

Consolidated Financial Statements (Japan GAAP) for the Six Months Ended September 30, 2011



October 31, 2011

Listed Company Name: Alpine Electronics, Inc.
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 Expected Date for Submission of Semiannual Report: November 11, 2011
 Expected Date for Commencement of Dividend Payout: November 30, 2011
 Materials Prepared to Supplement the Consolidated Financial Statements: Yes
 Quarterly Presentation of Business Results Meeting Held: Yes (For analysts)

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, 2012

(April 1, 2011, to September 30, 2011)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)	Amount	Change (%)
Six Months Ended September 30, 2011	95,100	(3.0%)	3,132	(55.2%)	2,902	(51.8%)	2,211	(55.5%)
Six Months Ended September 30, 2010	98,020	28.3%	6,993	—	6,027	—	4,969	—

Note: Comprehensive income (loss)
 Six months ended September 30, 2011: (¥2,310 million) (—%)
 Six months ended September 30, 2010: (¥1,057 million) (—%)

	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
Six Months Ended September 30, 2011	31.70	—
Six Months Ended September 30, 2010	71.23	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
September 30, 2011	150,546	95,752	63.1	1,361.53
March 31, 2011	153,783	98,759	63.7	1,403.69

[Reference] Shareholders' equity
 Six months ended September 30, 2011: ¥94,988 million
 Fiscal year ended March 31, 2011: ¥97,928 million

2. Dividends

Date of Record	Dividends per Share (Yen)				
	End of First Quarter	End of Second Quarter	End of Third Quarter	End of Fiscal Year	Full Fiscal Year
Fiscal Year Ended March 31, 2011	—	10.00	—	10.00	20.00
Fiscal Year Ending March 31, 2012	—	10.00			
Fiscal Year Ending March 31, 2012 (Forecast)			—	10.00	20.00

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

3. Projections for Fiscal Year Ending March 31, 2012 (April 1, 2011, to March 31, 2012)

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

(Millions of yen, unless otherwise states)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income Per Share
		(%)		(%)		(%)		(%)	(Yen)
Fiscal Year Ending March 31, 2012	190,000	(5.6%)	3,700	(66.8%)	3,700	(65.7%)	2,500	(58.5%)	35.83

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

4. Others

(1) Changes in material subsidiaries during the period (changes in specific subsidiaries affecting the scope of consolidation): No

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

(2) Application of simplified methods of accounting and accounting methods specific to the preparation of quarterly financial statements: No

(3) Changes in accounting principles, accounting estimates, Re-presentation of revisions, etc.

1) Changes due to revisions to accounting standards, etc.: No

2) Changes other than 1): No

3) Changes in accounting estimates: No

4) Re-presentation of revisions: No

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

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

First half ended September 30, 2011: 69,784,501

Fiscal year ended March 31, 2011: 69,784,501

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

First half ended September 30, 2011: 18,572

Fiscal year ended March 31, 2011: 19,062

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

First half ended September 30, 2011: 69,765,805

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

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 Statements Regarding Performance Forecasts

(1) Revisions have been made to the performance forecasts announced on July 29, 2011.

(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, 2012, in Japan, the Great East Japan Earthquake caused industrial activity to decline in numerous sectors, however, normalization of supply chains progressed and signs of rebuilding could be seen. On the other hand, in other countries, the momentum of the Chinese economy that has maintained economic growth is slowing due to inflation control measures by the government. Furthermore, financial concerns in Europe and rising concern about the economic stagnation in the United States, etc., and uncertainty regarding the future of the world economy increased.

The automobile industry was affected temporarily by a shortage of parts, but by quickly ramping up production for the second half of the fiscal year, automaker production appears to be returning to normal earlier than initially projected.

In the Japanese car electronics industry, demand declined from the special procurement boom of new cars in the previous year, however, due to the termination of analog television broadcasting, the demand for digital terrestrial tuners and replacement of car navigation systems increased.

Against this backdrop, although Alpine suffered damage from the Great East Japan Earthquake to its production facilities and buildings, we resumed production quickly and worked on developing high-value added products and new products meeting market needs. In particular, we focused on in-car devices and connectivity to smartphones and released an in-car infotainment system based on "MirrorLink" which is a new smartphone standard of Nokia, a leading provider of mobile communication devices. Furthermore, in order to strengthen our research of cloud computing, we established a new base in San Jose, California in the United States.

We also proactively participated as an exhibitor in foreign motor shows including Shanghai and Frankfurt to promote the Alpine brand, and we made technical proposals and provided information on new models to automakers. Through these measures, we aimed to expand our business.

However, in addition to the impact from the decrease in production of automakers at the beginning of the current fiscal year, our business environment continued to be difficult due to factors such as intense competition with competitors, sharp rise of material costs, and impact of the prolonged appreciation of the yen.

