Translation

January 31, 2014

Consolidated Financial Results for the First Nine Months of the Fiscal Year Ending March 31, 2014 <under Japanese GAAP>

Company name:	**Alpine Electronics, Inc.**
Listing:	First Section of the Tokyo Stock Exchange
Stock code:	6816
URL:	http://www.alpine.com/e/investor/
Representative:	Toru Usami, President and CEO
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Scheduled date to file Quarterly Securities Report:	February 13, 2014
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, 2014 (from April 1, 2013 to December 31, 2013)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating income		Ordinary income		Net income	
First nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
December 31, 2013	210,467	33.3	7,798	358.3	9,734	260.4	6,790	494.4
December 31, 2012	157,855	8.5	1,701	(62.7)	2,701	(40.4)	1,142	(61.5)

(Note) Comprehensive income
For the first nine months ended December 31, 2013: ¥17,398 million [417.3%]
For the first nine months ended December 31, 2012: ¥3,363 million [–%]

	Net income per share	Diluted net income per share
First nine months ended	Yen	Yen
December 31, 2013	97.33	–
December 31, 2012	16.38	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
December 31, 2013	193,613	126,116	64.5	1,790.72
March 31, 2013	168,061	109,991	64.9	1,562.62

(Reference) Equity
As of December 31, 2013: ¥124,947 million
As of March 31, 2013: ¥109,027 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, 2013	–	10.00	–	10.00	20.00
Fiscal year ending March 31, 2014	–	10.00	–		
Fiscal year ending March 31, 2014 (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, 2014 (from April 1, 2013 to March 31, 2014)

(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, 2014	283,000	27.3	9,500	312.1	11,800	175.0	8,000	357.8	114.66

(Note) Revisions to the consolidated earnings forecasts most recently announced: Yes

* 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: None
b. Changes in accounting policies due to other reasons: Yes
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 December 31, 2013	69,784,501 shares
As of March 31, 2013	69,784,501 shares

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

As of December 31, 2013	9,413 shares
As of March 31, 2013	12,153 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, 2013	69,773,255 shares
For the first nine months ended December 31, 2012	69,770,032 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

(1) Revisions have been made to the consolidated earnings forecasts announced on October 31, 2013.

(2) 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. For information regarding the assumptions on which earnings forecasts are based and points to note when using the earnings forecasts, please refer to "(3) Information regarding consolidated earnings forecasts and other forward-looking statements" under "Qualitative Information Regarding Settlement of Accounts for the First Nine Months" on page 2 of the accompanying materials.

Qualitative Information Regarding Settlement of Accounts for the First Nine Months

(1) Information regarding operating results

During the first nine months ended December 31, 2013, the Japanese economy began to see bright signs, such as the depreciation of the yen and high stock prices due to the effects of “Abenomics” (the economic policies taken by Prime Minister Shinzo Abe), as well as improved performance centered on exporting companies. Meanwhile, the U.S. economy is on a recovery track and the economic slowdown in Europe appears to have bottomed out. However, other factors including the slower pace of economic recovery in emerging countries such as China and Brazil mean that the pace of growth across the global economy as a whole remains sluggish.

In the car electronics industry, the Japanese aftermarket was still affected by the absence of the replacement purchase demand for navigation systems that had followed the transition from analog to fully digital broadcasting of terrestrial television in 2011. In addition, progress was made in diversifying sales channels other than stores specializing in auto products, such as having systems installed as automobile dealer options, and share competition between rival companies intensified. The market also witnessed significant structural changes: Additional demand in anticipation of the consumption tax hike due in April reversed the ongoing decline in the total number of new cars sold domestically following the end of eco-car purchase subsidies. In another example of structural change, record-high unit sales were recorded for mini-vehicles, whose installation rate for navigation systems is low. Meanwhile, in the European aftermarket the economic slowdown appeared to have bottomed out, and some signs of recovery were evident.

