



Annual Report 2016-2017



Driving Mobile Media Innovation

Corporate Philosophy

Alpine values its members as individuals, and is committed to forming an energetic and attractive company where the quality of work is enhanced.

1 Respect for Individuality

Alpine seeks to foster the pride and enthusiasm of each employee, providing the means and opportunities for growth, and encouraging relationships built on mutual trust.

2 Creating Value

Alpine eagerly takes up the challenge of maintaining technical leadership in creating new values that will enhance the quality of human life.

3 Contribution to Society

Alpine is committed to providing superior products and thus contributing to a fuller, richer society.

Conduct Guidelines

Creation, Passion, Challenge

We will boldly challenge ourselves to create new value and perform MONOZUKURI with passion.

VISION2020 Vision Statement

Alpine aims to be a Mobile Media Innovation Company that provides you with an enjoyable car lifestyle.

Editorial Policy

Up until fiscal 2015, Alpine has separately published an annual report, a corporate profile/CSR report and online CSR/environmental information. As of fiscal 2016, these have been combined into our annual report, which covers both financial and non-financial information. At Alpine, we believe in the importance of having our stakeholders understand our activities by actively disclosing information on our business plans, performance, CSR management policy, environmental conservation efforts and other aspects of our business. As such, we consider this report an important communication tool.

Designations Within This Report

Alpine: Refers to the non-consolidated domestic business.

Alpine Group: Refers to all consolidated companies around the world.

Alps Group: Refers to the corporate group led by Alps Electric.

* ESG stands for environment, social and governance and is an important criterion for evaluating corporate value, together with financial information. This report provides a summary of the Alpine Group's ESG efforts.

Scope and Period Covered by Report

[Scope]

This report covers the Alpine Group in Japan and around the world, but the scope of individual topics may vary.

[Period]

● In principle, this report covers the period from April 1, 2015 to March 31, 2016, but it does include some activities from before and after that period.

● The Japanese portion of the environmental report covers the period from April 2015 to March 2016, and the overseas portion covers the period from January to December 2015.

Published in July 2016

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We will build a foundation for growth into a mobile media innovation company.



President
Nobuhiko Komeya

Chairman of the Board
Toru Usami

The decision has been made for a two-person management system consisting of Toru Usami, Chairman of the Board, and Nobuhiko Komeya, President & CEO. Working together, they will carry out their heavy responsibility, working on improving performance in the short term and improving profits from the perspective of company-wide optimization for future growth while actively responding to various changes.

The car electronics industry is currently in a period of major structural change against a backdrop of car computerization and changes in the motorized society. In the midst of this business environment, Alpine is promoting VISION 2020, the corporate vision for the year 2020. In VISION 2020, the vision for Alpine's future is to be a mobile media innovation company that provides you with an enjoyable car lifestyle. Our commitment is to make leaps forward as a company that creates new relationships between people and cars.

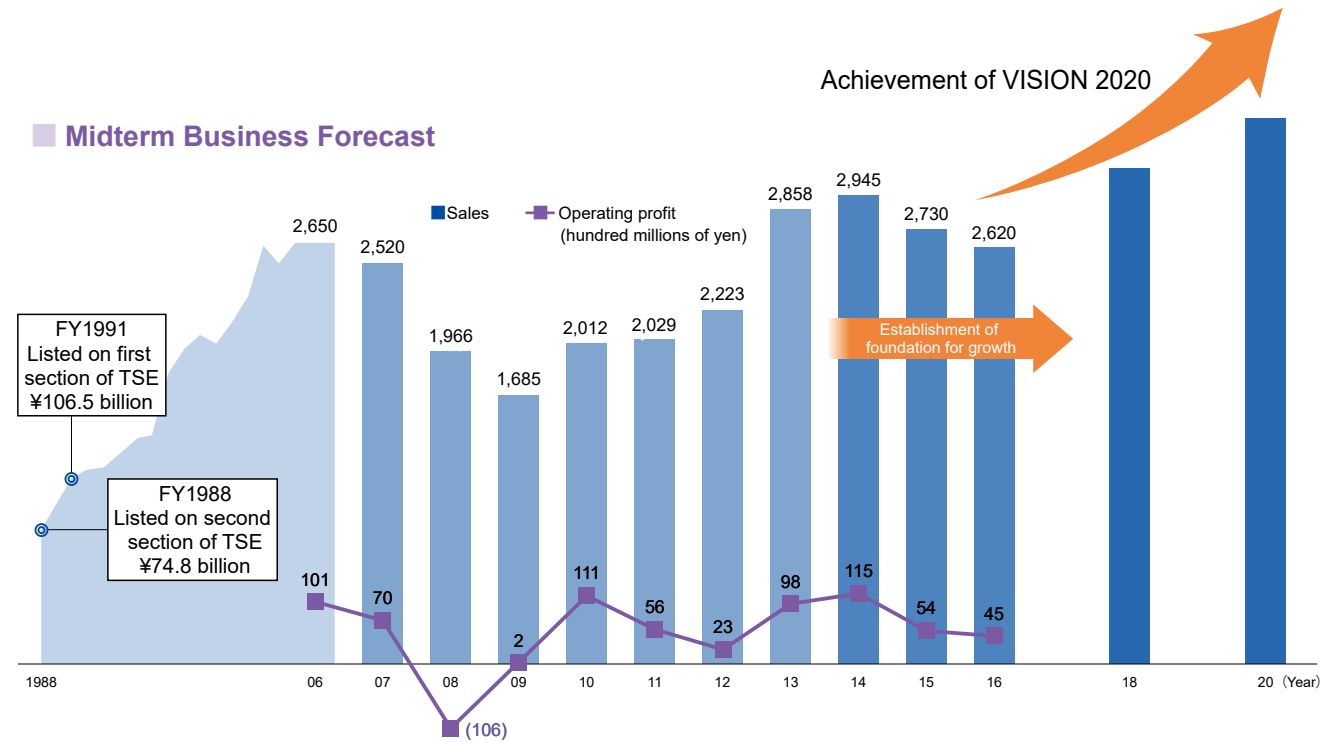
Looking back at fiscal 2015, the circumstances were dire for business results, including changes in new car sales trends in major markets and exchange rate fluctuations in the second half of the year. At the same time, customer-oriented efforts resulted in our OEM business being recognized as a strategic supplier by a

partner automobile manufacturer. We also received several awards for our commitment to sound in our domestic commercial business and our product proposals focused on the car lifestyles of families raising children. We were also able to make progress on alliances in China and the United States aimed at developing products to contribute to the motorized society of the next generation.

Fiscal 2016 is the year to build a foundation for growth in order to achieve the targets of VISION 2020. With greater vigor and a sense of urgency, we will promote innovation based on customer value, increased cost competitiveness in the aim of achieving a profitable structure and the establishment of a unified global team system.

Considering CSR the very business activities that embody our corporate principles, Alpine will engage in ESG-conscious management in order to achieve sustainable growth. In the aim of becoming an attractive company trusted by our stakeholders, including shareholders, customers, employees and local communities, we promise to work on improving corporate and shareholder value.

July 2016



Profile

We work to maximize corporate value through our global sales, production and development network.

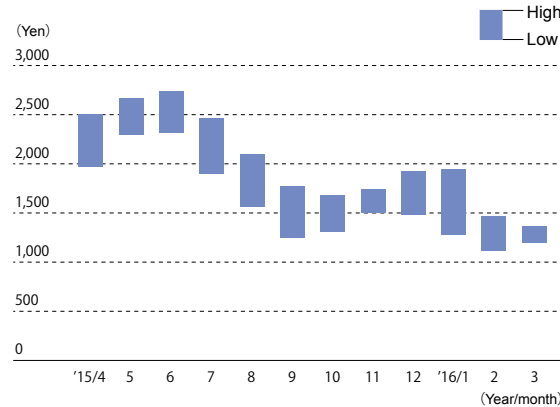


Shares As of June 2016

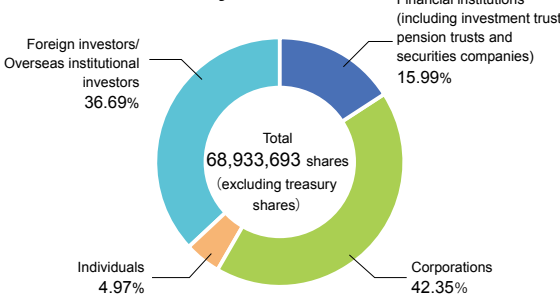
Major Shareholders		Contribution	
Name		Number of shares held (thousands of shares)	Percentage of shares held (%)
ALPS ELECTRIC CO., LTD.		28,215	40.93
STATE STREET BANK CLIENT OMNIBUS OM04		2,563	3.72
JAPAN TRUSTEE SERVICES BANK, LTD. (TRUST ACCOUNT)		2,451	3.56
NORTHERN TRUST CO. (AVFC) RE IEDU UCITS CLIENTS NON LENDING 15PCT TREATY ACCOUNT		2,165	3.14
THE MASTER TRUST BANK OF JAPAN, LTD. (TRUST ACCOUNT)		1,387	2.10
THE BANK OF NEW YORK MELLON SA/NV 10		1,249	1.81
THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT		1,155	1.68
STATE STREET BANK AND TRUST COMPANY 505001		1,064	1.54
THE BANK OF NEW YORK, TREATY JASDEC ACCOUNT		950	1.38
EVERGREEN		821	1.19

Note: Percentage of shares held excludes treasury shares.

Trend in Stock Price



Share Distribution by Owner



Outline As of March, 2016

Corporate Name	ALPINE ELECTRONICS, INC.		ALPINE ELECTRONICS MARKETING, INC.
Headquarters	1-1-8 Nishi-Gotanda, Shinagawa-ku, Tokyo 141-8501 Tel: +81-3-3494-1101 (main line)	Domestic Subsidiaries / Domestic Affiliates	ALPINE TECHNOLOGY MANUFACTURING, INC. ALPINE MANUFACTURING, INC. ALPINE PRECISION, INC. ALPINE GIKEN, INC. ALPINE INFORMATION SYSTEM, INC. ALPINE BUSINESS SERVICE, INC. ALPINE CUSTOMERS SERVICE CO., LTD. Three others
Iwaki	20-1 Yoshima Industrial Park, Iwaki City, Fukushima 970-1192 Tel: +81-246-36-4111 (main line)	Overseas Subsidiaries / Overseas Affiliates	ALPINE ELECTRONICS OF AMERICA, INC. ALPINE ELECTRONICS (EUROPE) GmbH ALPINE ELECTRONICS (CHINA) CO., LTD. ALPINE OF ASIA PACIFIC INDIA PVT., LTD. 28 others
Date of Establishment	May, 1967		
Common Stock	160,000,000 shares		
Total Issued Stocks	68,933,693 shares (850,808 treasury shares not included)		
Paid-in Capital	¥ 25,920 million		
Number of Employees (Consolidated)	11,908 (total from 35 consolidated companies)		

About the Committee Members As of June 2016

Name	Position and Responsibility/Primary Role		
Toru Usami	Chairman of the Board		
Nobuhiko Komeya	President		
Hitoshi Kajiwara	Managing Director	Administration	
Naoki Mizuno	Managing Director	Sales	
Koichi Endo	Managing Director	Technology and Development	
Toshinori Kobayashi	Director	United States/Europe	
Shuji Taguchi	Director	Quality/Environment	
Yasuhiro Ikeuchi	Director	Product Design	
Youji Kwarada	Director	Production/Materials	
Shinji Inoue	Director	Product Design Assistant	
Masataka Kataoka	Director	President & CEO, Alps Electric	

Name	Position and Responsibility/Primary Role		
Hirofumi Morioka	Director	Audit and Supervisory Committee (Full-Time)	
Hideo Kojima	* Outside Director	Audit and Supervisory Committee	Certified Public Accountant
Satoko Hasegawa	* Outside Director	Audit and Supervisory Committee	Lawyer
Naoki Yanagida	* Outside Director	Audit and Supervisory Committee	Lawyer

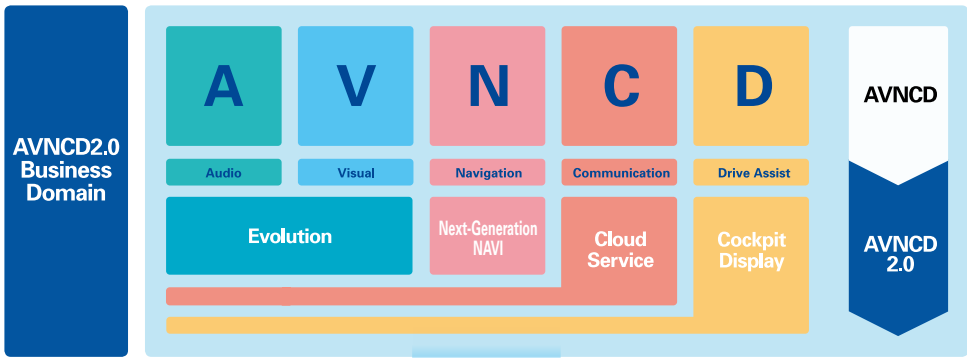
*Asterisks indicate external members of the Audit and Supervisory Committee.
Note: Hideo Kojima, Satoko Hasegawa and Naoki Yanagida are independent directors according to the Company's criteria for determining independence, and their names have been submitted to the Tokyo Stock Exchange as independent directors.

