



Consolidated Financial Statements (Japan GAAP) for the Six Months Ended September 30, 2010

November 1, 2010

Listed Company Name: Alpine Electronics, Inc.
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 Expected Date for Submission of Semiannual Report: November 10, 2010
 Expected Date for Commencement of Dividend Payout: November 30, 2010
 Materials Prepared to Supplement the Consolidated Financial Statements: Yes
 Quarterly Presentation of Business Results Meeting Held: Yes

Amounts less than one million yen have been omitted; percentages represent increases from the corresponding period of the previous year.

1. Financial Results for the First Half of the Fiscal Year Ending March 31, 2011

(April 1, 2010, to September 30, 2010)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

	Net Sales		Operating Income (Loss)		Ordinary Income (Loss)		Net Income (Loss)	
	Amount	YoY Change (%)	Amount	YoY Change (%)	Amount	YoY Change (%)	Amount	YoY Change (%)
Six Months Ended September 30, 2010	98,020	28.3%	6,993	—	6,027	—	4,969	—
Six Months Ended September 30, 2009	76,410	(38.4%)	(5,685)	—	(5,227)	—	(6,560)	—

	Net Income (Loss) per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months Ended September 30, 2010	71.23	—
Six Months Ended September 30, 2009	(94.04)	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
September 30, 2010	158,407	98,092	61.4	1,395.00
March 31, 2010	153,428	97,035	62.7	1,379.61

[Reference] Shareholders' equity
 Six months ended September 30, 2010: ¥97,321 million
 Fiscal year ended March 31, 2010: ¥96,248 million

2. Dividends

Date of Record	Dividend per Share (Yen)				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Full Year
Fiscal Year Ended March 31, 2010	—	0.00	—	0.00	0.00
Fiscal Year Ending March 31, 2011	—	10.00			
Fiscal Year Ending March 31, 2011 (Forecast)			—	10.00	20.00

(Note) Changes in dividend forecasts during the quarter under review: None

3. Projections for Fiscal Year Ending March 31, 2011 (April 1, 2010, to March 31, 2011)

Percentages represent increases from the corresponding period of the previous year.

(Millions of yen, unless otherwise stated)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share (Yen)
Fiscal Year Ending March 31, 2011	195,000	15.7%	10,000	—	9,000	—	7,000	—	100.34

(Note) Changes in projections during the quarter under review: Yes

4. Others

(1) Changes in material subsidiaries during the period: No

Note: Indicates whether changes in specific subsidiaries affecting the scope of consolidation have been made.

(2) Application of simplified methods of accounting and specific accounting methods: Yes

Note: Indicates whether simplified methods of accounting or accounting methods specific to the preparation of quarterly financial reports are applied.

(3) Changes in accounting principles, processes, presentation methods, etc.

1) Changes due to revisions to accounting standards, etc.: Yes

2) Changes other than 1): No

Note: Indicates whether changes in accounting principles, processes, presentation methods, etc., have been made in relation to the preparation of quarterly consolidated financial statements (recorded in changes to important items that form the basis for preparation of quarterly consolidated financial statements)

(4) Average number of outstanding shares (ordinary shares)

1) Number of shares outstanding as of the end of period (including treasury shares)

First half ended September 30, 2010: 69,784,501

Fiscal year ended March 31, 2010: 69,784,501

2) Number of treasury shares as of the end of period

First half ended September 30, 2010: 20,142

Fiscal year ended March 31, 2010: 19,667

3) Average number of shares during the period (cumulative figure for consolidated quarterly accounting period)

First half ended September 30, 2010: 69,764,593

First half ended September 30, 2009: 69,764,765

Note: Disclosure of Implementation Status of Quarterly Review Procedures

This report of quarterly financial results is outside the scope of the quarterly review procedures prescribed in the Financial Instruments and Exchange Act. As of the date of this report, the quarterly review procedures prescribed in the Financial Instruments and Exchange Act were not complete.

Notes: Cautionary Statement Regarding Performance Forecasts

(1) Revisions have been made to the performance forecasts announced on August 6, 2010.

(2) The forecasts and future projections stated above have been prepared on the basis of the information available as of the date of announcement of this summary information, and the actual results could differ significantly from forecast figures depending on a variety of factors.

