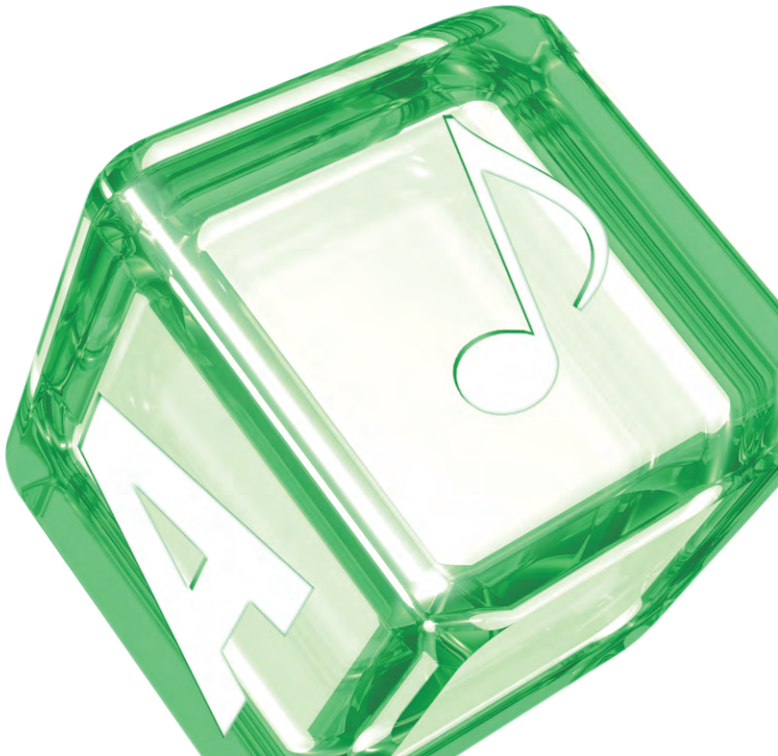
ALPINE
Mobile Media Solutions

Annual Report 2008

For the year ended March 31, 2008



Message from the President

Dear Stockholders,

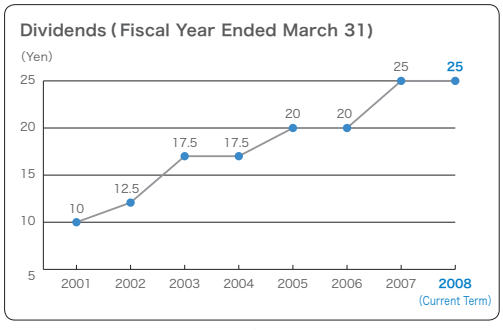
Seizo Ishiguro
President & CEO

Business Results for the Fiscal Year

Consolidated fiscal year ended March 31, 2008, featured a slowdown in the North American economy and a shift of demand to small and medium-size cars for new vehicles. In addition, Alpine's major customers implemented model changes. As a result, Alpine posted decline in sales and profits compared to the previous year.

Returning Profit to Stockholders

We have positioned return of profit to stockholders as our primary focus for management. Based on our policy for stable dividends, Alpine has maintained dividends at the previous year's level of ¥25 per stock.



Note: Amounts of less than one yen have been truncated.

Outlook for the Upcoming Fiscal Year

Business environment in the consolidated fiscal year ending March 31, 2009, is expected to be even more challenging, led by appreciation of the yen, high raw material prices and a slump in new car sales prompted by the slowdown in the U.S. market.

In the automobile industry, there will be greater emphasis on vehicle comfort, fuel efficiency and safety, with increased permeation of information and communication equipment for cars including integrated mobile media products. At Alpine, we are well aware that such situation provides great opportunities for business expansion.

In response to such environment, Alpine has developed its 11th Medium-Term Plan, "CHALLENGE 30," for the term to fiscal 2010. Through this initiative, we will accelerate efforts for reforms including development structure reforms, cost structure reforms and indirect structure reforms, in addition to promoting our growth strategy for creating industry-leading products. In addition to this, Alpine will focus on reinforcing and establishing Drive Assist (DA) which is a new, high-potential business domain. We believe that by implementing these strategies will help us achieve consolidated sales of ¥300 billion in fiscal 2010, accompanied by V-shaped recovery in profits.

The essence of our plan is "structural reform and growth," aimed to promote following growth strategy and structural reforms.

Ⅰ. Growth strategy

Amid rapid evolution and expansion of electronic components in automobiles, we aim to take advantage of increasing business opportunities and gain market leadership as a global system integrator by offering system products centering on multimedia.

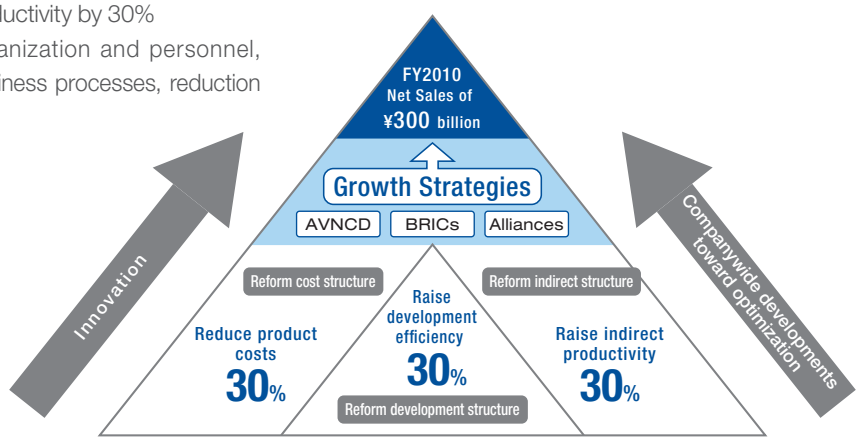
In addition, by investing aggressively in global production bases, we will strengthen our supply systems for providing highly functional system products of unparalleled quality.

Ⅱ. Structural reforms

(1) Improve R&D investment efficiency by 30%
Optimization of development processes, platform upgrades and expansion, increased shift to China

(2) Cut product costs by 30%
a) Reduction in number of parts used through product structure reforms
b) Reinforcement of value engineering and cost reductions
c) Increased components procurement in China

(3) Improve indirect productivity by 30%
Optimization of organization and personnel, improvements to business processes, reduction of indirect costs



Structural Innovation & Growth

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.

Driving Mobile Media Solutions™

Contents

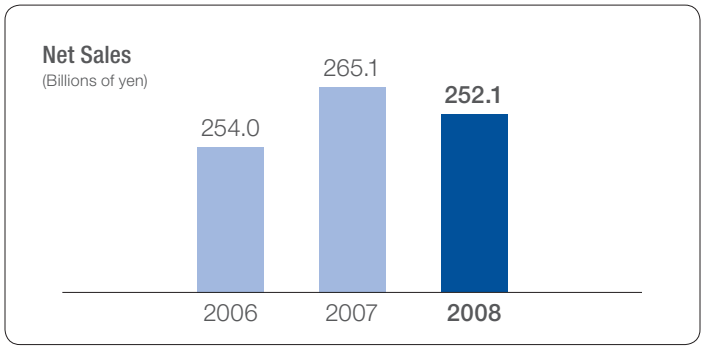
ALPINE ELECTRONICS, INC.

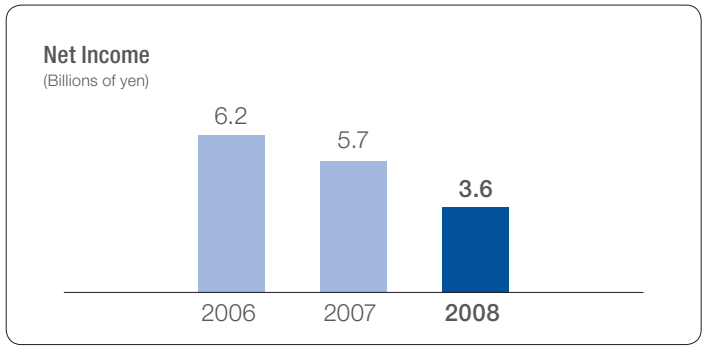
Consolidated Financial Highlights

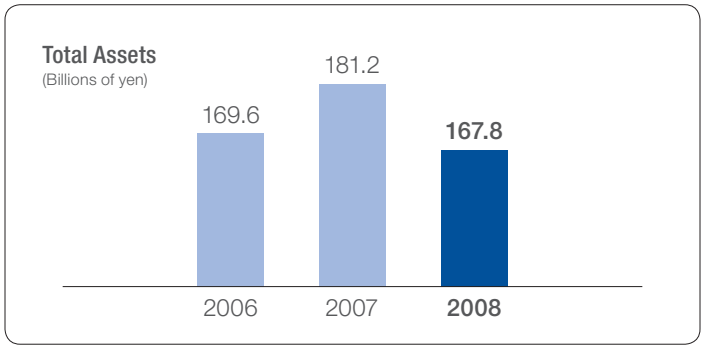
Years ended March 31, 2006, 2007 and 2008

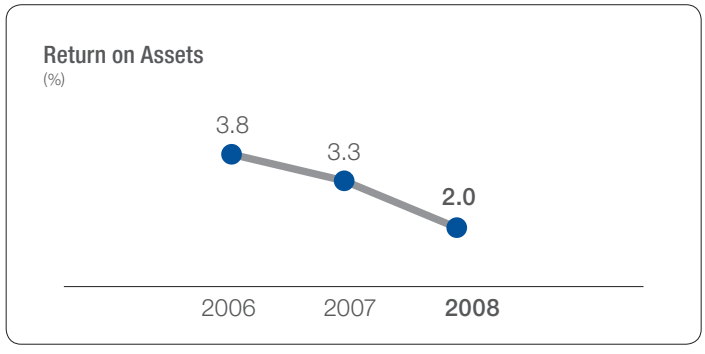
	millions of yen 2006	2007	2008	thousands of U.S.Dollars 2008
For the year				
Net Sales	¥253,983	¥265,055	¥252,072	$2,515,940
Overseas Sales	215,281	228,379	219,056	2,186,406
Operating Income	9,671	10,110	7,012	69,987
Net Income	6,175	5,729	3,554	35,473
Cash flows from operating activities	12,887	16,399	9,963	99,441
Free cash flow	3,032	4,512	-4,138	-41,302
Capital expenditures	10,778	12,620	13,673	136,471
R&D expenses	28,695	30,347	29,337	292,814
ROA (Return on assets) (%)	3.8	3.3	2.0	2.0
ROE (Return on equity) (%)	6.2	5.0	3.0	3.0
Amounts per share of common stock				
Net Income (¥)	91.71	82.12	50.95	0.51
Cash dividends applicable to the year (¥)	20.00	25.00	25.00	0.25
At year-end				
Working capital	57,737	61,175	55,491	553,858
Total net assets	-	120,908	116,265	1,160,445
Total assets	169,553	181,185	167,785	1,674,668

Notes: 1. R&D expenses include labor and other expenses as cost of sales
2. The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 to U.S.$1.