Business Domains

We will create the car lifestyles of the next generation as a mobile media innovation company.

Since 2005 Alpine has defined our business domain as AVNCD (Audio, Visual, Navigation, Communication, and Drive-assist). The corporate vision established in March 2014 builds on AVNCD and expands in scope to include cloud, which connects the inside of the car with the outside world, and integrated cockpit, which

meets advanced needs for car making of the future. We produce various equipment and systems that offer a premium car lifestyle that exceeds customer expectations in the business domain of Audio, Visual, Navigation, Communication, Cloud Services, Drive Assist and Cockpit Display.



Providing a premium car lifestyle that exceeds customer expectations

Audio

Speakers
DL3-F180AV-S [Japan]
Delivering the ultimate sound with special design/tuning for the Vellfire and the Alphard, these speakers increase owner satisfaction.

Amp
PDR-V75 [North America/Europe/Asia]
Our 5-channel high sound quality digital power amp supports various systems.



Visual

AV Head Unit
iLX-007 [North America/Europe/Asia]
We provide Apple CarPlay with high image and sound quality in a sophisticated, flat design.

Rear Vision
PXH12X-R-AV [Japan]
Enjoy digital terrestrial broadcasts and DVDs even from the rear seats on a large 12.8-inch screen. Loaded with Plasmacluster technology that cleans the air in the vehicle.



Navigation/Cockpit Display

Car Navigation System
BIG X "11" [Japan]
X110 [Europe]
Our model-specific car navigation systems come with 11-inch monitors, the largest in the world. We began providing these systems overseas in 2013 and are expanding the supported models.



Communication/Cloud Services

Smartphone App
Alpine Connect [North America/Europe/Australia]
The Alpine Connect smartphone app makes various applications available on on-board devices.



Drive Assist

Rear View Camera
HCE-C1000 [Japan]
Bright, clear images are displayed even in dark places to assist with smooth parking.



System Solution

Alpine links equipment to enhance driving safety and comfort. For example, we offer systems that let you see what your children are doing without turning around by showing video of the rear seat caught by the rear seat camera on the screen of the car navigation system. We also build in car aroma systems in the optimal location to create pleasant spaces filled with fragrant aromas as we pursue beauty and comfort inside cars from every angle. Overseas, we also propose systems that enable control of accessories (such as winches, lights and air suspension) according to the customer's car lifestyle.



Value Chain

We endeavor to create future value to enrich the car lifestyles of customers all over the world.

Marketing

Engaging in dialog with customers to create value from the customer's perspective

Alpine listens to feedback from our customers all over the world to deliver products and services that exceed their demands and expectations. Demonstrating our unique technical and planning capabilities, we aim to improve customer satisfaction and create new markets.

Research and Development

Cultivating core technologies in anticipation of the next generation cockpit

We are working to strengthen the technical foundation that supports our high performance and highly reliable products and establish new technologies that will cultivate new markets. We are further cultivating our core technologies and striving for innovation of on-board information equipment/systems.

Material Procurement

Partnering with suppliers all over the world in pursuit of high value-added parts

We seek to ensure the reliability required of our products and create never-before-seen features. Alpine engages in global procurement activities while emphasizing proper quality and cost as well as global environmental and social responsibility.



Manufacturing

Pursuing high-quality manufacturing while sticking close to local markets

Based on our basic policy of "Made In Market," Alpine has built a global production network consisting of the five regions of Japan, North America, Europe, China and Asia. Our product supply system reflects changes in market needs and demand in each region in a timely manner.

Quality

We deliver highly reliable products based on an evaluation system developed specifically for in-vehicle environments.

Field tests are conducted at our Evaluation Center and test courses to ensure stable operation and ease of use under harsh conditions, such as vibrations and impact during driving, sunshine and temperature changes. Our quality evaluation system is established based on high precision analyses.

Services

We work closely with our customers to improve our services in all ways possible.

Alpine products are delivered to end users through various distributors and foreign and domestic automobile manufacturers. We work continually to improve the logistics of getting our products from our production plants into the hands of customers as well as after-sales support.

Business Report

We offer an overview of our business in fiscal 2015 below.

Segment Information

Audio Equipment Business

Sales of our audio equipment for both the after-market and automobile manufacturers declined as a result of audio functions being integrated into information and communication equipment like navigation systems and display products. In the midst of this, we worked to expand sales of our sound systems, including speakers and amps focused on realistic, high quality sound, and our slim, lightweight speakers, which have been well-received for their contribution to automobile mileage and the environment.

However, the situation remained dire due primarily to falling sales of our audio equipment for automobile manufacturers, which are the main products in this segment.

Information and Communication Equipment Business

In the domestic after-market, we introduced automobile navigation systems with large, 10" high-definition LCD screens and large-screen Rear Vision navigation systems that we have been rolling out ahead of the rest of the industry. We worked on expanding sales by proposing high value-added systems for designing optimal interior spaces in each model of vehicle.

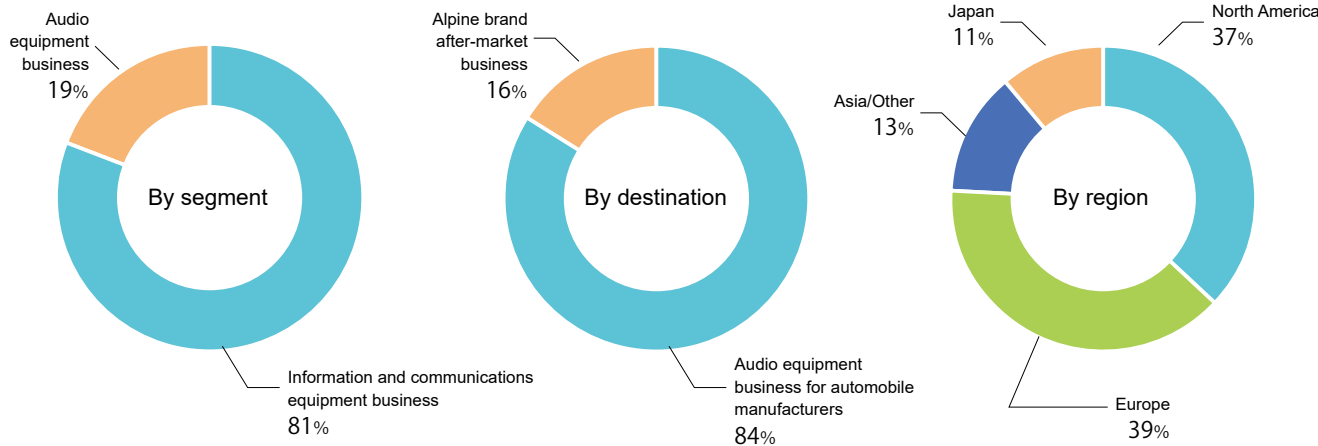
At the same time, in the North American after-market, we shifted to a sales strategy focused on large-screen navigation systems for specific models of pickup trucks and SUVs. In the European after-market, we poured efforts into sales of models that were rated highly by the European Imaging and Sound Association (EISA). Through these and other efforts, we promoted overseas expansion, but sales were stagnant, and the situation remained dire.



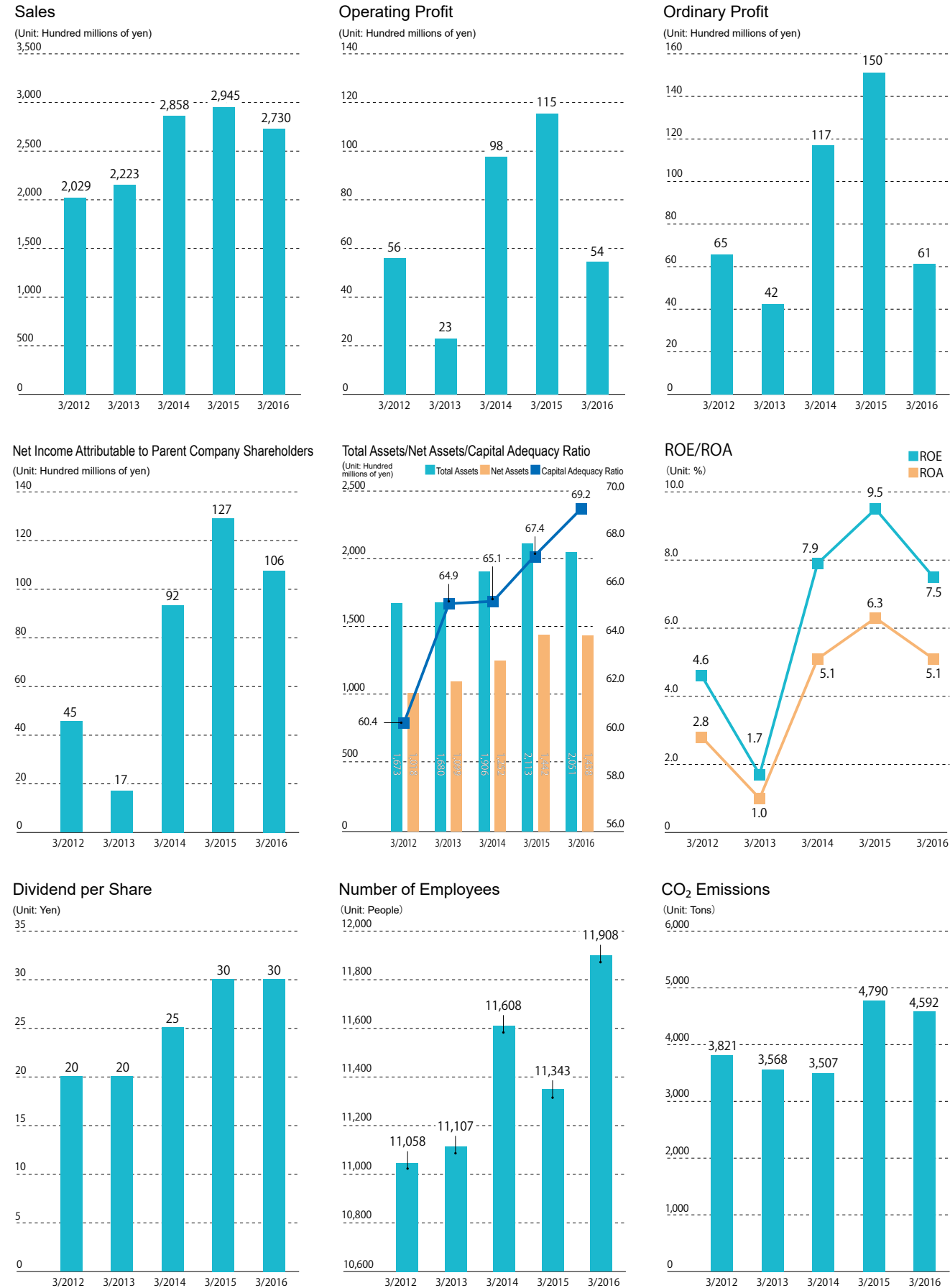
Sales **¥52.8 billion**
Forecast for next year **¥51.0 billion**
(3.2% decrease year on year)
Decrease of **16.0%** year on year

Sales **¥220.2 billion**
Forecast for next year **¥202.9 billion**
(4.1% decrease year on year)
Decrease of **4.9%** year on year

Sales Ratios



Financial/Non-financial Highlights



Research and Development

We are developing a global R&D system to provide new value for the car lifestyles of our customers.

