Member, Financial Accounting Standards Federation

Consolidated Financial Statements for Fiscal Year Ended March 31, 2008

May 7, 2008

Listed Company Name: Alpine Electronics, Inc. Securities Code: 6816 (First Section, Tokyo Stock Exchange)

URL: http://www.alpine.com/

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Planned Date of Issue of Annual Report: June 25, 2008
Planned Commencement Date of Dividend Payment: June 26, 2008
Scheduled Date of Submission of Securities Report: June 25, 2008

All amounts are rounded down to the nearest million yen; percentages represent increases(decreases) from the corresponding period of the previous year.

1. Performance for the Fiscal Year Ended March 31, 2008 (April 1, 2007, to March 31, 2008)

(1) Consolidated Operating Results

(Millions of yen unless otherwise stated)

Fiscal Year Ended	Net Sales		Operating Income		Ordinary Income		Net Income	
March 31, 2008	252,071	(4.9%)	7,011	(30.6%)	6,403	(46.7%)	3,554	(38.0%)
March 31, 2007	265,054	4.4%	10,110	4.5%	12,015	16.0%	5,729	(7.2%)

Fiscal Year Ended	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)	Return on Stockholders' Equity (%)	Ordinary Income to Total Assets (%)	Operating Income to Net Sales (%)
March 31, 2008	50.95	—	3.0	3.7	2.8
March 31, 2007	82.12	—	5.0	6.9	3.8

[Reference] Equity in earnings of subsidiaries and affiliates accounted for by the equity method
Fiscal year ended March 31, 2008: ¥1,046 million
Fiscal year ended March 31, 2007: ¥676 million

(2) Consolidated Financial Position

(Millions of yen unless otherwise stated)

Fiscal Year Ended	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
March 31, 2008	167,785	116,264	68.5	1,646.38
March 31, 2007	181,185	120,908	65.7	1,706.54

[Reference] Stockholders' equity
Fiscal year ended March 31, 2008: ¥114,857 million
Fiscal year ended March 31, 2007: ¥119,056 million

Ratio of net income to total assets
Fiscal year ended March 31, 2008: 2.0%
Fiscal year ended March 31, 2007: 3.3%

(3) Consolidated Cash Flows

(Millions of yen)

Fiscal Year Ended	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents, End of Period
March 31, 2008	9,963	(14,101)	(2,289)	30,159
March 31, 2007	16,398	(11,887)	(1,540)	37,507

2. Dividends

(Millions of yen unless otherwise stated)

Date of record	Dividend per Share (Yen) End of Interim Period	End of Fiscal Year	Full Year	Total Dividend (Full Year)	Payout Ratio, Consolidated (%)	Ratio of Dividend to Total Assets (%)
March 31, 2007	10.00	15.00	25.00	1,744	30.4	1.5
March 31, 2008	10.00	15.00	25.00	1,744	49.1	1.5
March 31, 2009 (Forecast)	10.00	15.00	25.00	—	49.8	—

3. Projections for Fiscal Year Ending March 31,2009 (April 1, 2008, to March 31, 2009)

(Millions of yen unless otherwise stated)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Interim Period Ending September 30, 2008	124,000	(5.2%)	1,000	(81.4%)	1,500	(72.8%)	800	(73.2%)	11.47
Fiscal Year Ending March 31, 2009	260,000	3.1%	5,000	(28.7%)	6,000	(6.3%)	3,500	(1.5%)	50.17

4. Others

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

(2) Changes in the method, procedure and presentation, etc., of accounting for the preparation of consolidated financial statements (recorded in changes to important items that form the basis for preparation of consolidated financial statements):

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

2) Changes other than 1): No

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

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

Fiscal year ended March 31, 2008: 69,784,501

Fiscal year ended March 31, 2007: 69,784,501

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

Fiscal year ended March 31, 2008: 20,464

Fiscal year ended March 31, 2007: 19,836

[Reference] Non-Consolidated Financial Results

All amounts are rounded down to the nearest million yen; percentages represent increases(decreases) from the corresponding period of the previous year.

1. Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2008 (April 1, 2007, to March 31, 2008)

(1) Operating Results (Non-Consolidated)

(Millions of yen, unless otherwise stated)

Fiscal Year Ended	Net Sales		Operating Income		Ordinary Income		Net Income	
March 31, 2008	185,142	(5.1%)	2,955	18.6%	2,745	(50.8%)	2,174	(32.1%)
March 31, 2007	195,056	3.1%	2,492	11.0%	5,583	35.5%	3,201	11.5%

Fiscal Year Ended	Net Income per Share (Yen)	Fully Diluted Net Income per Share (Yen)
March 31, 2008	31.17	—
March 31, 2007	45.89	—

(2) Financial Position (Non-Consolidated)

(Millions of yen, unless otherwise stated)

Fiscal Year Ended	Total Assets	Net Assets	Equity Ratio (%)	Net Assets per Share (Yen)
March 31, 2008	119,521	89,864	75.2	1,288.13
March 31, 2007	131,292	92,719	70.6	1,329.03

(Reference) Stockholders' equity:
Fiscal year ended March 31, 2008: ¥89,864 million
Fiscal year ended March 31, 2007: ¥92,719 million

2. Projections for Fiscal Year Ending March 31, 2009 (April 1, 2008, to March 31, 2009)

(Millions of yen, unless otherwise stated)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Yen)
Interim Period Ending September 30, 2008	95,000	(2.3%)	500	(77.2%)	3,000	(5.6%)	2,400	7.1%	34.40
Fiscal Year Ending March 31, 2009	198,000	6.9%	1,000	(66.2%)	4,000	45.7%	3,200	47.1%	45.87

Cautionary Statement Regarding Performance Forecasts

The forecasts and future projections in this report have been produced based on rational assessment 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 operating performance and a variety of other factors which may occur hereafter.

