Translation

April 26, 2018

Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 <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 of ordinary general meeting of shareholders: June 21, 2018
Scheduled date to commence dividend payments: June 22, 2018
Scheduled date to file Annual Securities Report: June 21, 2018
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, 2018 (from April 1, 2017 to March 31, 2018)

(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, 2018	275,281	11.1	13,748	145.0	13,669	83.8	9,326	20.2
March 31, 2017	247,751	(9.3)	5,612	3.3	7,439	20.6	7,760	(27.5)

(Note) Comprehensive income
For the fiscal year ended March 31, 2018: ¥12,703 million [245.9%]
For the fiscal year ended March 31, 2017: ¥3,672 million [34.9%]

	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, 2018	135.27	135.13	6.3	6.5	5.0
March 31, 2017	112.57	112.48	5.4	3.7	2.3

(Reference) Equity in earnings (losses) of affiliates
For the fiscal year ended March 31, 2018: ¥(14) million
For the fiscal year ended March 31, 2017: ¥1,594 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, 2018	219,623	156,104	70.1	2,231.76
March 31, 2017	201,857	145,328	71.1	2,080.94

(Reference) Equity
As of March 31, 2018: ¥153,883 million
As of March 31, 2017: ¥143,452 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, 2018	13,886	(12,357)	(2,202)	53,759
March 31, 2017	3,478	3,441	(2,227)	53,309

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, 2017	–	15.00	–	15.00	30.00	2,068	26.7	1.4
Fiscal year ended March 31, 2018	–	15.00	–	15.00	30.00	2,068	22.2	1.4
Fiscal year ending March 31, 2019 (Forecast)	–	15.00	–	15.00	30.00		20.7	

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2019 (from April 1, 2018 to March 31, 2019)

(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, 2018	147,000	16.4	6,000	58.5	5,300	37.4	4,000	66.4	58.01
Fiscal year ending March 31, 2019	295,000	7.2	13,000	(5.4)	12,000	(12.2)	10,000	7.2	145.03

* 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: None
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, 2018	69,784,501 shares
As of March 31, 2017	69,784,501 shares

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

As of March 31, 2018	832,241 shares
As of March 31, 2017	847,284 shares

c. Average number of shares during the period

Fiscal year ended March 31, 2018	68,949,073 shares
Fiscal year ended March 31, 2017	68,935,951 shares

*** Consolidated financial results reports are not required to be audited by certified public accountants or an audit corporation.**

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

The earnings forecasts are based on information currently available to Alpine Electronics, Inc. (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 Thursday, April 26, 2018.

1. Overview of Operating Results and Others

(1) Overview of operating results for the fiscal year

In the Japanese economy during the fiscal year ended March 31, 2018, there was a moderate trend of recovery, and the gradual expansion of the U.S. and European economic activities continued. However, the outlook for the global economy remained uncertain owing to the policy direction of the new administration in the U.S., as well as rising geopolitical risks in the Far East.

In the car electronics industry, amid the accelerating use of electronics in cars, collaboration between the in-car IT field which centers on infotainment systems, and new fields such as autonomous driving and AI (artificial intelligence) is expanding, leading to intensified competition among companies regardless of business area or type.

Under these circumstances, the Alpine Group (the "Group") regards this fiscal year as a year to accomplish structural reforms in order to achieve VISION2020, its corporate vision targeting the 2020 fiscal year, and it has developed the "14th Medium-term Management Plan," which commenced in the fiscal year ended March 31, 2017. Based on this plan, the Group has enhanced its technological development capabilities by absorbing its domestic technological development subsidiaries and the Company has acquired C's Lab Co., Ltd. as a subsidiary to strengthen its capital and business alliances because software performance and quality are important elements that affect a product's competitiveness. In addition, with the aim of achieving volume production of a HUD (head-up display) utilizing 3D AR (augmented reality) technology developed by Konica Minolta, Inc., we began joint development with that company. Furthermore, the Group has worked to construct a more robust business platform and has been moving ahead to reorganize the group through structural reforms, such as by improving productivity at the three domestic manufacturing subsidiaries that were integrated at the beginning of the fiscal year. On the business front, as a means of realizing the enjoyable car lifestyle demanded by users, the Company has commenced a new business consisting of sales of "Alpine Style Customized Cars." In addition to implementing these measures, the Group recorded firm sales of products tailored to specific vehicle models under the Alpine brand in the domestic aftermarket, and growth in OEM sales to European automotive manufacturers in China, which, together with a contribution from yen depreciation, led to an increase in net sales. Also, operating profit, in addition to benefiting from higher sales, posted an increase as a result of efforts to reduce non-current expenses, such as by streamlining R&D.

