**Translation**

July 29, 2015

# Consolidated Financial Results for the First Three Months of the Fiscal Year Ending March 31, 2016 <under Japanese GAAP>

Company name: **Alpine Electronics, Inc.**
Listing: First Section of the Tokyo Stock Exchange
Code number: 6816
URL: http://www.alpine.com/e/investor/
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Scheduled date to file Quarterly Securities Report: August 6, 2015
Scheduled date to commence dividend payments: –
Preparation of supplementary material on quarterly earnings: Yes
Holding of quarterly earnings performance review: None

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

## 1. Consolidated performance for the first three months of the fiscal year ending March 31, 2016 (from April 1, 2015 to June 30, 2015)

### (1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| First three months ended | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| June 30, 2015 | 73,440 | 5.5 | 1,892 | (6.0) | 2,640 | 35.9 | 1,128 | 36.0 |
| June 30, 2014 | 69,594 | 1.9 | 2,013 | 40.5 | 1,942 | 1.5 | 829 | (36.5) |

(Note) Comprehensive income
For the first three months ended June 30, 2015: ¥3,061 million [ –%]
For the first three months ended June 30, 2014: ¥(590) million [ –%]

| | Basic earnings per share | Diluted earnings per share |
|---|---|---|
| First three months ended | Yen | Yen |
| June 30, 2015 | 16.34 | 16.34 |
| June 30, 2014 | 11.95 | – |

### (2) Consolidated financial position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| As of | Millions of yen | Millions of yen | % | Yen |
| June 30, 2015 | 211,454 | 145,201 | 67.8 | 2,079.78 |
| March 31, 2015 | 211,309 | 144,223 | 67.4 | 2,058.51 |

(Reference) Equity
As of June 30, 2015: ¥143,365 million
As of March 31, 2015: ¥142,460 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, 2015 | – | 10.00 | – | 20.00 | 30.00 |
| Fiscal year ending March 31, 2016 | – | | | | |
| Fiscal year ending March 31, 2016 (Forecast) | | 15.00 | – | 15.00 | 30.00 |

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

## 3. Consolidated earnings forecasts for the fiscal year ending March 31, 2016 (from April 1, 2015 to March 31, 2016)

(Percentages indicate year-on-year changes.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Basic earnings per share |
|---|---|---|---|---|---|---|---|---|---|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | Yen |
| First six months ending September 30, 2015 | 141,000 | (0.4) | 4,500 | (0.6) | 4,500 | (21.8) | 15,000 | 256.5 | 217.41 |
| Fiscal year ending March 31, 2016 | 285,000 | (3.2) | 10,000 | (13.2) | 10,500 | (30.0) | 19,000 | 49.6 | 275.51 |

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

For details on revisions to the consolidated earnings forecasts, please refer to the news release "Notice of Recognition of Extraordinary Income (Gain on Sales of Shares of Subsidiaries and Associates) and Revision to Earnings Forecasts for First Six Months and Full Year of Fiscal Year Ending March 31, 2016," announced today (July 29, 2015).

## * Notes

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Application of a specific accounting procedure for preparing consolidated quarterly financial statements: None

(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections

a. Changes in accounting policies due to revisions to accounting standards: Yes
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: Yes
d. Restatement of prior period financial statements after error corrections: None

(Note) For details, please refer to "(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections" under "2. Matters Regarding Summary Information (Notes)" on page 3 of the accompanying materials.

(4) Number of issued shares (common shares)

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

| | |
|---|---|
| As of June 30, 2015 | 69,784,501 shares |
| As of March 31, 2015 | 69,784,501 shares |

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

| | |
|---|---|
| As of June 30, 2015 | 851,485 shares |
| As of March 31, 2015 | 579,145 shares |

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

| | |
|---|---|
| For the first three months ended June 30, 2015 | 69,057,399 shares |
| For the first three months ended June 30, 2014 | 69,431,330 shares |

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

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

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

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 "1. Qualitative Information Regarding Settlement of Accounts for the First Three Months" on page 2 of the accompanying materials.