1. Consolidated Business Results

1. Qualitative Information Regarding Consolidated Business Results

During the fiscal year ended March 31, 2008, the trend toward a slowdown in the world economy accelerated, led by unsettled financial and capital markets triggered by the subprime loan problem in the United States against a backdrop of rising oil prices. In Europe, modest growth was sustained by internal demand, despite sluggish growth in exports arising due to the stronger Euro.

The Japanese economy maintained a stable growth, with export-oriented companies helped by the weaker Yen, although the effects of U.S. economic disruption caused marked slowdown for businesses and there were signs of a falloff in personal consumption.

In the automobile industry, demand shifted toward smaller, fuel-efficient models. Newly emerging markets expanded, led by the BRICs, with Russia and the Middle East gaining from the high level of oil prices and China and India spearheading growth in Asia.

In the car electronics industry, the domestic after-market featured the introduction of navigation systems equipped with terrestrial digital broadcasting and Internet compatibility via mobile telephone and computer connections. Meanwhile, portable navigation devices (PNDs) claimed an expanded share of the U.S. and Europe after-market. Automobile manufacturers launched integrated equipment with new functions compatible with real-time information and communication systems.

In this environment, the Alpine Group prepared the Mid-term plan, “CHALLENGE 30,” aimed at reforming its earnings, cost and development structure.

We also exhibited our products at motor shows in Japan and overseas to showcase our state-of-the-art technologies to automobile manufacturers and stepped up our drive to create industry-leading products for the after-market. Moreover, we reinforced our sales network through such initiatives as establishing sales facilities in China and Thailand in anticipation of cultivating high-growth emerging markets. However, sales from business with automobile manufacturers declined during the year, impacted by the U.S. economic slowdown and model changes.

As a result of the aforementioned factors, net sales for the fiscal year ended March 31, 2008, eased 4.9% compared with the previous year, to ¥252.0 billion. Operating income decreased 30.6%, to ¥7.0 billion, and Ordinary income decreased 46.7%, to ¥6.4 billion and Net income for the year decreased 38.0%, to ¥3.5 billion.

(1) Segment information by type of business

Audio Products Segment

Strong sales performers in this segment included Alpine’s iPod-compatible automotive CD players for the after-market and the IDA-X001 digital media head unit, which won acclaim with a European Imaging and Sound Association award. However, intensified price competition and market contraction led to an overall reduction in sales.

Business for automobile manufacturers benefited from increased installation in SUVs of new media DVD audio systems in North America, accompanied by robust sales of vehicles with installed CD audio systems in the BRIC markets and sales of sound systems designed to overcome severe vehicle interior environment conditions.

Amid a period of model changes, business with European automobile manufacturers was impacted by the increasing prevalence of car information and communication devices, with trends from single car audio products to integrated products centering on navigation systems.

As a result, overall sales in the Audio Product Segment decreased 4.9% from the previous year, to ¥122.9 billion.

Information and Communication Equipment Segment

In this segment, we introduced the Mobile Media Station X07/S075 series of next-generation car navigation systems compatible with terrestrial broadcasting (1-Seg + 12-segment) in the domestic after-market. Despite expectations of sales expansion, shifts in product demand toward diffusion price zones resulted in lackluster sales growth.

Accurate anticipation of user needs led to successful performances by our high-quality, high-definition rear-seat entertainment systems with DVD and terrestrial digital broadcasting compatibility.

Overseas, sales of the Blackbird portable navigation system, which we launched in the European after-market, and the IVA-W205 2DIN mobile multimedia station featuring expanded functions struggled in sales due to challenging market conditions.

Business with automobile manufacturers was boosted by effective promotional activities, aided by growing trends toward factory installation of car navigation systems and integrated information and communication equipment. Nevertheless, this factor failed to offset shifts in new car demand toward smaller models, leading to an overall decline in sales.

Accordingly, sales for the Information and Communication Equipment Segment decreased 4.9% from the previous year, to ¥129.0 billion.

(2) Overall and Segment Performance Forecast for the Next Fiscal Year

The outlook for the fiscal year ending March 31, 2009, is for an increasingly challenging business environment, with a continued strong yen and high raw material costs exacerbated by stagnant new car sales arising from the U.S. market slowdown.

In addition to high oil and raw material prices, the automobile industry faces major changes, led by the introduction of new exhaust emissions regulations in Europe, expansion of BRICs and emerging markets and industry-wide restructuring.

As the emphasis on comfort, fuel efficiency and safety grows, response to new technologies is a central issue for the car electronics industry, led by the fast-paced diffusion of car information and communication devices and the integration of mobile media products.

In response to this environment, we have prepared a new business plan, “CHALLENGE 30,” to take us up to fiscal 2010. Through this initiative, we will expand sales and profits by accelerating efforts that focus on reforming our development, cost and indirect structures, in addition to our growth strategy of creating industry-leading products.

Furthermore, we are staying abreast of technological innovations in car electronics through such measures as the conclusion of a cross-licensing agreement with Microsoft Corporation in the United States and the development of a car navigation system using WiMAX, which is cited for the next-generation of high-speed wireless communications. Moreover, we are reinforcing our activities in collaboration with other companies in the new business domain of drive assistance technologies. Alpine has also commenced deliveries of large-scale system products, centered on car navigation systems.

Our business outlook for the next period at this point in time is as follows:

Audio Products Segment

In this segment, we anticipate market contraction, arising from accelerated integration of units in the after-market and expansion of the PND market. We will respond to this environment with successive launches of products compatible with new media developments.

Sales from business with automobile manufacturers are expected to diminish as a result of model changes.

We project a 10.6% decrease in sales by the Audio Products Segment over the next fiscal year, to ¥110.0 billion.

Information & Communication Equipment Segment

We aim to boost sales in the after-market by launching new products for next-generation platforms.

Moreover, we forecast that deliveries of large-scale system products will boost sales in our business with automobile manufacturers, primarily in Europe.

Sales for the segment are expected to grow 16.2%, to ¥150.0 billion.

Our consolidated performance forecasts for the fiscal year ending March 31, 2009, are as follows.