As a result, during the fiscal year ended March 31, 2018 (April 2017 to March 2018), consolidated net sales increased 11.1% compared with the previous fiscal year, to ¥275.2 billion. Operating profit increased 145.0% to ¥13.7 billion, ordinary profit increased 83.8% to ¥13.6 billion, and profit attributable to owners of parent amounted to ¥9.3 billion, an increase of 20.2% compared with the previous fiscal year.

(Segment information related to overall fiscal 2017 business performance by type of business)

(i) Audio Products segment

In the Audio Products segment, a trend of contraction continued in the audio market as a result of audio functions being combined with information and communication equipment such as navigation systems and display products in the aftermarket as well as in the OEM market. However, amid the signs of a resurgence in analog audio and attention being focused on sound quality, the Company carried out aggressive promotional activities with the aim of increasing aftermarket sales, such as by exhibiting demonstration cars fitted with sound systems at domestic exhibitions dedicated to audiovisual equipment "OTOTEN -AUDIO VISUAL FESTIVAL2017-."

Furthermore, in the OEM market, the Company focused on increasing orders for slim-line and lightweight speakers that aid in reducing the vehicle's fuel consumption and environmental footprint, and its 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.

Accordingly, segment sales increased 17.5% compared with the previous fiscal year, to ¥54.0 billion.

(ii) Information and Communication Products segment

In the Information and Communication Products segment, the “Big-X series” of large-screen navigation systems that was launched in the domestic aftermarket continued to record robust sales, and in addition to taking steps to gain new users by exhibiting at the 45th Tokyo Motor Show 2017 and Tokyo Auto Salon 2018, we made efforts to strengthen the Alpine brand. We also focused on activities to win orders for “Alpine Style Customized Cars,” which are equipped with system products built around navigation systems, as well as high-quality vehicle interiors. Moreover, as a result of launching new products in the U.S. and European aftermarkets tailored to specific vehicle models, sales were firm.

In the OEM market, due to the effect of the end-phase of model lifecycles for orders, there was a decline in sales to some automotive manufacturers of certain display products that are becoming standard equipment for luxury vehicle models. However, sales of navigation systems to European luxury automotive manufacturers in China were favorable and sales increased as a result.

Accordingly, segment sales increased 9.7% compared with the previous fiscal year, to ¥221.2 billion.

(2) Overview of financial position for the fiscal year

(Assets, liabilities and net assets)

Total assets stood at ¥219.6 billion as of March 31, 2018, an increase of ¥17.7 billion compared with the end of the previous fiscal year, due mainly to a ¥0.4 billion increase in cash and deposits, a ¥5.3 billion increase in notes and accounts receivable - trade, a ¥2.1 billion increase in inventories, a ¥0.9 billion increase in deferred tax assets (short-term), a ¥5.6 billion increase in other current assets, a ¥0.6 billion increase in property, plant and equipment, a ¥0.8 billion increase in intangible assets, and a ¥1.8 billion increase in investments and other assets.

Total liabilities increased ¥6.9 billion compared with the end of the previous fiscal year to ¥63.5 billion due mainly to a ¥2.6 billion increase in notes and accounts payable - trade, a ¥1.6 billion increase in accrued expenses, a ¥0.5 billion increase in income taxes payable, a ¥0.4 billion increase in provision for bonuses, a ¥0.5 billion increase in provision for product warranties, a ¥1.1 billion increase in other current liabilities, and a ¥0.2 billion increase in net defined benefit liability.