Meanwhile, sales of new cars in North America continued to be strong, supported by such factors as replacement demand and improved consumer sentiment due to the U.S. economic recovery. Also, in China, where private consumption remained solid, the number of new cars sold exceeded 20 million units. The car electronics industry benefited from the knock-on effect.

Under these circumstances, Alpine exhibited at the Shanghai Motor Show in China, and broadened the appeal of the Alpine brand and its high-quality, highly functional items, and sought to further expand its business. In addition, Alpine worked to expand its aftermarket business, for example by establishing a representative office in Indonesia, where the automobile market is expected to grow remarkably. At the ITS (Intelligent Transport Systems) World Congress and the Tokyo Motor Show, Alpine worked to secure new business opportunities by exhibiting cutting-edge technologies for EVs (electric vehicles) and advanced highway safety systems, as well as the next-generation integrated interior cockpit developed jointly with ALPS ELECTRIC CO., LTD. In the original equipment manufacturer (OEM) business, which accounts for more than 80% of our sales, Alpine held technology exhibitions for its overseas automaker customers, and endeavored to gain new orders by proposing complex and advanced in-car IT products. In Detroit, the heart of the North American auto industry, Alpine moved its sales base into the ALPS ELECTRIC CO., LTD. offices, strengthening collaboration with ALPS ELECTRIC’s automotive segment. Against a backdrop of favorable new car demand in the North American market, Alpine expanded capacity at its production base in Mexico, established Alpine Customer Service (USA), Inc. in the United States, developed its systems for repair and other after-sales services for in-car IT products, in which use of electronics is accelerating, and endeavored to improve quality. In order to lower cost prices, Alpine collaborated with partner component makers to improve earning power by using value engineering (VE) to reform product cost structure and decreasing the number of components, among other measures.

As a result, during the first nine months ended December 31, 2013, consolidated net sales increased 33.3% compared with the corresponding period of the previous fiscal year, to ¥210.4 billion. Operating income increased 358.3% to ¥7.7 billion, ordinary income increased 260.4% to ¥9.7 billion, and net income amounted to ¥6.7 billion, an increase of 494.4%.

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

< Audio Products segment >

In the Audio Products segment, Alpine launched a CD player equipped with the high-definition Rich Display onto the North American aftermarket and worked to strengthen sales through sound system sales promotions. In the European aftermarket, Alpine focused on expanding sales of entry-model CD players equipped with Bluetooth function and CD players equipped with high-value-added functions compatible with smartphone applications, which have been well received by the market. As a result, sales increased.

In the OEM market, sales increased in association with the robust sales of audio products adopted for the new cars that Japanese automakers began selling in North America from September 2012 and sound systems for the U.S. automakers.

Accordingly, segment sales increased 26.8% compared with the corresponding period of the previous fiscal year, to ¥52.0 billion.

< Information and Communication Products segment >
Amid the increasing severity of sales competition with rival companies in the domestic aftermarket, the Information and Communication Products segment promoted business tailored to specific car models and continued to focus on expanding sales of the "BIG X" series of large-screen navigation systems. In particular, Alpine endeavored to distinguish itself from competitors by ascertaining the needs of all passengers as well as drivers, launching new products with stronger appeal for families. In addition, Alpine continued to promote sales activities to automobile dealers in addition to stores specializing in auto products and worked to expand and upgrade its sales network, but sales slightly decreased under the impact of the decrease in new car sales in Japan.

In the OEM market, there was a rise in the proportion of new cars built by Japanese automakers in the North American market that are equipped with hybrid products with displays featuring navigation functions at their cores, and sales of the car models equipped with these products also increased. Furthermore, as in North America and China, sales continued to be robust in European luxury automakers' new cars equipped with our products, Alpine's sales increased.

Owing to these factors, sales in this segment grew 35.6% compared with the corresponding period of the previous fiscal year, to ¥158.4 billion.