(Method of accessing supplementary material on quarterly earnings)

Supplementary material on quarterly earnings will be available on the Company's website, on Wednesday, July 29, 2015.

## 1. Qualitative Information Regarding Settlement of Accounts for the First Three Months

### (1) Information regarding operating results

In the global economy during the first three months ended June 30, 2015, although the employment situation and personal consumption progressed firmly in the U.S., the debt crisis in Europe continued, and there was a mood of uncertainty concerning the future outlook of the emerging economies, particularly China. In the Japanese economy, meanwhile, economic buoyancy spread at a moderate pace, supported by improved earnings of the export-related companies due to yen depreciation, recovery in personal consumption, and the purchasing demand of foreigners visiting Japan.

In the car electronics industry, the market grew for navigation systems and display products, reflecting a rising demand for in-car IT products, particularly infotainment systems, against a backdrop of increased use of electronics in cars, and the fusion of functions between in-car equipment and smartphones. However, a partial slowdown was observed in the Chinese automobile market, the world's largest, and concerns have arisen as to how this will affect the industry.

Under these circumstances, aiming to capture future business growth, the Alpine Group worked to secure orders, which included proposing new technologies to automakers. Alpine Electronics, Inc. (the "Company") exhibited at motor shows held in Bangkok, Thailand and Shanghai, China, where it presented its solutions tailored to specific vehicle models, particularly for navigation systems. Furthermore, aiming for the realization of a reliable and safe car society, Toshiba Alpine Automotive Technology Corporation carried out efforts to develop new products compatible with ADAS (Advanced Driver Assistance System), which included the product launch of the industry's first in-car compact camera that has obstacle recognition and detection functionality.

As a result, during the first three months ended June 30, 2015, consolidated net sales increased 5.5% compared with the corresponding period of the previous fiscal year, to ¥73.4 billion. Operating income decreased 6.0% to ¥1.8 billion, ordinary income increased 35.9% to ¥2.6 billion, and profit attributable to owners of parent amounted to ¥1.1 billion, an increase of 36.0%.

Effective from the first quarter ended June 30, 2015, the Company has applied the "Accounting Standard for Business Combinations" (ASBJ (Accounting Standards Board of Japan) Statement No. 21, September 13, 2013), etc. and former "net income" is now presented as "profit attributable to owners of parent."

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

< Audio Products segment >

In the Audio Products segment, facing an environment where sales to the aftermarket as well as to the OEM market are declining as a result of audio functions being combined with information and communication equipment such as navigation systems and display products, the Company focused on the market expansion of sound systems such as speakers and amplifiers that offer realistically reproduced high audio quality. In particular, in the OEM market, the Company has received high appraisal for its lightweight and slim-line models that aid in reducing the vehicle's fuel consumption and environmental footprint, and these products contributed to an expansion in orders received. However, sales in Europe and Asia declined, and a harsh business environment continued for the segment overall.

Accordingly, segment sales decreased 19.1% compared with the corresponding period of the previous fiscal year, to ¥14.1 billion.

< Information and Communication Products segment >

In the Information and Communication Products segment, the Company worked to expand sales in the domestic aftermarket by launching new products tailored to specific vehicle models, an area in which the Company is an industry forerunner, including 10-inch large screen navigation systems with high-definition LCD display and large-screen rear vision systems, and proposing to customers, high value added systems optimally designed for the cabin space of specific vehicle models. The Company also began a full-scale rollout of products in the U.S. aftermarket, aiming to expand the range of vehicle models supported by large-screen navigation systems tailored to specific vehicle models for pick-up trucks and SUVs.

In the OEM market, sales of display products for new vehicles increased, accompanying strong sales of American and European luxury cars in North America.

Accordingly, sales in this segment grew 13.8% compared with the corresponding period of the previous fiscal year, to ¥59.3 billion.