1. Consolidated Business Results

(1) Qualitative Information Regarding Consolidated Business Results

During the first half of the fiscal year ending March 31, 2011, the worldwide economy saw favorable demand trends in newly emerging markets, centered on Asia. Concerns rose over the possibility of a double-dip recession, however, with Europe's economic situation remaining patchy, despite signs of impending recovery in the German economy, and an increasingly uncertain outlook for the U.S. economy.

Since the Lehman shock, the car electronics industry has been affected by the demand trend in Europe and the United States toward new car purchases centering on compact cars. The car electronics industry showed some signs of returning vigor, as signs appeared of a recovery in sales of mid-range and high-end vehicles and the installation rate of OEM navigation systems recovered slightly. However, the upturn was only moderate, falling short of a full-fledged recovery. In Japan, meanwhile, new car sales increased in response to government measures to stimulate the industry by offering subsidies for purchases of environment-friendly cars. In line with this trend, sales of navigation devices trended upward on after-market sales of products such as personal navigation devices (PNDs).

In this environment, Alpine launched three new navigation systems in the domestic after-market and sought to raise product appeal and expand sales by proposing "vehicle-specific car-life solutions." We are also developing proactive technical proposals, adopting the Nagasaki Prefecture EV & ITS (EVITS) project to equip electric vehicles with navigation compatible with intelligent traffic systems (ITS). In addition, to secure business growth in the expanding Chinese market, Alpine worked to enhance brand recognition by participating in the Beijing Motor Show, and began supplying products suited for local automakers. Meanwhile, although yen appreciation, coupled with tight supplies for electronic components, pushed up the cost of parts and materials, we worked to improve operating performance by continuously promoting our "CHALLENGE 30 + (Plus)" program of structural reforms.

As a result of these efforts, during the six-month period ended September 30, 2010, consolidated net sales rose 28.3% compared with the corresponding period of the preceding fiscal year, to ¥98.0 billion. Operating income amounted to ¥6.9 billion, compared with a ¥5.6 billion operating loss in the first six months of the previous year, and ordinary income was ¥6.0 billion, compared with a ¥5.2 billion ordinary loss in the first six months of the preceding year. The Company reported net income of ¥4.9 billion, compared with a net loss of ¥6.5 billion in the first half of the preceding year.

Audio Products Segment

In the Audio Products segment, sales of affordably priced CD players were firm in the North American market. In this market, we offer product differentiation such as head units that can be linked to Pandora Internet radio and the iPod, but our performance was affected by the difficult market environment. In Europe, sales remained strong for high-quality speakers featuring clear cabin audio playback, but sales of Bluetooth-compatible CD players, which had driven sales at the beginning of the period, fell as a result of intensified price competition. In the domestic after-market, sales of high-quality speakers held steady, but sales of single-function products such as CD players were lower due to increasingly severe price competition.

Sales of OEM products to automobile manufacturers increased in line with recovering production and sales of new automobiles by major customers in Europe and the United States, as well as robust demand in the Chinese market.

As a result, sales in this segment climbed 3.1% compared with the first six months of the preceding fiscal year, to ¥34.5 billion.

Information and Communication Equipment Segment

In this segment, in the domestic after-market, sales were strong for the X08S car navigation system, successor to the X08, which earned acclaim in the preceding fiscal year. We also launched the X05, which has on-board flash memory and offers superior cost performance, and the "Big X" (X088). The "Big X," which received a 2010 product Grand Prix from automotive industry trade publication *Nikkan Jidosha Shimbun*, has an 8-inch screen (the largest on the market and the first one in the market), making maps and text easier to read, and uses a touch panel for improved operating convenience. We also promoted the "perfect fit" series that is attractively fitted to individual car models, and sales grew significantly. In addition, firm sales of a camera system that links to a vehicle's navigation system to support driving safety contributed to expanded sales in the segment.

Additionally, sales of our affordably priced navigation systems that were newly launched into the North American market were strong, despite being affected by increasingly severe price competition. In Europe, sales of integrated products were lower due to the impact of worsening market conditions, but sales of affordably priced navigation systems introduced during the term were robust.

Sales of OEM products to automobile manufacturers rose substantially. This increase was attributable to a recovery in production and sales in North America of large and high-end vehicles, which have high installation rates for navigation systems, as well as to favorable new car sales by European manufacturers in the Chinese market.