(2) Information regarding financial position

Total assets stood at ¥193.6 billion as of December 31, 2013, an increase of ¥25.5 billion compared with the end of the previous fiscal year (March 31, 2013). Primary factors behind this change were a ¥7.9 billion increase in cash and deposits, a ¥1.7 billion increase in notes and accounts receivable-trade, a ¥6.0 billion increase in inventories, a ¥1.7 billion increase in short-term loans receivable, a ¥3.2 billion increase in property, plant and equipment, and a ¥4.6 billion increase in fair value adjustment of investment securities.

Total liabilities increased ¥9.4 billion from March 31, 2013, to ¥67.4 billion due to such factors as a ¥6.1 billion increase in notes and accounts payable-trade, a ¥1.2 billion increase in accrued expenses, a ¥1.1 billion increase in provision for product warranties, and a ¥1.0 billion increase in deferred tax liabilities (noncurrent).

Compared with the end of the previous fiscal year, net assets increased ¥16.1 billion to ¥126.1 billion due to a ¥5.5 billion increase in retained earnings, a ¥1.8 billion increase in valuation difference on available-for-sale securities, and an ¥8.5 billion increase in foreign currency translation adjustment.

Consequently, equity ratio decreased 0.4 percentage points from March 31, 2013, to 64.5%.

(3) Information regarding consolidated earnings forecasts and other forward-looking statements

Please refer to the "Notice of Revisions to Full-Year Consolidated Earnings Forecasts for Fiscal Year Ending March 31, 2014" released today (January 31, 2014).

The exchange rates assumed for the last three months ending March 31, 2014, are US$1 = ¥100.00 and €1 = ¥135.00.

< Consolidated earnings forecasts for the fiscal year ending March 31, 2014 >

Net sales	¥283.0 billion	(up 27.3% year on year)
Operating income	¥9.5 billion	(up 312.1% year on year)
Ordinary income	¥11.8 billion	(up 175.0% year on year)
Net income	¥8.0 billion	(up 357.8% year on year)

Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	34,070	42,050
Notes and accounts receivable-trade	38,207	39,920
Merchandise and finished goods	21,141	25,449
Work in process	1,013	1,398
Raw materials and supplies	7,161	8,508
Deferred tax assets	2,018	1,808
Other	9,912	11,719
Allowance for doubtful accounts	(214)	(352)
Total current assets	113,311	130,502
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	24,380	25,612
Accumulated depreciation	(15,817)	(16,670)
Buildings and structures, net	8,562	8,941
Machinery, equipment and vehicles	20,023	22,280
Accumulated depreciation	(14,165)	(15,713)
Machinery, equipment and vehicles, net	5,857	6,566
Tools, furniture, fixtures and dies	51,777	51,788
Accumulated depreciation	(47,646)	(46,609)
Tools, furniture, fixtures and dies, net	4,130	5,179
Land	4,896	5,007
Lease assets	146	217
Accumulated depreciation	(54)	(94)
Lease assets, net	92	122
Construction in progress	405	1,353
Total property, plant and equipment	23,944	27,172
Intangible assets	2,438	2,277
Investments and other assets		
Investment securities	25,864	30,561
Deferred tax assets	274	300
Other	2,287	2,811
Allowance for doubtful accounts	(58)	(12)
Total investments and other assets	28,367	33,660
Total noncurrent assets	54,750	63,110
Total assets	168,061	193,613

(Millions of yen)