## (2) Information regarding financial position

Total assets stood at ¥211.4 billion as of June 30, 2015, an increase of ¥0.1 billion compared with the end of the previous fiscal year (March 31, 2015) due mainly to a ¥0.8 billion decrease in cash and deposits, a ¥3.8 billion decrease in notes and accounts receivable - trade, a ¥2.4 billion increase in inventories, a ¥0.5 billion increase in property, plant and equipment, and a ¥1.7 billion increase in other under current assets.

Total liabilities decreased ¥0.8 billion compared with the end of the previous fiscal year to ¥66.2 billion due mainly to a ¥0.9 billion increase in notes and accounts payable - trade, a ¥0.3 billion increase in income taxes payable, a ¥0.8 billion decrease in accrued expenses, a ¥0.9 billion decrease in provision for bonuses, and a ¥0.4 billion decrease in other under current liabilities.

Net assets increased ¥0.9 billion compared with the end of the previous fiscal year to ¥145.2 billion due mainly to a ¥0.2 billion decrease in retained earnings, a ¥0.7 billion decrease from purchase of treasury shares, a ¥1.5 billion increase in foreign currency translation adjustment, and a ¥0.1 billion increase in valuation difference on available-for-sale securities.

Consequently, equity ratio increased 0.4 percentage points from March 31, 2015, to 67.8%.

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

For earnings forecasts, please refer to the news release “Notice of Recognition of Extraordinary Income (Gain on Sales of Shares of Subsidiaries and Associates) and Revision to Earnings Forecasts for First Six Months and Full Year of Fiscal Year Ending March 31, 2016” announced today (July 29, 2015).

< Consolidated earnings forecasts for the fiscal year ending March 31, 2016 >

| | | |
|---|---|---|
| Net sales | ¥285.0 billion | (down 3.2% year on year) |
| Operating income | ¥10.0 billion | (down 13.2% year on year) |
| Ordinary income | ¥10.5 billion | (down 30.0% year on year) |
| Profit attributable to owners of parent | ¥19.0 billion | (up 49.6% year on year) |

## 2. Matters Regarding Summary Information (Notes)

### (1) Changes in significant subsidiaries during the period

No items to report

### (2) Application of a specific accounting procedure for preparing consolidated quarterly financial statements

No items to report

### (3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections

**(Changes in accounting policies)**

(Application of Accounting Standard for Business Combinations, etc.)

Effective from the first quarter ended June 30, 2015, the Company has applied the “Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013) and the “Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013). As a result, the method of recording the amount of difference caused by changes in the Company’s ownership interests in subsidiaries in the case of subsidiaries under ongoing control of the Company was changed to one in which it is recorded as capital surplus. Furthermore, the presentation method for “net income” and other related items was changed, and “minority interests” was changed to “non-controlling interests.” To reflect these changes, the Company has reclassified its quarterly and full-year consolidated financial statements for the first three months of the previous fiscal year and the previous fiscal year.

Application of the Accounting Standard for Business Combinations, etc. is in line with the transitional measures provided for in paragraph 58-2 (4) of the Accounting Standard for Business Combinations, paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements and paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. The Company is applying the said standard, etc. prospectively from the beginning of the first quarter ended June 30, 2015.

These changes in accounting policies have no impact on the consolidated quarterly financial statements for the first three months ended June 30, 2015.

**(Changes in accounting estimates)**

(Change in amortization period for actuarial differences in accounting for retirement benefit obligations)

Actuarial differences in accounting for retirement benefit obligations were previously amortized over a period within the average remaining working lives for employees (16 years). However, because the average remaining working lives for employees fell below the aforementioned years, the Company changed the amortization period from 16 years to 12 years from the first quarter ended June 30, 2015.

As a result of this change, compared with the figures based on the previous amortization period, operating income, ordinary income and income before income taxes for the first three months ended June 30, 2015, each decreased by ¥68 million.