As a result of these factors, segment sales surged 47.9% compared with the first six months of the preceding fiscal year, to ¥63.4 billion.

2. Qualitative Information Regarding Consolidated Financial Position

(1) Assets, liabilities and net assets

Total assets stood at ¥158.4 billion as of September 30, 2010, up ¥4.9 billion from the level of March 31, 2010, and net assets came to ¥98.0 billion, up ¥1.0 billion. As a result, the equity ratio was 61.4%. Primary reasons for these changes were a ¥2.8 billion increase in cash and deposits, a ¥0.6 billion decrease in notes and accounts receivable–trade, a ¥5.3 billion increase in inventories and a ¥2.8 billion increase in short-term loans receivable, the combination of which caused current assets to climb ¥10.4 billion. Total noncurrent assets fell ¥5.4 billion, stemming from a ¥2.2 billion drop in property, plant and equipment, a ¥0.6 billion decline in intangible assets, and a ¥2.0 billion drop in investment securities.

Total current liabilities were up ¥4.0 billion, with notes and accounts payable–trade rising ¥2.3 billion, accrued expenses rising ¥0.4 billion, income taxes payable up ¥0.5 billion and the provision for bonuses rising ¥0.3 billion.

Noncurrent liabilities remained essentially unchanged.

(2) Cash flows

Cash and cash equivalents at September 30, 2010, were ¥41.7 billion, up ¥1.9 billion, or 4.8%, from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities was ¥8.4 billion. Major sources of cash included income before income taxes and minority interests of ¥6.0 billion, depreciation and amortization of ¥3.5 billion and a ¥5.1 billion increase in notes and accounts payable–trade. The main use of cash was a ¥6.6 billion increase in inventories.

(Cash flows from investing activities)

Net cash used in investing activities was ¥5.5 billion. The principal uses of cash were the purchase of property, plant and equipment, of ¥1.5 billion, ¥0.5 billion for the purchase of intangible assets and ¥2.9 billion for the payment of loans.

(Cash flows from financing activities)

Net cash used in financing activities was ¥0.08 billion. The main use of cash was the repayment of short-term loans payable.

Owing to these factors, the Company's free cash flow for the period amounted to a positive ¥2.9 billion. Free cash flow is the sum of cash flows from operating activities and cash flows from investing activities.

3. Qualitative Information Regarding Consolidated Performance Forecasts

The following are revisions to the consolidated performance forecasts announced on August 6, 2010, owing to recent performance trends. These forecasts assume exchange rates of US\$1.00 = ¥80 and €1.00 = ¥110.

Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2011 (April 1, 2010, to March 31, 2011)

(Millions of yen unless otherwise stated)

	Net Sales	Operating Income	Ordinary Income	Net Income (Loss)	Net Income (Loss) per Share (Yen)
Previously announced forecasts (A)	190,000	8,500	7,000	5,500	78.84
Revised forecasts (B)	195,000	10,000	9,000	7,000	100.34
Difference (B–A)	5,000	1,500	2,000	1,500	—
Change (%)	2.6%	17.6%	28.6%	27.3%	—
Performance for the fiscal year ended March 31, 2010	168,586	226	807	(1,249)	(17.92)

3. Interim Consolidated Financial Statements (Summary)

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	September 30, 2010	March 31, 2010
ASSETS		
Current assets		
Cash and deposits	43,096	40,199
Notes and accounts receivable–trade	27,669	28,290
Goods and finished goods	16,524	12,832
Work in process	1,258	670
Raw materials and supplies	5,273	4,245
Deferred tax assets	1,843	1,545
Other	11,153	8,750
Allowance for doubtful accounts	(200)	(350)
Total current assets	106,617	96,184
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures	22,613	23,320
Accumulated depreciation	(14,011)	(13,956)
Buildings and structures, net	8,602	9,363
Machinery, equipment and vehicles	15,865	17,253
Accumulated depreciation	(10,787)	(11,275)
Machinery, equipment and vehicles, net	5,078	5,977
Tools, furniture, fixtures and dies	48,546	48,692
Accumulated depreciation	(44,704)	(44,129)
Tools, furniture, fixtures and dies, net	3,841	4,563
Land	4,815	4,997
Lease assets	347	385
Accumulated depreciation	(229)	(250)
Lease assets, net	117	135
Construction in progress	1,127	837
Total property, plant and equipment	23,582	25,874
Intangible assets	4,986	5,672
Investments and other assets		
Investment securities	20,009	22,011
Deferred tax assets	428	463
Other	2,796	3,234
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	23,221	25,696
Total noncurrent assets	51,790	57,243
Total assets	158,407	153,428