Consolidated Performance Forecasts

Net sales	¥260.0 billion (up 3.1% compared with the preceding fiscal year)
Operating income	¥5.0 billion (down 28.7% compared with the preceding fiscal year)
Ordinary income	¥6.0 billion (down 6.3% compared with the preceding fiscal year)
Net income	¥3.5 billion (down 1.5% compared with the preceding fiscal year)

2. Financial Position

The comment of Financial Position should be same as Anuual Report. Increase and decrease, up and down.

(1) Assets, Liability and Net Assets

At the end of the year under review, total assets stood at ¥167.7 billion, down ¥13.3 billion from a year earlier, while net assets declined ¥4.6 billion, to ¥116.2 billion. As a result, the stockholders' equity ratio was 68.5%. Primary contributors to these results were declines of ¥7.3 billion in cash and cash equivalents, ¥6.7 billion in notes and accounts receivable and ¥11.1 billion in current assets. Fixed assets decreased ¥2.2 billion, primarily arising from a ¥2.7 billion increase in tangible fixed assets and a ¥2.2 billion falloff in investments and other assets.

Current liabilities fell ¥5.4 billion, led by decreases of ¥2.6 billion in notes and accounts payable, ¥1.1 billion in income taxes payable and ¥0.9 billion in provision for product warranties. Long-term liabilities shrank ¥3.2 billion, arising mainly from a ¥2.9 billion decrease in deferred tax liabilities.

(2) Cash Flows

As of March 31, 2008, cash and cash equivalents amounted to ¥30.1 billion, which was a decrease of ¥7.3 billion, or 19.6%, compared with the end of the previous fiscal year.

(Cash flows from operating activities)

Net cash provided by operating activities was down 39.2%, to ¥9.9 billion. Major components were cash inflows derived from a ¥6.3 billion appropriation of income before income taxes, ¥10.6 billion in depreciation and a ¥5.7 billion decrease in notes and accounts receivable, and cash outflows derived from a ¥1.6 billion decrease in liabilities for purchases and ¥5.2 billion in payment of income taxes.

(Cash flows from investing activities)

Net cash used in investing activities fell 18.6% compared with the previous fiscal year, to ¥14.1 billion. Major factors in this decrease were cash outflows for the purchase of tangible fixed assets of ¥11.0 billion and purchase of intangible fixed assets of ¥2.9 billion.

(Cash flows from financing activities)

Net cash provided by financing activities was down 48.6% from the previous year, at ¥2.2 billion. The primary contributor to this decline was cash outflow of ¥1.7 billion for dividend payment.

As a result of these activities, free cash flows stood at ¥4.1 billion. Free cash flows are the sum of cash flows from operating activities and cash flows from investing activities.

[Reference] Cash Flow Indicators

Trends in indicators of cash flows for Alpine are as follows:

	Fiscal Year Ended March 31, 2004	Fiscal Year Ended March 31, 2005	Fiscal Year Ended March 31, 2006	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008
Equity ratio (%)	55.4	56.7	65.3	65.7	68.5
Equity ratio (market value basis) (%)	60.8	60.5	71.6	81.6	45.7
Cash flow/interest-bearing liabilities ratio (times)	1.2	0.9	0.0	0.0	0.0
Interest coverage ratio (times)	54.1	70.6	95.5	129.9	58.8

Notes:

Equity ratio: Stockholders' equity/total assets

Equity ratio (market value basis): Market capitalization/total assets

Cash flows/interest bearing liabilities ratio: interest-bearing liabilities/Operating cash flow

Interest coverage ratio: Operating cash flow/interest payment

Each indicator is calculated based on consolidated financial statements.

Market capitalization is calculated by multiplying the closing share price at the end of the fiscal year with the number of outstanding shares as of the date.

Interest-bearing liabilities cover all liabilities with interest payments under the liabilities section of the consolidated balance sheets. Interest payments equal the amount of interest paid on the consolidated cashflow statements.

3. Basic policy on profit distribution and dividend for the current period and next period

We have positioned the return of profit to shareholders as a primary issue for management. In determining dividend payment, it is our fundamental policy to deliberate on a balance of essential requirements based on consolidated business performance, namely “returning profit to shareholders,” “active investment in R&D and capital investment in order to strengthen competitiveness” and “retention of earnings for future business expansion.” We will continue to strive to maintain and improve our stable level of dividend payment.

As a consequence of the implementation of the revised Companies Act, a restriction on the number of dividend payments was eliminated, but we have no particular plans to change our dividend policy at this stage.

4. Business and other risks

Alpine views the following points as potential risk factors that may affect business development. The Group bases any forward-looking statements on data current as of this report.

(1) Economic Change

Alpine develops operations globally centered on the mobile multimedia business. The Group’s products are sold on various markets around the world directly to end users and indirectly through automakers. Accordingly, economic slowdowns in the Company's primary markets of Japan, North America, Europe and Asia could adversely affect performance and financial position.

2) Foreign Currency Exchange Rate Fluctuations

Alpine derives approximately 86% of its net sales from overseas markets and the financial statements of its overseas subsidiaries are prepared using local currencies. As a result, Alpine is exposed to fluctuations in foreign currency exchange rates. An appreciation of the yen against other currencies, especially the U.S. dollar and the euro, has an adverse impact on Alpine's consolidated performance. Alpine engages in foreign currency hedge transactions, such as forward-exchange contracts, but sharp changes in foreign exchange rates could adversely affect the Company's performance and financial position.

(3) New Product Development

Alpine aggressively invests in R&D to develop attractive new products. In the event that new product development falls behind rapid advances in technology and changes in customer needs, however, future growth and earnings potential would decline and could adversely affect the Company's performance and financial position.

(4) Price Competition

Price competition is becoming more intense in the mobile multimedia industry in which Alpine operates. In the after-market, stand-alone car audio products are susceptible to price competition. Moreover, prices are likely to continue declining as automakers demand cost reductions and rival companies enter the market. Alpine is striving to improve its earnings and cost structure from a global viewpoint. Nevertheless, a decline in sales prices could adversely affect the Company's performance and financial position.

