

Consolidated Financial Results
for the First Nine 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: February 13, 2013
 Scheduled date to commence dividend payments: –
 Preparation of supplementary material on quarterly earnings: No
 Holding of quarterly earnings performance review: No

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

1. Consolidated performance for the first nine months of the fiscal year ending March 31, 2013
(from April 1, 2012 to December 31, 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 nine months ended								
December 31, 2012	157,855	8.5	1,701	(62.7)	2,701	(40.4)	1,142	(61.5)
December 31, 2011	145,434	(1.3)	4,562	(53.4)	4,534	(48.7)	2,967	(54.8)

(Note) Comprehensive income

For the first nine months ended December 31, 2012: ¥3,363 million [–%]

For the first nine months ended December 31, 2011: ¥(1,027) million [–%]

	Net income per share	Diluted net income per share
	Yen	Yen
First nine months ended		
December 31, 2012	16.38	–
December 31, 2011	42.53	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
December 31, 2012	155,832	103,820	66.1	1,476.02
March 31, 2012	167,355	101,811	60.4	1,448.63

(Reference) Equity

As of December 31, 2012: ¥102,985 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

- Changes in accounting policies due to revisions to accounting standards: Yes
- Changes in accounting policies due to other reasons: None
- Changes in accounting estimates: Yes
- 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 December 31, 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 December 31, 2012	12,130 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 nine months ended December 31, 2012	69,770,032 shares
For the first nine months ended December 31, 2011	69,766,051 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 consolidated 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.

Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Qualitative information regarding consolidated operating results

During the first nine months ended December 31, 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.

Meanwhile, although steady sales of new cars in the U.S. provided the car electronics industry with impetus, the overall situation remained difficult due to the impact of production adjustments associated with stagnant sales of new cars in Europe and a reluctance to buy Japanese automobiles in China.

Under these circumstances, the Alpine Group worked to build production and sales 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. Nevertheless, although the appreciation of the yen began to ease, exchange rates remained as high as ever, and sales competition intensified with rival companies in the domestic, U.S., and European aftermarkets. Moreover, changes in the sales mix in the original equipment manufacture (OEM) market and the costs of materials for in-car displays and HDDs, which remained as high as ever, placed downward pressure on profits, and the harsh conditions remained.

As a result, during the first nine months ended December 31, 2012, consolidated net sales increased 8.5% compared with the corresponding period of the previous fiscal year, to ¥157.8 billion. Operating income decreased 62.7% to ¥1.7 billion, ordinary income fell 40.4% to ¥2.7 billion, and net income amounted to ¥1.1 billion, a decrease of 61.5%.

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 continued to be 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 OEM market, sales to automakers increased, on the back of recovering production and sales at Japanese automakers and favorable sales at the major U.S. automakers.

Accordingly, segment sales increased 1.4% compared with the corresponding period of the previous fiscal year, to ¥41.0 billion.

< Information and Communication Products segment >

The Information and Communication Products segment sought to expand sales, through broadening the appeal of total coordination as "Alpine Style," proposing unique car interior layouts on the Japanese aftermarket, in addition to the "BIG X" series and "Perfect Fit" systems, which gained the No. 1 position in terms of customer satisfaction in a survey conducted by an external ratings agency. 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 navigation systems 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, sales to automakers substantially increased on the back of favorable sales at high-end car manufacturers in Europe and at the major U.S. automakers. Also contributing to the increased sales were the recovering production and sales at Japanese automakers and the rising proportion of cars that have navigation or display products installed.

Owing to these factors, sales in this segment grew 11.3% compared with the corresponding period of the previous fiscal year, to ¥116.8 billion.

(2) Qualitative information regarding consolidated financial position

Total assets stood at ¥155.8 billion as of December 31, 2012, a decrease of ¥11.5 billion compared with the end of the previous fiscal year (March 31, 2012). Primary factors behind this change included a ¥15.8 billion decrease in cash and deposits, a ¥3.5 billion decrease in notes and accounts receivable-trade, a ¥1.2 billion decrease in short-term loans receivable, a ¥7.6 billion increase in inventories, a ¥0.5 billion increase in investment securities, and a ¥0.6 billion increase in investments in capital.

Total liabilities decreased ¥13.5 billion from March 31, 2012, to ¥52.0 billion due to such factors as a ¥5.9 billion decrease in notes and accounts payable-trade, a ¥5.4 billion full repayment of the current portion of long-term loans payable, a ¥0.3 billion decrease in accrued expenses, a ¥0.7 billion decrease in provision for bonuses, and a ¥0.6 billion decrease in accounts payable-other.

Compared with the end of the previous fiscal year, net assets increased ¥2.0 billion to ¥103.8 billion due to a ¥0.2 billion decrease in retained earnings and a ¥2.2 billion increase in foreign currency translation adjustment.

Consequently, equity ratio increased 5.7 percentage points from March 31, 2012, to 66.1%.

(3) Qualitative information regarding consolidated earnings forecasts

There are no changes to the full-year consolidated earnings forecasts announced in the “Consolidated Financial Results for the First Six Months of the Fiscal Year Ending March 31, 2013 <under Japanese GAAP>,” dated October 31, 2012.

Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
Assets		
Current assets		
Cash and deposits	44,209	28,315
Notes and accounts receivable-trade	35,695	32,108
Merchandise and finished goods	20,092	25,255
Work in process	992	1,318
Raw materials and supplies	5,927	8,050
Deferred tax assets	1,999	1,232
Other	9,946	9,271
Allowance for doubtful accounts	(262)	(302)
Total current assets	118,602	105,248
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	22,984	23,723
Accumulated depreciation	(14,704)	(15,398)
Buildings and structures, net	8,280	8,324
Machinery, equipment and vehicles	16,552	18,425
Accumulated depreciation	(12,335)	(13,231)
Machinery, equipment and vehicles, net	4,216	5,194
Tools, furniture, fixtures and dies	50,073	51,689
Accumulated depreciation	(46,450)	(47,889)
Tools, furniture, fixtures and dies, net	3,622	3,800
Land	4,810	4,843
Lease assets	123	130
Accumulated depreciation	(36)	(49)
Lease assets, net	86	81
Construction in progress	575	505
Total property, plant and equipment	21,592	22,750
Intangible assets	2,814	2,408
Investments and other assets		
Investment securities	22,032	22,602
Deferred tax assets	268	400
Other	2,059	2,480
Allowance for doubtful accounts	(13)	(58)
Total investments and other assets	24,346	25,425
Total noncurrent assets	48,753	50,583
Total assets	167,355	155,832

(Millions of yen)

	As of March 31, 2012	As of December 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	32,116	26,134
Short-term loans payable	132	247
Current portion of long-term loans payable	5,400	–
Accrued expenses	8,466	8,098
Income taxes payable	755	508
Deferred tax liabilities	90	107
Provision for bonuses	1,791	1,037
Provision for directors' bonuses	52	31
Provision for product warranties	4,725	4,507
Provision for loss on disaster	38	–
Other	4,225	3,156
Total current liabilities	57,795	43,829
Noncurrent liabilities		
Deferred tax liabilities	4,600	4,919
Provision for retirement benefits	1,080	1,117
Provision for directors' retirement benefits	608	660
Other	1,459	1,483
Total noncurrent liabilities	7,749	8,182
Total liabilities	65,544	52,012
Net assets		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	54,972	54,715
Treasury stock	(24)	(17)
Total shareholders' equity	105,774	105,524
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	5,355	5,358
Deferred gains or losses on hedges	(6)	(98)
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	(8,745)	(6,488)
Total accumulated other comprehensive income	(4,706)	(2,539)
Minority interests	743	834
Total net assets	101,811	103,820
Total liabilities and net assets	167,355	155,832

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	First nine months ended December 31, 2011	First nine months ended December 31, 2012
Net sales	145,434	157,855
Cost of sales	119,301	135,116
Gross profit	26,133	22,739
Selling, general and administrative expenses	21,570	21,037
Operating income	4,562	1,701
Non-operating income		
Interest income	161	124
Dividends income	217	272
Foreign exchange gains	–	106
Equity in earnings of affiliates	445	625
Other	213	213
Total non-operating income	1,037	1,343
Non-operating expenses		
Interest expenses	94	74
Foreign exchange losses	551	–
Commission fee	94	88
Sales discounts	70	88
Other	254	91
Total non-operating expenses	1,065	343
Ordinary income	4,534	2,701
Extraordinary income		
Gain on sales of noncurrent assets	38	15
Gain on sales of investment securities	4	0
Income of employment adjustment subsidy	157	–
Income of disaster insurance	97	–
Disaster relief money	17	–
Compensation income	–	1,181
Income of earthquake recovery subsidy	–	84
Other	3	24
Total extraordinary income	318	1,305
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	42	68
Loss on valuation of investment securities	1	0
Loss on disaster	101	6
Provision of allowance for doubtful accounts	–	45
Other	2	15
Total extraordinary losses	148	136
Income before income taxes and minority interests	4,705	3,870
Income taxes-current	1,795	1,685
Income taxes-deferred	(30)	1,031
Total income taxes	1,764	2,717
Income before minority interests	2,940	1,153
Minority interests in income (loss)	(26)	10
Net income	2,967	1,142
Minority interests in income (loss)	(26)	10

(Millions of yen)

	First nine months ended December 31, 2011	First nine months ended December 31, 2012
Income before minority interests	2,940	1,153
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,450)	14
Deferred gains or losses on hedges	190	(91)
Foreign currency translation adjustment	(2,564)	2,385
Share of other comprehensive income of associates accounted for using equity method	(143)	(98)
Total other comprehensive income	(3,967)	2,210
Comprehensive income	(1,027)	3,363
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(930)	3,309
Comprehensive income attributable to minority interests	(96)	53

(3) Notes on premise of going concern

No items to report

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

No items to report

(5) Segment information

1) First nine months ended December 31, 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	40,436	104,997	145,434	–	145,434
Internal sales or transfer among segments	577	144	721	(721)	–
Total	41,014	105,141	146,155	(721)	145,434
Segment profit (operating income)	928	6,827	7,756	(3,194)	4,562

Note: The adjustment of negative ¥3,194 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 nine months ended December 31, 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	41,022	116,833	157,855	–	157,855
Internal sales or transfer among segments	548	182	730	(730)	–
Total	41,571	117,015	158,586	(730)	157,855
Segment profit (operating income)	590	4,669	5,260	(3,558)	1,701

Note: The adjustment of negative ¥3,558 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.