Audio Products

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

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

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

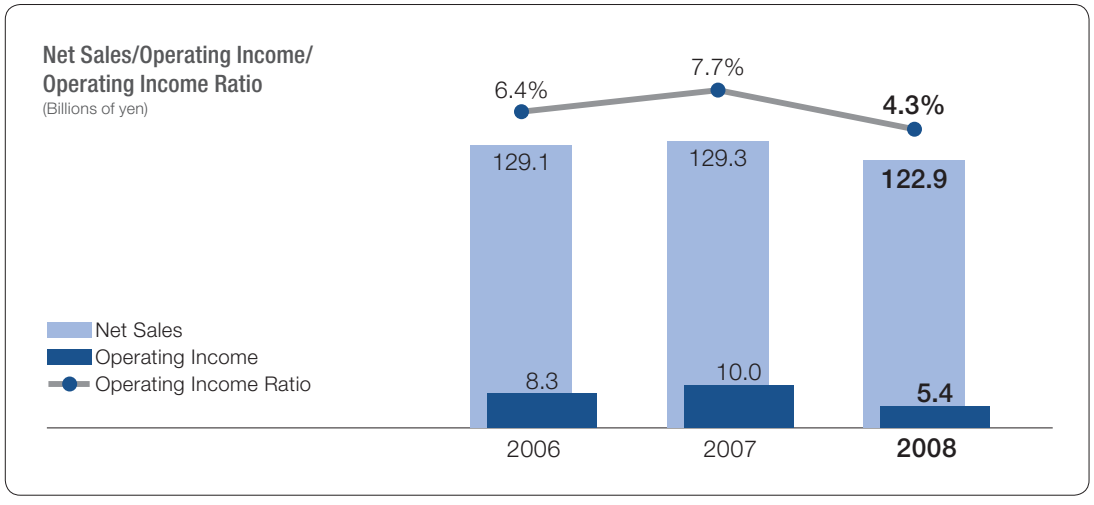
As a result, overall sales in the Audio Product Segment declined 4.9% from the previous year, to ¥122.9 billion

iDA-X100 Digital Media Receiver

Optimized for iPod®, with simple and intuitive operation.

eX-10 iPod® Controller

Brings greater enjoyment and ease of use to any existing car audio system.



Information and Communication Products

In this segment, we introduced the Mobile Media Station X07/X075 series of next-generation car navigation systems compatible with terrestrial digital broadcasting (1-segment + 12-segment) in the domestic after-market. Despite expectations of sales expansion, shifts in product demand toward diffusion price zones resulted in lackluster sales growth.

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

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

Business with automobile manufacturers was boosted by effective promotional activities, aided by growing trends toward factory installation of car navigation systems and integrated information and communication products. Nevertheless, this factor failed to offset shifts in new car demand toward smaller models, leading to an overall decline in sales. Accordingly, sales for the Information and Communication Products Segment decreased 4.9% from the previous year, to ¥129.0 billion.

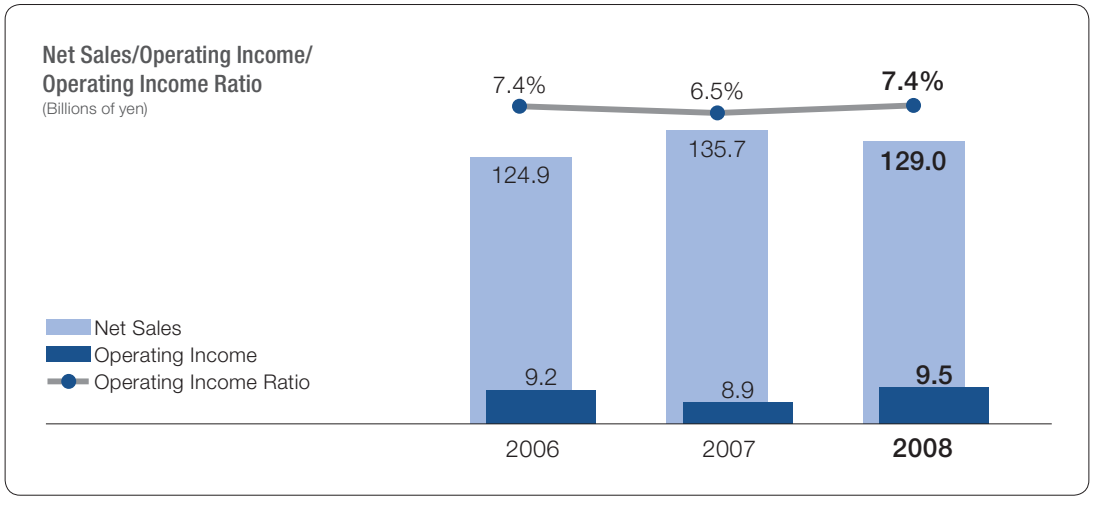
X075 Mobile Media Station

The first navigation system in Japan to employ differential map updating.

msn Direct

PND-K3msn Portable Navigation System

With information updates from MSN® Direct.



Global Topics

Actively participating in global events

Once again Alpine had a strong presence at the International Consumer Electronics Show in Las Vegas this year. Our latest portable navigation system, with real-time updates provided by the Microsoft information service MSN® Direct, was a star attraction. Our iPod® Controller was acclaimed for its high technology, winning innovation awards in five divisions.

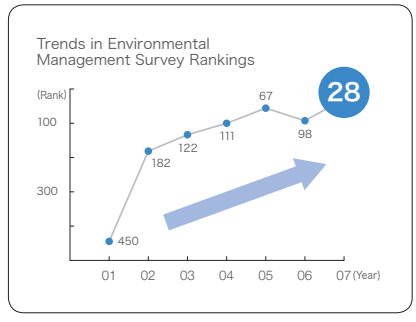
We also participated in the North American International Auto Show, one of the world's three largest motor shows, where we showcased OEM products as well as our own branded models. We introduced our IMPRINT sound concept audio technology and saw it win high marks from major automobile manufacturers. We will continue to participate in such global events as these, to expand contact with consumers and to use their feedback as input for our marketing programs. By participating in these events, we also aim to further solidify our brand position.

Drive Assist Evaluation Center completed

In October 2007, Alpine completed construction of the Drive Assist Evaluation Center at our Iwaki Headquarters in Japan, a 53,000m² facility with a 900m test course. This fully equipped course is designed for driving on either the left or right side of the road, allows us to reproduce rules of the road from different countries, and makes possible performance tests at speeds of up to 100km/hr. It also includes narrow streets, tunnels and other facilities, to enable testing under a wide variety of conditions. With demand for car safety rising, our aim is to develop a safe driving support system with outstanding usability.

Receiving high marks for CSR

In a December 2007 environmental management survey conducted by Nikkei Inc. and Nikkei Research, Inc., Alpine ranked No. 28 among 520 manufacturing firms. Our recycling activities were especially highly regarded. Our other environmental measures and internal monitoring system have also received high marks. In September 2007, for example, we were included in the Morningstar Social Responsibility Investment (MS-SRI) index. The MS-SRI evaluates investment in companies in terms of their contribution to building a better society through product and service safety and quality, environmental activities, compliance with laws and regulations, and other aspects of Corporate Social Responsibility (CSR).



*To construct the MS-SRI, Morningstar selects 150 companies from the upper section of the Tokyo Stock Market. Copyrights and other intellectual property rights are the exclusive property of Morningstar, K.K. and Morningstar, Inc. Reproduction or use without their permission is strictly forbidden.

MS-SRI モーニングスター社会的責任投資株価指数 Morningstar Socially Responsible Investment Index

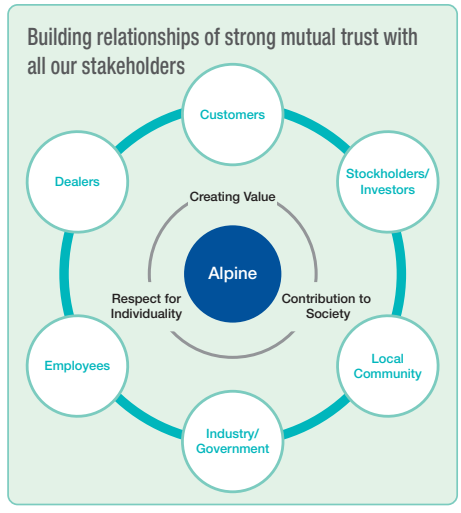
Activities for CSR

As Alpine's stakeholders have become more diverse, corporate social responsibility (CSR) has grown in importance. At Alpine, CSR means that "We embody our corporate ideals in all our business activities." Our three core ideals are respect for individuals, value creation, and contribution to society. Building on those ideals, we strive to educate and employ people in ways that create new value for people everywhere, and to create a richer, more prosperous and enjoyable society through the way in which we conduct our business. We believe that we fulfill our responsibility to society by making CSR activities an integral part of how we embody our ideals.

CSR Concept

Globalization is transforming our business in amazing ways, making our ability to respond quickly to social change and business risk and to build relationships of strong mutual trust with all our stakeholders even more important.

In 2006 we created the CSR committee. Since its mission is to be the core of efforts to share our CSR concept with stakeholders around the world, it is a body that cuts across internal divisions and addresses issues that confront our company as a whole. Last year it promulgated the "CSR Mid-Term Plan" to clarify the CSR issues we face. In fiscal 2008, as awareness of environmental and risk management issues increased, we began putting in place environmental protection and internal control systems that conform with European REACH regulations and ensure that internal controls conform to all relevant laws and regulations. An on-going PDCA* cycle is in place to further strengthen our corporate foundations.

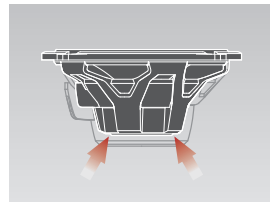


To make these plans realities, we believe it is essential to strengthen motivation, raise awareness, and increase individual satisfaction concerning CSR among all Alpine employees. We need, in other words, to make CSR a firmly established part of our corporate culture. We urge our employees to do their best in order to ensure that Alpine becomes more than ever a company in which all of our stakeholders can have the highest trust and confidence.

*PDCA: Plan, Do, Check, Act

Environmental Activities: Smaller, Lighter Products

By reducing the weight of our products, we contribute to more efficient use of fuel by our customers' cars. In Japan, our DLX-F17S speakers not only deliver excellent sound quality, but by taking special care in designing their components, we have reduced their weight by 40% compared to previous speakers. Using computer simulations to consider the effects of a 0.1mm reduction in the size of magnetic circuits, we found that it was possible to reduce the depth of our speakers by 13% with no loss in sound quality. We were also able to improve the way the speakers are mounted in the car.



Philanthropic Activities: Educational Support for Students

At Alpine we have set up a fellowship fund for students at China's Neusoft Institute of Information. Since 2004, we have formed partnerships with universities located around Dalian in China, to provide instructors and other support for engineering and management education. In fiscal 2007, three additional universities joined our alliance, which now comprises six universities. We have also set up an internship system to foster understanding of Japanese corporate culture and provide opportunities for career development among students from outside Japan.