Policy

In the aim of becoming a mobile media innovation company that provides exciting and enjoyable premium car lifestyles that exceed customer expectations, Alpine will continue to improve our technology while making

advances in our business domain of AVNCD (Audio, Visual, Navigation, Communication & Cloud Services, Drive Assist & Cockpit Display) so that we can consistently deliver innovative original products and services.

Core Technologies

Alpine has established technical domains in which to create advanced products and is promoting research and development in those areas.

Technical domains to lead the market: HEADS

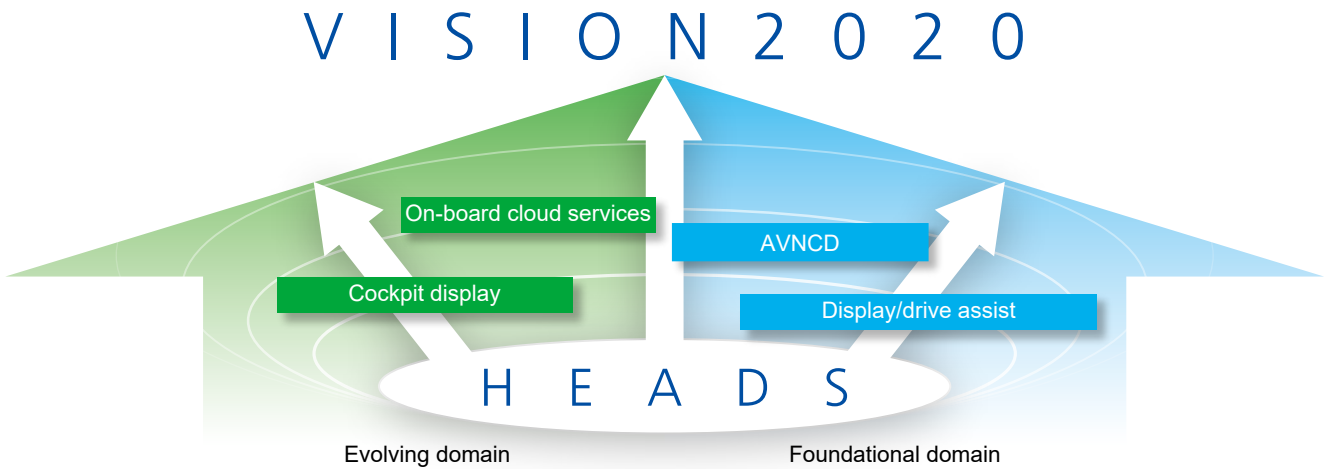
H uman Machine Interface	Comfortable communication between humans and in-vehicle devices	<ul style="list-style-type: none">• Driver friendliness• Big data utilization• Personalized HMI with server connection• In-vehicle high image quality display
E valuation	Integration of field evaluations and simulations	<ul style="list-style-type: none">• Knowledge on in-vehicle device evaluation• Driver distraction assessment• High-confidence simulation
A coustic	Car acoustic specialists	<ul style="list-style-type: none">• In-vehicle sound quality• Sound processing technology• Multiple information/sound tracks• Operation/action sound inside/outside of vehicle
D igital Media & Mechatronics	Market-leading media/mechanism originality	<ul style="list-style-type: none">• Integrating advanced media with in-vehicle devices• Advanced introduction of cloud service to in-vehicle devices• High quality mobile mechanism• Cost conscious mechanism
S ystem Integration	Multifunctional large-scale products	<ul style="list-style-type: none">• Establishing safety culture• Improving quality management• Responding to demand for high quality per customer/market• Coordinating in-vehicle devices with vehicle itself • Catchup for V2X

※HMI: Human Machine Interface

Strategy

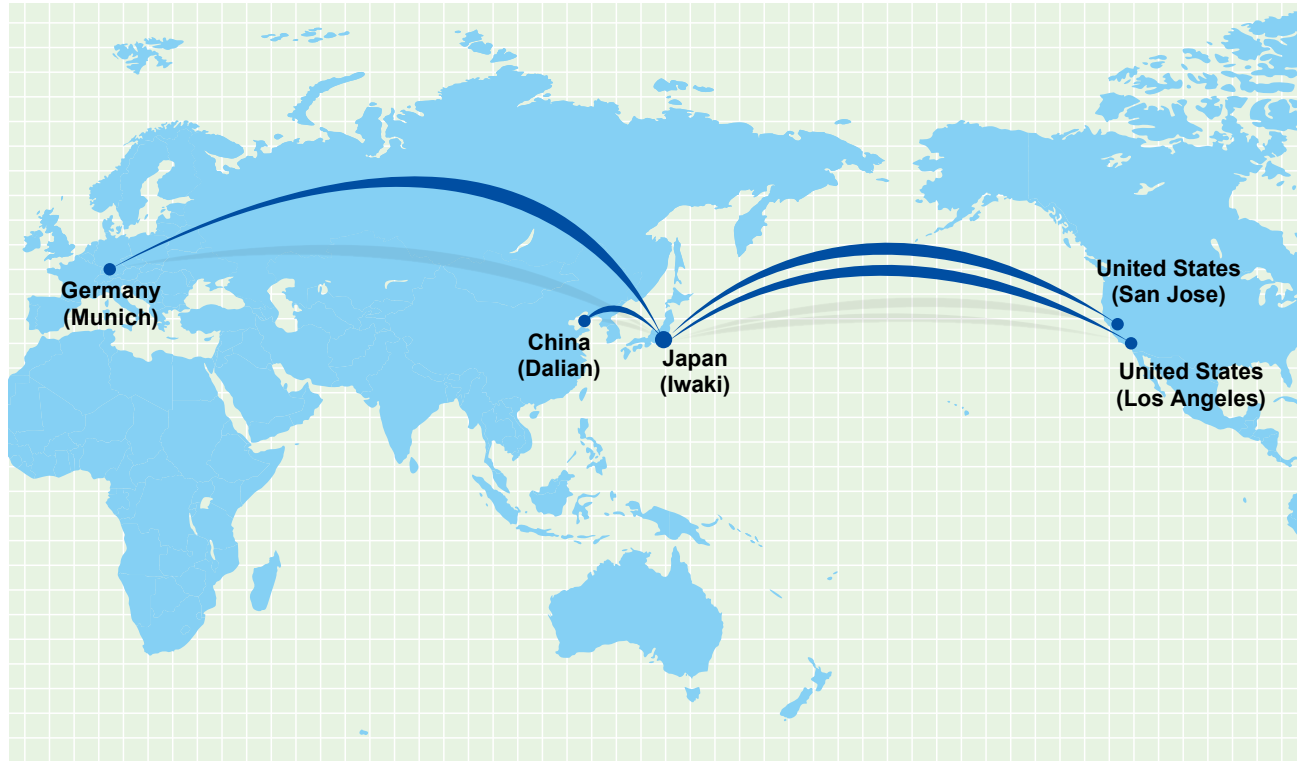
We will improve our technological infrastructure (HEADS) that supports our high-functioning, highly reliable products and services, establishing new technologies that will open up new markets.

Exploiting the core technologies we have cultivated, Alpine will take up the challenge of innovating on-board information equipment and systems (VISION 2020).



Global Development/Evaluation System

Maintaining close ties with our customers in our four global regions, we will handle everything from the front lines of development to evaluation.



Alliances

Joint venture with China-based Neusoft®

Together with Neusoft Corporation, a major Chinese software development company, we established Neusoft Reach Automotive Technology (NRA). The joint venture will develop software and related technologies for car intelligence, Internet connection and support for new energy. The Chinese market continues to expand, and we are promoting R&D and working on commercialization. The company will be involved in various fields, including battery package control and critical technology related to intelligent charging for

electric vehicles and other products, advanced driving support systems combining image recognition and sensors, critical technology for automatic driving, cloud platform-based telematics and connected cars.

Collaboration with US-based Airbiquity

We developed Alpine Connect with Airbiquity and delivered a new service allowing control of smartphone apps that are popular overseas (Yelp, Spotify, iHeartRadio, Glymse, etc.) using the Alpine head unit.

Creating Trusted Products

Alpine products built into cars are subjected to harsh environments, so we test them under conditions that are tougher than the actual environments before placing them on the market. At our reliability evaluation centers and test courses, we conduct quality tests that cover a wide range of areas, from sun reflection checks and durability with respect to sand and dust to temperature, humidity, vibration, impact, radio waves and acoustics.



Reliability evaluation center

Intellectual Property

We strive to create, apply and protect intellectual property to ensure that our customers enjoy worry-free use of our products and services.

Protecting Intellectual property

Intellectual Property Policies

Since the creation, protection and utilization of intellectual property (including intellectual property rights) contribute to business income, Alpine works as a member of the Alps Group to practice effective business and technical management, and specifies the following missions of the Intellectual Property Division:

- Promote the creation of Alpine's intellectual property and enhance the base of our technical management;
- Effectively and efficiently protect Alpine's intellectual property to increase its contribution to business income;
- Utilize Alpine's intellectual property for business and technical strategies to expand its contribution to business income;
- Be vigilant in avoiding the violation of third-party intellectual property to minimize business risk; and
- Support the creation of new business utilizing intellectual property rights and information.

Approaches to Globalization

Intellectual Property Management System

Alpine enhances the creation of intellectual property and implements management systems at global development bases. We specify regulations for the handling of intellectual property at each development base in accordance with the laws and systems in each country.

Alpine's subsidiary in Germany, where service inventions are strictly regulated, has regulations established in accordance with German law. Our subsidiary in China has revised regulations in response to the repeated revision of laws and systems. Our subsidiary in the U.S. established regulations in reference to Alpine Japan regulations aimed at increasing inventor motivation although U.S. patent law does not require them. In Japan, in April 2016, Alpine revised regulations and specified that the rights of service inventions originally vest with the company.

Our Intellectual Property Division in Japan plays a central role in global intellectual property management. In 2015, we have enhanced the system through the establishment of the Intellectual Property Liaison Team to handle not only conflicts, but also to prevent the violation of rights by other companies. Alpine also established a Patent Department at its subsidiary in China to support the creation of intellectual property under the initiative of locally-hired staff. Our subsidiary in the U.S. has dedicated legal staff to support the creation of intellectual

property and to handle lawsuits related to patent issues in cooperation with the Intellectual Property Division in Japan. To ensure the proper handling of non-practicing entities (NPEs) which profit through management rather than direct involvement in research, development, and manufacturing, Alpine has established a system for prompt consultations with an established local law firm specializing in intellectual property rights. We dispatch intellectual property division staff in Japan to subsidiaries in Europe to support the creation of intellectual property and other activities.

Alpine works to expand business throughout the world by conducting efficient and effective intellectual property management in each region from a global perspective.

Patent Application Strategy

We facilitate innovation with patent portfolio management. We conduct validity studies and evaluate legal risk for all inventions, and examine product market and lifecycle from a global business perspective to ensure patent applications that contribute to the growth and development of the Alps Group.

Our subsidiaries provide thorough support to solve specific issues in each region. The subsidiary in China, for example, actively utilizes the utility model system to address issues specific to China to ensure strong patent rights.

Quality Assurance

We place a priority on the improvement of our quality management system to earn customers trust and ensure satisfaction.

Quality Policy

Quality Policy

Alpine provides outstanding products and services that guarantee customer satisfaction.

1. Quality First

Quality is determined by customer satisfaction. We fully recognize that conformance to quality is the foundation for price, delivery date, and services, and practice a quality-first policy in all our business activities.

2. Planned Initiatives

Alpine management institutes planned initiatives throughout the manufacturing process to provide products and services that ensure 100% customer satisfaction.