## 3. Consolidated Quarterly Financial Statements

### (1) Consolidated quarterly balance sheets

(Millions of yen)

| | As of March 31, 2015 | As of June 30, 2015 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 56,150 | 55,277 |
| Notes and accounts receivable - trade | 42,238 | 38,436 |
| Merchandise and finished goods | 21,830 | 21,880 |
| Work in process | 857 | 1,049 |
| Raw materials and supplies | 7,970 | 10,190 |
| Deferred tax assets | 2,739 | 2,325 |
| Other | 11,447 | 13,147 |
| Allowance for doubtful accounts | (280) | (225) |
| Total current assets | 142,952 | 142,081 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 27,151 | 27,608 |
| Accumulated depreciation | (17,819) | (18,137) |
| Buildings and structures, net | 9,331 | 9,470 |
| Machinery, equipment and vehicles | 25,337 | 26,298 |
| Accumulated depreciation | (18,339) | (18,877) |
| Machinery, equipment and vehicles, net | 6,998 | 7,421 |
| Tools, furniture, fixtures and dies | 53,217 | 54,228 |
| Accumulated depreciation | (46,824) | (47,876) |
| Tools, furniture, fixtures and dies, net | 6,393 | 6,352 |
| Land | 5,041 | 5,068 |
| Leased assets | 199 | 209 |
| Accumulated depreciation | (66) | (72) |
| Leased assets, net | 132 | 137 |
| Construction in progress | 1,054 | 1,080 |
| Total property, plant and equipment | 28,952 | 29,530 |
| Intangible assets | 2,601 | 2,566 |
| Investments and other assets | | |
| Investment securities | 32,950 | 33,029 |
| Net defined benefit asset | 50 | 54 |
| Deferred tax assets | 732 | 765 |
| Other | 3,083 | 3,438 |
| Allowance for doubtful accounts | (12) | (12) |
| Total investments and other assets | 36,803 | 37,275 |
| Total non-current assets | 68,357 | 69,372 |
| Total assets | 211,309 | 211,454 |

(Millions of yen)

| | As of March 31, 2015 | As of June 30, 2015 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 28,818 | 29,750 |
| Accrued expenses | 11,819 | 11,011 |
| Income taxes payable | 2,919 | 3,253 |
| Provision for bonuses | 2,191 | 1,253 |
| Provision for directors' bonuses | 67 | 16 |
| Provision for product warranties | 5,942 | 6,187 |
| Other | 6,025 | 5,535 |
| Total current liabilities | 57,784 | 57,009 |
| Non-current liabilities | | |
| Deferred tax liabilities | 4,301 | 4,319 |
| Net defined benefit liability | 2,733 | 2,668 |
| Provision for directors' retirement benefits | 60 | 47 |
| Other | 2,207 | 2,207 |
| Total non-current liabilities | 9,302 | 9,242 |
| Total liabilities | 67,086 | 66,252 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 25,920 | 25,920 |
| Capital surplus | 24,905 | 24,905 |
| Retained earnings | 73,835 | 73,579 |
| Treasury shares | (713) | (1,408) |
| Total shareholders' equity | 123,949 | 122,997 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 7,937 | 8,102 |
| Deferred gains or losses on hedges | (3) | 11 |
| Revaluation reserve for land | (1,310) | (1,310) |
| Foreign currency translation adjustment | 12,689 | 14,278 |
| Remeasurements of defined benefit plans | (801) | (714) |
| Total accumulated other comprehensive income | 18,511 | 20,367 |
| Subscription rights to shares | 32 | 28 |
| Non-controlling interests | 1,731 | 1,807 |
| Total net assets | 144,223 | 145,201 |
| Total liabilities and net assets | 211,309 | 211,454 |

