent company ALPS ELECTRIC CO., LTD.

4. Consolidated Financial Statements and Significant Notes Thereto

(1) Consolidated balance sheets

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Assets		
Current assets		
Cash and deposits	49,282	53,309
Notes and accounts receivable - trade	36,742	39,429
Merchandise and finished goods	20,885	18,310
Work in process	1,003	737
Raw materials and supplies	8,236	6,591
Deferred tax assets	1,168	1,197
Other	13,323	8,894
Allowance for doubtful accounts	(260)	(139)
Total current assets	130,382	128,330
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,863	26,360
Accumulated depreciation	(18,106)	(18,378)
Buildings and structures, net	8,756	7,981
Machinery, equipment and vehicles	24,109	23,937
Accumulated depreciation	(17,833)	(17,939)
Machinery, equipment and vehicles, net	6,275	5,997
Tools, furniture, fixtures and dies	52,954	52,271
Accumulated depreciation	(46,793)	(46,592)
Tools, furniture, fixture and dies, net	6,160	5,679
Land	4,946	4,863
Leased assets	189	199
Accumulated depreciation	(71)	(86)
Leased assets, net	117	112
Construction in progress	1,150	1,459
Total property, plant and equipment	27,408	26,095
Intangible assets	2,668	4,457
Investments and other assets		
Investment securities	25,343	25,199
Investments in capital	16,246	13,881
Net defined benefit asset	14	60
Deferred tax assets	702	679
Other	2,423	3,158
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	44,724	42,974
Total non-current assets	74,800	73,527
Total assets	205,182	201,857

(Millions of yen)

	As of March 31, 2016	As of March 31, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	27,088	24,079
Accrued expenses	8,553	9,033
Income taxes payable	893	944
Deferred tax liabilities	–	0
Provision for bonuses	2,027	2,211
Provision for directors' bonuses	42	55
Provision for product warranties	5,617	4,841
Other	6,737	5,538
Total current liabilities	50,961	46,705
Non-current liabilities		
Deferred tax liabilities	4,697	4,548
Net defined benefit liability	3,590	3,410
Provision for directors' retirement benefits	55	70
Other	2,073	1,794
Total non-current liabilities	10,416	9,823
Total liabilities	61,377	56,529
Net assets		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,903
Retained earnings	82,115	87,758
Treasury shares	(1,407)	(1,401)
Total shareholders' equity	131,534	137,180
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,653	7,338
Deferred gains or losses on hedges	(5)	(0)
Revaluation reserve for land	(1,310)	(1,261)
Foreign currency translation adjustment	5,914	1,908
Remeasurements of defined benefit plans	(1,803)	(1,713)
Total accumulated other comprehensive income	10,449	6,272
Subscription rights to shares	54	83
Non-controlling interests	1,766	1,791
Total net assets	143,805	145,328
Total liabilities and net assets	205,182	201,857

(2) Consolidated statements of (comprehensive) income

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Net sales	273,056	247,751
Cost of sales	231,107	205,495
Gross profit	41,949	42,256
Selling, general and administrative expenses	36,515	36,644
Operating profit	5,434	5,612
Non-operating income		
Interest income	276	272
Dividend income	415	487
Share of profit of entities accounted for using equity method	1,256	1,594
Other	577	477
Total non-operating income	2,525	2,832
Non-operating expenses		
Interest expenses	379	19
Foreign exchange losses	842	507
Sales discounts	141	100
Commission fee	65	65
Overseas withholding tax	196	203
Other	165	108
Total non-operating expenses	1,789	1,005
Ordinary profit	6,170	7,439
Extraordinary income		
Gain on sales of non-current assets	91	64
Gain on sales of investment securities	–	127
Gain on sales of shares of subsidiaries and associates	15,620	6,268
Compensation income	315	25
Other	175	–
Total extraordinary income	16,203	6,485
Extraordinary losses		
Loss on sales and retirement of non-current assets	65	68
Loss on valuation of investment securities	73	–
Loss on change in equity	–	700
Other	–	25
Total extraordinary losses	138	793
Profit before income taxes	22,234	13,131
Income taxes - current	8,666	5,797
Income taxes - deferred	2,612	(560)
Total income taxes	11,278	5,237
Profit	10,955	7,894
Profit attributable to		
Profit attributable to owners of parent	10,698	7,760
Profit attributable to non-controlling interests	256	134
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,912)	887
Deferred gains or losses on hedges	(1)	4
Foreign currency translation adjustment	(4,233)	(2,058)
Remeasurements of defined benefit plans, net of tax	(1,002)	91
Share of other comprehensive income of entities accounted for using equity method	(1,082)	(3,146)
Total other comprehensive income	(8,233)	(4,221)
Comprehensive income	2,722	3,672
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,637	3,533
Comprehensive income attributable to non-controlling interests	85	138