Net assets increased ¥10.7 billion compared with the end of the previous fiscal year to ¥156.1 billion, due mainly to a ¥7.2 billion increase in retained earnings, a ¥0.3 billion increase in valuation difference on available-for-sale securities, a ¥1.9 billion increase in foreign currency translation adjustment, a ¥0.8 billion increase in remeasurements of defined benefit plans, and a ¥0.3 billion increase in non-controlling interests.

Consequently, equity ratio decreased 1.0 percentage points from March 31, 2017, to 70.1%.

(3) Overview of cash flows for the fiscal year

Cash and cash equivalents as of March 31, 2018 were ¥53.7 billion, a ¥0.4 billion increase from the end of the previous fiscal year (a ¥4.0 billion increase in the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities totaled ¥13.8 billion (¥3.4 billion was provided in the previous fiscal year). Contributing factors were profit before income taxes amounting to ¥12.1 billion, depreciation totaling ¥7.0 billion, a ¥1.9 billion increase in notes and accounts payable - trade, and a ¥1.2 billion increase in accrued expenses, despite a ¥3.6 billion increase in notes and accounts receivable - trade, a ¥1.4 billion increase in inventories and income taxes paid of ¥3.2 billion.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥12.3 billion (¥3.4 billion was provided in the previous fiscal year). Principal uses of cash were ¥6.3 billion for purchase of property, plant and equipment, ¥2.0 billion for purchase of intangible assets and ¥4.2 billion for payments of loans receivable.

(Cash flows from financing activities)

Net cash used in financing activities was ¥2.2 billion (¥2.2 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 ¥1.5 billion (¥6.9 billion was provided in the previous fiscal year). Free cash flows are the sum of cash flows from operating activities and cash flows from investing activities.

(Reference) Trends in cash flow indicators

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

Fiscal year ended:	March 31, 2014	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Equity ratio (%)	65.1	67.4	69.2	71.1	70.1
Market value equity ratio (%)	49.5	65.6	42.4	54.7	62.9
Interest-bearing debt to cash flow ratio (times)	0.0	0.0	0.1	0.0	0.0
Interest coverage ratio (times)	390.0	764.2	5.4	175.4	723.1

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 continue to remain unclear due to policy trends in the U.S. and Europe, fluctuations in financial and capital markets, geopolitical risk and other factors. In the car electronics industry, the business environment is expected to remain harsh with technological advancement, intensification of competition among companies, etc.

Under these circumstances, the Group will promote plans for the business integration with Alps Electric Co., Ltd. in order to respond to CASE (Connected, Autonomous, Shared, Electric), a new trend within the automobile industry. The Group will work on fusing the said company's sensing device and communication device technologies with the Company's software technology, developing an HMI (human machine interface) that offers both driver and passenger a richer space and experience, and providing total solutions for in-car information systems. 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, the Company will aim to win higher orders for its lightweight and slim-line speakers and amplifiers that aid in reducing the vehicle's fuel consumption and environmental footprint, and its lightweight and compact "free layout speakers" that adapt to changes in the vehicle's interior design.

(ii) Information and Communication Products segment

In the domestic aftermarket, the Company is striving to expand sales of floating-type large-screen navigation systems, which were developed for vehicle models in which large-screen navigation systems could not be installed, and is also aiming to increase sales of customized cars providing specific design choices for the cabin interior and exterior components. In addition, the Company is working to expand sales of display audio systems that are compatible with Apple CarPlay and Android Auto in the U.S. aftermarket.

Furthermore, in the OEM market, the Company will aim to continue to increase vehicle models fitted with navigation systems and display products for European automotive manufacturers and increase the ratio of cars with these systems and products attached.

* Apple CarPlay is a trademark of Apple Inc., registered in the U.S. and other countries. Android Auto is a trademark of Google Inc., registered in the U.S. and other countries.

Taking into account factors that can be assumed at the time of writing, our consolidated earnings forecasts for the fiscal year ending March 31, 2019 are as follows:

Although OEM sales to European automotive manufacturers have increased, the marginal profit ratio has declined mainly because of the model mix. Due to this, together with proactive investment in R&D for the future and other factors, operating profit is expected to decrease.