Directors and Auditors

Seizo Ishiguro
President & CEO

Hitoshi Kajiwara
Managing Director

Takumi Sato
Managing Director

Motoshi Nishinakagawa
Managing Director

Toru Usami
Managing Director

Toji Tanaka
Managing Director

(As of June 25, 2008)

President & CEO	Seizo Ishiguro	
Managing Directors	Hitoshi Kajiwara Motoshi Nishinakagawa Toji Tanaka	Takumi Sato Toru Usami
Directors	Masataka Kataoka Kazuo Nakamura Kenji Igari	Toyomi Furuse Satoshi Soma Shigekazu Hori
Auditors	Takaakira Tamehiro Kenji Yoshino	Naotaka Okuyama Yoshitake Masuda

Financial Section

Financial Highlights

	1998	1999	2000	2001	2002
For the year:					
Net sales	168,146	176,311	171,084	181,615	196,092
(Overseas Sales)	105,968	122,220	123,893	129,522	157,032
Operating income	5,939	7,453	6,298	4,445	7,022
Net income	2,680	2,650	3,098	3,284	3,914
Cash flows from operating activities	2,273	13,142	4,622	1,921	15,728
Free cash flow	(1,267)	7,107	3,100	(3,602)	8,513
Depreciation	4,725	5,351	5,338	5,385	5,552
Capital expenditures	6,841	5,008	5,607	6,307	6,808
R&D expenses	8,770	10,781	10,990	12,628	14,718
ROA (Return on assets) (%)	2.4	2.3	2.6	2.7	2.8
ROE (Return on equity) (%)	5.7	5.4	5.9	5.4	5.6
Amounts per share of common stock:					
Net income (¥)	48.52	47.96	54.74	56.40	64.49
Diluted net income (¥)	45.32	44.98	52.04	54.60	—
Cash dividends applicable to the year (¥)	10.00	10.00	10.00	10.00	12.50
Stockholders' equity (¥)	878.15	914.18	957.30	1,106.38	1,194.19
At year-end:					
Current assets	74,879	80,165	81,400	85,046	102,396
Property, plant and equipment, net	24,348	23,022	22,810	23,649	22,466
Current liabilities	49,668	54,281	56,092	53,094	55,754
Long-term liabilities	10,436	12,420	6,005	6,403	17,944
Common stock	16,900	16,904	18,090	19,928	19,928
Retained earnings	15,731	17,721	23,365	26,002	29,247
Total stockholders' equity	48,521	49,879	54,940	67,145	72,467
Total net assets	—	—	—	—	—
Total assets	111,034	117,613	118,101	127,772	147,412
Equity ratio (%)	43.7	42.7	46.5	52.6	49.2

Notes: 1. R&D expenses include labor and other expenses reported as cost of sales.

2. Total stockholders' equity and total assets for 2000 are reclassified to conform to the "Standard for Accounting for Transactions by Foreign Currency, etc." effective from the year ended March 31, 2001. Accordingly, ROA and ROE for 2000 are recalculated. With the standard adopted prior to 2001, total stockholders' equity, total assets and stockholders' equity per share of common stock for 2000 were ¥58,533 million, ¥121,694 million and ¥1,019.91, respectively. Also, ROA, ROE and equity ratio for 2000 were 2.6%, 5.7% and 48.1%, respectively.

3. Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard for presentation of net assets ("Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance" issued by the Business Accounting Deliberation Council on December 9, 2005).

Millions of Yen, unless stated otherwise						Thousands of U.S Dollars
2003	2004	2005	2006	2007	**2008**	**2008**
222,367	213,020	222,779	253,983	265,055	**252,072**	**2,515,940**
177,017	170,984	180,828	215,281	228,379	**219,056**	**2,186,406**
12,306	11,320	10,148	9,671	10,110	**7,012**	**69,987**
6,138	7,253	7,932	6,175	5,729	**3,554**	**35,473**
14,389	10,491	12,472	12,887	16,399	**9,963**	**99,441**
6,290	3,021	3,229	3,032	4,512	**(4,138)**	**(41,302)**
5,723	6,496	7,332	8,616	9,326	**10,655**	**106,348**
8,218	8,940	10,402	10,778	12,620	**13,673**	**136,471**
17,644	19,144	22,438	28,695	30,347	**29,337**	**292,814**
4.1	4.9	5.3	3.8	3.3	**2.0**	**2.0**
8.3	9.4	9.4	6.2	5.0	**3.0**	**3.0**
99.78	117.94	128.97	91.71	82.12	**50.95**	**0.51**
86.86	102.85	112.58	88.35	—	**—**	**—**
17.50	17.50	20.00	20.00	25.00	**25.00**	**0.25**
1,227.79	1,319.41	1,446.99	1,587.05	1,706.54	**1,646.38**	**16.43**
106,180	99,031	105,372	109,910	114,938	**103,756**	**1,035,592**
22,898	22,714	25,544	27,647	30,090	**32,851**	**327,887**
58,669	48,681	50,826	52,173	53,763	**48,265**	**481,735**
15,869	15,534	15,807	5,004	6,514	**3,255**	**32,488**
20,012	20,026	20,360	25,921	25,921	**25,921**	**258,718**
34,393	40,500	47,275	52,213	57,344	**58,592**	**584,809**
74,738	80,336	88,830	110,782	—	**—**	**—**
—	—	—	—	120,908	**116,265**	**1,160,445**
150,230	145,127	156,507	169,553	181,185	**167,785**	**1,674,668**
49.8	55.4	56.7	65.3	65.7	**68.5**	**68.5**

4. From the year ended March 31, 2008, in accordance with the amendment to the Corporate Tax Law, the Company and its consolidated subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2007 to a method based on the amended Corporate Tax Law. In comparison to the accounting method adopted prior to 2008, depreciation increased ¥164 million (US$2 million). In addition, due to the amendment to the Corporate Tax Law, for tangible fixed assets which had been acquired on or before March 31, 2007, the remaining book value of the assets is depreciated over the five years starting from the period subsequent to the year the depreciable limits have reached, using the average method. In comparison to the accounting method adopted prior to 2008, depreciation increased ¥97 million (US$1 million).

Consolidated Financial Review

Reviewing the world economy in the fiscal year ended March 31, 2008, with concern over the high oil prices, the US economy slowed down due to the turmoil of the financial and capital markets arising from the subprime mortgage problem. In Europe, the economy maintained a slow growth supported by domestic demand, despite sluggish exports due to a strong Euro.
Although the Japanese economy had maintained a stable growth driven by exporting companies supported by a cheap Yen, the U.S. economic recession brought marked slowdown to businesses and signs of decrease in personal consumption.
In the automobile industry, the demand shifted to smaller, fuel-efficient cars. Emerging markets expanded, led by the BRIC countries, with Russia and the Middle East gaining from the high oil prices and China and India spearheading growth in Asia.
In the car electronics industry, the domestic after-market featured the introduction of navigation systems equipped for terrestrial digital broadcasting and internet compatibility via mobile phone and computer connections. Meanwhile, portable navigation devices (PNDs) expanded the size of the U.S. and Europe market. Automobile manufacturers launched integrated equipment with new functions compatible with real-time information and communication systems.
In this environment, the Alpine Group prepared the mid-term business plan, "CHALLENGE 30," aimed for reforming its earnings, cost and development structure.
We also exhibited our products at motor shows in Japan and overseas to showcase our state-of-the-art technologies to automobile manufacturers and stepped up our drive to create industry-leading products for the after-market. Moreover, we reinforced our sales network through such initiatives as establishing sales facilities in China and Thailand in anticipation of cultivating high-growth emerging markets. However, sales from business with automobile manufacturers declined during the year, due to the U.S. economic slowdown and model changes.

Performance by Segment

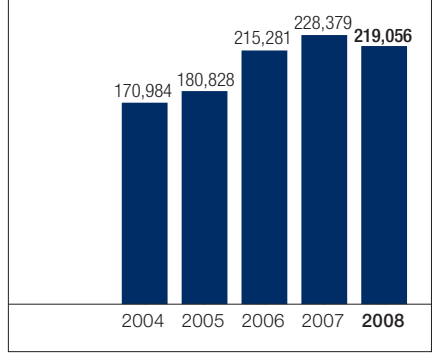
Audio Products

In this segment, strong sales performers included Alpine's iPod-LINK automotive CD players for the after-market and the "IDA-X001" digital media head unit, which got a European Imaging and Sound Association award. However, sales decreased due to the intensifying price competition and contraction of the market.
For businesses with automobile manufacturers, the installation in SUVs of the new media "DVD audio systems" increased in North America, and sales for installed "CD audio systems" in the BRIC markets were stable, and sales for sound systems designed to overcome severe vehicle indoor conditions.
The fiscal year was in the midst of model changes and for business with European automobile manufacturers shifts from single car audio products to integrated products centering on navigation systems equipments, with trends from single car audio products to integrated products centering on navigation systems.
As a result, sales of this segment decreased 4.9% compared with the previous fiscal year.

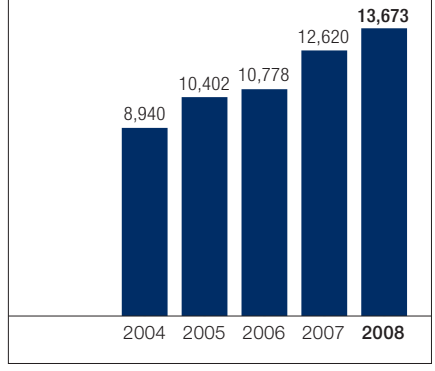
Information and Communication Products

In this segment, we launched the series of next-generation car navigation systems called "Mobile Media Station X07/X075" which are compatible with terrestrial digital broadcasting (1-segment + 12-segment) to the Japanese domestic after-market. Despite promotions for sales expansion, shifts in product demand toward diffusion price zones resulted in sluggish sales.
On the other hand, "Overhead Monitors" which are high-quality, high-definition rear-seat entertainment systems with DVD and terrestrial digital broadcasting compatibility achieved successful sales performance due to responded user needs.
Overseas, sales of the "Blackbird" portable navigation system which was launched in the European after-market and sales of the "IVA-W205" 2DIN mobile multimedia station featuring the functions to expand the portable navigation functions were in severe conditions due to the intensified price competition. Business with automobile manufacturers expanded by effective promotional activities with growing trends toward factory installation of car navigation systems and integrated information and communication products. Nevertheless, this factor failed to

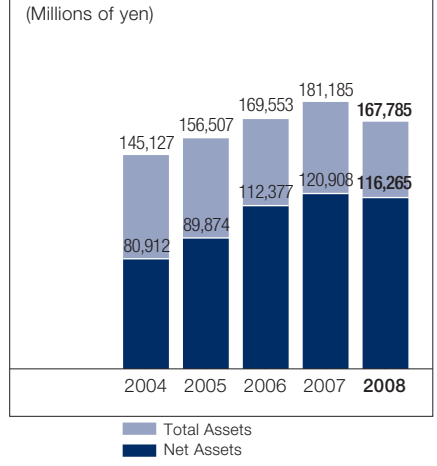
Overseas Sales
(Millions of yen)



Capital Expenditures
(Millions of yen)



Total Assets/Net Assets
(Millions of yen)



Net Assets for the years from 2003 to 2006 are recalculated.

offset shifts in new car demand toward smaller models, leading to a decline in sales.
As a result, sales of this segment decreased 4.9% compared with the previous fiscal year.
Overall, for consolidated performance during the fiscal year under review, net sales decreased 4.9% to ¥252,072 million (US$2,515.9 million), operating income fell 30.6% to ¥7,012 million (US$70.0 million), and net income decreased 38.0% to ¥3,554 million (US$35.5 million). Net income per share was ¥50.95 (US$0.51).
The number of consolidated subsidiaries changed to 27 companies, with 8 companies in Japan and 19 overseas. The number of companies accounted for by the equity method at the end of the fiscal year remained 1.

Investment

Capital expenditures increased 8.3% to ¥13,673 million (US$136.5 million). By segment, investment in the Audio Products business totaled ¥8,068 million (US$80.5 million), and that in the Information and Communication Equipment business amounted to ¥5,452 million (US$54.4 million).
R&D expenses decreased 3.3% to ¥29,337 million (US$292.8 million). R&D expenses amounted to 11.6% of net sales, up 0.2 percentage points.