(3) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2016	Fiscal year ended March 31, 2017
Cash flows from operating activities		
Profit before income taxes	22,234	13,131
Depreciation	7,240	6,417
Increase (decrease) in net defined benefit liability	229	(91)
Increase (decrease) in accrued expenses	(3,009)	698
Interest and dividend income	(692)	(760)
Interest expenses	379	19
Share of (profit) loss of entities accounted for using equity method	(1,256)	(1,594)
Loss (gain) on sales of property, plant and equipment	(64)	(30)
Loss (gain) on sales of shares of subsidiaries and associates	(15,620)	(6,268)
Decrease (increase) in notes and accounts receivable - trade	4,956	(4,539)
Decrease (increase) in inventories	(1,281)	3,238
Increase (decrease) in notes and accounts payable - trade	(39)	(1,079)
Increase (decrease) in provision for product warranties	(46)	(585)
Other, net	(1,159)	49
Subtotal	11,870	8,604
Interest and dividend income received	919	809
Interest expenses paid	(379)	(19)
Income taxes paid	(10,428)	(5,949)
Income taxes refund	60	34
Net cash provided by (used in) operating activities	2,043	3,478
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,650)	(4,924)
Proceeds from sales of property, plant and equipment	203	226
Purchase of intangible assets	(843)	(2,932)
Payments of loans receivable	(3,728)	(2,240)
Proceeds from sales of shares of subsidiaries and associates	20,569	9,398
Payments for investments in capital	(14,005)	(1,683)
Collection of loans receivable	1,258	5,430
Other, net	(228)	168
Net cash provided by (used in) investing activities	(3,425)	3,441
Cash flows from financing activities		
Purchase of treasury shares	(700)	(0)
Cash dividends paid	(2,417)	(2,067)
Dividends paid to non-controlling interests	(50)	(64)
Other, net	(56)	(94)
Net cash provided by (used in) financing activities	(3,224)	(2,227)
Effect of exchange rate change on cash and cash equivalents	(2,367)	(665)
Net increase (decrease) in cash and cash equivalents	(6,973)	4,026
Cash and cash equivalents at beginning of period	56,130	49,282
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	125	–
Cash and cash equivalents at end of period	49,282	53,309

(4) Notes to consolidated financial statements

(Notes on assumptions for going concern)

No items to report.

(Significant matters forming the basis of preparing consolidated financial statements)

1. Scope of consolidation

There are 34 consolidated subsidiaries.

2. Application of the equity method

There are three associates accounted for using the equity method.

The closing date of the three associates accounted for using the equity method is December 31. In preparing the consolidated financial statements, the financial statements as of said closing date are used, and necessary adjustments are made in the consolidated financial statements for significant transactions that occur between these fiscal year-ends and the consolidated closing date.

Disclosure has been omitted because there have been no other significant changes from the items stated in the most recent Annual Securities Report (filed on June 22, 2016).

(Change in accounting policy)

(Recognition of internal production costs for embedded software as assets)

The Company and its consolidated subsidiaries previously recognized software production costs for embedded software as expenses as incurred; however, this has changed from the fiscal year under review, and said production costs are now recognized as intangible assets.

With regard to the Group's audio and in-car IT products, there has been an enlargement of systems and increases in embedded software due to factors such as the acceleration of use of electronics in cars accompanying the enhanced functionalization in cars and the fusion of functions between in-car equipment and smartphones, while the demands of automakers have shifted from the development of individual products for each region to the development of globally uniform products. The Company recognizes the importance to not only continue to enhance its product development capabilities, which it has carried out up until now in order to apply and develop its own unique technology, but also the recent needs to respond swiftly to enlargement of systems and increases in embedded software while utilizing externally commissioned development and joining in alliances with other companies. The Company expects such trends to continue to strengthen.