As a result, during the six-month period ended September 30, 2011, consolidated net sales were down 3.0% year on year, to ¥95.1 billion. Operating income fell 55.2%, to ¥ 3.1 billion, ordinary income dropped 51.8%, to ¥ 2.9 billion, and net income amounted to ¥2.2billion, down 55.5%.

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

Audio Products Segment

In the Audio Products segment, sales in Japan and Europe of high-quality speakers and amplifiers that feature clear cabin audio playback were robust. However, owing to increasingly intense price competition, sales in the European and the United States market of head units, chiefly CD players, were severe.

In the OEM market, sales fell since our mainstay customers decreased production due to the earthquake at the beginning of the current fiscal year.

Accordingly, segment sales declined 21.4%, to ¥ 27.1 billion from the previous corresponding period.

Information and Communication Products Segment

In addition to the affect on performance from a growing mood of restraint on personal consumption in the domestic market, competition intensified with attempts by competitors to strengthen product lineups. However, we achieved strong sales due to the success of tie-ups with major mass-market retailers and promotional campaigns for the "BIG X" and "Perfect Fit" solutions. "BIG X" enjoys an excellent reputation as a differentiated product in the market and received the 2011 Good Design Award. Furthermore, sales were also positive in the European and U.S. markets, owing to positive customer response to the strong cost performance of our affordably priced navigation systems.

In the OEM market, production cutbacks among our major customers affected sales to automakers. However, sales were strong to high-end European car manufacturers, as they introduced new models to accurately meet Chinese consumer demand. Furthermore, installation rates are recovering for such highly functional items as navigation and display products, pushing up sales.

Owing to these factors, sales in this segment grew 7.0%, to ¥67.9 billion.

(2) Qualitative Information Regarding Consolidated Financial Position

① Assets, liabilities and net assets

Total assets fell ¥3.2 billion to ¥150.5 billion as of September 30, 2011 in comparison with March 31, 2011, while net assets fell 3.0 billion, to ¥95.7 billion. As a result, the equity ratio was 63.1%. Primary factors behind this change were a ¥1.8 billion decrease in cash and deposits, a ¥ 0.4 billion rise in notes and accounts receivable–trade, a ¥ 2.9 billion rise in inventories and the combination of which caused current assets to climb ¥1.4 billion. Total noncurrent assets fell ¥4.7 billion, stemming from a ¥0.8 billion decline in property, plant and equipment, and a ¥ 0.8 billion decrease in intangible assets and a ¥2.6 billion decrease in investment securities.

Total current liabilities increased by ¥1.8 billion with notes and accounts payable–trade rising ¥2.9 billion, deferred tax liabilities falling ¥0.3 billion, the provision for product warranties falling ¥0.5 billion, and provision for losses due to disaster decreasing ¥0.5 billion.

Noncurrent liabilities were down ¥2.0 billion, led by a ¥1.1 billion decline in deferred tax liabilities, etc.

② Cash flows

As of September 30, 2011, cash and cash equivalents decreased by 5.2% or ¥2.2 billion to ¥41.5 billion from March 31, 2011.

(Net cash from operating activities)

Net cash provided by operating activities was ¥3.3 billion (¥8.4 billion was provided in the corresponding period of the previous year). The main causes are the recording of ¥3.0 billion in net income before taxes and other adjustments and ¥3.3 billion in depreciation, an increase in funds due to a ¥5.7 billion increase of notes and accounts payable-trade, a ¥2.9 billion increase of notes and accounts receivable-trade, a ¥4.1 billion increase of inventories, and a decrease in funds due to a ¥1.4 billion payment of income tax, etc.

(Net cash from investing activities)

Net cash used in investing activities was ¥2.9 billion. (¥5.5 billion was used in the corresponding period of the previous year). The main causes are a decrease in funds by ¥1.8 billion for the acquisition of property, plant and equipment, and ¥1.3 billion for loans.

(Net cash from financing activities)

Net cash used in financing activities was ¥0.6 billion (¥0.08 billion was used in the corresponding period of the previous year). The main cause is a decline in funds due to a ¥0.6 billion payment of dividends.

As a result, the free cash flow was ¥0.4 billion. Free cash flow refers to the sum total of net cash provided by operating activities and net cash used in investing activities.

(3) Qualitative Information Regarding Consolidated Performance Forecasts

For information regarding our consolidated performance forecasts, in order to reflect the recent sharp rise in the prices of materials and strong yen exchange rate, we revised our performance forecasts for the full year announced on July 29, 2011 as follows.

In addition, the impact on our consolidated performance for indirect material procurement, etc. from damage in Thailand due to flooding is unclear at this point

If an important impact on consolidated performance is expected, we will disclose such information immediately.

