Translation

October 30, 2017

Consolidated Financial Results
for the First Six Months of the Fiscal Year Ending March 31, 2018
<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/
Representative:	Nobuhiko Komeya, President
Inquiries:	Hitoshi Kajiwara, Managing Director, Administration TEL: +81-3-5499-8111 (from overseas)

Scheduled date to file Quarterly Securities Report:	November 9, 2017
Scheduled date to commence dividend payments:	November 30, 2017
Preparation of supplementary material on quarterly earnings:	Yes
Holding of quarterly earnings performance review:	Yes (for analysts and institutional investors)

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

1. Consolidated performance for the first six months of the fiscal year ending March 31, 2018 (from April 1, 2017 to September 30, 2017)

(1) Consolidated operating results (Cumulative)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
First six months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
September 30, 2017	126,262	4.5	3,785	192.8	3,856	–	2,404	–
September 30, 2016	120,870	(13.5)	1,292	(63.6)	(113)	–	(2,106)	–

(Note) Comprehensive income
For the first six months ended September 30, 2017: ¥4,732 million [–%]
For the first six months ended September 30, 2016: ¥(14,372) million [–%]

	Basic earnings per share	Diluted earnings per share
First six months ended	Yen	Yen
September 30, 2017	34.87	34.84
September 30, 2016	(30.56)	–

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
September 30, 2017	208,662	149,150	70.4	2,131.90
March 31, 2017	201,857	145,328	71.1	2,080.94

(Reference) Equity
As of September 30, 2017: ¥146,998 million
As of March 31, 2017: ¥143,452 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, 2017	–	15.00	–	15.00	30.00
Fiscal year ending March 31, 2018	–	15.00			
Fiscal year ending March 31, 2018 (Forecast)			–	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, 2018 (from April 1, 2017 to March 31, 2018)

(Percentages indicate year-on-year changes.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	260,000	4.9	9,000	60.4	8,300	11.6	4,800	(38.1)	69.62

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

* Notes

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

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

(3) Changes in accounting policies, changes in accounting estimates and restatement of prior period financial statements after error corrections
a. Changes in accounting policies due to revisions to accounting standards: None
b. Changes in accounting policies due to other reasons: None
c. Changes in accounting estimates: None
d. Restatement of prior period financial statements after error corrections: None

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

As of September 30, 2017	69,784,501 shares
As of March 31, 2017	69,784,501 shares

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

As of September 30, 2017	832,047 shares
As of March 31, 2017	847,284 shares

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

For the first six months ended September 30, 2017	68,946,611 shares
For the first six months ended September 30, 2016	68,936,203 shares

*** Quarterly earnings reports are not required to be subjected to quarterly reviews.**

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

The earnings forecasts are based on information currently available to Alpine Electronics, Inc. (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 Six Months” on page 2 of the accompanying materials.

(Method of accessing supplementary material on quarterly earnings)
Effective from Monday, October 30, 2017, supplementary material on quarterly earnings is available on the Company’s website.

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

(1) Information regarding operating results

In the Japanese economy during the first six months ended September 30, 2017, there was a moderate trend of recovery, and the gradual expansion of the U.S. and European economic activities continued. However, the outlook for the global economy remained uncertain owing to the policy direction of the new administration in the U.S., as well as rising geopolitical risks in the Far East.

In the car electronics industry, amid the accelerating use of electronics in cars, collaboration between the in-car IT field which centers on infotainment systems, and new fields such as autonomous driving and AI (artificial intelligence) is expanding, leading to intensified competition among companies regardless of business area or type.

Under these circumstances, the Alpine Group (the "Group") regards this fiscal year as a year to accomplish structural reforms in order to achieve VISION2020, its corporate vision targeting the 2020 fiscal year, and it has developed the "14th Medium-term Management Plan," which commenced in the fiscal year ended March 31, 2017. Based on this plan, the Group has been conducting structural reforms by reorganization of the group, such as by enhancing its technological development capabilities by absorbing its domestic technological development subsidiaries and improving the productivity of the three domestic manufacturing subsidiaries that were integrated at the beginning of the fiscal year, and promoting the establishment of a firmer business platform. Furthermore, the Company has acquired C's Lab Co., Ltd. as a subsidiary to strengthen its capital and business alliances because software performance and quality are important elements that affect a product's competitiveness. In addition, the Company has commenced sales of "Alpine Style Customized Cars" as a new business.

Amid growth in sales to the aftermarket as well as sales to the OEM market in China, sales increased with a contribution from yen depreciation. Profits were greater than the initial forecast, not only because of the aforementioned growth in sales, but also because of the cost reductions in R&D and other non-current expenses.