3. Quality Improvement

We are fully aware of individual employee responsibility in ensuring the quality required by customers, and set quality targets to promote continual improvement.

Quality Management System (Global QMS)

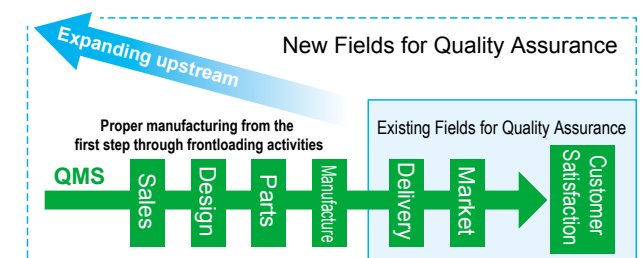
Global standards for the quality management system (QMS) ensure that all departments and divisions at Alpine satisfy customers with a policy of quality assurance, which is essential to the pursuit of business activities.

Alpine has obtained ISO/TS16949 automobile industry quality management standard certification for all production plants both in Japan and overseas. Ever seeking to increase quality, we consider the realization of global consistency in our products and services to be a priority issue in earning customer trust and ensuring satisfaction. Since 2013, we have worked on the global unification of our quality system, and have initiated our global QMS in a number of business units.

We continue improving the system to establish a globally standardized system that prevents defects and a QMS that can be applied to new fields such as meter display.

Proper Manufacturing from the first step (Frontloading Activities)

Defects in products and services cause significant inconvenience to customers. Alpine conducts frontloading activities, which are quality assurance activities for the design, development, and manufacture of products, with the goal of following a policy of proper manufacturing in every process from the product planning stage. Specifically, we established a system of frontloading activities in the Quality Assurance Division to review product development processes from the perspective of quality, identify problems and institute measures. For products supplied to German automobile manufactures, we have implemented maturity level assurance (MLA) in accordance with the regulations specified by the Verband der Automobilindustrie e.V. (VDA: German Association of the Automotive Industry). We have developed a new memory function that records the history of operation in each product to ensure accurate analysis and early solution of problems.



Material Procurement

We promote consideration for the global environment and the execution of social responsibilities throughout our entire supply chain.

Material Procurement Policy

Alpine obtains materials throughout the world in accordance with the Alpine Material Procurement Policy. Alpine recognizes the necessity of promoting CSR not only in its business activities, but also throughout its entire supply chain, and enhancing the fulfillment of social responsibility at each company in conforming to the Supply-Chain Development Guidebook established by the Japan Electronics and Information Technology Industries Association (JEITA). Alpine added content regarding CSR in the Agreement with its suppliers to enhance its approaches in 2015.

Green Procurement

Global environmental preservation requires broad approaches not only by manufacturers, but also by the suppliers of parts and materials. Alpine asks all of our suppliers to conform to our Green Procurement Standards to promote environmentally-friendly material procurement.

In 2015, we issued the 12th edition of the Alpine Green Procurement Standards to enhance conformity to laws and regulations.

Conflict Minerals

Warring factions in the Democratic Republic of the Congo and neighboring countries (9 countries including the Republic of Rwanda) violate human rights through the use of child and forced labor to mine tin, gold and other minerals used in the production of minor metals, and profits from the sale of these minerals are used to fund the purchase of weapons and widen conflict in ways that have a global impact.

The Dodd-Frank Wall Street Reform and Consumer Protection Act passed in the United States in 2010 defines these minerals as "conflict minerals,"¹ and companies

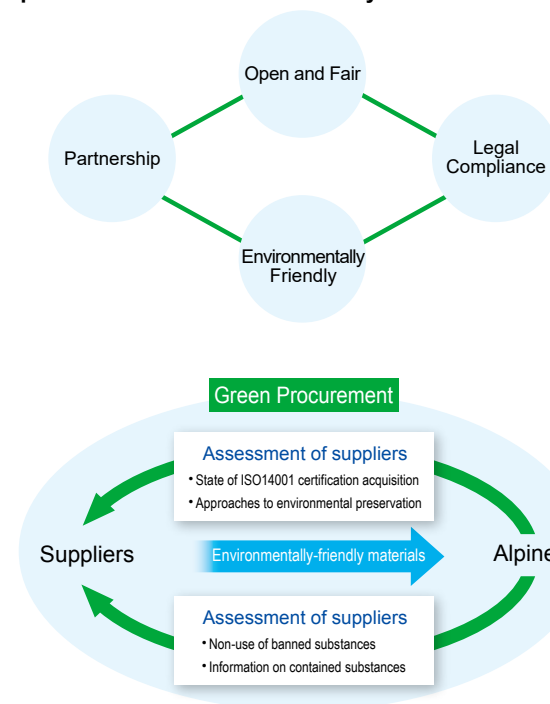
Communication with Suppliers

Alpine enhances its partnerships with suppliers to facilitate coexistence and co-prosperity through trusting relationships. We invite suppliers to biannual briefing sessions in Japan, and annual sessions in China, North America, and Europe to explain the current state of production and sales as well as announcing our



A briefing session

Alpine Material Procurement Policy



listed on US stock exchanges are required to disclose information to prevent the use of conflict minerals in their products.

From the standpoint of respecting human rights, Alpine understands and agrees with the intent of the law and partners with group companies, suppliers and JEITA to promote efforts aimed at pursuing responsible approaches to material procurement. In 2015, we surveyed each supplier about their response to conflict minerals.

Note 1: Columbite – tantalite, tin, gold, wolframite and other derivatives (tantalum, tungsten)

material procurement policy. We also present awards to suppliers that have contributed to the improvement of quality, delivery, and cost reduction with the goal of building relationships built on trust.

Status of Briefing Sessions (2015)

	Japan (1 st term)	Japan (2 nd term)	China	U.S.	Hungary
Number of Suppliers Attending	95	98	73	65	72
Number of Participants	219	200	140	112	127

Human Resource Cultivation

We support employee growth and development through various opportunities and systems.

Basic Policy

Concept of Employee Growth

Alpine applies its employee system based on the following fundamental principles in accordance with its Corporate Philosophy and Conduct Guidelines.

Respect for Individuals

Alpine respects individuals, and aims to encourage the self-fulfillment of its employees.

Team of Professionals

Alpine creates its team of professionals by encouraging individual employees to accept higher levels of work and to upgrade their skills, which increases their independence as professionals by helping them to develop skills that can be used outside the company.

Self-Improvement

Based on the premise that self-development has its foundation in individual motivation, Alpine provides opportunities for employees to develop their work skills through self-improvement programs with the aim of effectively synchronizing the needs of the company (taking measures for discovery, cultivation, and appointment of human resources) and individual employees (improving skills and raising motivation through goal setting and skill development).

Overseas Training System

Alpine dispatches entry and mid-level employees to overseas subsidiaries and other organizations for a period of one year to participate in on-site training as a measure aimed at cultivating global talent. This system was established to cultivate employees with a global perspective and the ability to take action that reflects an understanding of culture and customs, and improve language proficiency through actual work and life experience. In 2015, we dispatched two employees to Thailand.

Acoustic Training

With the aim of cultivating employees' ability to explain the physical properties of each sound, Alpine has held periodical acoustic training since 1995 for a total of 650 participants.

This training consists of primary, intermediate, and advanced levels that increase employee knowledge of acoustics as they develop a sense of sound quality. Training focuses not only on the abstract and sensuous qualities that determine what listeners judge as good and bad, or what they like or dislike, but also on the quantification of perceived sound. Our unique programs increase participants' knowledge and sense of sound quality, and improve communication capability.

Technical Education

Alpine provides employee education in a broad range of technical development, from the basic knowledge necessary for product development to knowledge in highly specialized areas. In 2015, we provided 60 classes on 31 items, including on-vehicle security systems, LCD technology, functional safety, automatic operation, cloud elemental technology, basic sound instruction, and thermal design education for a total of 1,470 engineers.

We certify those who excel in the programs as Sound Masters who understand and pass down Alpine sound technology to the next generation. In 2015, we held 12 primary level training sessions and certified eight participants.



Acoustic Training Room

Diversity

We work to improve its organizational and corporate climate so that the diverse specializations of our employees can be integrated into the drive for growth.

Improving the working environment so all employees can exercise their specialties

Alpine hires regardless of nationality, ethnicity, age, gender, religion, or handicap. We actively promote the configuration of a working environment in which all employees can demonstrate their maximum potential. At Alpine,

diversity is one of our key strengths. To enhance employee performance, Alpine hosts a Human Resource Development Conference twice each year. At this conference, optimal job rotations and training schemes are discussed.

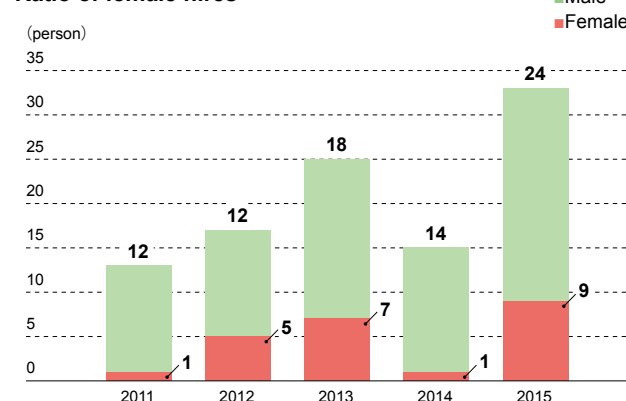
Support for women's empowerment in the workplace

Alpine promotes the recruitment of women and actively promotes the expansion of the range of occupations. In response to the Act for the Promotion of Women's Participation and Advancement in the Workplace that came into force on April 1, 2016, Alpine created an action plan.

Career Design for Women

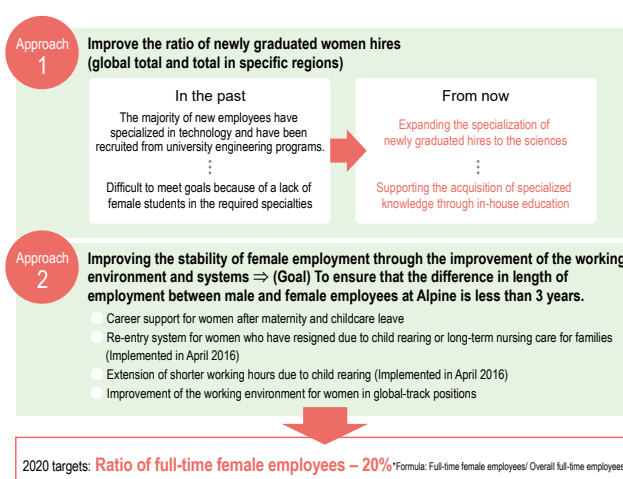
From 2016, Alpine has provided career design seminars for female employees when they are newly recruited, and in their 5th and 10th years. With these seminars, we develop a working system and organization wherein female employees can exercise their abilities through the raising of their awareness in the early stage of employment.

Ratio of female hires

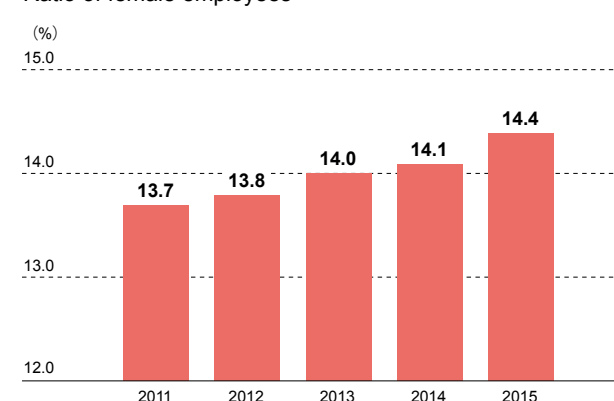


Work-Life Balance Committee – Considering desirable work styles

Alpine established its Work-Life Balance Committee to discuss the achievement of desirable work styles that would enable both employees and the company to grow together, and is trying to develop in-house systems that further improve the work-life balance of each employee. In 2016, we expanded the period of reduced working hours for long-term nursing care and child rearing, implemented a trial work-at-home program for employees who teleconference with overseas subsidiaries, established a day for employees' children to visit the workplace and a family day with the goal of promoting family-oriented activities.