(5) Risks Inherent in Conducting Business Overseas

Alpine engages in production and sales activities in the United States, Europe, and China and other Asian countries. In conducting business in these overseas markets, Alpine is susceptible to risks including 1) unforeseen changes in laws and tax codes, 2) restrictive political and economic factors, 3) terrorism, war and other social unrest. The occurrence of any of these events could adversely affect the Company's performance and financial position.

(6) Supply of Specific Components

Alpine internally produces many of its crucial components, but some critical components are procured from outside the Group. In the event that Alpine is unable to procure the necessary volume of components as scheduled due to natural disasters or other reasons at the supplier company, production would be delayed and sales opportunities would be lost, which could adversely affect the Company's performance and financial position.

(7) Demands of Corporate Customers

Alpine's OEM business serves automakers from around the world. Alpine aims to expand sales by reforming the order-receiving process over the medium term. Automakers' demands for better quality, lower prices and shorter delivery times are increasing in response to intense global competition. Sales to corporate customers in this field are affected significantly by changes in corporate customers' performance and procurement policies. In addition, customer requests for lower prices could adversely affect the Company's performance and financial position.

(8) Intellectual Property

Alpine strives to protect its technologies and R&D results through patents, trademarks and other intellectual property rights. However, intellectual property rights are not fully protected in some regions, and Alpine may not be able to effectively prevent third parties from manufacturing similar products that use Alpine's intellectual property. Moreover, Alpine's products and technologies may inadvertently infringe on the intellectual property rights of other companies in the future.

(9) Product Defects

Alpine manufactures various products under stringent quality management processes. However, not all products are free from defects, so there is the possibility of a product recall in the future. Although Alpine is insured against damages from product liability, there are no assurances that this insurance will cover all damages. Product defects that lead to a major recall or product liability damages would incur considerable costs and adversely affect the Company's reputation. As a result, the Company's performance and financial position could be adversely affected.

(10) Public Laws and Regulations

Alpine is subject to various government laws and regulations in countries where it conducts business, including business and investment permits as well as customs duties and other import/export regulations. In the event that the Company was unable to strictly follow these laws and regulations, Alpine's business activities could be restricted, leading to an increase in costs. Accordingly, these laws and regulations could adversely affect the Company's performance and financial position.

(11) Risk of Natural Disaster

Alpine takes thorough measures to prevent damage from natural disasters, such as earthquakes, and in the past the Company has been able to minimize the impact of natural disasters on its operations. However, in the event of a major natural disaster that is more severe than predicted, there are no assurances that Alpine will be able to completely prevent or lessen the impact of power outages or other interruptions of operations.

3. Management Policy

(1) Basic Business Concept

It is our basic corporate philosophy to: 1) respect the value of individuals, 2) create value for the future, and 3) contribute to society. Based on this understanding, we established our corporate vision to guide us toward the year 2015, which is: "Alpine continues to strive to be a mobile media solution company that creates future value. We intend to enhance corporate value by undertaking the challenge of creating new value and products centering on our long-cultivated core technologies in the fields of car audio equipment and information and communication devices, in an assertive and passionate manner."

(2) Benchmarks and Quantitative Targets

With an emphasis on the consolidated performance of Group companies both in Japan and overseas, the Company aims to increase consolidated profit and pursue effective cash flow management. Alpine also aims to improve return on assets (ROA) to more than 5% by improving its net profit ratio and asset turnover, and taking measures to cut inventory assets and interest-bearing debt.

(3) Mid-Term Management Strategy and Issues Facing the Company

In the car electronics industry, demand is increasing for audio equipment that connects with the latest digital devices, adding intensity to price competition among rival companies. In information communications equipment, a growing percentage of new automobiles incorporates integrated audio, visual and information devices as standard equipment. Moreover, automakers are becoming more demanding in terms of product quality, prices and delivery schedules as global competition heats up.

To address these conditions, we established our corporate vision to guide us toward the year 2015, which is: "Alpine continues to strive to be a mobile media solution company that creates future value." In addition, we are promoting our mid-term management plan, "CHALLENGE 30," for structural reform and growth.

To achieve these mid-term management policies, Alpine is promoting measures based on the following strategies to expand corporate value, cultivate new business fields, strengthen operations and enhance earnings.

1) Alpine aims to establish a strong business foundation by promoting the development of advanced technologies and large-scale system products while further enhancing its core technologies through aggressive R&D investment in the information communications equipment market, which is expanding in scale.
2) Alpine aims to strengthen price competitiveness by promoting a fully integrated production structure from local component procurement to component processing and finished products at its global manufacturing bases, while striving to reform its product design systems to secure unrivalled product quality in response to intensifying price competition.
3) Alpine is making every effort to reform its earnings and cost structure as well as to improve customer satisfaction by expanding its four-point global business structure in Japan, the United States, Europe and Asia in terms of sales, procurement, production and development.
4) Risk management and compliance are increasingly important to the diversification of risk surrounding our corporate activities. We are determined to strengthen risk control and information control systems by organizing CSR committees.

(4) Outlook

We expect Japanese economic growth to remain flat, affected by lower overseas demand, as the U.S. economy decelerates as a result of the subprime loan issue. Falling global stock prices, sharply higher crude oil and raw materials costs, exchange rate fluctuations and various other factors compound the difficulties in our management environment.

Looking overseas, we foresee adjustments in previously overheated housing investment in the United States. In Europe, we believe the employment situation will improve, and we expect exports to the Middle East and Russia to remain strong. Nevertheless, the North American economic situation and the question of whether stable growth in the Chinese economy will fuel global economic stability are causes for concern.

In the automobile industry, competition has intensified globally in the areas of enforced measures for pollution and safety, global and simultaneous production of new cars and increasing demand for high quality. Also, in the car electronics industry, technology development, enforcement of price competitiveness and globalization have evolved to be main issues for management in responding to the growing demands of automobile manufacturers.