<Consolidated earnings forecasts>

Net sales	¥295.0 billion	(up 7.2% year on year)
Operating profit	¥13.0 billion	(down 5.4% year on year)
Ordinary profit	¥12.0 billion	(down 12.2% year on year)
Profit attributable to owners of parent	¥10.0 billion	(up 7.2% year on year)

* Prerequisite exchange rate assumptions for forward-looking statements: US$1 = ¥107 and €1 = ¥131

(5) Basic policy on profit distribution and dividends for the fiscal year ended March 31, 2018 and fiscal year ending March 31, 2019

The Company 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 the three; returning profits to shareholders, proactive investment in 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, the Company plans to submit a proposal to pay ¥15 per share to the 52nd Ordinary General Meeting of Shareholders, giving comprehensive consideration to performance trends, future business development, financial strength, etc. As the Companypaid an interim dividend of ¥15 per share, the planned annual dividend is therefore ¥30 per share. For the fiscal year ending March 31, 2019, 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) The Company's fundamental business policy

As a member of the Alps Group, whose business operations center on Alps Electric Co., Ltd., 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. The Company'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."
The Company 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

The Company 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, autonomous driving and AI (artificial intelligence) is expanding and it leads competition to be intensified regardless of business area or type, and demands for quality, price, and delivery dates from automotive manufacturers have been even more stringent.

To address this situation, the Company 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. the Company 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, the Company 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 the Company'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.
e. Expand business and create new business related to CASE (Connected, Autonomous, Shared, Electric), a trend within the automobile industry, by fusing, through the business integration with Alps Electric Co., Ltd., the two companies' technological strengths and mutually making use of their management resources.

(4) Issues to address

The current automobile industry has entered an era of great change, which some people say occurs once a century. Particularly, in four areas called CASE (Connected, Autonomous, Shared, Electric), significant changes that are unseen in other industries are taking place in a short period of time, including a constant connection to the Internet (Connected), autonomous driving (Autonomous), car-sharing services (Shared) and the shift to electrically driven vehicles such as hybrid cars and EV (electric vehicles) (Electric). In addition, as epitomized by the advancement of IT companies into the automobile industry, movement of alliances beyond the framework of the automobile industry is being accelerated much more dramatically than before.

In having contact with its customers, automotive manufacturers, the Company has come to realize that the concentration of management resources into CASE (Connected, Autonomous, Share, Electric) will continue to be a trend in the entire automobile industry in the fiscal 2018 and the following years, and suppliers of HMI (human machine interface), etc. are even expected to propose HMI systems for the entire vehicle, rather than just delivering module products. In light of this rapidly changing market environment for in-car equipment, the development of new products through the fusion of strengths of the Company and Alps Electric Co., Ltd. and the reduction of time to market are both pressing tasks. The Group will deal with these tasks swiftly and respond to the expectations of customers by speeding up the business integration with Alps Electric Co., Ltd. and steadily generating synergies.

3. Basic Concept Regarding Selection of Accounting Standard

The Company 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, the Company'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, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and deposits	53,309	53,789
Notes and accounts receivable - trade	39,429	44,759
Merchandise and finished goods	18,310	18,423
Work in process	737	1,369
Raw materials and supplies	6,591	8,009
Deferred tax assets	1,197	2,181
Other	8,894	14,537
Allowance for doubtful accounts	(139)	(263)
Total current assets	128,330	142,808
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,360	27,029
Accumulated depreciation	(18,378)	(19,151)
Buildings and structures, net	7,981	7,877
Machinery, equipment and vehicles	23,937	25,106
Accumulated depreciation	(17,939)	(18,985)
Machinery, equipment and vehicles, net	5,997	6,121
Tools, furniture, fixtures and dies	52,271	54,808
Accumulated depreciation	(46,592)	(48,629)
Tools, furniture, fixture and dies, net	5,679	6,178
Land	4,863	4,623
Leased assets	199	221
Accumulated depreciation	(86)	(94)
Leased assets, net	112	126
Construction in progress	1,459	1,775
Total property, plant and equipment	26,095	26,703
Intangible assets	4,457	5,288
Investments and other assets		
Investment securities	25,199	28,545
Investments in capital	13,881	11,810
Net defined benefit asset	60	31
Deferred tax assets	679	541
Other	3,158	3,899
Allowance for doubtful accounts	(6)	(7)
Total investments and other assets	42,974	44,822
Total non-current assets	73,527	76,814
Total assets	201,857	219,623