## (2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

| | First three months ended June 30, 2014 | First three months ended June 30, 2015 |
|---|---|---|
| Net sales | 69,594 | 73,440 |
| Cost of sales | 57,523 | 61,786 |
| Gross profit | 12,071 | 11,654 |
| Selling, general and administrative expenses | 10,057 | 9,761 |
| Operating income | 2,013 | 1,892 |
| Non-operating income | | |
| Interest income | 50 | 59 |
| Dividend income | 121 | 126 |
| Foreign exchange gains | – | 447 |
| Share of profit of entities accounted for using equity method | 72 | 69 |
| Other | 123 | 143 |
| Total non-operating income | 367 | 846 |
| Non-operating expenses | | |
| Interest expenses | 2 | 3 |
| Foreign exchange losses | 340 | – |
| Sales discounts | 38 | 43 |
| Commission fee | 16 | 16 |
| Other | 41 | 35 |
| Total non-operating expenses | 438 | 98 |
| Ordinary income | 1,942 | 2,640 |
| Extraordinary income | | |
| Gain on sales of non-current assets | 7 | 9 |
| Gain on liquidation of investment securities | 52 | – |
| Other | 4 | 5 |
| Total extraordinary income | 64 | 14 |
| Extraordinary losses | | |
| Loss on sales and retirement of non-current assets | 4 | 3 |
| Total extraordinary losses | 4 | 3 |
| Income before income taxes | 2,002 | 2,650 |
| Income taxes - current | 687 | 1,050 |
| Income taxes - deferred | 455 | 401 |
| Total income taxes | 1,143 | 1,451 |
| Profit | 859 | 1,199 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 829 | 1,128 |
| Profit attributable to non-controlling interests | 29 | 70 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | (151) | 166 |
| Deferred gains or losses on hedges | (0) | 15 |
| Foreign currency translation adjustment | (718) | 1,604 |
| Remeasurements of defined benefit plans, net of tax | 46 | 86 |
| Share of other comprehensive income of entities accounted for using equity method | (625) | (11) |
| Total other comprehensive income | (1,449) | 1,862 |
| Comprehensive income | (590) | 3,061 |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | (598) | 2,985 |
| Comprehensive income attributable to non-controlling interests | 8 | 76 |

## (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)

The Company purchased 274,900 treasury shares (¥699 million) in accordance with a resolution at a meeting of the Board of Directors on April 27, 2015. As a result, treasury shares increased ¥695 million during the first three months ended June 30, 2015, bringing the amount of treasury shares to ¥1,408 million as of June 30, 2015.

(Segment information)

Segment information

1) First three months ended June 30, 2014

Information concerning sales and profit/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 | 17,451 | 52,143 | 69,594 | – | 69,594 |
| Internal sales or transfer among segments | 168 | 50 | 219 | (219) | – |
| Total | 17,620 | 52,193 | 69,814 | (219) | 69,594 |
| Segment profit (operating income) | 718 | 2,553 | 3,271 | (1,258) | 2,013 |

Note: The adjustment of negative ¥1,258 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 three months ended June 30, 2015

Information concerning sales and profit/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 | 14,121 | 59,319 | 73,440 | – | 73,440 |
| Internal sales or transfer among segments | 196 | 47 | 244 | (244) | – |
| Total | 14,318 | 59,366 | 73,685 | (244) | 73,440 |
| Segment profit (operating income) | 800 | 2,337 | 3,137 | (1,245) | 1,892 |

Notes: 1. The adjustment of negative ¥1,245 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. As described in "Changes in accounting estimates," actuarial differences in accounting for retirement benefit obligations were previously amortized over a period within the average remaining working lives for employees (16 years). However, because the average remaining service years for employees fell below the aforementioned years, the Company changed the amortization period from 16 years to 12 years from the first quarter ended June 30, 2015.

As a result of this change, compared with the figures based on the previous amortization period, segment profit (operating income) for the first three months ended June 30, 2015 decreased; the Audio Products segment profit decreased by ¥13 million and the Information and Communication Products segment profit decreased by ¥54 million.