Ratio of female employees



Intercultural Communication

In 2015, Alpine held intercultural communication seminars to improve employee communication with overseas offices, and raise awareness to avoid violating taboos and breaching etiquette in the various regions. Forty-three employees participated in the seminars to learn practical and important points to consider when interacting with individuals from a wide range of nationalities who have different values, and when giving instructions to people in different countries.

Labor Safety

Alpine develops a safe and healthy working environment, in which each employee can work securely.

Basic Labor Safety Concept

To secure a safe and comfortable working environment, we established a Safety and Sanitation Committee to monitor tidiness, cleanliness, and employee training at our facilities. With the goal of ensuring full employee participation in creating and maintaining a healthy, safe, and accident-free workplace, Alpine set three priority items in 2015 to promote the prevention of

2015 Priority Items

- Thorough employee training
- Raising awareness of health management
- Raising awareness of traffic safety

accidents, and enhanced both employee and workplace safety through work environment patrols and the provision of monthly safety broadcasting programs.



Work environment patrol

Safety-consciousness after the Earthquake

The people of Fukushima continue to feel anxiety after the Great East Japan Earthquake and the ensuing nuclear accident. As part of our corporate responsibility, we continue to provide support needed to create an environment in which employees and their families can enjoy peace of mind. At Alpine, we have set up radiation monitoring posts throughout our company that display radiation levels in the environment and in food served in our cafeteria to demonstrate visually that employees are safe from radiation from the nuclear power plant. We also worked with a third-party radiation examination specialist from overseas to confirm our measurements.

To further promote employee peace of mind, we have introduced buses equipped with whole body counters that measure the level of radioactivity employees and their families are exposed to. The results are analyzed by a university professor specializing in radiation, and we offer consultation session with his support.



Radiation Monitoring Post



Bus Equipped with Whole Body Counter

Global Safety Management

To create a secure and comfortable work environment, Alpine conducts thorough disaster prevention and risk management at all manufacturing bases.

In accordance with in-house comprehensive safety standards, we conduct periodical global safety inspections to identify problems and take prompt corrective action.

Receiving the Encouragement Award from the Director of the Fukushima Labor Bureau

At the 2015 Fukushima Prefecture Occupational Safety and Health Conference held to improve industrial safety and health activities, Alpine's Onomachi Plant was recognized for its high level of safety and sanitation with the Encouragement Award presented by the Director of the Fukushima Labor Bureau. We view this award as an opportunity to enhance the safety and security of the working environment under the direction of the Safety and Sanitation Committee.



Award Ceremony

Stress Check Test

From 2016, Alpine has conducted stress tests for our employees in accordance with the December 2015 revision of the Industrial Safety and Health Act. Using a 57-item questionnaire, we raise individual employee awareness about stress to prevent stress-related problems. We also use the results of the testing to improve the working environment.

Environment

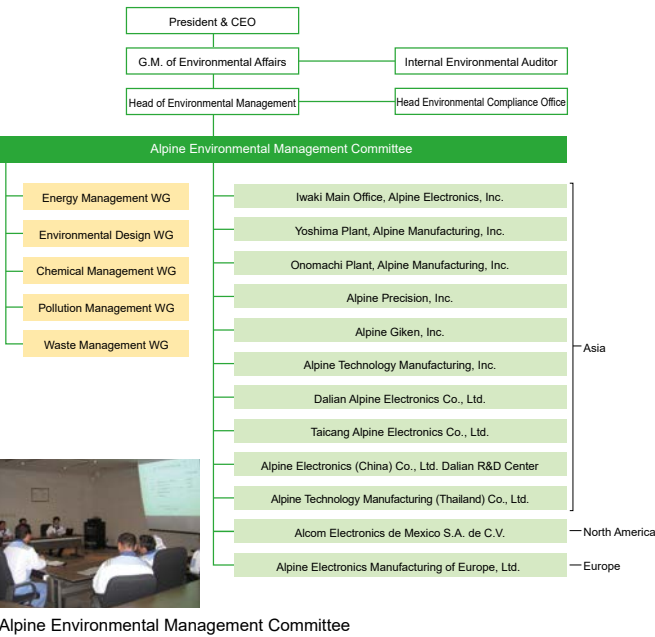
We make a concerted effort to advance environmental management at all our domestic and overseas bases.

Promotion of Environmental Management

Alps and the Alpine Group management is designed to address environmental issues that are viewed among the more serious management challenges. We established our Environmental Policy and Mid-term Plan based on the Alps Group Environmental Charter, and work on the provision of environmentally friendly products, performing environmentally friendly business activities, and establishing a global environmental management structure with a comprehensive approach taking by all group companies.

Environmental Management Promotion Structure

Policies and measures relating to environmental management are determined at the Alpine Environment Conference, with representatives of business locations in Japan in attendance and the General Manager of Environmental Affairs as chairperson. Finalized policies and measures are then implemented both in Japan and overseas by the Head of Environmental Management and supervisory staff at each location. Specific issues, such as energy saving and waste reduction are addressed through separate working groups.



Environmentally-friendly workplaces

At our head office in Iwaki, we are working on energy conservation through the utilization of waste heat. Our environmental lab becomes hot due to the many pieces of large testing equipment, so it has to be cooled with air conditioning even in the winter. By bringing in cold outside air, we are able to alleviate the use of air conditioning in the environmental lab, and we use the heat generated by the equipment to heat the lobby. This reduces the amount of power consumption by air conditioning. We also promote the effective use of exhaust heat through the recycling of the heat generated through production processes and by the test equipment at other offices.



Lobby at Iwaki office

Environmentally Friendly Logistics

To fight global warming, it is absolutely vital to reduce CO₂ emissions in shipping parts and products. Of the types of shipping available, air freight has the greatest impact on the environment. Alpine's planned global production schedules and improvements to management have included the transition from air freight to concentrated marine shipping. In fiscal 2015, we achieved a 53% reduction over fiscal 2013 in the amount we have shipped overseas

via air. In addition, we have concentrated our warehouses, shortened shipping routes, made use of shared shipping, and improved load efficiency to improve the efficiency of domestic surface freight within individual countries, all of which has contributed to a reduction of energy consumption in shipping: within Japan, our fiscal 2015 domestic truck shipping CO₂ emissions dropped 44% compared to fiscal 2013.

Recognition by Local Government

Alpine Giken's contribution to the Fukushima Protocol Global Warming Prevention Project organized by Fukushima Prefecture has been recognized with the Grand Prize in the office & store category six years in a row. In the manufacturing category, Alpine Manufacturing received the Prize for Excellence for the second time in three years. Alpine Precision has also been recognized for its outstanding contributions. Alpine Giken was recognized for staff-wide activities, including an energy reduction contest for all employees.

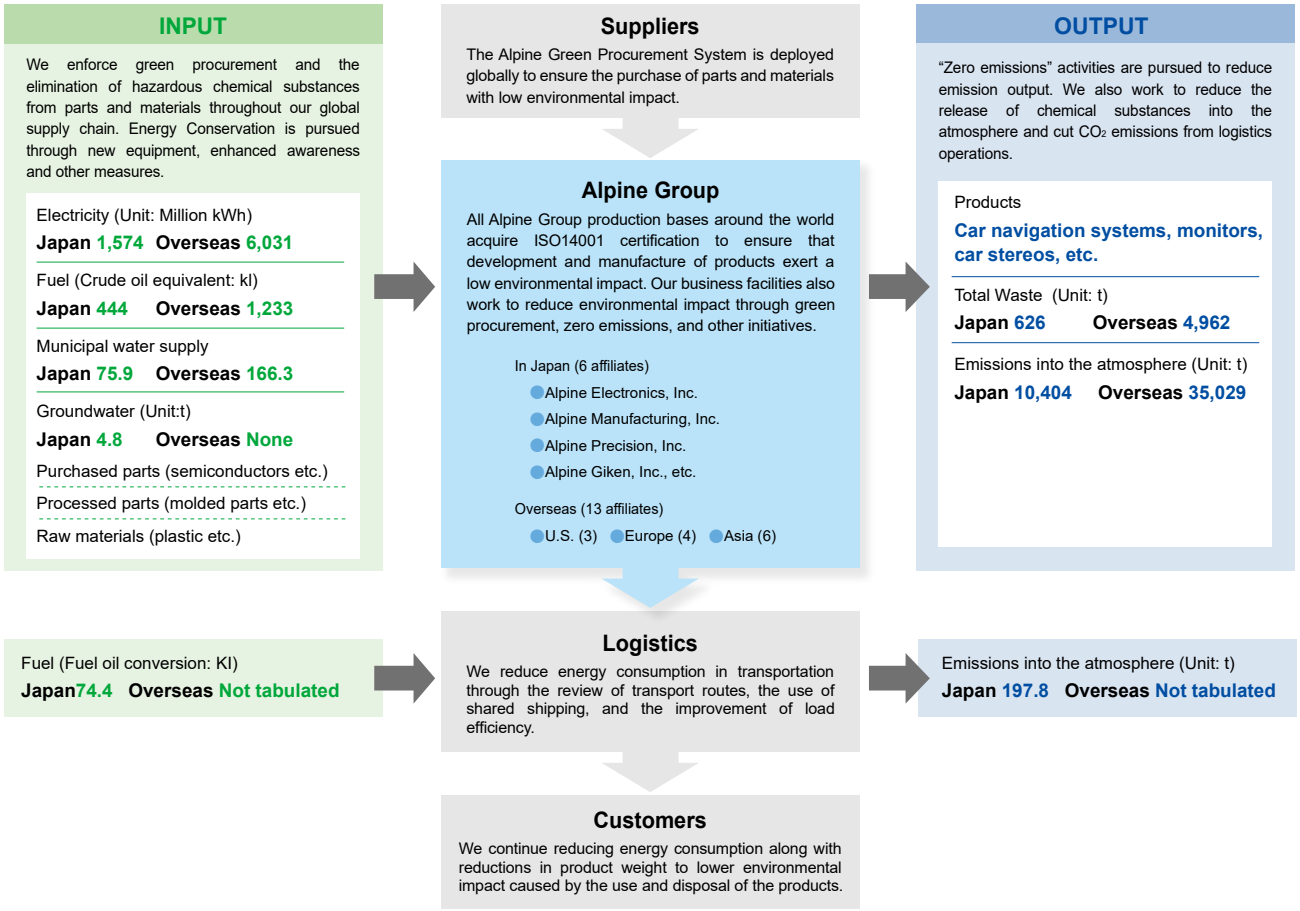


Awards Ceremony

Reduction of Hazardous Chemicals

While the use of chemicals is unavoidable in the production of items required to meet the needs of society, Alpine recognizes the potential for many chemicals to have a detrimental impact on the environment or human health if misused or mismanaged. For this reason, Alpine views the proper management of chemicals and avoiding the use of substances that have a significant environmental impact as important elements of business. Alpine fulfills its corporate duty to reduce environmental impact through the creation of standards and proper management of the storage, use and release of chemical substances used in production in keeping with laws and regulations.

Environmental Impact (FY 2015)



Local Community

Alpine pursues active dialogue with the regional communities it operates in around the world to identify ways we can contribute to the development of education and culture.

Hands-on Manufacturing Class

At the Alpine Manufacturing Onomachi Plant, we are engaged in interaction with the community that takes advantage of our characteristics as a manufacturing company. Using our plant as living educational material, we have provided hands-on manufacturing classes at local elementary schools since 2012. We also visited a local elementary school in March 2015 to give a class on electromagnetics to fifth graders. They learned about electromagnets and used them to make speakers out of paper cups.



Giving a class at a local school

Alpine Summer Festival 2015

The Alpine Summer festival was held in July at Alpine headquarters in Iwaki. We had an employee Yosakoi dance competition, fireworks display, and live music by a famous Japanese musician. We also had a manufacturing lesson and an office tour for employees' families. A total of 7,500 visitors enjoyed the festival. For more than 20 years, this festival has been a precious opportunity to create a connection between Alpine customers, suppliers, employees, their families, and the local community.



