

October 31, 2012

Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending March 31, 2013
<under Japanese GAAP>

Company name: **Alpine Electronics, Inc.**
 Listing: First Section of the Tokyo Stock Exchange
 Stock code: 6816
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Scheduled date to file Quarterly Securities Report: November 13, 2012
 Scheduled date to commence dividend payments: November 30, 2012
 Preparation of supplementary material on quarterly earnings: Yes
 Holding of quarterly earnings performance review: Yes (for analysts)

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

1. Consolidated performance for the first six months of the fiscal year ending March 31, 2013
(from April 1, 2012 to September 30, 2012)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
First six months ended								
September 30, 2012	103,992	9.4	1,137	(63.7)	1,296	(55.3)	749	(66.1)
September 30, 2011	95,100	(3.0)	3,132	(55.2)	2,902	(51.8)	2,211	(55.5)

(Note) Comprehensive income

For the first six months ended September 30, 2012: ¥(3,204) million [-%]
 For the first six months ended September 30, 2011: ¥(2,310) million [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
First six months ended		
September 30, 2012	10.75	-
September 30, 2011	31.70	-

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
September 30, 2012	153,161	97,949	63.5	1,393.19
March 31, 2012	167,355	101,811	60.4	1,448.63

(Reference) Equity

As of September 30, 2012: ¥97,203 million
 As of March 31, 2012: ¥101,067 million

2. Cash dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2012	–	10.00	–	10.00	20.00
Fiscal year ending March 31, 2013	–	10.00			
Fiscal year ending March 31, 2013 (Forecast)			–	10.00	20.00

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

3. Consolidated earnings forecasts for the fiscal year ending March 31, 2013 (from April 1, 2012 to March 31, 2013)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2013	220,000	8.4	3,000	(46.9)	3,400	(47.9)	1,500	(67.2)	21.50

(Note) Revisions to the consolidated earnings forecasts most recently announced: None

* Notes

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

(4) Number of issued shares (common stock)

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

As of September 30, 2012	69,784,501 shares
As of March 31, 2012	69,784,501 shares

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

As of September 30, 2012	14,110 shares
As of March 31, 2012	16,834 shares

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

For the first six months ended September 30, 2012	69,769,516 shares
For the first six months ended September 30, 2011	69,765,805 shares

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

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

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

Caution concerning forward-looking statements

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.

Method of accessing supplementary material on quarterly earnings

Supplementary material on quarterly earnings will be available on the Company's website, on Friday, November 2, 2012.

Qualitative Information Regarding Settlement of Accounts for the First Six Months

(1) Qualitative information regarding consolidated operating results

During the first six months ended September 30, 2012, the Japanese economy continued to face difficult conditions due to such factors as prolonged appreciation of the yen, a downturn in the electronics industry, and a slowdown on the stock market. Overseas, the U.S. economy showed a gradual recovery, but in Europe the sovereign debt crisis became more severe and began to restrain the German economy, which had been playing a leading role in the region's economy. Global economic uncertainty continued as growth in developing countries such as China and India slowed.

In the car electronics industry, there were expectations for sales growth in the Japanese market associated with increased sales of new cars due to a rebound in demand following the previous year's Great East Japan Earthquake and the effect of eco-car purchase subsidies. However, sales of aftermarket navigation systems declined due to the absence of the replacement purchase demand that had followed the transition from analog to fully digital broadcasting of terrestrial television and the increasing number of cars with these systems being installed as dealer options. Buffeted by the global economic slowdown, demand in overseas markets weakened, and price competition between rival companies intensified.

Under these circumstances, the Alpine Group worked to build sales and production networks in the Middle East and Brazil, where growth is expected, and resumed production in Thailand in anticipation of economic development in the Asian market. In the U.S., Alpine established an R&D company in the cloud computing area and worked to develop new products that will link in-car IT products with mobile devices such as smart phones. From the earnings standpoint, sales to automakers grew due to recovering production and sales at Alpine's main automaker customers and steady automobile sales in the North American market. However, harsh conditions continued as the costs of materials for in-car displays and HDDs remained as high as ever, combining with the appreciation of the yen and intensifying sales competition with rival companies in the domestic, U.S., and European aftermarkets to place downward pressure on profit.