	As of March 31, 2013	As of December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	27,629	33,740
Short-term loans payable	239	–
Accrued expenses	9,690	10,952
Income taxes payable	1,064	1,895
Deferred tax liabilities	117	20
Provision for bonuses	1,839	1,250
Provision for directors’ bonuses	47	32
Provision for product warranties	4,810	5,980
Other	3,587	3,558
Total current liabilities	49,026	57,430
Noncurrent liabilities		
Deferred tax liabilities	5,478	6,500
Provision for retirement benefits	1,292	1,373
Provision for directors’ retirement benefits	677	339
Other	1,597	1,852
Total noncurrent liabilities	9,044	10,066
Total liabilities	58,070	67,496
Net assets		
Shareholders’ equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	55,320	60,834
Treasury stock	(17)	(13)
Total shareholders’ equity	106,129	111,647
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,434	8,288
Deferred gains or losses on hedges	19	(15)
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	(2,245)	6,337
Total accumulated other comprehensive income	2,897	13,299
Minority interests	963	1,169
Total net assets	109,991	126,116
Total liabilities and net assets	168,061	193,613

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	First nine months ended December 31, 2012	First nine months ended December 31, 2013
Net sales	157,855	210,467
Cost of sales	135,116	174,295
Gross profit	22,739	36,172
Selling, general and administrative expenses	21,037	28,373
Operating income	1,701	7,798
Non-operating income		
Interest income	124	144
Dividends income	272	289
Foreign exchange gains	106	666
Equity in earnings of affiliates	625	698
Insurance income for inventory extinguishment	–	111
Other	213	355
Total non-operating income	1,343	2,265
Non-operating expenses		
Interest expenses	74	13
Commission fee	88	74
Sales discounts	88	112
Loss on inventory extinguishment	–	102
Other	91	26
Total non-operating expenses	343	329
Ordinary income	2,701	9,734
Extraordinary income		
Gain on sales of noncurrent assets	15	40
Gain on sales of investment securities	0	–
Compensation income	1,181	491
Income of earthquake recovery subsidiary	84	–
Subsidy income	–	215
Other	24	25
Total extraordinary income	1,305	772
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	68	134
Loss on valuation of investment securities	0	–
Loss on disaster	6	–
Provision of allowance for doubtful accounts	45	–
Other	15	0
Total extraordinary losses	136	134
Income before income taxes and minority interests	3,870	10,372
Income taxes-current	1,685	3,203
Income taxes-deferred	1,031	260
Total income taxes	2,717	3,463
Income before minority interests	1,153	6,908
Minority interests in income	10	117
Net income	1,142	6,790
Minority interests in income	10	117

(Millions of yen)

	First nine months ended December 31, 2012	First nine months ended December 31, 2013
Income before minority interests	1,153	6,908
Other comprehensive income		
Valuation difference on available-for-sale securities	14	1,845
Deferred gains or losses on hedges	(91)	(34)
Foreign currency translation adjustment	2,385	7,055
Share of other comprehensive income of associates accounted for using equity method	(98)	1,624
Total other comprehensive income	2,210	10,489
Comprehensive income	3,363	17,398
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	3,309	17,192
Comprehensive income attributable to minority interests	53	205

(3) Notes to consolidated quarterly financial statements

(Notes on premise of going concern)

No items to report

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

No items to report

(Segment information)

1) 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.

2) First nine months ended December 31, 2013

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	52,015	158,451	210,467	–	210,467
Internal sales or transfer among segments	544	158	702	(702)	–
Total	52,560	158,610	211,170	(702)	210,467
Segment profit (operating income)	2,253	9,059	11,312	(3,514)	7,798

Notes: 1. The adjustment of negative ¥3,514 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. Previously, Alpine and its consolidated subsidiaries in Japan adopted the declining-balance method for the depreciation method of property, plant and equipment, but this has been changed to the straight-line method from the first quarter of the current fiscal year. In accordance with this change, segment profit (operating income) for the first nine months ended December 31, 2013 increased in comparison with the previous method; the Audio Products segment profit increased by ¥82 million and the Information and Communication Products segment profit increased by ¥213 million.

3. Alpine and its consolidated subsidiaries have changed the useful lives of dies, from the first quarter of the current fiscal year. In accordance with this change, segment profit (operating income) for the first nine months ended December 31, 2013 increased in comparison with the previous method; the Audio Products segment profit increased by ¥41 million and the Information and Communication Products segment profit increased by ¥108 million.