Under these circumstances, the Alpine Group will continue its aggressive R&D investment in the field of car information communications, with an emphasis on navigation equipment whose market size is expanding. We also plan to extend our software development base in China in a bid to raise development efficiency. Furthermore, we will promote the enhancement of client satisfaction by pursuing extraordinary quality and conducting structural reforms to reduce direct and indirect costs, thereby improving our ability to generate revenues and reinforcing our managerial base.

1. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen, %)

	March 31, 2007			March 31, 2008			Change
ASSETS			%			%	
Current Assets:							
Cash and cash equivalents		37,553			30,172		(7,380)
Notes and accounts receivable		38,605			31,825		(6,779)
Merchandise		20,936			20,252		(683)
Raw materials		6,004			5,977		(26)
Goods in process		1,425			1,738		313
Supplies		466			497		31
Deferred tax assets		4,121			3,338		(783)
Other current assets		6,808			10,740		3,932
Allowance for doubtful receivables		(984)			(788)		195
Total current assets		**114,937**	**63.4**		**103,756**	**61.8**	**(11,181)**
Fixed Assets:							
Tangible Fixed Assets:							
Buildings and structures	21,589			23,020			
Less accumulated depreciation	(12,454)	9,134		(12,960)	10,060		925
Machinery and equipment	17,859			19,331			
Less accumulated depreciation	(9,347)	8,512		(10,269)	9,061		549
Fixtures and fittings	45,633			50,080			
Less accumulated depreciation	(39,061)	6,571		(42,846)	7,233		662
Land		5,179			5,136		(43)
Construction in progress		692			1,359		667
Total tangible fixed assets		**30,090**	**16.6**		**32,851**	**19.6**	**2,761**
Intangible Fixed Assets:		**6,923**	**3.8**		**7,004**	**4.2**	**81**
Investments and Other Assets:							
Investments in securities		18,335			19,908		1,572
Deferred tax assets		228			350		121
Other investments		10,727			3,937		(6,790)
Allowance for doubtful receivables		(57)			(22)		34
Total investments and other assets		**29,234**	**16.2**		**24,173**	**14.4**	**(5,060)**
Total fixed assets		**66,247**	**36.6**		**64,029**	**38.2**	**(2,218)**
Total Assets		**181,185**	**100.0**		**167,785**	**100.0**	**(13,399)**

(Millions of yen, %)

	March 31, 2007		March 31, 2008		Change
LIABILITIES		%		%	
Current liabilities:					
Notes and accounts payable	28,971		26,360		(2,610)
Bank loans	174		215		41
Income taxes payable	1,946		810		(1,135)
Accrued expenses	10,678		10,055		(622)
Deferred tax liabilities	52		129		76
Allowance for employee bonuses	1,849		1,817		(32)
Allowance for directors' bonuses	62		53		(9)
Provision for product warranties	5,775		4,822		(953)
Other current liabilities	4,252		4,000		(252)
Total current liabilities	**53,763**	**29.7**	**48,265**	**28.8**	**(5,497)**
Long-term liabilities:					
Deferred tax liabilities	4,219		1,283		(2,935)
Accrued retirement benefits	619		669		49
Directors' severance and retirement benefits	718		704		(14)
Other long-term liabilities	955		598		(357)
Total long-term liabilities	**6,513**	**3.6**	**3,255**	**1.9**	**(3,258)**
Total liabilities	**60,276**	**33.3**	**51,250**	**30.7**	**(8,756)**
NET ASSETS					
Stockholders' equity					
Common stock	**25,920**	**14.3**	**25,920**	**15.5**	
Capital surplus	**24,905**	**13.8**	**24,905**	**14.8**	**0**
Retained earnings	**57,344**	**31.6**	**58,592**	**34.9**	**1,248**
Treasury stock	**(29)**	**(0.0)**	**(30)**	**(0.0)**	**(1)**
Total stockholders' capital	**108,141**	**59.7**	**109,388**	**65.2**	**1,246**
Valuation adjustment, other marketable securities	**7,789**	**4.3**	**4,753**	**2.8**	**(3,035)**
Land revaluation adjustment	**(1,394)**	**(0.8)**	**(1,394)**	**(0.8)**	
Foreign currency translation	**4,520**	**2.5**	**2,111**	**1.3**	**(2,409)**
Total valuation and conversions	**10,914**	**6.0**	**5,469**	**3.3**	**(5,445)**
Minority Interests	**1,852**	**1.0**	**1,406**	**0.8**	**(445)**
Total net assets	**120,908**	**66.7**	**116,264**	**69.3**	**(4,643)**
Total liabilities and net assets	**181,185**	**100.0**	**167,785**	**100.0**	**(13,399)**

(2) Consolidated Statements of Income

(Millions of yen, %)

	Fiscal Year Ended March 31, 2007			Fiscal Year Ended March 31, 2008			Change
			%			%	
Net sales		265,054	100.0		252,071	100.0	(12,982)
Cost of sales		210,442	79.4		204,636	81.2	(5,806)
Gross profit		54,612	20.6		47,435	18.8	(7,176)
Selling, general and administrative expenses		44,502	16.8		40,423	16.0	(4,078)
Operating income		10,110	3.8		7,011	2.8	(3,098)
Other income							
Interest income	297			389			
Dividend Income	437			540			
Foreign exchange gain	788						
Equity in gain from affiliated companies	676			1,046			
Other	506	2,706	1.0	412	2,388	0.9	(317)
Other expenses							
Interest expense	125			169			
Sales discounts	334			250			
Foreign exchange loss				1,925			
Loss on adjustment of customer molds	9			312			
Other	331	801	0.3	339	2,,997	1.2	2,196
Ordinary income		12,015	4.5		6,403	2.5	(5,611)
Extraordinary income							
Gain on sales of fixed assets	31			16			
Gain on sales of investment in affiliated companies				50			
Gain on reversal of allowance for doubtful accounts				154			
Gain on liquidation of affiliated companies				394			
Other	1	32	0.0		616	0.3	583
Extraordinary losses							
Loss on sales of fixed assets	261			343			
Loss on valuation of investments in securities	119			256			
Previous period's royalty payments	117			75			
Previous period's product indemnification	934						
Provision for product warranties carried forward	297						
Other	15	1,745	0.6		674	0.3	(1,070)
Income before income taxes		10,302	3.9		6,344	2.5	(3,957)
Income taxes	4,155			2,817			
Additional corporate tax and others (refunds)	582			112			
Income tax adjustments	(372)	4,365	1.6	(297)	2,632	1.0	(1,733)
Minority interests in net income		207	0.1		158	0.1	(49)
Net income		5,729	2.2		3,554	1.4	(2,174)