(Significant subsequent events)

A. Sale of shares of significant subsidiary, etc.

1) Reasons for sale
The Company and Neusoft Corporation (hereinafter “Neusoft”) have up until now enjoyed a strategic and business alliance partnership for 26 years since 1989.
Neusoft has begun a comprehensive reorganization of its corporate group under the corporate umbrella of Neusoft Holdings (hereinafter “NHD”) to completely renew its business structure. As part of this reorganization, the Company will enter into a strategic alliance framework memorandum of agreement with NHD. In accordance with this memorandum of agreement, the Company will sell part of the Neusoft shares that are held by the Alpine Group.

2) Purchaser
Neusoft Holdings

3) Date of execution of transfer agreement
July 29, 2015

4) Name, business activities, and business relationship of target-of-sale company
· Name: Neusoft Corporation
· Business activities: Development and sales of software and training of IT human resources
· Business relationship: Consignment of in-car software development

5) Number of shares to be sold, sale value, gain/loss on sale and shareholding ratio after sale
· Number of shares to be sold: 61,500,000 shares
· Sale value: RMB1,066 million (approx. ¥21,107 million)
· Gain/loss on sale: The Company plans to recognize a gain on sales of shares of subsidiaries and associates of approximately ¥16,500 million in extraordinary income.
· Shareholding ratio after sale: 10.58%

6) Significant special arrangements, etc.
The Alpine Group plans to continue to account for the target-of-sale company using the equity method because the target-of-sale company falls under the definition of an associate as provided for by ASBJ Statement No. 16, paragraph 5-2 (3); namely, (i) including the percentage of shares held by “persons whose consents are obtained” as provided for by ASBJ Guidance No. 22, paragraph 10, the ownership ratio of the target-of-sale company held by the Alpine Group is not less than 20%, and (ii) the requirement of ASBJ Statement No. 16, paragraph 5-2 (2)-1, is met, which requires that “a person who is or was an officer or employee of the Company or its subsidiary and who is able to exert an influence on the financial and operational or business policy decisions of the non-subsidiary entity has been appointed to the position of representative director, director or any other position equivalent thereto at the non-subsidiary entity.”

B. Investment in significant subsidiary, etc.

1) Purpose of investment
The Company has decided to reinvest in NHD, using the funds of the shares to be sold for the purpose of the comprehensive reorganization of the group under the corporate umbrella of NHD, the target of this investment.

2) Name, business activities, and size of investee
· Name: Neusoft Holdings
· Business activities: Education, medical treatment, IT solutions business
· Total assets: RMB2,433 million (approx. ¥48,173 million)

3) Timing of investment
August 2015 (planned)

4) Amount to be invested and ownership ratio after acquisition
· Amount to be invested: RMB577 million (approx. ¥11,424 million)
· Ownership ratio after acquisition: 10.35%

5) Significant special arrangements, etc.
The Company plans for the investee to become an associate accounted for using the equity method under the same details as Neusoft.

C. Establishment of significant subsidiary, etc.

1) Purpose of establishment
The rapid development of the Chinese automobile industry has brought about various innovations and reforms. The Company believes that it is essential to take steps of software development and relevant technological development associated with the adoption in automobiles of artificial intelligence (AI) and internet technologies as well as renewable energies. Neusoft Reach Automotive Technology (Shanghai) Co., Ltd. (planned name) aims to carry out significant technological development for the future automobile industry, using the more than 20 years of research and development of the Company and Neusoft as a base, and expand its business in the Chinese market.

2) Name, business activities, and size of company to be established
· Name: Neusoft Reach Automotive Technology (Shanghai) Co., Ltd. (planned)
· Business activities: Development and sales of automotive technologies
· Capital: RMB384.6 million (approx. ¥7,615 million)

3) Timing of establishment
August 2015 (planned)

4) Capital contribution and ownership ratio after capital contribution
· Capital contribution: RMB150 million (approx. ¥2,970 million)
· Ownership ratio after capital contribution: 39.0%

* The above amounts in Japanese yen are stated based on the exchange rate of RMB1 to ¥19.80. The amounts may change due to fluctuations in currency exchange rates.