(Millions of yen)

	As of March 31, 2017	As of March 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,079	26,778
Accrued expenses	9,033	10,641
Income taxes payable	944	1,528
Deferred tax liabilities	0	24
Provision for bonuses	2,211	2,641
Provision for directors’ bonuses	55	90
Provision for product warranties	4,841	5,429
Other	5,538	6,659
Total current liabilities	46,705	53,792
Non-current liabilities		
Deferred tax liabilities	4,548	4,350
Net defined benefit liability	3,410	3,681
Provision for directors’ retirement benefits	70	53
Other	1,794	1,640
Total non-current liabilities	9,823	9,725
Total liabilities	56,529	63,518
Net assets		
Shareholders’ equity		
Capital stock	25,920	25,920
Capital surplus	24,903	24,903
Retained earnings	87,758	95,011
Treasury shares	(1,401)	(1,377)
Total shareholders’ equity	137,180	144,458
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,338	7,681
Deferred gains or losses on hedges	(0)	(2)
Revaluation reserve for land	(1,261)	(1,261)
Foreign currency translation adjustment	1,908	3,862
Remeasurements of defined benefit plans	(1,713)	(854)
Total accumulated other comprehensive income	6,272	9,424
Share acquisition rights	83	97
Non-controlling interests	1,791	2,124
Total net assets	145,328	156,104
Total liabilities and net assets	201,857	219,623

(2) Consolidated statements of (comprehensive) income

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	247,751	275,281
Cost of sales	205,495	219,968
Gross profit	42,256	55,312
Selling, general and administrative expenses	36,644	41,564
Operating profit	5,612	13,748
Non-operating income		
Interest income	272	300
Dividend income	487	505
Share of profit of entities accounted for using equity method	1,594	–
Gain on settlement of receivables on tooling	152	347
Other	325	380
Total non-operating income	2,832	1,533
Non-operating expenses		
Interest expenses	19	19
Foreign exchange losses	507	85
Sales discounts	100	109
Commission fee	65	984
Overseas withholding tax	203	321
Share of loss of entities accounted for using equity method	–	14
Other	108	77
Total non-operating expenses	1,005	1,612
Ordinary profit	7,439	13,669
Extraordinary income		
Gain on sales of non-current assets	64	73
Gain on step acquisitions	–	42
Gain on change in equity	–	147
Gain on sales of investment securities	127	–
Gain on sales of shares of subsidiaries and associates	6,268	–
Compensation income	25	–
Total extraordinary income	6,485	263
Extraordinary losses		
Loss on sales and retirement of non-current assets	68	68
Loss on valuation of investment securities	–	140
Loss on change in equity	700	–
Impairment loss	–	275
Business structure improvement expenses	25	1,262
Total extraordinary losses	793	1,747
Profit before income taxes	13,131	12,185
Income taxes - current	5,797	3,984
Income taxes - deferred	(560)	(1,390)
Total income taxes	5,237	2,593
Profit	7,894	9,592
Profit attributable to		
Profit attributable to owners of parent	7,760	9,326
Profit attributable to non-controlling interests	134	265

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Other comprehensive income		
Valuation difference on available-for-sale securities	887	1,094
Deferred gains or losses on hedges	4	(1)
Foreign currency translation adjustment	(2,058)	1,286
Remeasurements of defined benefit plans, net of tax	91	857
Share of other comprehensive income of entities accounted for using equity method	(3,146)	(124)
Total other comprehensive income	(4,221)	3,111
Comprehensive income	3,672	12,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,533	12,479
Comprehensive income attributable to non-controlling interests	138	224

(3) Consolidated statements of cash flows

(Millions of yen)