As a result, during the first six months ended September 30, 2017, consolidated net sales increased 4.5% compared with the corresponding period of the previous fiscal year, to ¥126.2 billion. Operating profit increased 192.8% to ¥3.7 billion, ordinary profit amounted to ¥3.8 billion (ordinary loss of ¥0.1 billion in the corresponding period of the previous fiscal year), and profit attributable to owners of parent amounted to ¥2.4 billion (loss attributable to owners of parent of ¥2.1 billion in the corresponding period of the previous fiscal year).

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

Note that in August, the Company relocated its headquarters to that of Alps Electric Co., Ltd., also announcing plans for business integration with Alps Electric, with a view to hastening the realization of group synergies. In order to respond to new trends within the automobile industry, such as autonomous driving, EV (electric vehicles), connected cars, and sharing, the two companies will work on fusing Alps Electric's sensing device and communication device technologies with the Company's software technology, with the goal of offering both driver and passenger a richer space and experience, and developing the optimal HMI (human machine interface).

< Audio Products segment >

In the Audio Products segment, a trend of contraction continued in the audio market as a result of audio functions being combined with information and communication equipment such as navigation systems and display products in the aftermarket as well as in the OEM market. However, amid the signs of a resurgence in analog audio and attention being focused on sound quality, the Company carried out aggressive promotional activities with the aim of increasing aftermarket sales, such as by exhibiting demonstration cars fitted with sound systems at domestic exhibitions dedicated to audiovisual equipment.

Furthermore, in the OEM market, the Company focused on increasing orders for slim-line and lightweight speakers that aid in the vehicle's fuel consumption and environmental footprint, and its lightweight and compact "free layout speakers" that improve freedom of placement in order to adapt to changes in the vehicle's interior design, in addition to speakers and amplifiers that offer realistically reproduced high-quality audio tailored to luxury vehicle models with exceptionally quiet cabins.

Accordingly, segment sales increased 20.7% compared with the corresponding period of the previous fiscal year, to ¥25.8 billion.

< Information and Communication Products segment >

In the Information and Communication Products segment, the Company continued to market the "Big-X series" of large-screen navigation systems for minivans, achieve high-quality coordination including in-vehicle interiors, and receive favorable orders for customized cars fitted with system products centered on navigations systems in the domestic aftermarket. Furthermore, sales for businesses tailored to specific vehicle models in the U.S. and Europe aftermarkets were favorable.

In the OEM market, sales declined due to the effects of the end-phase of model lifecycles for orders as sales to some automotive manufacturers declined for display products that are becoming standard equipment for

luxury vehicle models.
Accordingly, segment sales increased 1.0% compared with the corresponding period of the previous fiscal year, to ¥100.4 billion.

(2) Information regarding financial position

(i) Assets, liabilities and net assets

Total assets stood at ¥208.6 billion as of September 30, 2017, an increase of ¥6.8 billion compared with the end of the previous fiscal year (March 31, 2017) due mainly to a ¥7.4 billion decrease in cash and deposits, a ¥4.7 billion increase in notes and accounts receivable - trade, a ¥2.5 billion increase in inventories, a ¥0.7 billion increase in deferred tax assets (short-term), a ¥4.9 billion increase in other current assets, a ¥1.1 billion increase in property, plant and equipment, and a ¥0.3 billion increase in intangible assets.

Total liabilities increased ¥2.9 billion compared with the end of the previous fiscal year to ¥59.5 billion due mainly to a ¥0.9 billion increase in notes and accounts payable - trade, a ¥1.1 billion increase in accrued expenses, and a ¥1.0 billion increase in net defined benefit liability.

Net assets increased ¥3.8 billion compared with the end of the previous fiscal year to ¥149.1 billion due mainly to a ¥1.3 billion increase in retained earnings, and a ¥2.4 billion increase in foreign currency translation adjustment.

Consequently, equity ratio decreased 0.7 percentage points from March 31, 2017, to 70.4%.

(ii) Cash flows

Cash and cash equivalents as of September 30, 2017 were ¥45.8 billion, a ¥7.4 billion decrease from the end of the previous fiscal year (a ¥4.7 billion decrease in the corresponding period of the previous fiscal year).

(Cash flows from operating activities)

Net cash provided by operating activities amounted to ¥0.1 billion (¥1.9 billion was provided in the corresponding period of the previous fiscal year). Contributing factors were recording of ¥2.6 billion for profit before income taxes and ¥3.3 billion for depreciation, despite a ¥2.8 billion increase in notes and accounts receivable - trade, a ¥1.2 billion increase in inventories and income taxes paid of ¥1.9 billion.