Alpine Summer Festival 2015

Mangrove planting (Thailand)

Alpine planted mangroves at the Sirindhorn International Environmental Park (Phetchaburi Province) in November 2015 as a part of our CO2 emission reduction activities. After participating in an orientation, 55 Alpine employees planted approximately 65 mangroves at the park.



Planting Activity

Support for Children's Facilities (China)

In China, labor unions form the core support for Sun Village, an establishment that provides food, shelter, and clothing, as well as medical care, education, and other forms of support to underprivileged children.

In 2015, 40 staff visited the village to give daily-use items and school supplies to the children.



Visit to Sun Village Children's Facility

Donation to Areas Affected by Great East Japan Earthquake

Alpine installed our 700D car navigation system and HCE-C920D rearview camera on NV200 Vanette multi-purpose vehicles donated by Nissan Motors to eight towns and villages in Futaba County, Fukushima Prefecture.



Donation ceremony

Company Tours for Students

Once a year at the Japan Office, Alpine holds an employee family tour of the workplace. For the children, it's a valuable opportunity to get an up-close look at what their mothers and fathers do at work. We also have a company tour and training event for local high school students.

In 2015, we provided classes such as "Japan seen from overseas" and "Experiencing manufacturing" for 40 first-year students from Iwaki High School, which was designated as a Super Science High School in the area.



Company tour and training event for local high school students

Corporate Governance

To ensure efficient, sound, and transparent management, Alpine works hard to strengthen our corporate governance structure.

Basic Approach to Corporate Governance

Alpine manufactures on-board information systems and equipment as a member of the Alps Group led by Alpine's parent company, Alps Electric Co., Ltd.

The Alps Group defines corporate governance as the "establishment and operation of frameworks for the realization of efficient and appropriate decision-making and execution of duties by senior management, prompt reporting of outcomes to stakeholders, and sound, efficient and transparent business administration for the purpose of

heightening corporate value." Our basic approach places importance on the maximization of benefits for shareholders and all other stakeholders by maximizing corporate value and delivering benefits directly or indirectly to stakeholders in a balanced way to satisfy their respective interests.

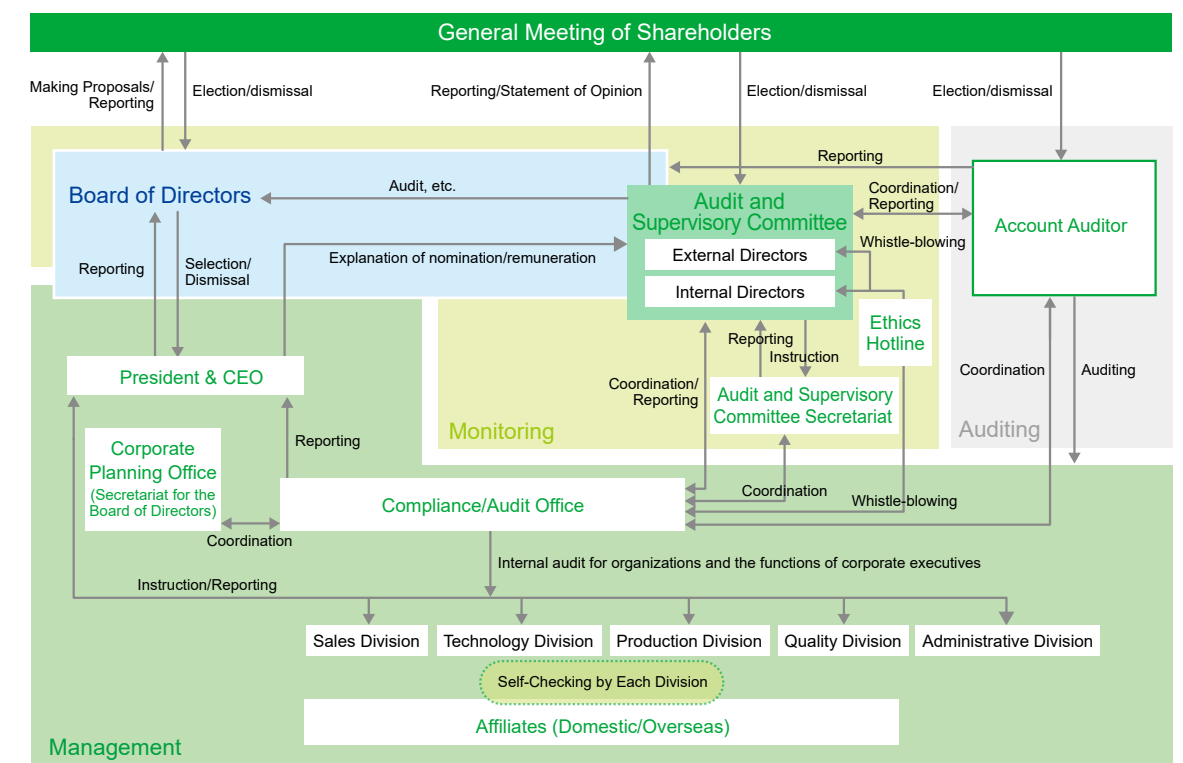
Corporate Governance Structure

Alpine transitioned from a company with board of company auditors to a company with an audit and supervisory committee upon approval at the 50th Ordinary General Meeting of Shareholders held on June 22, 2016. The enhancement of auditing and supervising functions in close cooperation with accounting auditors and the Internal Audit Division, the Audit and Supervisory Committee, which is independent from the Board of Directors, further strengthens our corporate governance structure, and improves the soundness and transparency of corporate management.

The Alpine Corporate Governance Policy was established to facilitate our ability to realize effective corporate governance and fulfill our responsibilities to all of our stakeholders - shareholders, customers, local

communities, and employees. In line with our shift from a company with a board of company auditors to a company with an audit and supervisory committee, we review the concept of our corporate governance utilizing the corporate governance policy to recognize the need for more aggressive governance aiming to achieve the sustainable growth of the company and improve mid- and long-term corporate value. We work on the fulfillment of this policy, and the establishment and smooth operation of a new corporate structure including new Audit and Supervisory Committee in the mid-term business plan. Click here for more information about the Alpine Corporate Governance Policy.

http://www.alpine.com/j/investor/information/pdf/governance_policy_16.pdf



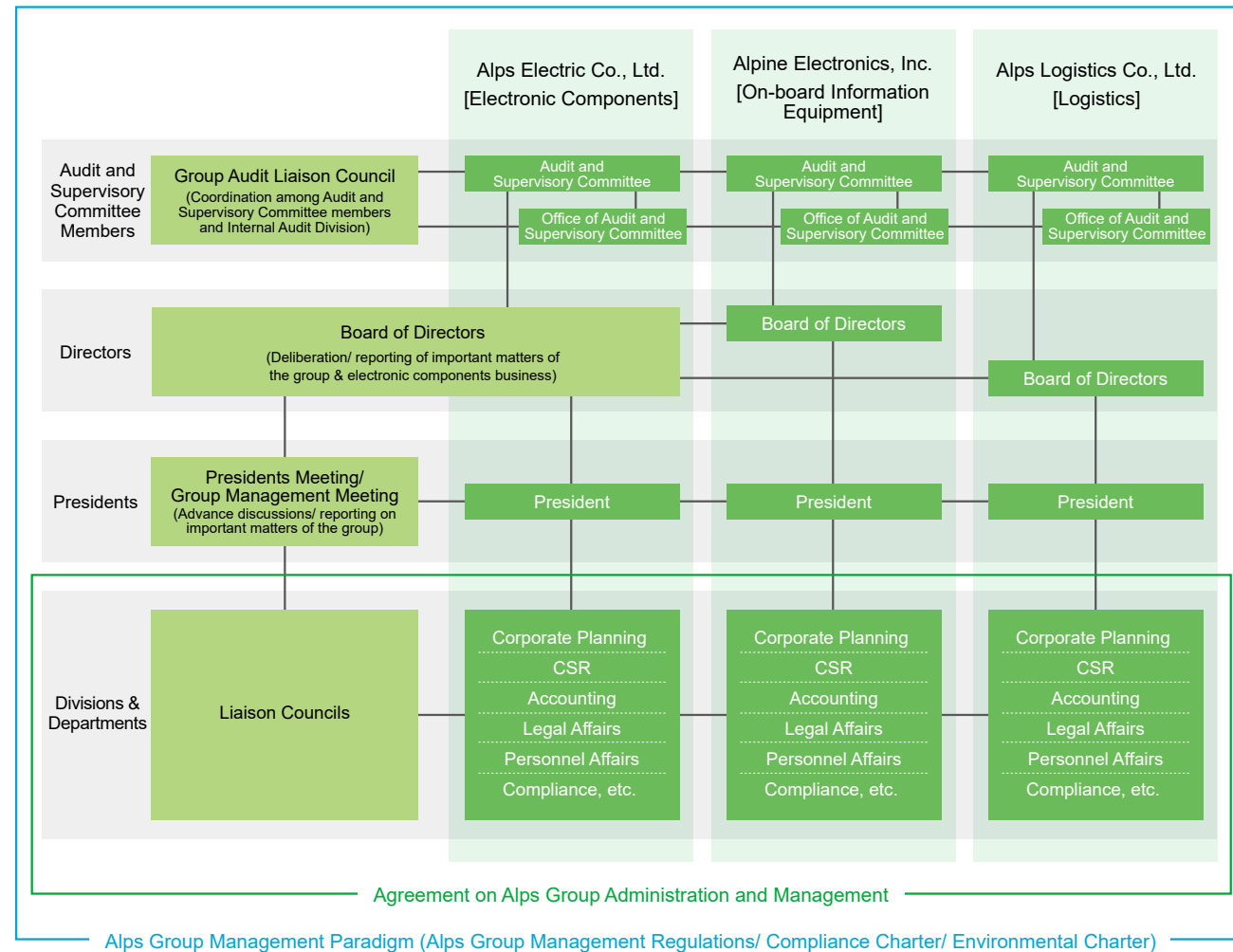
Internal Control

As a member of the Alps Group, Alpine places a priority on following the founding principles of the Alps Group led by Alps Electric Co., Ltd. We established our basic philosophy and conduct guidelines for compliance in accordance with the Alps Group management regulations, and promote compliance throughout the company and our subsidiaries. In addition, we continue developing our internal control system and structures to secure proper business management in accordance with the Companies Act and the Ordinance on

Enforcement of the Companies Act, and conduct proper and effective business in all Alpine Group companies. Please read "Internal Control System" in our Corporate Governance Report for more detail on the structures of our internal control system.

→ <http://www.alpine.com/e/investor/library/governance.html>

Alps Group Internal Control Structure



Board of Directors & Board of Directors Meeting

The Alpine Board of Directors, which is composed of 11 directors (excluding Audit and Supervisory Committee members) and 4 directors who are Audit and Supervisory Committee members (3 are external directors), discusses and makes decisions about important matters regarding the Alpine Basic Business Policy and Mid-term Business Plan, and audit and monitor the business performance. The Board of Directors makes decisions about all important matters through discussion at monthly meetings and extraordinary general meetings, which are held as necessary. The articles of incorporation specify that directors shall be elected and

removed by resolution passed at a General Shareholders Meeting by a majority vote of shareholders who are in attendance and whose number holds one third or more of the voting rights of shareholders entitled to the exercise thereof, and that cumulative voting shall not be employed.

In accordance with rules and bylaws governing the Board of the Directors, matters that require a resolution of the Board of the Directors are examined in advance for legal, accounting, tax and economic soundness to ensure compliance and rationality.

Audit and Supervisory Committee

Members of the Alpine Audit and Supervisory Committee, of which the majority are external auditors, strive to make objective judgments while acting independent of the Board of Directors. The Committee performs audits of the company's operations through the combined effectiveness of external Audit and Supervisory Committee members, consisting of two lawyers and an accountant, and internal members of the Committee, who are familiar with the

company's business and include full-time employees. The Committee also provides advice to the company's top management at meetings of the Board of Directors and other important meetings in cooperation with the Internal Audit Division. Assistants for the Audit and Supervisory Committee shall be assigned, and their independence from the Board of Directors (excluding those who are the members of the Audit and Supervisory Committee) shall be secured.