Cash Flows

For the fiscal year under review, cash and cash equivalents at the end of the period totaled ¥30,159 million (US$301.0 million), a decrease of ¥7,348 million (US$73.3 million), or 19.6%, compared with the previous fiscal year-end.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥9,963 million (US$99.4 million), a decrease of 39.2%. This was mainly the result of inflows provided by net income before taxes and other adjustments of ¥6,345 million (US$63.3 million), depreciation and amortization of ¥10,655 million (US$106.3 million) and decrease in notes and accounts receivable of ¥5,779 million (US$57.7 million), decrease in notes and accounts payable of ¥1,624 million (US$16.2 million), and income taxes paid of ¥5,275 million (US$52.6 million) from the payment of income and other taxes.

Cash flows from investing activities

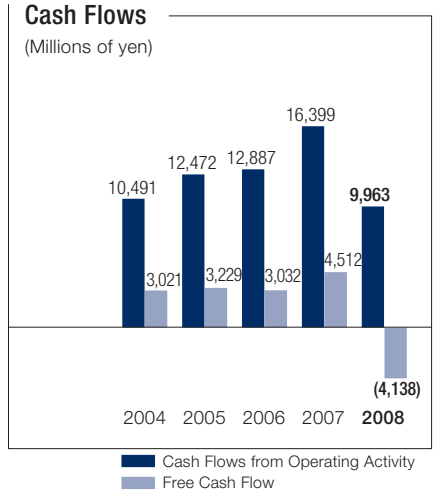
Net cash used in investing activities was ¥14,101 million (US$140.7 million), up 18.6% compared with the previous fiscal year. Principal components were payments for the acquisition of tangible and intangible fixed assets of ¥11,029 million (US$110.1 million) and ¥2,945 million (US$29.4 million), respectively.

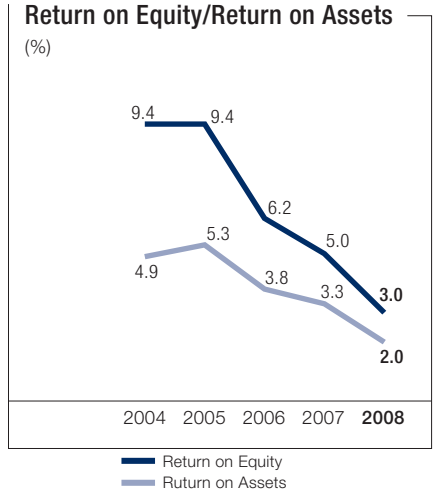
Cash flows from financing activities

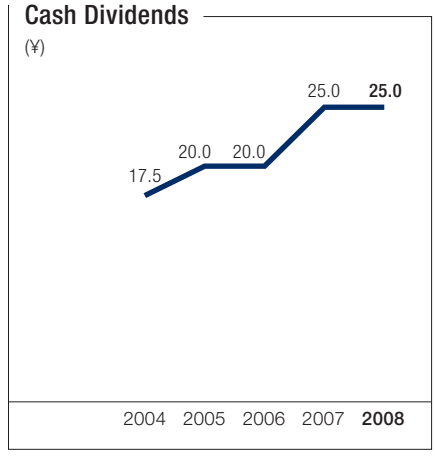
Net cash used in financing activities totaled ¥2,290 million (US$22.9 million), up 48.6%. The principal component was cash dividends paid of ¥1,744 million (US$17.4 million).

Financial Position

Total assets at the end of the year decreased 7.4% to ¥167,785 million (US$1,674.7 million), primarily due to a decrease in cash and cash equivalents, notes and accounts receivable, and investment in securities. As a result of the decrease in unrealized holding gains on securities and foreign currency translation adjustment, total net assets shrank 3.8% to ¥116,265 million (US$1,160.4 million). The equity ratio rose 2.7 percentage points to 68.5%.
Return on equity was 3.0%, a decrease of 1.9 of a percentage point. Return on assets was 2.0%, a decrease of 1.2 of a percentage point.







Consolidated Balance Sheets

March 31, 2008 and 2007

ASSETS	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
Current assets:			
Cash and cash equivalents	**¥ 30,159**	¥ 37,507	**$ 301,018**
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliated companies	**1,291**	1,160	**12,886**
Trade	**30,535**	37,446	**304,771**
Allowance for doubtful accounts	**(788)**	(984)	**(7,865)**
Inventories (Note 4)	**28,467**	28,833	**284,130**
Deferred tax assets (Note 10)	**3,338**	4,122	**33,317**
Other current assets	**10,754**	6,854	**107,335**
Total current assets	**103,756**	114,938	**1,035,592**
Property, plant and equipment			
Land	**5,136**	5,180	**51,263**
Buildings and structures	**23,021**	21,589	**229,773**
Machinery and equipment	**69,412**	63,492	**692,804**
Construction in progress	**1,359**	692	**13,564**
	98,928	90,953	**987,404**
Less accumulated depreciation	**(66,077)**	(60,863)	**(659,517)**
Net property, plant and equipment	**32,851**	30,090	**327,887**
Investments and other assets:			
Investments in unconsolidated subsidiaries and affiliated companies (Note 3)	**8,252**	8,143	**82,364**
Investments in securities (Note 3)	**12,108**	17,635	**120,850**
Deferred tax assets (Note 10)	**351**	229	**3,503**
Other assets	**10,467**	**10,150**	**104,472**
Total investments and other assets	**31,178**	**36,157**	**311,189**
	¥167,785	¥ 181,185	**$ 1,674,668**

See accompanying notes

LIABILITIES AND NET ASSETS	Millions of Yen 2008	Millions of Yen 2007	Thousands of U.S. Dollars (Note 1) 2008
Current liabilities:			
Bank loans (Note 5)	**¥ 216**	¥ 174	**$ 2,156**
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliated companies	**1,686**	1,029	**16,828**
Trade	**24,675**	27,942	**246,282**
Income taxes payable (Note 10)	**811**	1,947	**8,095**
Accrued expenses	**11,926**	12,590	**119,034**
Deferred tax liabilities (Note 10)	**129**	53	**1,288**
Warranty reserve	**4,822**	5,776	**48,129**
Other current liabilities	**4,000**	4,252	**39,923**
Total current liabilities	**48,265**	53,763	**481,735**
Long-term liabilities:			
Employees' severance and retirement benefits (Note 7)	**669**	620	**6,677**
Directors' severance and retirement benefits	**705**	719	**7,036**
Deferred tax liabilities (Note 10)	**1,283**	4,219	**12,806**
Other long-term liabilities	**598**	956	**5,969**
Total long-term liabilities	**3,255**	6,514	**32,488**
Contingent liabilities (Note 6)			
Net Assets (Note 8)**:**			
Common stock:			
Authorized —160,000,000 shares			
Issued —69,784,501shares	**25,921**	25,921	**258,718**
Capital surplus	**24,906**	24,906	**248,588**
Retained earnings	**58,592**	57,344	**584,809**
Less treasury stock, at cost	**(31)**	(30)	**(309)**
Unrealized holding gains and losses on securities, net of income taxes	**4,753**	7,789	**47,440**
Land revaluation loss	**(1,395)**	(1,395)	**(13,924)**
Foreign currency translation adjustments	**2,112**	4,521	**21,080**
Minority interests	**1,407**	1,852	**14,043**
Total net assets	**116,265**	120,908	**1,160,445**
	¥ 167,785	¥ 181,185	**$ 1,674,668**

See accompanying notes

Consolidated Statements of Income

Years ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
Net sales (Note 14)	**¥ 252,072**	¥ 265,055	¥ 253,983	**$ 2,515,940**
Costs and expenses (Note 14)**:**				
Cost of sales	**204,738**	211,085	203,785	**2,043,497**
Selling, general and administrative	**40,322**	43,860	40,527	**402,456**
	245,060	254,945	244,312	**2,445,953**
Operating income (Note 14)	**7,012**	10,110	9,671	**69,987**
Other income (expenses):				
Interest and dividend income	**930**	736	317	**9,282**
Interest expense	**(171)**	(128)	(134)	**(1,707)**
Foreign exchange gains (losses), net	**(1,926)**	788	322	**(19,223)**
Equity in earnings of affiliated companies	**1,047**	677	460	**10,450**
Loss on sale and disposal of fixed assets	**(343)**	(262)	(315)	**(3,423)**
Gain on sale of investments in securities	**51**	—	340	**509**
Loss on valuation of investments in securities	**(256)**	(120)	(159)	**(2,555)**
Prior compensation expense for products	**—**	(935)	—	**—**
Provision for warranty reserve	**—**	(297)	—	**—**
Gain on return of the substitutional portion of Welfare Pension Insurance (Note 7)	**—**	—	10	**—**
Other — net	**1**	(267)	(360)	**10**
	(667)	192	481	**(6,657)**
Income before income taxes and minority interests	**6,345**	10,302	10,152	**63,330**
Income taxes (Note 10)**:**				
Current	**2,930**	4,738	3,644	**29,244**
Deferred	**(298)**	(372)	62	**(2,974)**
	2,632	4,366	3,706	**26,270**
Income before minority interests	**3,713**	5,936	6,446	**37,060**
Minority interests in net income of consolidated subsidiaries	**(159)**	(207)	(271)	**(1,587)**
Net income	**¥ 3,554**	¥ 5,729	¥ 6,175	**$ 35,473**

	Yen			U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
Amounts per share of common stock:				
Net income	**¥ 50.95**	¥ 82.12	¥ 91.71	**$0.51**
Diluted net income	**—**	—	88.35	**—**
Cash dividends applicable to the year	**25.00**	25.00	20.00	**0.25**

See accompanying notes

ALPINE ELECTRONICS, INC.

Consolidated Statements of Stockholders' Equity

Years ended March 31, 2006

	Millions of Yen							
	Number of shares of common stock	Common stock	Capital surplus	Retained earnings	Land revaluation loss	Unrealized holding gains and losses on securities, net of income taxes	Foreign currency translation adjustments	Treasury stock
Balance at March 31, 2005	61,346,781	¥20,360	¥19,345	¥47,275	¥(1,395)	¥4,612	¥(1,349)	¥(18)
Conversion of convertible debentures (Note 9)	8,437,720	5,561	5,561					
Net income				6,175				
Adjustments from translation of foreign currency financial statements							3,389	
Unrealized holding gains and losses on securities, net of income taxes						2,512		
Treasury stock								(9)
Cash dividends paid (¥20.0 per share)				(1,270)				
Bonuses to directors				(80)				
Other				113				
Balance at March 31, 2006	69,784,501	¥25,921	¥24,906	¥52,213	¥(1,395)	¥7,124	¥2,040	¥(27)

Notes: 1. Cash dividends paid per share is calculated based on actual payment of dividends during the period.

ALPINE ELECTRONICS, INC.