(Cash flows from investing activities)

Net cash used in investing activities amounted to ¥8.3 billion (¥1.7 billion was used in the corresponding period of the previous fiscal year). Principal uses of cash were ¥3.4 billion for purchase of property, plant and equipment, ¥0.8 billion for purchase of intangible assets and ¥4.1 billion for payments of loans receivable.

(Cash flows from financing activities)

Net cash used in financing activities amounted to ¥1.1 billion (¥1.1 billion was used in the corresponding period of the previous fiscal year). Principal use of cash was cash dividends paid of ¥1.0 billion.

Due to these factors, the free cash flows decreased by ¥8.1 billion (¥0.2 billion was provided in the corresponding period of the previous fiscal year). Free cash flows are the sum of cash flows from operating activities and cash flows from investing activities.

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

For consolidated earnings forecasts, please refer to the news release “Notice of Differences between Earnings Forecasts and Actual Financial Results for First Six Months of Fiscal Year Ending March 31, 2018, and Revisions to Full-Year Earnings Forecasts” announced today (October 30, 2017).

The exchange rates assumed during and after the third quarter ending December 31, 2017 are US$1 = ¥108 and €1 = ¥127.

< Consolidated full-year earnings forecasts for the fiscal year ending March 31, 2018 >

Net sales	¥260.0 billion	(up 4.9% year on year)
Operating profit	¥9.0 billion	(up 60.4% year on year)
Ordinary profit	¥8.3 billion	(up 11.6% year on year)
Profit attributable to owners of parent	¥4.8 billion	(down 38.1 % year on year)

2. Consolidated Quarterly Financial Statements and Significant Notes Thereto

(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	53,309	45,874
Notes and accounts receivable - trade	39,429	44,175
Merchandise and finished goods	18,310	18,348
Work in process	737	1,140
Raw materials and supplies	6,591	8,745
Deferred tax assets	1,197	1,961
Other	8,894	13,834
Allowance for doubtful accounts	(139)	(156)
Total current assets	128,330	133,923
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,360	27,111
Accumulated depreciation	(18,378)	(18,949)
Buildings and structures, net	7,981	8,162
Machinery, equipment and vehicles	23,937	25,079
Accumulated depreciation	(17,939)	(18,910)
Machinery, equipment and vehicles, net	5,997	6,169
Tools, furniture, fixtures and dies	52,271	53,743
Accumulated depreciation	(46,592)	(47,974)
Tools, furniture, fixtures and dies, net	5,679	5,768
Land	4,863	4,900
Leased assets	199	223
Accumulated depreciation	(86)	(90)
Leased assets, net	112	133
Construction in progress	1,459	2,150
Total property, plant and equipment	26,095	27,283
Intangible assets	4,457	4,846
Investments and other assets		
Investment securities	25,199	25,496
Investments in capital	13,881	12,343
Net defined benefit asset	60	35
Deferred tax assets	679	743
Other	3,158	3,994
Allowance for doubtful accounts	(6)	(6)
Total investments and other assets	42,974	42,607
Total non-current assets	73,527	74,738
Total assets	201,857	208,662

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	24,079	25,012
Accrued expenses	9,033	10,134
Income taxes payable	944	775
Deferred tax liabilities	0	68
Provision for bonuses	2,211	2,215
Provision for directors' bonuses	55	25
Provision for product warranties	4,841	5,424
Other	5,538	5,357
Total current liabilities	46,705	49,013
Non-current liabilities		
Deferred tax liabilities	4,548	4,266
Net defined benefit liability	3,410	4,505
Provision for directors' retirement benefits	70	50
Other	1,794	1,675
Total non-current liabilities	9,823	10,497
Total liabilities	56,529	59,511
Net assets		
Shareholders' equity		
Capital stock	25,920	25,920
Capital surplus	24,903	24,903
Retained earnings	87,758	89,123
Treasury shares	(1,401)	(1,376)
Total shareholders' equity	137,180	138,570
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	7,338	6,999
Deferred gains or losses on hedges	(0)	(14)
Revaluation reserve for land	(1,261)	(1,261)
Foreign currency translation adjustment	1,908	4,340
Remeasurements of defined benefit plans	(1,713)	(1,637)
Total accumulated other comprehensive income	6,272	8,427
Subscription rights to shares	83	80
Non-controlling interests	1,791	2,072
Total net assets	145,328	149,150
Total liabilities and net assets	201,857	208,662