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities		
Profit before income taxes	13,131	12,185
Depreciation	6,417	7,034
Increase (decrease) in net defined benefit liability	(91)	(754)
Increase (decrease) in accrued expenses	698	1,279
Interest and dividend income	(760)	(805)
Interest expenses	19	19
Share of loss (profit) of entities accounted for using equity method	(1,594)	14
Loss (gain) on sales of property, plant and equipment	(30)	(36)
Loss (gain) on sales of shares of subsidiaries and associates	(6,268)	–
Decrease (increase) in notes and accounts receivable - trade	(4,539)	(3,658)
Decrease (increase) in inventories	3,238	(1,446)
Increase (decrease) in notes and accounts payable - trade	(1,079)	1,991
Increase (decrease) in provision for product warranties	(585)	508
Impairment loss	–	275
Loss (gain) on step acquisitions	–	(42)
Business structure improvement expenses	25	1,262
Other, net	24	(1,684)
Subtotal	8,604	16,144
Interest and dividend income received	809	962
Interest expenses paid	(19)	(19)
Income taxes paid	(5,949)	(3,232)
Income taxes refund	34	31
Net cash provided by (used in) operating activities	3,478	13,886
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,924)	(6,366)
Proceeds from sales of property, plant and equipment	226	179
Purchase of intangible assets	(2,932)	(2,005)
Payments of loans receivable	(2,240)	(4,212)
Proceeds from sales of shares of subsidiaries and associates	9,398	–
Payments for investments in capital	(1,683)	–
Collection of loans receivable	5,430	56
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	16
Other, net	168	(24)
Net cash provided by (used in) investing activities	3,441	(12,357)
Cash flows from financing activities		
Purchase of treasury shares	(0)	(0)
Cash dividends paid	(2,067)	(2,069)
Dividends paid to non-controlling interests	(64)	(74)
Other, net	(94)	(58)
Net cash provided by (used in) financing activities	(2,227)	(2,202)
Effect of exchange rate change on cash and cash equivalents	(665)	1,124
Net increase (decrease) in cash and cash equivalents	4,026	450
Cash and cash equivalents at beginning of period	49,282	53,309
Cash and cash equivalents at end of period	53,309	53,759

(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 32 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, 2017).

(Change in presentations)

(Consolidated statements of (comprehensive) income)

1. "Gain on settlement of receivables on tooling," which was included in "other" under non-operating income in the previous fiscal year, has been separately presented in the fiscal year under review due to the increased materiality of the amount. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

   As a result of the change, ¥477 million presented as "other" under non-operating income in the consolidated statements of (comprehensive) income of the previous fiscal year has been reclassified into ¥152 million of "gain on settlement of receivables on tooling" and ¥325 million of "other."
2. "Business structure improvement expenses," which was included in "other" under extraordinary losses in the previous fiscal year, has been separately presented in the fiscal year under review due to the increased materiality of the amount. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

   As a result of the change, ¥25 million presented as "other" under extraordinary losses in the consolidated statements of (comprehensive) income of the previous fiscal year has been reclassified into ¥25 million of "business structure improvement expenses."

(Consolidated statements of cash flows)

"Business structure improvement expenses," which was included in "other, net" under cash flows from operating activities in the previous fiscal year, has been separately presented in the fiscal year under review due to the increased materiality of the amount. The consolidated financial statements of the previous fiscal year have been reclassified to reflect this change in presentation.

As a result of the change, ¥49 million presented as "other, net" under cash flows from operating activities in the consolidated statements of cash flows of the previous fiscal year has been reclassified into ¥25 million of "business structure improvement expenses" and ¥24 million of "other, net."

(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 the Company are components of the Company 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.

The Company'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, 2018

(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	54,017	221,264	275,281	–	275,281
Internal sales or transfer among segments	763	185	949	(949)	–
Total	54,781	221,450	276,231	(949)	275,281
Segment profit (operating profit)	2,136	17,347	19,483	(5,735)	13,748
Segment assets	27,543	166,454	193,998	25,624	219,623
Other items					
Depreciation and amortization	1,741	5,275	7,016	18	7,034
Increase in property, plant and equipment and intangible assets	1,447	7,148	8,595	15	8,611

Notes: 1. The adjustment of negative ¥5,735 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 ¥25,624 million to segment assets represents corporate assets not allocated to reportable segments. The corporate assets mainly include the Company'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 ¥33 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 the Company's assets related to the administration division that are not attributable to the segments.

(Significant subsequent events)

No items to report.