As a result, during the first six months ended September 30, 2012, consolidated net sales increased 9.4% compared with the corresponding period of the previous fiscal year, to ¥103.9 billion. Operating income decreased 63.7% to ¥1.1 billion, ordinary income fell 55.3% to ¥1.2 billion, and net income amounted to ¥0.7 billion, a decrease of 66.1%.

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

< Audio Products segment >

In the Audio Products segment, Alpine worked to expand sales in the North American aftermarket through sales for head units, chiefly CD players, and sound systems that combine high-quality speakers and amplifiers, as well as the start of sales of knocked down products to the Brazilian market, where a commercial distribution network was newly acquired. However, as the market environment remained harsh, sales remained at the same level as the previous year. In the European aftermarket, Alpine launched new digital audio broadcast (DAB)-related products and developed CD player sales promotions to expand sales, but price competition with rival companies intensified, and conditions remained harsh. In the domestic aftermarket, conditions remained generally difficult as a result of intensifying competition due to reduced market scale, and sluggish sales of speakers that had previously maintained a high market share.

In the original equipment manufacture (OEM) market, sales to automakers increased on the back of recovering production and sales at Japanese customers and favorable sales at European and U.S. automakers.

Accordingly, segment sales increased 9.1% compared with the corresponding period of the previous fiscal year, to ¥29.6 billion.

< Information and Communication Products segment >

The Information and Communication Products segment sought to expand sales, proposing its "BIG X" series, "Perfect Fit" systems and unique car interior layouts on the Japanese aftermarket, and broadening the appeal of total coordination as "Alpine Style." The segment also strengthened its lineup of new products that meets user needs, such as by launching onto the market the REARVISION in-car monitor fitted with an air-cleaning system, a world first, and a navigation system with a 9-inch display. However, sales suffered a decline as a result of new products launched onto the market by competitors and the intensifying price competition. Sales in the European and U.S. aftermarkets were sluggish due to a sales decline in hybrid products resulting from intensifying price competition, as well as the later-than-planned introduction of new products.

In the OEM market, favorable sales were recorded to high-end car manufacturers in Europe and the "Big Three" automakers in the U.S. Also contributing to substantially increased sales were the recovering production and sales at Japanese customer makers and the rising proportion of cars that have navigation or display products installed.

Owing to these factors, sales in this segment grew 9.4% compared with the corresponding period of the previous fiscal year, to ¥74.3 billion.

(2) Qualitative information regarding consolidated financial position

1) Assets, liabilities and net assets

Total assets stood at ¥153.1 billion as of September 30, 2012, a decrease of ¥14.1 billion compared with the end of the previous fiscal year (March 31, 2012). Primary factors behind this change were a ¥15.2 billion decrease in cash and deposits, a ¥5.5 billion decrease in notes and accounts receivable-trade, a ¥2.2 billion decrease in investment securities, and increases in inventories and short-term loans receivable of ¥5.6 billion and ¥4.3 billion, respectively.

Total liabilities decreased ¥10.3 billion from March 31, 2012, to ¥55.2 billion due to a ¥6.1 billion decrease in notes and accounts payable-trade, a ¥0.8 billion decrease in current portion of long-term loans payable, a ¥0.8 billion decrease in deferred tax liabilities, a ¥0.6 billion decrease in accrued expenses and a ¥0.5 billion decrease in provision for product warranties.

Net assets decreased ¥3.8 billion to ¥97.9 billion due to a ¥2.1 billion decrease in foreign currency translation adjustment and a ¥1.7 billion decrease in valuation difference on available-for-sale securities.

Consequently, equity ratio increased 3.1 percentage points from March 31, 2012, to 63.5%.

2) Cash flows

Cash and cash equivalents (hereinafter “cash”) as of September 30, 2012 were ¥28.5 billion, a ¥15.4 billion decrease from the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash used in operating activities totaled ¥4.7 billion (¥3.3 billion was provided in the corresponding period of the previous fiscal year). Major sources of cash were income before income taxes and minority interests amounting to ¥2.5 billion, depreciation and amortization totaling ¥2.8 billion and a ¥3.8 billion decrease in notes and accounts receivable-trade. The principal uses of cash were a ¥6.9 billion increase in inventories, a ¥4.4 billion decrease in notes and accounts payable-trade and income taxes paid of ¥1.3 billion.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥8.0 billion (¥2.9 billion was used in the corresponding period of the previous fiscal year). Principal uses of cash were ¥3.1 billion for the purchase of property, plant and equipment and ¥5.2 billion for payments of loans receivable.