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2008 and 2007

	Millions of Yen								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gains and losses on securities, net of income taxes	Land revaluation loss	Foreign currency translation adjustments	Minority interests	Total
Stockholders' equity at March 31, 2006	¥25,921	¥24,906	¥52,213	¥(27)	¥7,124	¥(1,395)	¥2,040	—	¥110,782
Reclassification due to adoption of new accounting standards for presentation of net assets in the balance sheet at April 1, 2006								1,594	1,594
Net Assets at April 1, 2006	25,921	24,906	52,213	(27)	7,124	(1,395)	2,040	1,594	112,376
Net income			5,729						5,729
Increase in retained earnings of the affiliate in equity method			513						513
Acquisition of treasury stock				(3)					(3)
Retirement of treasury stock		0		0					0
Cash dividends paid (¥20.0 per share)			(1,395)						(1,395)
Bonuses to directors			(60)						(60)
Other			344		665		2,481	258	3,748
Balance at March 31, 2007	**25,921**	**24,906**	**57,344**	**(30)**	**7,789**	**(1,395)**	**4,521**	**1,852**	**120,908**
Net income			**3,554**						**3,554**
Decrease in retained earnings of the affiliate in equity method			**(611)**						**(611)**
Acquisition of treasury stock				**(1)**					**(1)**
Retirement of treasury stock		**0**		**0**					**0**
Cash dividends paid (¥25.0 per share)			**(1,744)**						**(1,744)**
Other			**49**		**(3,036)**		**(2,409)**	**(445)**	**(5,841)**
Balance at March 31, 2008	**¥25,921**	**¥24,906**	**¥58,592**	**¥(31)**	**¥4,753**	**¥(1,395)**	**¥2,112**	**¥1,407**	**¥116,265**

	Thousands of U.S.Dollars (Note 1)								
	Common stock	Capital surplus	Retained earnings	Treasury stock	Unrealized holding gains and losses on securities, net of income taxes	Land revaluation loss	Foreign currency translation adjustments	Minority interests	Total
Balance at March 31, 2007	**$258,718**	**$248,588**	**$572,353**	**$(299)**	**$77,742**	**$(13,924)**	**$45,124**	**$18,485**	**$1,206,787**
Net income			**35,473**						**35,473**
Increase in retained earnings of the affiliate in equity method			**(6,098)**						**(6,098)**
Acquisition of treasury stock				**(10)**					**(10)**
Retirement of treasury stock		**0**		**0**					**0**
Cash dividends paid ($0.25 per share)			**(17,407)**						**(17,407)**
Other			**488**		**(30,302)**		**(24,044)**	**(4,442)**	**(58,300)**
Balance at March 31, 2008	**$258,718**	**$248,588**	**$584,809**	**$(309)**	**$47,440**	**$(13,924)**	**$21,080**	**$14,043**	**$1,160,445**

Notes: 1. Cash dividends paid per share is calculated based on actual payment of dividends during the period.

Consolidated Statements of Cash Flows

Years ended March 31, 2008, 2007 and 2006

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2008	2007	2006	**2008**
Cash flows from operating activities:				
Income before income taxes and minority interests	**¥ 6,345**	¥ 10,302	¥ 10,152	**$ 63,330**
Adjustments to reconcile income before income taxes and minority interests to cash provided by operating activities:				
Depreciation and amortization (Note 14)	**10,655**	9,326	8,616	**106,348**
Increase (Decrease) in employees' severance and retirement benefits	**45**	8	(1,699)	**449**
Increase (Decrease) in directors' severance and retirement benefits	**(14)**	83	52	**(140)**
Interest and dividend income	**(930)**	(735)	(317)	**(9,282)**
Interest expense	**169**	126	134	**1,687**
Equity in earnings of affiliated companies	**(1,047)**	(677)	(460)	**(10,450)**
Loss on sales of fixed assets	**6**	11	113	**60**
Prior compensation expenses for products	**—**	935	—	**—**
Decrease (Increase) in notes and accounts receivable	**5,779**	3,504	(2,788)	**57,680**
Decrease (Increase) in inventories	**(1,020)**	1,129	3,778	**(10,181)**
Decrease in notes and accounts payable	**(1,624)**	(2,307)	(3,357)	**(16,210)**
Increase (Decrease) in warranty reserve	**(501)**	903	901	**(5,000)**
Other—net	**(3,383)**	(2,191)	3,311	**(33,766)**
Total	**14,480**	20,417	18,436	**144,525**
Interest and dividend received	**927**	735	511	**9,252**
Interest paid	**(169)**	(126)	(135)	**(1,687)**
Income taxes paid	**(5,275)**	(3,692)	(5,925)	**(52,649)**
Payments for Prior compensation expense for products	**—**	(935)	—	**—**
Net cash provided by operating activities	**9,963**	16,399	12,887	**99,441**
Cash flows from investing activities:				
Payments for acquisition of property, plant and equipment	**(11,029)**	(8,573)	(8,488)	**(110,081)**
Proceeds from sale of property, plant and equipment	**27**	100	567	**269**
Payments for acquisition of intangible fixed assets	**(2,945)**	(3,593)	(2,418)	**(29,394)**
Proceeds from sale of investments in securities	**247**	0	111	**2,465**
Payments for investment	**—**	—	(131)	**—**
Gain on sale of investments in affiliated companies	**—**	—	577	**—**
Payments for loans	**(61)**	(47)	(172)	**(609)**
Collection of loans receivable	**38**	49	253	**379**
Other—net	**(378)**	177	(154)	**(3,772)**
Net cash used in investing activities	**(14,101)**	(11,887)	(9,855)	**(140,743)**
Cash flows from financing activities:				
Increase (Decrease) in short-term borrowings	**34**	(113)	(190)	**339**
Repayments of long-term debt	**—**	(7)	(13)	—
Cash dividends paid	**(1,744)**	(1,395)	(1,270)	**(17,407)**
Cash dividends paid to minority interests	**(189)**	(82)	(40)	**(1,886)**
Liquidating dividends paid to minority interests	**(452)**	—	—	**(4,511)**
Paid-in capital from minority interests	**63**	59	—	**628**
Other—net	**(2)**	(3)	(24)	**(20)**
Net cash used in financing activities	**(2,290)**	(1,541)	(1,537)	**(22,857)**
Effect of exchange rate changes on cash and cash equivalents	**(1,017)**	1,139	1,057	**(10,150)**
Net increase (decrease) in cash and cash equivalents	**(7,445)**	4,110	2,552	**(74,309)**
Cash and cash equivalents at beginning of year	**37,507**	33,207	30,476	**374,359**
Increase in cash and cash equivalents due to inclusion of additional subsidiaries in the consolidation	**—**	163	179	**—**
Increase in cash and cash equivalents acquired due to merger of consolidated and nonconsolidated subsidiaries	**97**	27	—	**968**
Cash and cash equivalents at end of year	**¥ 30,159**	¥ 37,507	¥ 33,207	**$ 301,018**

See accompanying notes

Notes to Consolidated Financial Statements

March 31, 2008, 2007 and 2006

1. Basis for Presenting Consolidated Financial Statements

Alpine Electronics, Inc. ("the Company"), a Japanese corporation, is a subsidiary of Alps Electric Co., Ltd. (40.7% owned), a Japanese listed company. The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile.

The accompanying consolidated financial statements have been restructured and translated into English (with some expanded descriptions and the inclusion of consolidated statements of changes in net assets) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Some supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The accompanying consolidated balance sheets as of March 31, 2008 and 2007 have been prepared in accordance with the new accounting standard as discussed in Note 2 (21).

Also, as discussed in Note 2 (22), the consolidated statements of changes in net assets for the year ended March 31, 2008 and 2007 have been prepared in accordance with the new accounting standard. The accompanying consolidated statement of stockholders' equity for the year ended March 31, 2006 was voluntarily prepared for the purpose of inclusion in the consolidated financial statements although such statements was not required to be filed with the Local Finance Bureau.

The translations of the Japanese yen amounts into U.S. dollars are included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2008, which was ¥100.19 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. Summary of Significant Accounting Policies

(1) Consolidation

The consolidated financial statements include the accounts of the Company and substantially all of its subsidiaries ("the Companies") which are controlled through substantial ownership of majority voting rights or existence of certain conditions. All significant intercompany transactions and account balances are eliminated in consolidation.

During the fiscal year ended March 31, 2008, one subsidiary was excluded in consolidation due to the liquidation.

(2) Equity method

Investments in affiliated companies (all companies 20% to 50% owned and certain others 15% to 20% owned) are accounted for by the equity method in the consolidated financial statements for 2008, 2007 and 2006.

(3) Cash and cash equivalents

In preparing the consolidated statements of cash flows, cash on hand, readily-available deposits and short-term highly liquid investments with maturities of not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

(4) Securities

The intent of holding each security is examined and securities are classified as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) for all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

The Companies had no trading securities or held-to-maturity debt securities. Equity securities issued by subsidiaries and affiliated companies which are not consolidated or accounted for using the equity method are stated at moving-average cost. Available-for-sale securities with fair market value are stated at fair market value. Unrealized holding gains and losses on these securities are reported, net of applicable income taxes, as a separate component of the net assets. Realized gain on sale of such securities is computed using the moving-average cost. Available-for-sale securities with no fair market value are stated at moving-average cost.

If the market value of equity securities issued by subsidiaries and affiliated companies which are not consolidated or on the equity method and available-for-sale securities declines significantly, such securities are stated at fair market value and the difference between the fair market value and the carrying amount is recognized as loss in the period of the decline. If the fair market value of equity securities issued by subsidiaries and affiliated companies is not readily available, such securities should be written down to net asset value in the event net asset value has significantly declined. Unrealized losses on these securities are reported in the income statements.

(5) Allowance for doubtful accounts

The Companies provide allowance for doubtful accounts to cover probable losses on collection by estimating uncollectible amounts individually in addition to amounts for possible losses on collection in the past.

(6) Inventories

Inventories held by the Company and its consolidated subsidiaries except for those in America and Europe are principally stated at cost determined by the weighted-average method.

Inventories held by the consolidated subsidiaries in America and Europe are principally stated at the lower of market or cost, mainly determined by the moving-average method.

(7) Property, plant, equipment and depreciation

Property, plant and equipment are stated at cost except for certain land. The Companies compute depreciation of property, plant and equipment, except for certain buildings, using the declining-balance method at rates based on the useful lives prescribed by Japanese tax regulations, while overseas consolidated subsidiaries use the straight-line method over the estimated useful lives.

Depreciation of buildings purchased after March 31, 1998, is computed using the straight-line method by the Company and its domestic subsidiaries, because of an amendment to Japanese tax regulations.
From the year ended March 31, 2008, in accordance with the amendment to the Corporate Tax Law, the Company and its consolidated subsidiaries changed their depreciation method for tangible fixed assets acquired on or after April 1, 2007 to a method based on the amended Corporate Tax Law.
As a result, in comparison to the previous accounting method, operating income and income before income taxes and minority interests decreased ¥164 million (US$2 million).
In addition, due to the amendment to the Corporate Tax Law, for tangible fixed assets which had been acquired on or before March 31, 2007, the remaining book value of the assets based on the previous Corporate Tax Law is evenly depreciated over the five years starting from the period subsequent to the year the depreciable limits have reached.
As a result, in comparison to the previous accounting method, operating income and income before income taxes and minority interests decreased ¥97 million (US$1 million).

Estimated useful lives are as follows:

Buildings	2 – 50 years
Machinery	2 – 15 years
Equipment	2 – 20 years
(Dies	1 – 2 year)

(8) Land revaluation

Pursuant to "Law Concerning Revaluation of Land" and the revisions thereof, the Company elected one-time revaluation of land used for business operations at fair value as of March 31, 2002. Due to the revaluation, book value of the land was reduced by ¥1,395 million to ¥3,212 million as of March 31, 2002, and the related unrealized loss is reported as a separate component of net assets. According to the revised Law, the Company is not permitted to revalue the land at any time for subsequent declines or appreciation in the fair values of the land. The excess of the revalued amounts of the revalued land over the fair values as of March 31, 2008 and 2007 amounted to ¥1,063 million (US$10,610 thousand) and ¥963 million, respectively.