Against this backdrop structural changes were made, mainly to the Company's development division, as of January 1, 2016, and the software development process was made more transparent. In addition, in February 2016, a review of the operation of the system to track the man-hours utilized in the development process was begun. As a result, since April 2016, it has been possible to precisely track the internal production costs of embedded software. Because of this, although the entire software production costs for embedded software previously recognized as expenses as incurred, the accounting treatment has now changed to a method of recognizing the cost of production activities relating to improvements and enhancements of the functions of product masters or purchased software as intangible assets, and recognizing expenses in accordance with sales thereof.

As a result of this change, compared with the figures based on the previous method, operating profit, ordinary profit and profit before income taxes each increased by ¥808 million for the fiscal year under review. Furthermore, because of the extreme difficulty in applying this change in accounting policy retroactively to previous fiscal years, it has not been retroactively applied to the previous fiscal year and prior years.

(Change in presentations)

(Consolidated statements of cash flows)

"Increase (decrease) in provision for directors' retirement benefits," which has been separately presented under cash flows from operating activities in the previous fiscal year lacks significance, it is included in "other, net" in the fiscal year under review. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result of the change, negative ¥4 million presented as "increase (decrease) in provision for directors' retirement benefits" under cash flows from operating activities in the consolidated statements of cash flows of the previous fiscal year has been reclassified into "other, net."

(Changes in accounting estimates)

No items to report.

(Additional information)

(Application of ASBJ Guidance on Recoverability of Deferred Tax Assets)

Effective from the first quarter ended June 30, 2016, the Company has applied the "Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26, March 28, 2016).

(Omission of disclosure)

Notes regarding the consolidated balance sheets, the consolidated statements of income and comprehensive income, the consolidated statements of changes in net assets, the consolidated statements of cash flows, lease transactions, financial instruments, securities, derivative transactions, retirement benefits, tax effect accounting and transactions with parties concerned are omitted because the necessity to disclose them in this consolidated financial results report is deemed to be slight.

(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, profit/loss, assets, liabilities and other items by reportable segment

The accounting methods for the reportable segments are generally the same as the methods described in "Significant matters forming the basis of preparing consolidated financial statements."

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

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

Fiscal year ended March 31, 2017

(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	45,973	201,778	247,751	–	247,751
Internal sales or transfer among segments	756	161	918	(918)	–
Total	46,730	201,940	248,670	(918)	247,751
Segment profit (operating profit)	2,475	8,233	10,709	(5,096)	5,612
Segment assets	28,665	148,579	177,245	24,612	201,857
Other items					
Depreciation and amortization	1,546	4,850	6,397	20	6,417
Increase in property, plant and equipment and intangible assets	1,537	6,435	7,973	5	7,978

Notes: 1. The adjustment of negative ¥5,096 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. The adjustment of ¥24,612 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.

3. The adjustment of ¥26 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.

4. As described in "Change in accounting policy," the Company and its consolidated subsidiaries previously recognized software production costs for embedded software as expenses as incurred; however, this has changed from the fiscal year under review, and said production costs are now recognized as intangible assets.

   As a result of this change, compared with the figures based on the previous method, segment profit (operating profit) for the fiscal year under review increased; the Audio Products segment profit increased by ¥160 million and the Information and Communication Products segment profit increased by ¥648 million.

(Significant subsequent events)

(Absorption-type merger of consolidated subsidiary)

At the meeting of the Board of Directors held on November 22, 2016 a resolution had been made to execute an absorption-type merger whereby, effective April 1, 2017, the Company's wholly owned consolidated subsidiary ALPINE GIKEN INC. (hereinafter "ALPINE GIKEN") would be merged into the Company. However, it has been ascertained that this merger has not become effective and that the relevant merger agreement has been invalidated as procedures for protection of creditors relating to this merger were insufficient. Thus at the meeting of the Board of Directors, held on April 21, 2017, a resolution was made once more to execute an absorption-type merger of ALPINE GIKEN into the Company, effective June 16, 2017.