External Directors

Alpine appoints three External Directors to enhance the functions of the Board of Directors. Each External Director focuses on ensuring legal compliance and strengthens the supervision function over the company's operation through active dialogue and advice on the selection and dismissal of top management, remuneration, supervision on conflict of interest among the company, top management, controlling

shareholders, and other important matters at the Board of Directors meetings.

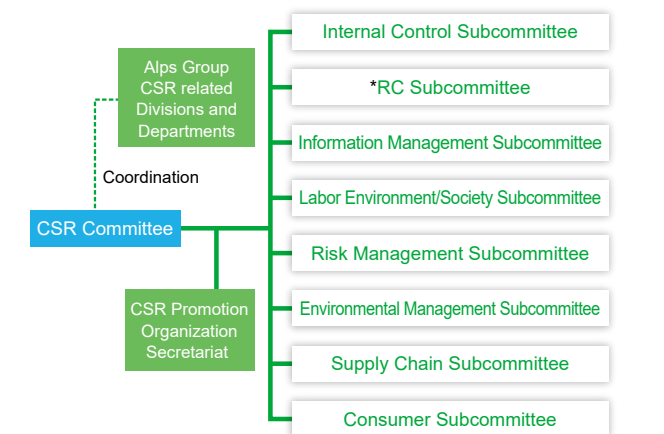
Alpine appoints external directors in accordance with its standards for the nomination of directors, including the Alpine Standards for Independence. In addition, we designate these individuals as independent corporate directors upon consent and report such to the Tokyo Stock Exchange.

Name	Audit and Supervisory Committee Member	Independent Corporate Director	Reason for Appointment	Other Important Appointment
Hideo Kojima	○	○	His experience in audits as a certified public accountant and as an external executive officer for other companies will be an asset to our business management.	Hideo Kojima C.P.A. Office Sumitomo Heavy Industries, Ltd. (External Director)
Satoko Hasegawa	○	○	Her experience as a lawyer, an external executive officer at other companies, and her wealth of global experience will enhance our business management.	STW & Partners Asahi Net, Inc. (External Director) Hakudo Co., Ltd. (External Auditor)
Naoki Yanagida	○	○	The specialized knowledge and experience he has developed through his experience as a lawyer, and his informed opinion in a wide range of areas will facilitate our business management.	Yanagida & Partners Sompo Japan Nipponkoa Holdings, Inc. (Outside Auditor)

CSR Committee

Alpine CSR activities are carried out under the direction of the CSR Committee, which is comprised of eight subcommittees. In order to ensure that our CSR activities reflect a global perspective, we continue to improve our management structure to maintain an environment that enables individual employees to exercise their abilities in accordance with Alpine CSR Guidelines established in reference to ISO26000 standards.

Since 2014, Alpine has strengthened its approaches to the creating shared value (CSV) project to increase its social and corporate values to promote more strategic CSR activities. In 2015, we defined the materiality of CSR and included it in our medium-term CSR plan while taking the expectations of society and our stakeholders into account.



*Risk Management & Compliance (RC) Subcommittee

Compliance

We are committed to thorough compliance across the group with respect to laws, social norms, and ethics.

Compliance Policy

As a member of the Alps Group, Alpine appeals to all its organizations and employees to make a concerted effort at all times to act responsibly and sensibly in line with the six action guidelines included in the Alps Group Compliance Charter with the aim of ensuring fair management in keeping with the principles of law, social requirements, and corporate ethical standards. Here we believe it to be important to go beyond the formalities of observing laws and rules by proactively taking appropriate action through an understanding of why those laws and rules are necessary, and what their purpose and significance are.

Alps Group Compliance Charter

Fundamental Philosophy

As a member of the global community, Alps is committed to displaying fairness in its corporate activities, as well as to taking responsible and sensible action in order that Alps may continue to develop with society while making valuable social contributions.

Action Guidelines

1. Alps will abide by the laws and ordinances that govern its business and will ensure sensible behavior to avoid involvement in antisocial acts.
2. Alps will respect foreign cultures and customs, and will contribute to local community development.
3. Alps will aim for maximum product safety and quality while engaging in fair trade and competition with other companies, and maintaining strong ties with authorities.
4. Alps will disclose information fairly to shareholders and other stakeholders.
5. Alps will provide a safe and user-friendly workplace, and will respect the character and individuality of employees.
6. Alps will endeavor to manage and use society's assets, including goods, money and information, in a suitable manner without displaying behavior that could be of disadvantage to society.

Compliance Structure

In accordance with the Alps Group Compliance Charter, Alpine incorporated basic rules into the Alpine Ethical and Legal Compliance Policy, which has been rolled out to all group companies, to ensure that employees act fairly and appropriately as members of society.

Regulations reflecting the laws of each country have been added at each location around the world to implement guidelines that bear closer relevance to daily actions. Additionally, internal media such as e-Learning and Legal News are utilized to actively spread specific legal knowledge and improve individual awareness.

Ethics Hotline

Alpine has an internal whistleblowing system for all employees in Japan. Called the "Ethics Hotline," employees can call for consultation on issues related to ethically questionable and illegal behavior. A whistleblower protection clause is included in our internal regulations. This system acts to help detect potential problems in advance and enable prompt resolution. Furthermore, Alpine is expanding this Ethics Hotline and other consultation systems at overseas bases in a manner suitable to the situation in each country. Currently, we have initiated the systems in major sales, development and production bases around the world.

Compliance Education

At Alpine, the legal affairs departments at each corporate center in Japan, the United States, Europe and China provide compliance education programs according to regional characteristics.

JAPAN	Ethics education for engineers was carried out for new recruits. Contract management, antitrust law and human rights/harassment education was provided to new managers. Employees transferring overseas were made familiar with case studies by area (antitrust law, bribery, etc.). Antitrust law education was carried out for sales department personnel, and contract management education was given to personnel in charge of contract business.
USA	Legal compliance seminars were carried out for managerial personnel, and education regarding confidential information protection, prevention of third-party infringement on products and intellectual property, cross-cultural understanding, and human rights/harassment was carried out for employees.
Europe	Seminars on antitrust law, anti-bribery law, and advanced confidential information protection were held for employees.
China	Education on legal issues in electronic business transactions, response to the revised Chinese Environmental Protection Law, and prevention of excessive entertainment and bribery was given to employees. Education regarding Alpine's ethical perspective and legal compliance was carried out for new employees.
South Korea	Preventive education was carried out on sexual harassment in the workplace.

Risk Management

To ensure the sustainability and reliability of our corporate activities, Alpine analyzes a wide range of possible risk factors.

Risk Management Approach

The Alps and Alpine Groups recognize as key risk management themes the prevention of risks that have a potentially large impact on business, and appropriate action and quick recovery when they do occur. Initiatives are advanced under the policy shown on the right.

Risk Management Policy

- We will place top priority on ensuring the safety of employees, all people on company premises (including visitors, related company employees, on-site subcontractors and temp staff) and families of employees.
- We will continue business activities as long as we can, and do everything we can to maintain the supply of products and the provision of services to customers.
- We will endeavor to preserve both tangible and intangible company assets and make efforts to minimize damage using the most suitable methods.
- We will demonstrate responsible conduct, take quick and appropriate action, and strive to restore operations when risks do eventuate in order to earn the trust of customers, shareholders and all other stakeholders.

Business Continuity Management

We have established a business continuity plan (BCP) that keeps pace with environmental changes in order to ensure the safety of our employees and their families, and minimize the impact on our customers in the event of an emergency situation. In 2014, we strengthened collaboration with group companies and enhanced our business continuity plan. In 2015, we worked on the establishment of a disaster action system to handle the initial response to customers and media by the Alpine Disaster Action Headquarters in time of disaster.

Safety Confirmation System Development

Alpine adopted an Internet-based comprehensive safety confirmation system after the Great East Japan Earthquake in 2011, and carried out periodical drills for preparation.

Alpine Fire Brigade

Iwaki Headquarters set up the Alpine Fire Brigade as a fire defense organization for self-protection according to the requirement for large-scale properties under the Fire Service Act. The Fire Brigade is made up of employees and conducts periodical training (fire drills, use of fire extinguishers and AED, etc.) twice monthly to prepare for initial firefighting operations, emergency evacuation and aid in time of disaster.

Partnership Office for Firefighting Certified by Iwaki City

Alpine Iwaki Headquarters was certified by Iwaki City Fire Defense Headquarters as a partnership office for firefighting in June 2015. This partnership office certification system was established by the Fire and Disaster Management Agency of Japan to acknowledge each company's cooperation in firefighting activities as a social contribution and to improve regional disaster control systems through such cooperation by companies.



Periodical Training



Certification as a partnership office for firefighting

Information Security

We enhance information management to maintain our standing as a business partner that merits customers trust and ensures satisfaction.

Information Security Policy

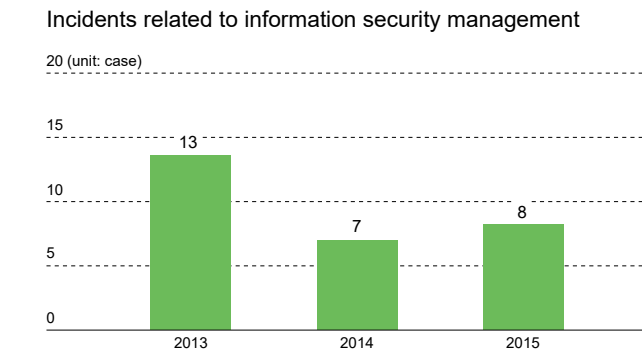
The Alpine Group fully utilizes information it has created and obtained through its business activities to provide high added-value products and services. We consider such information to be important property, and recognize the great social responsibility placed on us to care for it properly. We exercise due care in the handling of such information, and continue working on information security as an important business tasks.

Approaches to Information Management

Alpine accelerated its existing approaches to information management and speed of business performance in 2015. One example is the adoption of a bring-your-own-device (BYOD) program to establish an IT environment that enables the flexible and safe use of a wide range of business styles.

Incidents related to Information Security Management

We experienced eight incidents related to information security management in 2015. Fortunately, however, none of these had an adverse impact on our customers.



Information Disclosure

We strive to maintain fair and transparent business management through timely and appropriate information disclosure.

Actively Promoting IR

We publish the Alpine Report, a shareholder newsletter, for investors in Japan in June and November, and publish an annual report for overseas investors detailing our achievements and financial standing. We also provide timely information by, for example, posting quarterly statements of accounts in both English and Japanese on our website. At Alpine, we hold semi-annual briefings on financial results for securities analysts and institutional investors, wherein we discuss Alpine's business conditions, management policy, and growth strategy. Additionally, as the need arises, we also arrange opportunities for private discussions and observation for institutional investors. To help individual shareholders better understand our business and our products, we also hold informational meetings for individual shareholders.



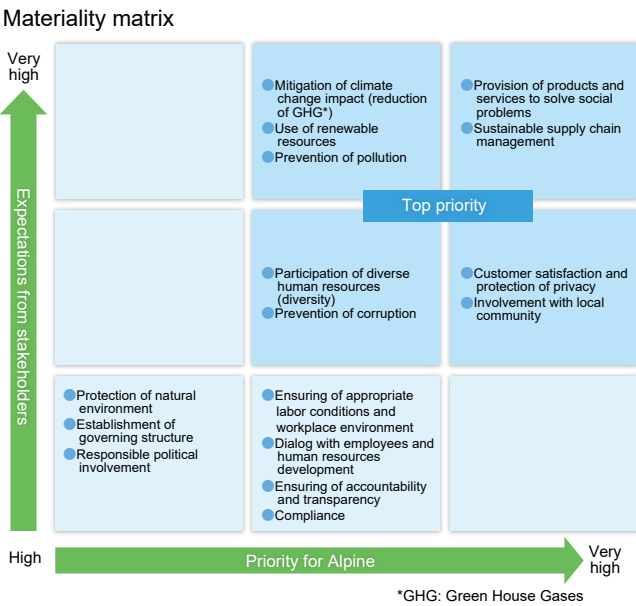
Informational meeting for individual shareholders

Alpine CSR

We consider CSR activities to be the embodiment of our corporate principles.