(9) Certain lease transactions

Finance leases which do not transfer ownership of leased assets to lessees are not capitalized and are accounted for in the same manner as operating leases.

(10) Employees' bonuses

Liabilities for employees' bonuses are mainly provided based on the estimate of the amounts to be paid in the future, based on the accrual basis at the balance sheet date.

(11) Directors' bonuses

Liabilities for directors' bonuses are mainly provided based on the estimate of the amounts to be paid in the future, based on the accrual basis at the balance sheet date.
Effective from the year ended March 31, 2007, the Company adopted the new accounting standard for directors' bonuses ("Accounting Standard for Directors' Bonuses" issued by the Accounting Standards Board of Japan). Under this standard, directors' bonuses are expensed as incurred and shown under selling, general and administrative expenses, whereas the Company previously accounted for them as a deduction of retained earnings.
As a result of the adopting the standard and guidance, operating income and income before income taxes and minority interests for the fiscal year ended March 31, 2007 decreased by ¥63 million.

(12) Employees' severance and retirement benefits

The Company and its five domestic subsidiaries have unfunded lump-sum benefit and funded pension plans covering all employees. Under the terms of the plans, eligible employees are entitled, upon reaching mandatory retirement age or earlier voluntary severance, to severance and retirement benefit payments based on the length of their services, base salary at the time of termination and cause of termination.
Allowances and expenses for severance and retirement benefits are determined based on the amounts actuarially calculated using certain assumptions. The Companies provide allowance for employees' severance and retirement benefits based on the estimated amount of projected benefit obligation and the fair value of the plan assets at the balance sheet date.

Return of substitutional portion of Welfare Pension Insurance

Employees of Japanese companies compulsorily join the Welfare Pension Insurance Scheme operated by the government. Employers are legally required to deduct employees' welfare pension insurance contributions from their payroll and to pay them to the government together with employers' own contributions. For companies that have established their own Employees' Pension Fund which meets certain legal requirements, it is possible to transfer a part of their welfare pension insurance contributions (so-called substitutional portion of the government's Welfare Pension Insurance Scheme) to their own Employees' Pension Fund under the government's permission and supervision.
Based on the newly enacted Defined Benefit Corporate Pension Law, the Company decided to restructure its Employees' Pension Fund and was permitted by the Minister of Health, Labour and Welfare on September 1, 2004 to transfer back the obligation for payments for prior service in the substitutional portion of the Welfare Pension Insurance Scheme. On June 27, 2005, the Company transferred back the obligation to the government.
In the year ended March 31, 2006, the Company recognized a gain on return of the substitutional portion of Welfare Pension Insurance amounting to ¥10 million (US$85 thousand).
Also, on February 28, 2005, the Company made further changes in the retirement pension scheme, by introducing a new business annuity scheme, called the Cash Balance Plan. Based on the Defined Contribution Corporate Pension Law, the Company shifted a part of its pension scheme, on April 2, 2005, to the alternatives of defined contribution or prepaid retirement benefits.

(13) Directors' severance and retirement benefits

The Company and its domestic consolidated subsidiaries provide for retirement benefits for directors, based on the bylaws and on the accrual basis at the balance sheet date.

(14) Foreign currency translation

Receivables, payables and investments denominated in foreign currencies are translated into Japanese yen using the exchange rate at the balance

sheet date, except that investments in unconsolidated subsidiaries and affiliated companies are translated using the historical rates. The Company and its domestic subsidiaries include foreign currency translation adjustments in the net assets in the consolidated balance sheets.
Financial statements of overseas consolidated subsidiaries are translated into Japanese yen using the year-end rate for assets and liabilities, except that net assets accounts and investments in unconsolidated subsidiaries and affiliated companies not on the equity method are translated using the historical rates. The average exchange rate for the year is used for translation of income and expenses.

(15) Research and development costs

Research and development costs are charged to income when incurred and included in costs and expenses.

(16) Income taxes

The Companies recognize tax effects of temporary differences between the financial statement carrying amounts and the tax basis of assets and liabilities. The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences.

(17) Amounts per share of common stock

Computations of net income per share of common stock are based on the weighted-average number of shares of common stock outstanding during each fiscal year.
Diluted net income per share is computed based on the weighted-average number of common stock and contingent issuance of common stock from convertible debentures.
Cash dividends per share represent actual amounts applicable to the respective years.

(18) Software costs

The Company included software in other assets and depreciated it using the straight-line method over the estimated useful lives (from three to five years).

(19) Derivative transactions and hedge accounting

The Companies state derivative financial instruments at fair value and recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.
If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.
Also, if interest rate swap contracts are used as hedges and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

(20) Reclassifications

Certain prior year amounts have been reclassified to conform to the 2008 presentation. These changes had no impact on previously reported results of operations.

(21) Accounting Standard for Presentation of Net Assets in the Balance Sheet

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No.5 issued by the Accounting Standards Board of Japan on December 9, 2005), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (the Financial Accounting Standard Implementation Guidance No. 8 issued by the Accounting Standards Board of Japan on December 9, 2005), (collectively, "the New Accounting Standards").
The consolidated balance sheet as of March 31, 2007 and 2008 prepared in accordance with the New Accounting Standards comprises three sections, which are the assets, liabilities and net assets sections.
The adoption of the New Accounting Standards had no impacts on the consolidated statement of income for the year ended March 31, 2007. Also, if the New Accounting Standards had not been adopted at March 31, 2007, the stockholders' equity amounting to ¥119,056 million would have been presented.

(22) Accounting Standard for Statement of Changes in Net Assets

Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Statements of Changes in Net Assets" (Statement No.6 issued by the Accounting Standards Board of Japan on December 27, 2005), and the implementation guidance for the accounting standard for statement of changes in net assets (the Financial Accounting Standard Implementation Guidance No. 9 issued by the Accounting Standards Board of Japan on December 27, 2005), (collectively, "the Additional New Accounting Standards").
The Company prepared the accompanying consolidated statement of changes in net assets for the year ended March 31, 2007 in accordance with the Additional New Accounting Standards. The accompanying consolidated statement of shareholders' equity for the year ended March 31, 2006, which was voluntarily prepared for inclusion in the consolidated financial statements, has not been adapted to the new presentation rules of 2007.

(23) Impairment of Fixed Assets

Effective from the year ended March 31, 2006, the Company and its consolidated subsidiaries adopted the new accounting standard for impairment of fixed assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Deliberation Council on August 9, 2002) and "the Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets" (the Financial Accounting Standard Implementation Guidance No.6 issued by the Accounting Standard Board of Japan on October 31, 2003).
As a result of adopting the standard and the guidance, the company recorded no impairment and the income before income taxes was the same compared with what would have been reported under the previous accounting policy.

3. Securities

Acquisition cost, book value and the related unrealized gains or losses of the available-for-sale securities with available fair values as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		
2008	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	**¥4,187**	**¥11,769**	**¥7,582**
Other securities:			
Equity securities	**37**	**21**	**(16)**
Total	**¥4,224**	**¥11,790**	**¥7,566**

	Millions of Yen		
2007	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	4,187	¥17,270	¥13,083
Other securities:			
Equity securities	34	29	(5)
Total	¥4,221	¥17,299	¥13,078

	Thousands of U.S. dollars		
2008	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	**$41,791**	**$117,467**	**$75,676**
Other securities:			
Equity securities	**369**	**210**	**(159)**
Total	**$42,160**	**$117,677**	**$75,517**

Securities not stated at fair value as of March 31, 2008, and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Equity securities issued by subsidiaries and affiliated companies not consolidated or accounted for using the equity method	**¥8,042**	¥942	**$80,267**
Other securities:			
Non-listed equity securities	**76**	214	**759**
Total	**¥8,118**	¥1,156	**$81,026**

The total sales amount of available-for-sale securities sold in the year ended March 31, 2008 was ¥247 million (US$2,465 thousand), and the gains from sales amounted to ¥51 million (US$509 thousand).

4. Inventories

Inventories at March 31, 2008 and 2007 comprised the following:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Finished products	**¥20,253**	¥20,937	**$202,146**
Work in process	**1,739**	1,425	**17,357**
Raw materials and supplies	**6,475**	6,471	**64,627**
Total	**¥28,467**	¥28,833	**$284,130**

5. Bank Loans and Long-Term Debt

Bank loans generally consisted of overdrafts from banks with interest rates ranging from 4.50% to 6.50% at March 31, 2008, and from 2.77% to 7.00% at March 31, 2007.

There was no long-term debt at March 31, 2008 and 2007.

At March 31, 2008 and 2007, there was no pledge of collateral for long-term secured debt.

The Company has credit lines from banks, and the total unused credit available at March 31, 2008 and 2007 were ¥11,000 million (US$109,791 thousand) and ¥11,000 million, respectively.

6. Contingent Liabilities

A Company's unconsolidated affiliate Alpine do Brasil Ltda. ("AOBR") (100% owned by Alpine Electronics of America, Inc. (100% owned)) had applied the reduction of import duty thorough the submission of a petition for qualification of industrialization addressed to the Foreign Trade Secretariat of the Ministry of Development, Industry and Foreign Trade of Brazil. However AOBR was announced that its operation had not consisted industrialization and noticed a tax deficiency of Real$6.4million (¥355million or $3.0million), that consisted of excise tax R$2.0million, import duty R$1.4million, penalty R$2.5million, and arrears interest R$0.5million, by the tax authority of Brazil. AOBR commenced the administrative dispute procedure against the Federal Revenue Judgment Offices in May 2003. In November 2006, the Federal judgment revenue officer issued the notification of the decision mentioning AOBR must pay R$9.4million (¥520million or $4.4million) consisted of excise tax R$2.0million, import duty R$1.4million, penalty R$2.5million, and arrears interest R$3.5million. AOBR instituted the administrative dispute and appealed to the Tax Payers' Council of the Ministry of Finance in December 2006.

7. Employees' Severance and Retirement Benefits

Employees' severance and retirement benefits included in the liability in the consolidated balance sheets and the related expenses for 2008 and 2007, which were determined based on the amounts obtained by actuarial calculations, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Employees' severance and retirement benefits:			
Projected benefit obligation	**¥(9,594)**	¥(9,376)	**$(95,758)**
Unamortized actuarial differences	**1,665**	622	**16,618**
Pension assets	**8,812**	9,772	**87,953**
Prepaid pension expense	**(1,552)**	(1,638)	**(15,490)**
Employees' severance and retirement benefits	**¥(669)**	¥(620)	**$ (6,677)**

	Millions of Yen			Thousands of U.S. Dollars
	2008	2007	2006	**2008**
Severance and retirement benefit expenses:				
Service costs – Benefits earned during the year	**¥450**	¥382	¥360	**$4,491**
Interest costs on projected benefit obligation	**208**	200	192	**2,076**
Expected return on plan assets	**(229)**	(217)	(182)	**(2,285)**
Amortization of prior service costs	**—**	—	(1,097)	**—**
Amortization of actuarial differences	**99**	111	179	**988**
Additional retirement benefit	**—**	48	2	**—**
Other expenses (Defined Contribution, etc.)	**134**	144	152	**1,337**
Severance and retirement benefit expenses	**¥662**	¥668	¥(394)	**$6,607**
Gain on return of the substitutional portion of welfare pension insurance	**—**	—	(10)	**—**
Total	**¥662**	¥668	¥(404)	**$6,607**

An overseas subsidiary has adopted defined benefit pension scheme in a multi-employer pension fund, and the subsidiary accounted for the expenses based on the amounts of contribution. The pension assets and liabilities of the whole pension fund were as follows

	Millions of Yen	Thousands of U.S. Dollars
Pension Assets	¥2,491	$ 24,863
Pension Liabilities	2,824	28,186
Surplus (Deficit)	¥(333)	$(3,323)

The ratio of the subsidiary's contribution to the whole fund was 22.6%.