1. Purpose of business reorganization

ALPINE GIKEN designs in-vehicle electronic components and develops software for the Company's brands and domestic automakers. Through this merger, ALPINE GIKEN will be merged into the Company to consolidate these functions with those of the Company in order to strengthen development functions and improve development efficiency.

2. Overview of transaction

(1) Name of companies involved in business combination and description of their business activities

Name of surviving company: Alpine Electronics, Inc.

Business activities: Manufacture and sale of audio products and information and communication products

Name of absorbed company: ALPINE GIKEN, INC.

Business activities: Development and design of audio products and information and communication products

(2) Date of business combination (effective date)

June 16, 2017 (planned)

(3) Legal form of business combination

The planned method of merger is an absorption-type merger, whereby the Company will be the surviving company and ALPINE GIKEN will be dissolving.

(4) Name of the company after business combination

Alpine Electronics, Inc.

3. Overview of accounting treatments to be applied

Based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and the "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013), the Company will treat the business combination as a "transaction under common control."

Furthermore, in line with the absorption-type merger of ALPINE GIKEN, this company's retirement benefit plans will be integrated into the Company's plans. The Company will treat the integration in accordance with the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, December 16, 2016), the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, December 16, 2016), the "Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1, December 16, 2016) and the "Practical Solution on Accounting for Transfer between Retirement Benefit Plans" (ASBJ PITF No. 2, May 17, 2012).

The impact related to this transaction is currently being calculated.

(Merger between consolidated subsidiaries)

At the meeting of the Board of Directors held on November 22, 2016 a resolution was made to execute an absorption-type merger, effective April 1, 2017, between the Company's wholly owned consolidated subsidiaries ALPINE TECHNOLOGY MANUFACTURING, INC. (hereinafter "ALPINE TECHNO"), ALPINE PRECISION, INC. (hereinafter "ALPINE PRECISION"), and ALPINE MANUFACTURING, INC. (hereinafter "ALPINE MANUFACTURING"), whereby, ALPINE TECHNO and ALPINE PRECISION would be merged into ALPINE MANUFACTURING.

1. Purpose of business reorganization

ALPINE TECHNO performs the processes of mounting and assembling printed circuit boards, the process of assembling FA equipment, and the sale of these projects. ALPINE PRECISION performs the manufacture and sale of the mechanical unit and nose (exterior part) of the Company's products. Through this merger, ALPINE PRECISION and ALPINE TECHNO will be merged with ALPINE MANUFACTURING to consolidate these functions with those of ALPINE MANUFACTURING in order to strengthen the manufacturing functions and improve production efficiency as a domestic seamless production plant for component processes and finished product assembly.

2. Overview of transaction

(1) Name of companies involved in business combination and description of their business activities

Name of surviving company: ALPINE MANUFACTURING, INC.

Business activities: Manufacture and sale of audio products and information and communication products

Name of absorbed companies: ALPINE TECHNOLOGY MANUFACTURING, INC.
ALPINE PRECISION, INC.

Business activities: Manufacture and sale of electronic components and electronic equipment
Manufacture and sale of audio products and information and communication products

(2) Date of business combination (effective date):

April 1, 2017

(3) Legal form of business combination

The planned method of merger is an absorption-type merger, whereby ALPINE MANUFACTURING will be the surviving company and ALPINE TECHNO and ALPINE PRECISION will be dissolving.

(4) Name of the company after business combination

ALPINE MANUFACTURING, INC.

3. Overview of accounting treatments to be applied

Based on the "Accounting Standard for Business Combinations" (ASBJ Statement No. 21, September 13, 2013) and the "Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10, September 13, 2013), the Company will treat the business combination as a "transaction under common control."

Furthermore, since the number of employees to be included in the same calculation of retirement benefits increases to 300 or more in line with the absorption-type merger, the Company is required to change the method for calculating retirement benefit obligations from the simplified method to the principle method. The Company will treat the change in accordance with the "Accounting Standard for Retirement Benefits" (ASBJ Statement No. 26, December 16, 2016) and the "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No. 25, December 16, 2016). The impact related to this transaction is currently being calculated.