(3) Consolidated Statements of Changes in Stockholders' Capital

Fiscal Year Ended March 31, 2007

(Millions of yen)

	Stockholders' Capital				
	Capital	Capital Surplus	Retained Earnings	Treasury Stock	Total Stockholders' Capital
Balance as of March 31, 2006	25,920	24,905	52,213	(27)	103,012
Increase (decrease) during the period					
Cash dividends (Note)			(697)		(697)
Cash dividends			(697)		(697)
Directors' bonuses (Note)			(60)		(60)
Net income			5,729		5,729
Increase attributed to the increase in consolidated subsidiaries			227		227
Increase attributed to the merger of consolidated and non-consolidated subsidiaries			134		134
Increase by change of equity of equity method companies			513		513
Acquisition of treasury stock				(2)	(2)
Disposition of treasury stock		0		0	0
Other (Employee Welfare Benefit Fund)			(17)		(17)
Net change in items excluding stockholders' capital during the period					
Total increase (decrease) during the period	—	0	5,131	(2)	5,128
Balance as of March 31, 2007	25,920	24,905	57,344	(29)	108,141

	Valuation and Conversions				Minority Interests	Total Net Assets
	Valuation Adjustment, Other Marketable Securities	Land Revaluation Adjustment	Foreign Currency Translation Adjustment	Total Valuation and Conversions		
Balance as of March 31, 2006	7,124	(1,394)	2,039	7,769	1,594	112,376
Increase (decrease) during the period						
Cash dividends (Note)						(697)
Cash dividends						(697)
Directors' bonuses (Note)						(60)
Net income						5,729
Increase attributed to the increase in consolidated subsidiaries						227
Increase attributed to the merger of consolidated and non-consolidated subsidiaries						134
Increase by change of equity of equity method companies						513
Acquisition of treasury stock						(2)
Disposition of treasury stock						0
Other (Employee Welfare Benefit Fund)						(17)
Net change in items excluding stockholders' capital during the period	664	—	2,480	3,145	257	3,402
Total increase (decrease) during the period	664	—	2,480	3,145	257	8,531
Balance as of March 31, 2007	7,789	(1,394)	4,520	10,914	1,852	120,908

Note: The appropriation of retained earnings was approved at the Annual General Meeting of Stockholders held in June 2006.

Fiscal Year Ended March 31, 2008

(Millions of yen)

	Stockholders' Capital				
	Capital	**Capital Surplus**	**Retained Earnings**	**Treasury Stock**	**Total Stockholders' Capital**
Balance as of March 31, 2007	25,920	24,905	57,344	(29)	108,141
Increase (decrease) during the period					
Cash dividends			(1,744)		(1,744)
Net income			3,554		3,554
Increase attributed to the merger of consolidated and non-consolidated subsidiaries			50		50
Decrease by change of equity of equity method companies			(610)		(610)
Acquisition of treasury stock				(1)	(1)
Deposition of treasury stock		0		0	0
Other (employee welfare benefit fund)			(2)		(2)
Net change in items excluding stockholders' capital during the period					
Total increase (decrease) during the period	—	0	1,248	(1)	1,246
Balance as of March 31, 2008	25,920	24,905	59,592	(30)	109,388

	Valuation and Conversions					
	Valuation Adjustment, Other Marketable Securities	**Land Revaluation Adjustment**	**Foreign Currency Translation Adjustment**	**Total Valuation and Conversions**	**Minority Interests**	**Total Net Assets**
Balance as of March 31, 2007	7,789	(1,394)	4,520	10,914	1,852	120,908
Increase (decrease) during the period						
Cash dividends						(1,744)
Net income						3,554
Increase attributed to the merger of consolidated and non-consolidated subsidiaries						50
Decrease by change of equity of equity method companies						(610)
Acquisition of treasury stock						(1)
Deposition of treasury stock						0
Other (Employee Welfare Benefit Fund)						(2)
Net change in items excluding stockholders' capital during the period	(3,035)	—	(2,409)	(5,445)	(445)	(5,890)
Total increase (decrease) during the period	(3,035)	—	(2,409)	(5,445)	(445)	(4,643)
Balance as of March 31, 2008	4,753	(1,394)	2,111	5,469	1,406	116,264