(Cash flows from financing activities)

Net cash used in financing activities was ¥1.4 billion (¥0.6 billion was used in the corresponding period of the previous fiscal year). Repayment of long-term loans payable of ¥0.8 billion and cash dividends paid of ¥0.6 billion were the main factors in the decrease.

Due to these factors, the free cash flows decreased by ¥12.8 billion. Free cash flows are the sum of cash flows from operating activities and cash flows from investing activities.

(3) Qualitative information regarding consolidated earnings forecasts

There are no changes to the full-year consolidated earnings forecasts announced in the “Notice of Revisions to Performance Forecasts,” dated October 1, 2012.

Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
Assets		
Current assets		
Cash and deposits	44,209	28,926
Notes and accounts receivable-trade	35,695	30,165
Merchandise and finished goods	20,092	24,697
Work in process	992	1,122
Raw materials and supplies	5,927	6,827
Deferred tax assets	1,999	1,426
Other	9,946	14,364
Allowance for doubtful accounts	(262)	(336)
Total current assets	118,602	107,193
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	22,984	22,812
Accumulated depreciation	(14,704)	(14,845)
Buildings and structures, net	8,280	7,966
Machinery, equipment and vehicles	16,552	16,998
Accumulated depreciation	(12,335)	(12,076)
Machinery, equipment and vehicles, net	4,216	4,921
Tools, furniture, fixtures and dies	50,073	50,144
Accumulated depreciation	(46,450)	(46,576)
Tools, furniture, fixtures and dies, net	3,622	3,568
Land	4,810	4,764
Lease assets	123	119
Accumulated depreciation	(36)	(44)
Lease assets, net	86	75
Construction in progress	575	209
Total property, plant and equipment	21,592	21,505
Intangible assets	2,814	2,484
Investments and other assets		
Investment securities	22,032	19,817
Deferred tax assets	268	228
Other	2,059	1,990
Allowance for doubtful accounts	(13)	(58)
Total investments and other assets	24,346	21,979
Total noncurrent assets	48,753	45,968
Total assets	167,355	153,161

(Millions of yen)

	As of March 31, 2012	As of September 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,116	25,978
Short-term loans payable	132	158
Current portion of long-term loans payable	5,400	4,600
Accrued expenses	8,466	7,782
Income taxes payable	755	580
Deferred tax liabilities	90	114
Provision for bonuses	1,791	1,839
Provision for directors' bonuses	52	21
Provision for product warranties	4,725	4,134
Provision for loss on disaster	38	–
Other	4,225	3,131
Total current liabilities	57,795	48,341
Noncurrent liabilities		
Deferred tax liabilities	4,600	3,734
Provision for retirement benefits	1,080	1,093
Provision for directors' retirement benefits	608	642
Other	1,459	1,401
Total noncurrent liabilities	7,749	6,871
Total liabilities	65,544	55,212
Net assets		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	54,972	55,022
Treasury stock	(24)	(20)
Total shareholders' equity	105,774	105,828
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,355	3,601
Deferred gains or losses on hedges	(6)	10
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	(8,745)	(10,927)
Total accumulated other comprehensive income	(4,706)	(8,625)
Minority interests	743	745
Total net assets	101,811	97,949
Total liabilities and net assets	167,355	153,161