The discount rate and the rate of expected return on plan assets used by the Company were 2.5% for 2008, 2007 and 2006. The estimated amount of all retirement benefits to be paid at the future retirement date was allocated equally to each service year using the estimated number of total service years. Prior service costs were recognized as expense within one year, and actuarial gains or losses were recognized as income or expense using the straight-line method over 16 years.

8. Net assets

The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the Japanese Commercial Code ("the Code"). The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases where a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in-capital and legal earnings reserve must be set aside as additional paid-in-capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Under the Code, companies were required to set aside an amount equal to at least 10% of the aggregate amount of cash dividends and other cash appropriations as legal earnings reserve until the total of legal earnings reserve and additional paid-in capital equaled 25% of common stock.

Under the Code, legal earnings reserve and additional paid-in capital could be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting or could be capitalized by a resolution of the Board of Directors. Under the Law, both of these appropriations generally require a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Code, however, on condition that the total amount of legal earnings reserve and additional paid-in capital remained equal to or exceeded 25% of common stock, they were available for distribution by resolution of the shareholders' meeting. Under the Law, all additional paid-in-capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

At the annual shareholders' meeting held on June 25, 2008, the shareholders approved cash dividends amounting to ¥1,046 million ($10,440 thousand). Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2008. Such appropriations are recognized in the period in which they are approved by the shareholders.

9. Non-Cash Transaction

There was no conversion of unsecured domestic convertible debentures in 2008 and 2007. As a result of conversion of unsecured domestic convertible debentures, common stock of the Company was increased by ¥5,561 million in 2006.

10. Income Taxes

The Companies are subject to a number of taxes based on income, which, in the aggregate, indicate statutory rates in Japan of approximately 40% for the years ended March 31, 2008, 2007 and 2006.

The following table summarizes the significant differences between the statutory tax rate and the Companies' effective tax rate for financial statement purposes for the years ended March 31, 2006. Reconciliation of the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2008 and 2007 were not required due to the small difference:

	2006
Statutory tax rate	40.4%
Research and development cost tax credit	(2.5)
Non-taxable dividend income	(0.2)
Foreign tax credit	(2.3)
Differences in overseas subsidiaries	(2.8)
Non-deductible expenses	0.6
Equity in earnings of affiliated company	1.6
Tax refund	(0.9)
Valuation reserve	1.0
Other	1.6
Effective tax rate	36.5%

The significant components of the Companies' deferred tax assets and liabilities as of March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Deferred tax assets:			
Provision for warranty	**¥1,041**	¥1,450	**$10,390**
Depreciation	**2,174**	2,344	**21,699**
Provision for employees' severance and retirement benefits	**164**	184	**1,637**
Accrued expenses	**138**	219	**1,377**
Elimination of unrealized profit	**796**	769	**7,945**
Other	**2,921**	2,692	**29,155**
Valuation reserve	**(304)**	(293)	**(3,034)**
Offset allowed against deferred tax liabilities	**(3,241)**	(3,014)	**(32,349)**
Total deferred tax assets	**¥3,689**	¥4,351	**$36,820**
Deferred tax liabilities:			
Unrealized holding gains and losses on securities	**¥3,059**	¥5,289	**$30,532**
Loss on limited partnership in a consolidated subsidiary	**—**	18	**—**
Other	**1,595**	1,979	**15,920**
Offset allowed against deferred tax assets	**(3,241)**	(3,014)	**(32,349)**
Total deferred tax liabilities	**¥1,413**	4,272	**14,103**
Net deferred tax assets	**¥2,276**	¥79	**$22,717**

11. Derivative Financial Instruments

The Companies have entered into forward exchange contracts and currency option contracts with banks as hedges against receivables denominated in foreign currencies. These derivative financial transactions are executed by the Company's accounting department solely for hedging purposes under the internal control rules and the supervision by the Board of Directors. The Companies do not anticipate any credit loss from nonperformance by the counterparties to forward exchange contracts because the counterparties are creditworthy securities companies of Japan.
Hedging derivative financial instruments used by the Companies and items hedged are as follows:

Hedging instruments:	Forward foreign exchange contracts
	Currency option contracts
Hedged items:	Foreign currency trade receivables and payables,

The Companies evaluate hedge effectiveness semi-annually by comparing the cumulative changes in cash flows or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.
The outstanding contract amounts of derivative financial transactions and their market values at March 31, 2008 and 2007, are summarized as follows:

	Millions of Yen			
	Contract value			
2008	Total	Over one year	Fair value	Recognized gains (losses)
Currency related				
Forward foreign exchange contracts				
To sell U.S. dollars	**¥5,748**	**¥ —**	**¥5,688**	**¥60**
To sell Euro	**5,906**	**—**	**5,890**	**16**
				¥76

	Millions of Yen			
	Contract value			
2007	Total	Over one year	Fair value	Recognized gains (losses)
Currency related				
Forward foreign exchange contracts				
To sell U.S. dollars	¥7,680	¥ —	¥7,697	¥(17)
To sell Euro	4,688	—	4,706	(18)
				¥(35)

	Thousands of U.S. dollars			
	Contract value			
2008	Total	Over one year	Fair value	Recognized gains (losses)
Currency related				
Forward foreign exchange contracts				
To sell U.S. dollars	**$57,371**	**$—**	**$56,772**	**$599**
To sell Euro	**58,948**	**—**	**58,788**	**160**
				$759

The fair values of forward foreign exchange contracts were estimated based on the market as of March 31, 2008 and 2007.
The fair values of currency option contracts were estimated based on the offered price from the financial institutions. Lower figures of Currency option's Contract value total show the option premium. All currency option contracts are zero cost option contracts.
Derivative financial transactions, to which hedge accounting is applied, were excluded from the above.

12. Lease Information

Finance leases, except for those leases for which the ownership of the leased assets are considered to be transferred to the lessees, are accounted for in the same manner as operating leases. At March 31, 2008 and 2007, the equivalent amounts of purchase price, accumulated depreciation and book value of leased properties were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Purchase price equivalent of machinery and equipment	**¥989**	¥1,376	**$9,871**
Accumulated depreciation equivalent of machinery and equipment	**776**	966	**7,745**
Net book value equivalent	**¥213**	¥410	**$2,126**
Purchase price equivalent of other assets	**¥—**	¥1	**$—**
Accumulated depreciation equivalent of other assets	**—**	1	**—**
Net book value equivalent	**¥—**	¥0	**$—**

The future minimum lease payments excluding interest expense under finance leases at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current	**¥140**	¥223	**$1,397**
Non-current	**83**	209	**828**
Total	**¥223**	¥432	**$2,225**

Such finance lease payments of the Companies amounted to ¥232 million (US$2,316 thousand), ¥302 million and ¥440 million for the years ended March 31, 2008, 2007 and 2006, respectively.

The equivalent of depreciation expense amounting to ¥218 million (US$2,176 thousand) in 2008, ¥284 million in 2007, and ¥411 million in 2006, was computed using the straight-line method over the lease terms assuming no residual value. The equivalent of interest expense amounting to ¥7 million (US$70 thousand) in 2008, ¥12 million in 2007, and ¥20 million in 2006, was computed using the interest rate method over the lease terms for the difference between acquisition cost and total lease payments.

The future minimum lease payments under noncancelable operating leases at March 31, 2008 and 2007 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2008	2007	**2008**
Current	**¥447**	¥396	**$4,462**
Non-current	**483**	598	**4,821**
Total	**¥930**	¥994	**$9,283**

13. Net Income per Share

There was no effect of diluted securities as a result of redemptions of convertible bonds for the year ended March 31, 2008 and 2007. Reconciliation of the difference between basic and diluted net income per share (EPS) for the years ended March 31, 2006 was as follows:

	Millions of yen	Thousands of shares	Yen
2006	Net income	Weighted-average number of shares	EPS
Net income	¥6,175		
Amounts not attributable to common stock	60		
(Bonuses to directors from retained earnings)			
Basic EPS			
Net income available to common stockholders	6,115	66,684	¥91.71
Effect of dilutive securities			
Convertible bonds	80	3,072	
Diluted EPS			
Net income for computation	¥6,195	69,756	¥88.35

14. Segment Information

The Companies' primary business activities include (1) Audio Products business, which consists of car audio systems and audio accessories, etc., and (2) Information and Communication Equipment business, which consists of car communications and electronic components.

A summary of net sales, costs and expenses, operating income, identifiable assets, depreciation expense, and capital expenditures by business segment for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen				
2008	Audio products business	Information and communication equipment business	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income					
Net sales:					
Outside customers	**¥122,999**	**¥129,073**	**¥252,072**	**¥ —**	**¥252,072**
Inter-segment	**638**	**426**	**1,064**	**(1,064)**	**—**
Total	**123,637**	**129,499**	**253,136**	**(1,064)**	**252,072**
Costs and expenses	**118,277**	**120,020**	**238,297**	**6,763**	**245,060**
Operating income	**¥5,360**	**¥9,479**	**¥14,839**	**¥(7,827)**	**¥7,012**
II. Identifiable assets	**¥70,871**	**¥72,074**	**¥142,945**	**¥24,840**	**¥167,785**
Depreciation expense	**6,092**	**4,455**	**10,547**	**108**	**10,655**
Capital expenditures	**8,068**	**5,452**	**13,520**	**153**	**13,673**

	Millions of yen				
2007	Audio products business	Information and communication equipment business	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income					
Net sales:					
Outside customers	¥129,337	¥135,718	¥265,055	¥ —	¥265,055
Inter-segment	754	391	1,145	(1,145)	—
Total	130,091	136,109	266,200	(1,145)	265,055
Costs and expenses	120,130	127,252	247,382	7,563	254,945
Operating income	¥9,961	¥8,857	¥18,818	¥(8,708)	¥10,110
II. Identifiable assets	¥78,234	¥69,765	¥147,999	¥33,186	¥181,185
Depreciation expense	5,472	3,799	9,271	55	9,326
Capital expenditures	7,317	5,303	12,620	—	12,620

	Millions of yen				
2006	Audio products business	Information and communication equipment business	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income					
Net sales:					
Outside customers	¥129,076	¥124,907	¥253,983	¥ —	¥253,983
Inter-segment	667	1,464	2,131	(2,131)	—
Total	129,743	126,371	256,114	(2,131)	253,983
Costs and expenses	121,485	117,154	238,639	5,673	244,312
Operating income	¥8,258	¥9,217	¥17,475	¥(7,804)	¥9,671
II. Identifiable assets	¥75,920	¥62,435	¥138,355	¥31,198	¥169,553
Depreciation expense	5,119	3,435	8,554	62	8,616
Capital expenditures	6,355	4,357	10,712	66	10,778