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008	Change
Cash Flows from Operating Activities			
Income before tax and other adjustments	10,302	6,344	
Depreciation and amortization	9,326	10,654	
Increase (decrease) in accrued retirement benefits	7	44	
Increase (decrease) in directors' severance and retirement benefits	82	(14)	
Interest and dividend income	(735)	(929)	
Interest expense	125	169	
Equity in earnings of affiliated companies	(676)	(1,046)	
Loss on sales of fixed assets	10	6	
Previous period's product indemnification	934	—	
Decrease in notes and accounts receivable	3,503	5,779	
Decrease (Increase) in inventories	1,129	(1,020)	
Decrease in notes and accounts payable	(2,307)	(1,624)	
Decrease (Increase) in consumption taxes receivable	70	—	
Increase(Decrease) in provision for product warranties	903	(500)	
Other—net	(2,261)	(3,383)	
Total	20,417	14,479	(5,937)
Interest and dividend received	735	927	
Interest paid	(126)	(169)	
Income taxes paid	(3,692)	(5,274)	
Previous period's product indemnification costs	(934)	—	
Net cash provided by operating activities	16,398	9,963	(6,435)
Cash Flows from Investing Activities:			
Payments for acquisition of property, plant and equipment	(8,573)	(11,029)	
Proceeds from sale of property, plant and equipment	100	27	
Payments for acquisition of intangible fixed assets	(3,593)	(2,945)	
Proceeds from sales of investment in affiliated companies	0	246	
Payments for loans	(47)	(61)	
Collection of loans receivable	48	37	
Other—net	176	(377)	
Net cash used in investing activities	(11,887)	(14,101)	(2,213)
Cash Flows from Financing Activities:			
Increase (Decrease) in short-term borrowings	(113)	33	
Repayments of long-term debt	(6)		
Cash dividends paid	(1,395)	(1,743)	
Cash dividends paid to minority interests	(81)	(189)	
Liquidating dividends paid to minority interests		(452)	
Paid-in capital from minority interests	59	62	
Other—net	(2)	(1)	
Net cash used in financing activities	(1,540)	(2,289)	(749)
Effect of exchange rate changes on cash and cash equivalents	1,139	(1017)	(2,156)
Net increase (decrease) in cash and cash equivalents	4,110	(7,445)	(11,555)
Cash and cash equivalents at beginning of the period	33,206	37,507	4,300
Increase in cash and cash equivalents due to inclusion of additional subsidiaries in the consolidation	162	—	(162)
Increase in cash and cash equivalents acquired due to merger of consolidated and non-consolidated subsidiaries	26	97	70
Cash and cash equivalents at end of period (Note 1)	37,507	30,159	(7,347)

Segment Information

a) Information by Business Segment

Fiscal Year Ended March 31, 2007

(Millions of yen)

	Audio Products	Information and Communication Equipment	Total	Elimination and/or Corporate	Consolidated
Net sales					
(1) Outside customers	129,337	135,717	265,054	—	265,054
(2) Within consolidated group	753	391	1,145	(1,145)	—
Total	130,090	136,108	266,199	(1,145)	265,054
Costs and expenses	120,129	127,252	247,381	7,562	254,944
Operating income	9,961	8,856	18,818	(8,708)	10,110
Assets, depreciation and amortization and capital expenditures					
Assets	78,233	69,764	147,998	33,187	181,185
Depreciation and amortization	5,471	3,799	9,271	55	9,326
Capital expenditures	7,316	5,303	12,619	—	12,619

Fiscal Year Ended March 31, 2008

(Millions of yen)

	Audio Products	Information and Communication Equipment	Total	Elimination and/or Corporate	Consolidated
Net sales					
(1) Outside customers	122,999	129,072	252,071	—	252,071
(2) Within consolidated group	638	425	1,064	(1,064)	—
Total	123,637	129,498	253,135	(1,064)	252,071
Costs and expenses	118,277	120,019	238,297	6,762	245,059
Operating income	5,359	9,478	14,838	(7,826)	7,011
Assets, depreciation and amortization and capital expenditures					
Assets	70,871	72,074	142,945	24,839	167,785
Depreciation and amortization	6,092	4,454	10,546	107	10,654
Capital expenditures	8,068	5,452	13,520	152	13,673

Notes:

1. Business segments are based on internal administrative segmentation.
2. The Company's primary business activities include:
   (1) The audio products business, which includes car audio systems and accessories.
   (2) The information and communication equipment business, which includes car communications, electronic components and imaging unit components.
3. Unallocated costs and expenses included in elimination and/or corporate comprise mainly corporate administrative and research and development costs. Such costs were:
   ¥8,708 million in the fiscal year ended March 31, 2007
   ¥7,826 million in the fiscal year ended March 31, 2008
4. Elimination and/or corporate includes corporate assets that consist principally of surplus investment funds (cash, cash equivalents and marketable securities) long-term investment funds (marketable securities) and assets related to administrative and management divisions. Such costs were:
   ¥33,342 million in the fiscal year ended March 31, 2007
   ¥24,986 million in the fiscal year ended March 31, 2008
5. Long-term prepaid expenses and their amortization expenses are included in depreciation and amortization and capital expenditures.
6. Changes in accounting method
   (Fiscal year ended March 31, 2008)
   In line with changes to the corporate tax code the method of depreciating tangible fixed assets acquired by the Company and its domestic consolidated subsidiaries on or after April 1, 2007, are depreciated according to the revised corporate tax code.
   Compared with the previous method, the impact of this change was to increase depreciation and amortization expenses and operating expenses ¥99 million in the audio products segment and ¥63 million in the information and communication equipment segment. Operating income decreased by corresponding amounts.
7. Additional information

(Fiscal year ended March 31, 2008)

In accordance with changes to the corporate tax code, assets acquired by the Company and its domestic consolidated subsidiaries on or prior to March 31,2007 are depreciated according the revised corporate tax code to a memorandum value over a five-year period using the straight-line method when the book value of the assets reach 5% of the acquisition value (Molds, however, are depreciated according to residual value prescribed by the Company.)

Compared with the previous method, the impact of this change was to increase depreciation and amortization expenses and operating expenses ¥58 million in the audio products segment and ¥38 million in the information and communication equipment segment. Operating income decreased by corresponding amounts.