Materiality issues

Alpine has identified CSR materiality from 2015 for reflection to our CSR activities. To identify materiality issues, we conduct assessments from the standpoints of stakeholder interest and Alpine priorities with reference to ISO26000 and international standards for corporate social responsibility. We reflect opinions provided by the internal CSR Committee and submit assessments to review by external experts. While all CSR activities are important, we identified key topics to incorporate into the medium-term CSR plan as key concerns, and we reinforce our CSR management to monitor the status of each issue through periodical review.



2015 Summary

Each subcommittee under the Alpine CSR Committee worked on individual themes according to individual issues of materiality.

Subcommittee	Major Efforts in 2015
Consumer Subcommittee	(1) Realization of long-term support for OEM and development of LCD recycling technology to reduce the environmental load (2) Improvement of telephone contact for customers and our customer support through the posting of frequently asked questions (FAQ) about our products and providing callers with information on wait times on our website
Environmental Management Subcommittee	(1) Promoting environmentally friendly designs through the selection of materials and the standardization of parts (product size and weight reduction, energy saving, etc.) (2) Implementation of environmental load reduction activities with the participation of all employees (lower luminance lighting campaign, etc.)
Supply Chain Subcommittee	(1) Implementation of environmental load reduction activities throughout the global supply chain in line with the publication of Alpine Green Procurement Standards (12th version) (2) Conducting surveys on conflict minerals throughout the supply chain in cooperation with suppliers
Risk Management Subcommittee	(1) Global standardization of the disaster control initial response manual (2) Development of the environment to obtain Occupational Health and Safety Assessment Series (OHSAS) certification for major production bases
Labor Environment and Society Subcommittee	1) Considering the implementation of a new system designed by the Work-Life Balance Committee to improve employee working conditions (2) Considering the expansion of new female graduate hires and implementation of seminars on career design for women aiming to expand opportunities for female employees to exercise their abilities
Internal Control Subcommittee	(1) Compliance with the revised Companies Act, and creation of a corporate governance code (2) Development and assessment of internal control regarding financial reports
*RC Subcommittee	(1) Enhancement of global cooperation for RC activities (2) Provision of education on compliance
Information Management Subcommittee	(1) Promoting an increase in the level of information management throughout our supply chain (2) Establishment of an IT environment capable of flexibly and safely handling a wide range of business styles

*Risk Management & Compliance (RC) Subcommittee

Consolidated Financial Statements

Consolidated Balance Sheets

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	56,150	49,282
Notes and accounts receivable - trade	42,238	36,742
Merchandise and finished goods	21,830	20,885
Work in process	857	1,003
Raw materials and supplies	7,970	8,236
Deferred tax assets	2,739	1,168
Other	11,447	13,323
Allowance for doubtful accounts	(280)	(260)
Total current assets	142,952	130,382
Non-current assets		
Property, plant and equipment		
Buildings and structures	27,151	26,863
Accumulated depreciation	(17,819)	(18,106)
Buildings and structures, net	9,331	8,756
Machinery, equipment and vehicles	25,337	24,109
Accumulated depreciation	(18,339)	(17,833)
Machinery, equipment and vehicles, net	6,998	6,275
Tools, furniture, fixtures and dies	53,217	52,954
Accumulated depreciation	(46,824)	(46,793)
Tools, furniture, fixture and dies, net	6,393	6,160
Land	5,041	4,946
Leased assets	199	189
Accumulated depreciation	(66)	(71)
Leased assets, net	132	117
Construction in progress	1,054	1,150
Total property, plant and equipment	28,952	27,408
Intangible assets	2,601	2,668
Investments and other assets		
Investment securities	32,950	25,343
Investments in capital	1,485	16,246
Net defined benefit asset	50	14
Deferred tax assets	732	702
Other	1,597	2,423
Allowance for doubtful accounts	(12)	(6)
Total investments and other assets	36,803	44,724
Total non-current assets	68,357	74,800
Total assets	211,309	205,182

(Millions of yen)

	As of March 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	28,818	27,088
Accrued expenses	11,819	8,553
Income taxes payable	2,919	893
Provision for bonuses	2,191	2,027
Provision for directors' bonuses	67	42
Provision for product warranties	5,942	5,617
Other	6,025	6,737
Total current liabilities	57,784	50,961
Non-current liabilities		
Deferred tax liabilities	4,301	4,697
Net defined benefit liability	2,733	3,590
Provision for directors' retirement benefits	60	55
Other	2,207	2,073
Total non-current liabilities	9,302	10,416
Total liabilities	67,086	61,377
Net assets		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,905	24,905
Retained earnings	73,835	82,115
Treasury shares	(713)	(1,407)
Total shareholders' equity	123,949	131,534
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,937	7,653
Deferred gains or losses on hedges	(3)	(5)
Revaluation reserve for land	(1,310)	(1,310)
Foreign currency translation adjustment	12,689	5,914
Remeasurements of defined benefit plans	(801)	(1,803)
Total accumulated other comprehensive income	18,511	10,449
Subscription rights to shares	32	54
Non-controlling interests	1,731	1,766
Total net assets	144,223	143,805
Total liabilities and net assets	211,309	205,182

Consolidated Statements of Income and Comprehensive Income

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net sales	294,560	273,056
Cost of sales	242,923	231,107
Gross profit	51,636	41,949
Selling, general and administrative expenses	40,112	36,515
Operating income	11,523	5,434
Non-operating income		
Interest income	237	276
Dividend income	467	415
Share of profit of entities accounted for using equity method	675	1,256
Foreign exchange gains	1,931	—
Other	531	577
Total non-operating income	3,843	2,525
Non-operating expenses		
Interest expenses	22	379
Foreign exchange losses	—	842
Sales discounts	128	141
Commission fee	65	65
Overseas withholding tax	53	196
Other	97	165
Total non-operating expenses	367	1,789
Ordinary income	15,000	6,170
Extraordinary income		
Gain on sales of non-current assets	122	91
Gain on sales of shares of subsidiaries and associates	—	15,620
Gain on liquidation of investment securities	52	—
Compensation income	435	315
Subsidy income	650	—
Other	14	175
Total extraordinary income	1,275	16,203
Extraordinary losses		
Loss on sales and retirement of non-current assets	72	65
Loss on valuation of investment securities	—	73
Total extraordinary losses	72	138
Profit before income taxes	16,202	22,234
Income taxes - current	4,394	8,666
Income taxes - deferred	(1,089)	2,612
Total income taxes	3,304	11,278
Profit	12,898	10,955
Profit attributable to		
Profit attributable to owners of parent	12,704	10,698
Profit attributable to non-controlling interests	193	256
Other comprehensive income		
Valuation difference on available-for-sale securities	1,347	(1,912)
Deferred gains or losses on hedges	(3)	(1)
Foreign currency translation adjustment	5,724	(4,233)
Remeasurements of defined benefit plans, net of tax	95	(1,002)
Share of other comprehensive income of entities accounted for using equity method	1,579	(1,082)
Total other comprehensive income	8,743	(8,233)
Comprehensive income	21,641	2,722
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,241	2,637
Comprehensive income attributable to non-controlling interests	400	85

Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities		
Profit before income taxes	16,202	22,234
Depreciation	6,682	7,240
Increase (decrease) in net defined benefit liability	(53)	229
Increase (decrease) in provision for directors' retirement benefits	(293)	(4)
Increase (decrease) in accrued expenses	1,353	(3,009)
Interest and dividend income	(705)	(692)
Interest expenses	22	379
Share of (profit) loss of entities accounted for using equity method	(675)	(1,256)
Loss (gain) on sales of property, plant and equipment	(99)	(64)
Loss (gain) on sales of shares of subsidiaries and associates	—	(15,620)
Decrease (increase) in notes and accounts receivable - trade	1,449	4,956
Decrease (increase) in inventories	869	(1,281)
Increase (decrease) in notes and accounts payable - trade	(4,075)	(39)
Increase (decrease) in provision for product warranties	(469)	(46)
Other, net	(263)	(1,154)
Subtotal	19,946	11,870
Interest and dividend income received	1,062	919
Interest expenses paid	(22)	(379)
Income taxes paid	(3,768)	(10,428)
Income taxes refund	163	60
Net cash provided by (used in) operating activities	17,380	2,043
Cash flows from investing activities		
Purchase of property, plant and equipment	(6,854)	(6,650)
Proceeds from sales of property, plant and equipment	273	203
Purchase of intangible assets	(911)	(843)
Payments of loans receivable	(1,729)	(3,728)
Proceeds from sales of shares of subsidiaries and associates	—	20,569
Payments for investments in capital	—	(14,005)
Collection of loans receivable	1,660	1,258
Other, net	31	(228)
Net cash provided by (used in) investing activities	(7,529)	(3,425)
Cash flows from financing activities		
Purchase of treasury shares	(700)	(700)
Cash dividends paid	(1,738)	(2,417)
Proceeds from share issuance to non-controlling shareholders	204	—
Dividends paid to non-controlling interests	(34)	(50)
Other, net	(61)	(56)
Net cash provided by (used in) financing activities	(2,330)	(3,224)
Effect of exchange rate change on cash and cash equivalents	1,930	(2,367)
Net increase (decrease) in cash and cash equivalents	9,450	(6,973)
Cash and cash equivalents at beginning of period	46,680	56,130
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	125
Cash and cash equivalents at end of period	56,130	49,282

Consolidated Statements of Changes in Equity

Fiscal year ended March 31, 2015

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,920	24,905	63,272	(13)	114,085
Cumulative effects of changes in accounting policies			(402)		(402)
Restated balance	25,920	24,905	62,870	(13)	113,682
Changes of items during period					
Dividends of surplus			(1,738)		(1,738)
Profit attributable to owners of parent			12,704		12,704
Purchase of treasury shares				(700)	(700)
Disposal of treasury shares		(0)		1	1
Transfer of loss on disposal of treasury shares		0	(0)		—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	10,965	(699)	10,266
Balance at end of current period	25,920	24,905	73,835	(713)	123,949

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	6,629	—	(1,310)	5,554	(899)	9,974	—	1,158	125,218
Cumulative effects of changes in accounting policies									(402)
Restated balance	6,629	—	(1,310)	5,554	(899)	9,974	—	1,158	124,816
Changes of items during period									
Dividends of surplus									(1,738)
Profit attributable to owners of parent									12,704
Purchase of treasury shares									(700)
Disposal of treasury shares									1
Transfer of loss on disposal of treasury shares									—
Net changes of items other than shareholders' equity	1,307	(3)	—	7,134	98	8,536	32	572	9,141
Total changes of items during period	1,307	(3)	—	7,134	98	8,536	32	572	19,407
Balance at end of current period	7,937	(3)	(1,310)	12,689	(801)	18,511	32	1,731	144,223

Fiscal year ended March 31, 2016

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	25,920	24,905	73,835	(713)	123,949
Cumulative effects of changes in accounting policies					—
Restated balance	25,920	24,905	73,835	(713)	123,949
Changes of items during period					
Dividends of surplus			(2,418)		(2,418)
Profit attributable to owners of parent			10,698		10,698
Purchase of treasury shares				(700)	(700)
Disposal of treasury shares		(0)		5	5
Transfer of loss on disposal of treasury shares		0	(0)		—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	8,280	(694)	7,585
Balance at end of current period	25,920	24,905	82,115	(1,407)	131,534

	Accumulated other comprehensive income						Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	7,937	(3)	(1,310)	12,689	(801)	18,511	32	1,731	144,223
Cumulative effects of changes in accounting policies									—
Restated balance	7,937	(3)	(1,310)	12,689	(801)	18,511	32	1,731	144,223
Changes of items during period									
Dividends of surplus									(2,418)
Profit attributable to owners of parent									10,698
Purchase of treasury shares									(700)
Disposal of treasury shares									5
Transfer of loss on disposal of treasury shares									—
Net changes of items other than shareholders' equity	(283)	(1)	—	(6,774)	(1,001)	(8,061)	22	35	(8,003)
Total changes of items during period	(283)	(1)	—	(6,774)	(1,001)	(8,061)	22	35	(418)
Balance at end of current period	7,653	(5)	(1,310)	5,914	(1,803)	10,449	54	1,766	143,805



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