The exchange rates for the second half of the year are based on the assumption of 1 USD = 75 yen and 1 Euro = 100 yen.

Consolidated Performance Forecasts for the Fiscal Year Ending March 31, 2012 (April 1, 2011, to March 31, 2012)

(Millions of yen unless otherwise stated)

	Net Sales	Operating Income (Loss)	Ordinary Income (Loss)	Net Income (Loss)	Net Income Per Share (Yen)
Previously announced forecasts (A)	190,000	5,000	5,000	3,500	50.17
Revised forecasts (B)	190,000	3,700	3,700	2,500	35.83
Difference (B-A)	—	(1,300)	(1,300)	(1,000)	—
Change (%)	—	(26.0) %	(26.0) %	(28.6) %	—
Performance for the fiscal year ended March 31, 2011	201,257	11,155	10,771	6,029	86.43

2. Items Regarding Summary Information (Others)

(1) Transfer of major subsidiaries during the scope of consolidation of this quarter

None

(2) Applying accounting procedures specific to preparing quarterly financial statements

None

(3) Restatement of changes in accounting principles/changes and revisions in accounting estimate

None

4. Interim Consolidated Financial Statements (Summary)

(1) Interim Consolidated Balance Sheets

(Millions of yen)

	March 31, 2011	September 30, 2011
ASSETS		
Current assets		
Cash and deposits	44,049	42,225
Notes and accounts receivable–trade	28,192	28,663
Merchandise and finished goods	14,202	17,521
Work in process	1,244	1,111
Raw materials and supplies	6,033	5,755
Deferred tax assets	2,062	2,310
Other	7,396	7,059
Allowance for doubtful accounts	(248)	(238)
Total current assets	102,931	104,409
Noncurrent Assets		
Property, plant and equipment		
Buildings and structures	22,817	22,744
Accumulated depreciation	(14,069)	(14,300)
Buildings and structures, net	8,747	8,444
Machinery, equipment and vehicles	15,783	15,535
Accumulated depreciation	(11,271)	(11,422)
Machinery, equipment and vehicles, net	4,511	4,113
Tools, furniture, fixtures and dies	49,234	49,084
Accumulated depreciation	(45,548)	(45,631)
Tools, furniture, fixtures and dies, net	3,685	3,453
Land	4,810	4,801
Lease assets	287	129
Accumulated depreciation	(174)	(45)
Lease assets, net	112	83
Construction in progress	173	295
Total property, plant and equipment	22,042	21,190
Intangible assets	4,546	3,731
Investments and other assets		
Investment securities	21,151	18,5106
Deferred tax assets	341	359
Other	2,784	2,357
Allowance for doubtful accounts	(13)	(13)
Total investments and other assets	24,264	21,214
Total noncurrent assets	50,852	46,136
Total assets	153,783	150,546

March 31, 2011 September 30, 2011

LIABILITIES		
Current liabilities		
Notes and accounts payable–trade	21,287	24,190
Short-term loans payable	47	117
Current portion of long-term loans payable	-	800
Income taxes payable	1,017	700
Accrued expenses	8,385	8,445
Deferred tax liabilities	196	109
Provision for bonuses	1,642	1,830
Provision for directors' bonuses	54	23
Provision for product warranties	4,777	4,250
Provision for losses due to disaster	808	286
Other	3,965	3,278
Total current liabilities	42,183	44,034
Noncurrent liabilities		
Long-term loans payable	5,400	4,600
Deferred tax liabilities	4,628	3,487
Provision for retirement benefits	734	754
Provision for directors' retirement benefits	616	592
Other	1,460	1,324
Total noncurrent liabilities	12,841	10,760
Total liabilities	55,024	54,794
NET ASSETS		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	51,796	53,310
Treasury stock	(27)	(26)
Total shareholders' equity	102,595	104,109
Other comprehensive income		
Valuation difference on available-for-sale securities	4,839	3,018
Deferred gains or losses on hedges	-	(5)
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	(8,195)	(10,824)
Total Other comprehensive income	(4,666)	(9,121)
Minority interests	830	763
Total net assets	98,759	95,752
Total liabilities and net assets	153,783	150,546