◦

b) Geographic Area Information

Fiscal Year Ended March 31, 2007

(Millions of yen)

	Japan	North America	Europe	Asia	Other Areas	Total	Elimination and/or Corporate	Consolidated
Net sales								
(1) Outside customers	47,777	99,330	103,519	12,962	1,464	265,054	—	265,054
(2) Within consolidated group	154,896	1,759	31,704	46,575	1	234,937	(234,937)	—
Total	202,674	101,089	135,224	59,538	1,466	499,992	(234,937)	265,054
Costs and expenses	190,821	97,726	134,051	56,603	1,430	480,632	(225,687)	254,944
Operating income	11,852	3,363	1,173	2,934	35	19,360	(9,250)	10,110
Assets	103,724	33,689	41,714	30,415	517	210,043	(28,876)	181,185

Fiscal Year Ended March 31, 2008

(Millions of yen)

	Japan	North America	Europe	Asia	Other Areas	Total	Elimination and/or Corporate	Consolidated
Net sales								
(1) Outside customers	39,847	91,912	98,081	20,686	1,544	252,071	—	252,071
(2) Within consolidated group	152,501	1,754	32,943	49,930	0	237,130	(237,130)	—
Total	192,349	93,666	131,025	70,616	1,544	489,202	(237,130)	252,071
Costs and expenses	182,047	92,131	131,132	67,524	1,460	474,297	(229,237)	245,059
Operating income	10,302	1,534	(107)	3,092	83	14,904	(7,892)	7,011
Assets	100,266	28,345	38,214	33,099	620	200,545	(32,760)	167,785

Notes:

1. Differentiation between countries and regions is based on geographic proximity.
2. Major countries and regions are:
   (1) North America: The United States of America and Canada
   (2) Europe: Germany, France, the United Kingdom, Italy, Spain and Hungary
   (3) Asia: Singapore, China and Thailand
   (4) Other Areas: Australia
3. Unallocated costs and expenses included in elimination and/or corporate comprise mainly corporate administrative and research and development costs. Such costs were:
   ¥8,708 million in the fiscal year ended March 31, 2007
   ¥7,826 million in the fiscal year ended March 31, 2008
4. Elimination and/or corporate includes corporate assets that consist principally of surplus investment funds (cash, cash equivalents and marketable securities) long-term investment funds (marketable securities) and assets related to administrative and management divisions. Such costs were:
   ¥33,342 million in the fiscal year ended March 31, 2007
   ¥24,986 million in the fiscal year ended March 31, 2008
5. Changes in accounting method
   (Fiscal year ended March 31, 2008)
   In line with changes to the corporate tax code the method of depreciating tangible fixed assets acquired by the Company and its domestic consolidated subsidiaries on or after April 1, 2007, are depreciated according to the revised corporate tax code.
   Compared with the previous method, the impact of this change was to increase operating costs in Japan ¥163 million and reduce operating income by a corresponding amount.
6. Additional information
   (Fiscal year ended March 31, 2008)
   In accordance with changes to the corporate tax code, assets acquired by the Company and its domestic consolidated subsidiaries on or prior to March 31,2007 are depreciated according the revised corporate tax code to a memorandum value over a five-year period using the straight-line method when the book value of the assets reach 5% of the acquisition value (Molds, however, are depreciated according to residual value prescribed by the Company.)
   Compared with the previous method, the impact of this change was to increase operating costs in Japan ¥96 million and reduce operating income by a corresponding amount.

c) Overseas Sales

Fiscal Year Ended March 31, 2007

(Millions of yen unless otherwise stated)

	North America	Europe	Other Areas	Total
I Overseas sales	98,249	103,574	26,555	228,379
II Consolidated sales				265,054
III Ratio of overseas sales (%)	37.1	39.1	10.0	86.2

Fiscal Year Ended March 31, 2008

(Millions of yen unless otherwise stated)

	North America	Europe	Asia	Other Areas	Total
I Overseas sales	90,824	98,094	27,439	2698	219,056
II Consolidated sales					252,071
III Ratio of overseas sales (%)	36.0	38.9	10.9	1.1	86.9

Notes:

1. Differentiation between countries and regions is based on geographic proximity.
2. Major countries and regions are:
   1) North America: The United States of America and Canada
   2) Europe: Germany, France, the United Kingdom, Italy, Spain and Sweden
   3) Asia: Singapore, China and Thailand
   4) Other Areas: Australia
3. Overseas sales refer to sales by Alpine and its consolidated subsidiaries in countries or regions outside Japan.
4. Changes in overseas sales categories
   Consolidated accounts for the fiscal year ended March 31, 2007, included “Asia” within “Other Areas.” However, from the fiscal year under review, Asia was designated as a separate category within overseas sales, as this region now accounts for more than 10% of overseas sales. Consolidated overseas sales for fiscal year ended March 31, 2007, restated to show Asia as a separate region, are as follows.

Fiscal Year Ended March 31, 2007

(Millions of yen unless otherwise stated)

	North America	Europe	Asia	Other Areas	Total
I Overseas sales	98,249	103,574	23,703	2,852	228,379
II Consolidated sales					265,054
III Ratio of overseas sales (%)	37.1	39.1	8.9	1.1	86.2

5. Production, Orders and Sales

(1) Production

Production for the fiscal year ended March 31, 2008, stated in line with the revised product classification, was as follows:

(Millions of yen, %)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008	Change (%)
Audio Products	113,777	107,426	(5.6)
Information and Communication Equipment	109,028	108,621	(0.4)
Total	222,805	216,048	(3.0)

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

(2) Orders

Orders for the fiscal year ended March 31, 2008, stated in line with the revised product classification, were as follows:

(Millions of yen, %)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008	Change (%)
Audio Products	129,336	119,767	(7.4)
Information and Communication Equipment	133,308	131,487	(1.4)
Total	262,644	251,255	(4.3)

(Millions of yen, %)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008	Change (%)
Audio Products	15,968	12,736	(20.2)
Information and Communication Equipment	15,342	17,758	15.7
Total	31,311	30,494	(2.6)

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

(3) Sales

Sales for the fiscal year ended March 31, 2008, stated in line with the revised product classification, were as follows:

(Millions of yen, %)

	Fiscal Year Ended March 31, 2007	Fiscal Year Ended March 31, 2008	Change (%)
Audio Products	129,337	122,999	(4.9)
Information and Communication Equipment	135,717	129,072	(4.9)
Total	265,054	252,071	(4.9)

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