(Millions of yen)

September 30, 2010

March 31, 2010

LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	25,310	22,923
Short-term loans payable	0	42
Income taxes payable	1,136	601
Accrued expenses	8,096	7,629
Provision for bonuses	1,733	1,415
Provision for directors' bonuses	24	—
Provision for product warranties	4,008	3,916
Other	3,039	2,777
Total current liabilities	43,350	39,305
Noncurrent liabilities		
Long-term loans payable	10,001	10,001
Provision for retirement benefits	656	658
Provision for directors' retirement benefits	573	642
Deferred tax liabilities	4,264	4,953
Other	1,467	831
Total noncurrent liabilities	16,963	17,087
Total liabilities	60,314	56,393
NET ASSETS		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	51,434	46,549
Treasury stock	(29)	(28)
Total shareholders' equity	102,230	97,347
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	4,511	5,260
Revaluation reserve for land	(1,310)	(1,394)
Foreign currency translation adjustment	(8,111)	(4,964)
Total valuation and translation adjustments	(4,910)	(1,098)
Minority interests	771	786
Total net assets	98,092	97,035
Total liabilities and net assets	158,407	153,428

(2) Interim Consolidated Statements of Income

(Millions of yen)

	Six-Month Period Ended September 30, 2009	Six-Month Period Ended September 30, 2010
Net sales	76,410	98,020
Cost of sales	68,722	75,403
Gross profit	7,687	22,616
Selling, general and administrative expenses	13,373	15,622
Operating income (loss)	(5,685)	6,993
Non-operating income		
Interest income	50	79
Dividend income	139	146
Equity in earnings of affiliates	510	291
Other	147	232
Total non-operating income	847	748
Non-operating expenses		
Interest expenses	47	104
Foreign exchange losses	153	1,219
Commission fees	—	117
Sales discounts	77	66
Other	111	207
Total non-operating expenses	389	1,715
Ordinary income (loss)	(5,227)	6,027
Extraordinary income		
Gain on sales of noncurrent assets	63	34
Gain on exchanges of land use rights	227	—
Reversal of allowance for doubtful accounts	356	119
Gain on settlement and valuation of options	—	102
Other	2	—
Total extraordinary income	650	256
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	51	31
Loss on valuation of investment securities	0	2
Loss on settlement and valuation of options	125	—
Provision for product warranties	231	174
License fee on prior periods	294	—
Other	148	2
Total extraordinary losses	851	211
Income (loss) before income taxes and minority interests	(5,429)	6,071
Income taxes—current	1,114	1,382
Income taxes—deferred	61	(292)
Total income taxes	1,175	1,089
Income before minority interests	—	4,981
Minority interests in income (loss)	(43)	12
Net income (loss)	(6,560)	4,969

(3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six-Month Period Ended September 30, 2009	Six-Month Period Ended September 30, 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(5,429)	6,071
Depreciation and amortization	4,299	3,538
Decrease (increase) in notes and accounts receivable–trade	(4,618)	(1,018)
Decrease (increase) in inventories	38	(6,674)
(Increase) decrease in notes and accounts payable–trade	5,339	5,161
Other, net	195	2,059
Subtotal	(175)	9,139
Interest and dividend income received	161	238
Interest expenses paid	(29)	(109)
Income taxes paid	(668)	(867)
Income taxes refund	288	78
Net cash provided by (used in) operating activities	(423)	8,479
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,730)	(1,558)
Proceeds from sales of property, plant and equipment	159	221
Purchase of intangible assets	(758)	(525)
Purchase of investment securities	(46)	(1)
Payments of loans receivable	(6)	(2,923)
Collection of loans receivable	1,308	12
Other, net	(243)	(785)
Net cash provided by (used in) investing activities	(1,316)	(5,560)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	1,726	(38)
Proceeds from long-term loans payable	5,402	—
Cash dividends paid	(0)	(0)
Proceeds from stock issuance to minority shareholders	42	—
Cash dividends paid to minority shareholders	(166)	—
Other, net	(64)	(49)
Net cash provided by (used in) financing activities	6,939	(88)
Effect of exchange rate change on cash and cash equivalents	(102)	(929)
Net increase (decrease) in cash and cash equivalents	5,097	1,901
Cash and cash equivalents at beginning of period	26,141	39,844
Cash and cash equivalents at end of period	31,238	41,745

Segment Information

1. Overview of Reporting Segments

The Company's reporting segments are composed of those individual business units for which separate information is available, about which the Board of Directors makes decisions regarding the allocation of management resources and for which operating performance can be evaluated, allowing them to be evaluated periodically.