(2) Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	First six months ended September 30, 2016	First six months ended September 30, 2017
Net sales	120,870	126,262
Cost of sales	102,379	103,543
Gross profit	18,491	22,719
Selling, general and administrative expenses	17,198	18,934
Operating profit	1,292	3,785
Non-operating income		
Interest income	91	144
Dividend income	182	202
Foreign exchange gains	–	417
Share of profit of entities accounted for using equity method	331	–
Gain on settlement of receivables on tooling	29	323
Other	117	117
Total non-operating income	751	1,205
Non-operating expenses		
Interest expenses	10	9
Foreign exchange losses	1,871	–
Sales discounts	56	49
Commission fee	32	459
Overseas withholding tax	102	117
Share of loss of entities accounted for using equity method	–	422
Other	84	74
Total non-operating expenses	2,158	1,134
Ordinary profit (loss)	(113)	3,856
Extraordinary income		
Gain on sales of non-current assets	40	32
Gain on step acquisitions	–	42
Total extraordinary income	40	75
Extraordinary losses		
Loss on sales and retirement of non-current assets	16	15
Business structure improvement expenses	–	1,233
Total extraordinary losses	16	1,249
Profit (loss) before income taxes	(89)	2,682
Income taxes - current	1,908	1,173
Income taxes - deferred	15	(1,036)
Total income taxes	1,923	136
Profit (loss)	(2,013)	2,545
Profit attributable to		
Profit (loss) attributable to owners of parent	(2,106)	2,404
Profit attributable to non-controlling interests	93	141
Other comprehensive income		
Valuation difference on available-for-sale securities	(605)	229
Deferred gains or losses on hedges	(3)	(13)
Foreign currency translation adjustment	(7,019)	2,848
Remeasurements of defined benefit plans, net of tax	48	76
Share of other comprehensive income of entities accounted for using equity method	(4,779)	(953)
Total other comprehensive income	(12,359)	2,186
Comprehensive income	(14,372)	4,732
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(14,290)	4,559
Comprehensive income attributable to non-controlling interests	(82)	172

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	First six months ended September 30, 2016	First six months ended September 30, 2017
Cash flows from operating activities		
Profit (loss) before income taxes	(89)	2,682
Depreciation	3,175	3,396
Increase (decrease) in accrued expenses	693	637
Decrease (increase) in notes and accounts receivable - trade	625	(2,817)
Decrease (increase) in inventories	0	(1,231)
Increase (decrease) in notes and accounts payable - trade	(646)	(1,150)
Business structure improvement expenses	–	1,233
Other, net	(770)	(1,300)
Subtotal	2,988	1,450
Interest and dividend income received	469	624
Interest expenses paid	(11)	(9)
Income taxes paid	(1,488)	(1,909)
Income taxes refund	26	6
Net cash provided by (used in) operating activities	1,986	164
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,327)	(3,434)
Proceeds from sales of property, plant and equipment	51	46
Purchase of intangible assets	(1,885)	(874)
Payments of loans receivable	(2,022)	(4,149)
Collection of loans receivable	4,463	16
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	–	16
Other, net	(19)	36
Net cash provided by (used in) investing activities	(1,740)	(8,342)
Cash flows from financing activities		
Cash dividends paid	(1,033)	(1,034)
Dividends paid to non-controlling interests	(64)	(74)
Other, net	(73)	(33)
Net cash provided by (used in) financing activities	(1,171)	(1,142)
Effect of exchange rate change on cash and cash equivalents	(3,850)	1,886
Net increase (decrease) in cash and cash equivalents	(4,776)	(7,435)
Cash and cash equivalents at beginning of period	49,282	53,309
Cash and cash equivalents at end of period	44,506	45,874

(4) Notes to consolidated quarterly financial statements

(Notes on premise of going concern)

No items to report

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

No items to report

(Segment information)

1) First six months ended September 30, 2016

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	21,404	99,465	120,870	–	120,870
Internal sales or transfer among segments	374	79	453	(453)	–
Total	21,778	99,545	121,324	(453)	120,870
Segment profit (operating profit)	451	3,269	3,720	(2,427)	1,292

Note: The adjustment of negative ¥2,427 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 six months ended September 30, 2017

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	25,825	100,437	126,262	–	126,262
Internal sales or transfer among segments	378	88	466	(466)	–
Total	26,203	100,526	126,729	(466)	126,262
Segment profit (operating profit)	1,076	5,572	6,649	(2,864)	3,785

Note: The adjustment of negative ¥2,864 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.