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	First six months ended September 30, 2011	First six months ended September 30, 2012
Net sales	95,100	103,992
Cost of sales	77,386	88,568
Gross profit	17,714	15,424
Selling, general and administrative expenses	14,581	14,287
Operating income	3,132	1,137
Non-operating income		
Interest income	98	97
Dividends income	147	187
Equity in earnings of affiliates	308	434
Other	168	171
Total non-operating income	722	890
Non-operating expenses		
Interest expenses	57	56
Foreign exchange losses	595	461
Commission fee	63	61
Sales discounts	48	56
Other	187	96
Total non-operating expenses	952	732
Ordinary income	2,902	1,296
Extraordinary income		
Gain on sales of noncurrent assets	34	14
Gain on sales of investment securities	–	0
Income of employment adjustment subsidy	157	–
Income of disaster insurance	78	–
Disaster relief money	17	–
Compensation income	–	1,181
Income of earthquake recovery subsidy	–	84
Other	0	21
Total extraordinary income	289	1,301
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	25	31
Loss on valuation of investment securities	1	0
Loss on disaster	99	6
Provision of allowance for doubtful accounts	–	45
Total extraordinary losses	126	83
Income before income taxes and minority interests	3,065	2,513
Income taxes-current	1,216	1,103
Income taxes-deferred	(370)	652
Total income taxes	845	1,755
Income before minority interests	2,220	757
Minority interests in income	8	7
Net income	2,211	749
Minority interests in income	8	7

(Millions of yen)

	First six months ended September 30, 2011	First six months ended September 30, 2012
Income before minority interests	2,220	757
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,821)	(1,751)
Deferred gains or losses on hedges	(5)	17
Foreign currency translation adjustment	(2,786)	(2,288)
Share of other comprehensive income of associates accounted for using equity method	81	59
Total other comprehensive income	(4,530)	(3,962)
Comprehensive income	(2,310)	(3,204)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(2,242)	(3,168)
Comprehensive income attributable to minority interests	(67)	(36)

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	First six months ended September 30, 2011	First six months ended September 30, 2012
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,065	2,513
Depreciation and amortization	3,372	2,897
Decrease (increase) in notes and accounts receivable-trade	(2,982)	3,863
Decrease (increase) in inventories	(4,165)	(6,932)
Increase (decrease) in notes and accounts payable-trade	5,717	(4,456)
Other, net	(395)	(1,469)
Subtotal	4,612	(3,584)
Interest and dividends income received	244	281
Interest expenses paid	(57)	(56)
Income taxes paid	(1,490)	(1,396)
Income taxes refund	50	11
Net cash provided by (used in) operating activities	3,359	(4,744)
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(1,888)	(3,140)
Proceeds from sales of property, plant and equipment	45	19
Purchase of intangible assets	(298)	(265)
Purchase of investment securities	(2)	(2)
Proceeds from sales of investment securities	4	0
Payments of loans receivable	(1,312)	(5,219)
Collection of loans receivable	1,008	732
Other, net	(499)	(194)
Net cash provided by (used in) investing activities	(2,942)	(8,069)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	82	42
Repayment of long-term loans payable	-	(800)
Cash dividends paid	(695)	(697)
Proceeds from stock issuance to minority shareholders	-	37
Other, net	(59)	(11)
Net cash provided by (used in) financing activities	(671)	(1,428)
Effect of exchange rate change on cash and cash equivalents	(2,029)	(1,200)
Net increase (decrease) in cash and cash equivalents	(2,284)	(15,443)
Cash and cash equivalents at beginning of period	43,883	43,947
Cash and cash equivalents at end of period	41,599	28,504

(4) Notes on premise of going concern

No items to report

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

No items to report

(6) Segment information

1) First six months ended September 30, 2011

Information concerning net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustment (Note)	Amount on consolidated quarterly financial statements
	Audio Products segment	Information and Communication Products segment	Total		
Sales					
Sales to outside customers	27,179	67,921	95,100	–	95,100
Internal sales or transfer among segments	372	89	462	(462)	–
Total	27,552	68,011	95,563	(462)	95,100
Segment profit (operating income)	457	4,735	5,193	(2,060)	3,132

Note: The adjustment of negative ¥2,060 million to segment profit represents corporate expenses not allocated to reportable segments. The corporate expenses are principally costs related to the administration division and part of the development division that are not attributable to the segments.

2) First six months ended September 30, 2012

Information concerning net sales and income/loss by reportable segment

(Millions of yen)

	Reportable segment			Adjustment (Note)	Amount on consolidated quarterly financial statements
	Audio Products segment	Information and Communication Products segment	Total		
Sales					
Sales to outside customers	29,661	74,331	103,992	–	103,992
Internal sales or transfer among segments	372	128	500	(500)	–
Total	30,033	74,459	104,493	(500)	103,992
Segment profit (operating income)	381	3,183	3,565	(2,428)	1,137

Note: The adjustment of negative ¥2,428 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.