Alpine, which engages principally in the manufacture and sales of automotive audio products and information and communications equipment, has two reporting segments: the Audio Products segment and the Information and Communication Equipment segment.

The principal products of the Audio Products segment are car audio products, such as CD players, amplifiers and speakers.

The principal products of the Information and Communication Equipment segment are car navigation and car communication products.

2. Sales and Income or Losses of Reporting Segments

First Six Months of the Fiscal Year Ending March 31, 2011 (April 1, 2010, to September 30, 2010)

(Millions of yen)

	Reporting Segments			Prior to Adjustment (Note)	Amount Indicated in the Statements of Income
	Audio Products Segment	Information and Communication Equipment Segment	Total		
Net Sales					
(1) Outside Customers	34,563	63,456	98,020	—	98,020
(2) Within Consolidated Group	322	79	401	(401)	—
Total	34,885	63,536	98,422	(401)	98,020
Segment Operating Income	2,555	6,782	9,337	(2,344)	6,993

Note: The segment operating income adjustment of minus ¥2,344 million is companywide expenses which are not allocated to individual reporting segments. Companywide expenses comprise mainly non-segment corporate administrative and research and development costs.

(Additional information)

During the first quarter of this fiscal year, the Company began applying the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related information (Accounting Standards Board of Japan Statement No.17, March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related information (Accounting Standards Board of Japan Guidance No. 20, March 21, 2008).

(6) Notes Concerning Significant Changes in Shareholders' Equity

Nothing to report.

4. Supplementary Information

(1) Production, Orders Received and Sales

(1) Production

Production for the first six months of the fiscal year by business segment was as follows.

(Millions of yen)

Business Segment	Six Months Ended September 30, 2009 (April 1, 2009 to September 30, 2009)	Six Months Ended September 30, 2010 (April 1, 2010 to September 30, 2010)	Change (%)
	Production	Production	
Audio Products	26,728	28,744	7.5
Information and Communication Equipment	35,965	59,013	64.1
Total	62,693	87,758	40.0

Notes:

1. Stated amounts are calculated based on sales prices.
2. Consumption tax is not included in the above-stated amounts.

(2) Orders received and order balance

Orders received for the first six months of the fiscal year by business segment were as follows.

(Millions of yen)

Business Segment	Six Months Ended September 30, 2009 (April 1, 2009 to September 30, 2009)	Six Months Ended September 30, 2010 (April 1, 2010 to September 30, 2010)	Change (%)
	Orders Received	Orders Received	
Audio Products	35,628	31,880	(10.5)
Information and Communication Equipment	43,844	65,264	48.9
Total	79,473	97,144	22.2

The order balance for the first six months of the fiscal year by business segment was as follows.

(Millions of yen)

Business Segment	Six Months Ended September 30, 2009 (April 1, 2009 to September 30, 2009)	Six Months Ended September 30, 2010 (April 1, 2010 to September 30, 2010)	Change (%)
	Order Balance	Order Balance	
Audio Products	8,747	6,184	(29.3)
Information and Communication Equipment	13,216	17,708	34.0
Total	21,963	23,893	8.8

Note: Consumption tax is not included in the above-stated amounts.

(3) Sales

Sales for the first six months of the fiscal year by business segment were as follows.

(Millions of yen)

Business Segment	Six Months Ended September 30, 2009 (April 1, 2009 to September 30, 2009)	Six Months Ended September 30, 2010 (April 1, 2010 to September 30, 2010)	Change (%)
	Sales	Sales	
Audio Products	33,511	34,563	3.1
Information and Communication Equipment	42,898	63,456	47.9
Total	76,410	98,020	28.3

Note: Consumption tax is not included in the above-stated amounts.