(2) Interim Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Net sales	98,020	95,100
Cost of sales	75,403	7,7386
Gross profit	22,616	17,714
Selling, general and administrative expenses	15,622	14,581
Operating income	6,993	3,132
Non-operating income		
Interest income	79	98
Dividends income	146	147
Equity in earnings of affiliates	291	308
Other	232	168
Total non-operating income	748	722
Non-operating expenses		
Interest expenses	104	57
Foreign exchange loss	1,219	595
Sales discounts	117	63
Commission fees	66	48
Other	207	187
Total non-operating expenses	1,715	952
Ordinary income	6,027	2,902
Extraordinary income		
Gain on sales of noncurrent assets	34	34
Reversal of allowance for doubtful accounts	119	—
Gain on settlement and valuation of options	102	—
Subsidy for employment adjustment	—	157
Proceeds from accident insurance	—	78
Disaster relief money	—	17
Other	—	0
Total extraordinary income	256	289
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	31	25
Loss on valuation of investment securities	2	1
Provision for product warranties	174	—
License fee on prior periods	—	99
Other	2	—
Total extraordinary losses	211	126
Income before income taxes and minority interests	6,071	3,065
Income taxes—current	1,382	1,216
Income taxes—deferred	(292)	(370)
Total income taxes	1,089	845
Income before minority interests	4,982	2,220
Minority interests in income	12	8
Net income	4,969	2,211
Minority interests in income	12	8

(Millions of yen)

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Income before minority interests	4,982	2,220
Other comprehensive income		
Valuation difference on available-for-sale securities	(709)	(1,821)
Deferred gains or losses on hedges	—	(5)
Foreign currency translation adjustment	(2,786)	(2,786)
Share of other comprehensive income of associates accounted for using equity method	(428)	81
Total other comprehensive income	(3,924)	(4,530)
Comprehensive income	1,057	(2,310)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	1,073	(2,242)
Comprehensive income attributable to minority interests	(15)	(67)

(3) Interim Consolidated Statements of Cash Flows

(Millions of yen)

	Six Months Ended September 30, 2010	Six Months Ended September 30, 2011
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	6,071	3,065
Depreciation and amortization	3,538	3,372
Decrease (increase) in notes and accounts receivable–trade	(1,018)	(2,982)
Decrease (increase) in inventories	(6,674)	(4,165)
Increase (decrease) in notes and accounts payable-trade	5,161	5,717
Other, net	2,059	(395)
Subtotal	9,139	4,612
Interest and dividend income received	238	244
Interest expenses paid	(109)	(57)
Income taxes paid	(867)	(1,490)
Income taxes refund	78	50
Net cash provided by (used in) operating activities	8,479	3,359
Net cash provided by (used in) investing activities		
Net cash provided by (used in) investing activities	(1,558)	(1,888)
Purchase of property, plant and equipment	221	45
Proceeds from sales of property, plant and equipment	(525)	(298)
Purchase of intangible assets	(1)	(2)
Purchase of investment securities	-	4
Proceeds from sales of investment securities	(2,923)	(1,312)
Collection of loans receivable	12	1,008
Other, net	(785)	(499)
Net cash provided by (used in) investing activities	(5,560)	(2,942)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(38)	82
Cash dividends paid	(0)	(695)
Other, net	(49)	(59)
Net cash provided by (used in) financing activities	(88)	(671)
Effect of exchange rate change on cash and cash equivalents	(929)	(2,029)
Net increase (decrease) in cash and cash equivalents	1,901	(2,284)
Cash and cash equivalents at beginning of period	39,844	43,883
Cash and cash equivalents at end of period	41,745	41,599

(4) Notes related to the assumption of an ongoing concern

Nothing to report.

(5) Segment Information

1) Net Sales and Operating Income (Loss) by Reporting Segment for the

Second Quarter of the Fiscal Year Ended September 30, 2011 (April 1, 2010, to September 30, 2010)

(Millions of yen)

	Reporting Segments			Adjustments (Note)	Consolidated
	Audio Products Segment	Information and Communication Products Segment	Total		
Net Sales					
Outside Customers	34,563	63,456	98,020	—	98,020
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 negative ¥2,344 million adjustment to segment operating income is for companywide expenses that are not allocated to reporting segments. Companywide expenses comprise mainly non-segment corporate administrative and research and development costs.

2) Net Sales and Operating Income (Loss) by Reporting Segment for the

First Quarter of the Fiscal Year Ending September 30, 2012 (April 1, 2011, to September 30, 2011)

(Millions of yen)

	Reporting Segments			Adjustments (Note)	Consolidated
	Audio Products Segment	Information and Communication Products Segment	Total		
Net Sales					
Outside Customers	27,179	67,921	95,100	—	95,100
Within Consolidated Group	372	89	462	(462)	—
Total	27,552	68,011	95,563	(462)	95,100
Segment Operating Income	457	4,735	5,193	(2,060)	3,132

Note: The negative ¥2,060 million adjustment to segment operating income is for companywide expenses that are not allocated to reporting segments. Companywide expenses comprise mainly non-segment corporate administrative and research and development costs.

(6) Notes Concerning Significant Changes in Shareholders' Equity

Nothing to report.