2008	Thousands of U.S. dollars				
	Audio products business	Information and communication equipment business	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income					
Net sales:					
Outside customers	**$1,227,657**	**$1,288,283**	**$2,515,940**	**$ —**	**$2,515,940**
Inter-segment	**6,368**	**4,252**	**10,620**	**(10,620)**	**—**
Total	**1,234,025**	**1,292,535**	**2,526,560**	**(10,620)**	**2,515,940**
Costs and expenses	**1,180,527**	**1,197,924**	**2,378,451**	**67,502**	**2,445,953**
Operating income	**$53,499**	**$94,610**	**$148,109**	**$(78,122)**	**$69,987**
II. Identifiable assets	**$707,366**	**$719,373**	**$1,426,739**	**$247,929**	**$1,674,668**
Depreciation expense	**60,804**	**44,466**	**105,270**	**1,078**	**106,348**
Capital expenditures	**80,527**	**54,417**	**134,944**	**1,527**	**136,471**

The geographic area information with respect to net sales, costs and expenses, operating income, and identifiable assets for the years ended March 31, 2008, 2007 and 2006 were as follows:

2008	Millions of yen							
	Japan	North America	Europe	Asia	Other areas	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income								
Net sales:								
Outside customers	**¥39,848**	**¥91,912**	**¥98,081**	**¥20,687**	**¥1,544**	**¥252,072**	**¥ —**	**¥252,072**
Inter-segment	**152,502**	**1,754**	**32,944**	**49,930**	**0**	**237,130**	**(237,130)**	**—**
Total	**192,350**	**93,666**	**131,025**	**70,617**	**1,544**	**489,202**	**(237,130)**	**252,072**
Costs and expenses	**182,047**	**92,132**	**131,133**	**67,525**	**1,460**	**474,297**	**(229,237)**	**245,060**
Operating income	**¥10,303**	**¥1,534**	**¥(108)**	**¥3,092**	**¥84**	**¥14,905**	**¥(7,893)**	**¥7,012**
II. Identifiable assets	**¥100,267**	**¥28,345**	**¥38,214**	**¥33,099**	**¥620**	**¥200,545**	**¥(32,760)**	**¥167,785**

2007	Millions of yen							
	Japan	North America	Europe	Asia	Other areas	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income								
Net sales:								
Outside customers	¥47,778	¥99,330	¥103,520	¥12,963	¥1,464	¥265,055	¥ —	¥265,055
Inter-segment	154,896	1,760	31,704	46,575	2	234,937	(234,937)	—
Total	202,674	101,090	135,224	59,538	1,466	499,992	(234,937)	265,055
Costs and expenses	190,821	97,726	134,051	56,603	1,430	480,631	(225,686)	254,945
Operating income	¥11,853	¥3,364	¥1,173	¥2,935	¥36	¥19,361	¥(9,251)	¥10,110
II. Identifiable assets	¥103,724	¥33,689	¥41,715	¥30,416	¥518	¥210,062	¥(28,877)	¥181,185

2006	Millions of yen							
	Japan	North America	Europe	Asia	Other areas	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income								
Net sales:								
Outside customers	¥48,628	¥97,656	¥99,457	¥7,044	¥1,198	¥253,983	¥ —	¥253,983
Inter-segment	147,878	1,769	25,427	42,704	3	217,781	(217,781)	—
Total	196,506	99,425	124,884	49,748	1,201	471,764	(217,781)	253,983
Costs and expenses	185,855	96,775	122,758	48,411	1,212	455,011	(210,699)	244,312
Operating income	¥10,651	¥2,650	¥2,126	¥1,337	¥(11)	¥16,753	¥(7,082)	¥9,671
II. Identifiable assets	¥100,690	¥31,616	¥39,131	¥23,905	¥442	¥195,784	¥(26,231)	¥169,553

2008	Thousands of U.S. dollars							
	Japan	North America	Europe	Asia	Other areas	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income								
Net sales:								
Outside customers	$397,724	$917,377	$978,950	$206,478	$15,411	$2,515,940	$ —	$2,515,940
Inter-segment	1,522,128	17,507	328,815	498,353	0	2,366,803	(2,366,803)	—
Total	1,919,852	934,884	1,307,765	704,831	15,411	4,882,743	(2,366,803)	2,515,940
Costs and expenses	1,817,017	919,573	1,308,843	673,970	14,573	4,733,976	(2,288,023)	2,445,953
Operating income	$102,835	$15,311	$(1,078)	$30,861	$838	$148,767	$(78,780)	$69,987
II. Identifiable assets	$1,000,769	$282,912	$381,415	$330,362	$6,189	$2,001,647	$(326,979)	$1,674,668

The overseas sales by geographic area in 2008, 2007 and 2006 were as follows:

2008	Millions of yen				
	North America	Europe	Asia	Other areas	Total
I. Overseas sales	¥90,824	¥98,095	¥27,439	¥2,698	¥219,056
II. Consolidated sales					252,072
III. Ratio of overseas sales (%)	36.0%	38.9%	10.9%	1.1%	86.9%

2007	Millions of yen				
	North America	Europe	Asia	Other areas	Total
I. Overseas sales	¥98,249	¥103,574	¥23,704	¥2,852	¥228,379
II. Consolidated sales					265,055
III. Ratio of overseas sales (%)	37.1%	39.1%	8.9%	1.1%	86.2%

2006	Millions of yen				
	North America	Europe	Asia	Other areas	Total
I. Overseas sales	¥96,230	¥99,650	¥16,531	¥2,870	¥215,281
II. Consolidated sales					253,983
III. Ratio of overseas sales (%)	37.9%	39.2%	6.5%	1.1%	84.8%

2008	Thousands of U.S. dollars				
	North America	Europe	Asia	Other areas	Total
I. Overseas sales	$906,518	$979,090	$273,870	$26,928	$2,186,406
II. Consolidated sales					2,515,940
III. Ratio of overseas sales (%)	36.0%	38.9%	10.9%	1.1 %	86.9%

Notes: Sales in Asia were reported in other areas in the fiscal year ended March 31, 2007 and 2006. In the fiscal year ended March 31, 2008, sales in Asia exceeded 10% of the Company's total net sales and accordingly were reported as a separate geographic classification. For comparative purposes, net sales for the fiscal year ended March 31, 2007 and 2006 have been restated according to the current geographic classifications.
Overseas sales consist of export sales by the Company and sales by the overseas consolidated subsidiaries except for their export sales to Japan.

Independent Auditors' Report

To the Board of Directors of ALPINE ELECTRONICS, INC.:

We have audited the accompanying consolidated balance sheets of ALPINE ELECTRONICS, INC. and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income for the years then ended March 31, 2008, 2007 and 2006, the consolidated statement of changes in net assets for the year ended March 31, 2008 and 2007, the consolidated statement of stockholders' equity for the year ended March 31, 2006, and the consolidated statements of cash flows for the years ended March 31, 2008, 2007 and 2006, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

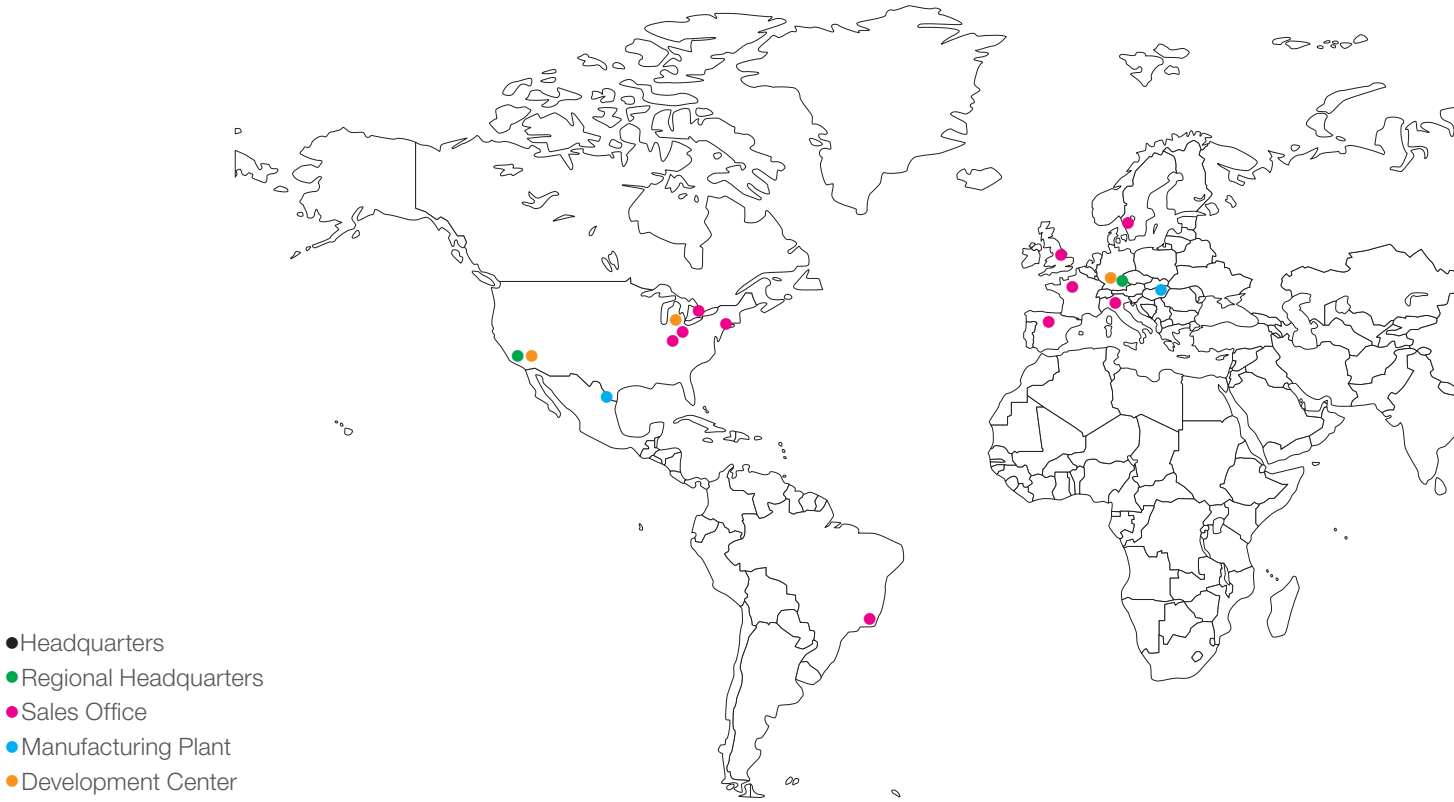
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ALPINE ELECTRONICS, INC. and subsidiaries as of March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 16, 2008

Global Network



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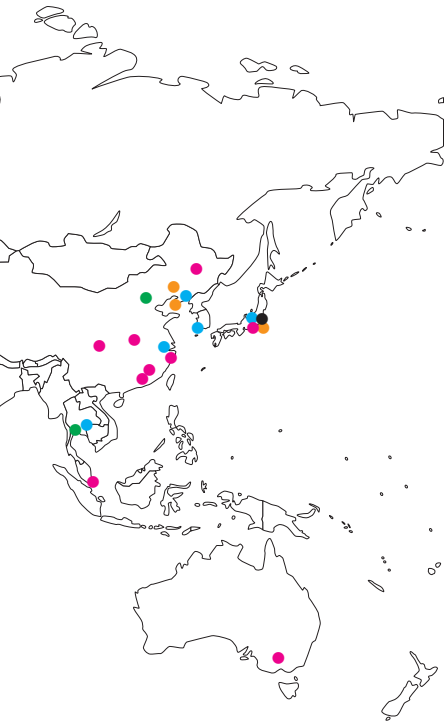

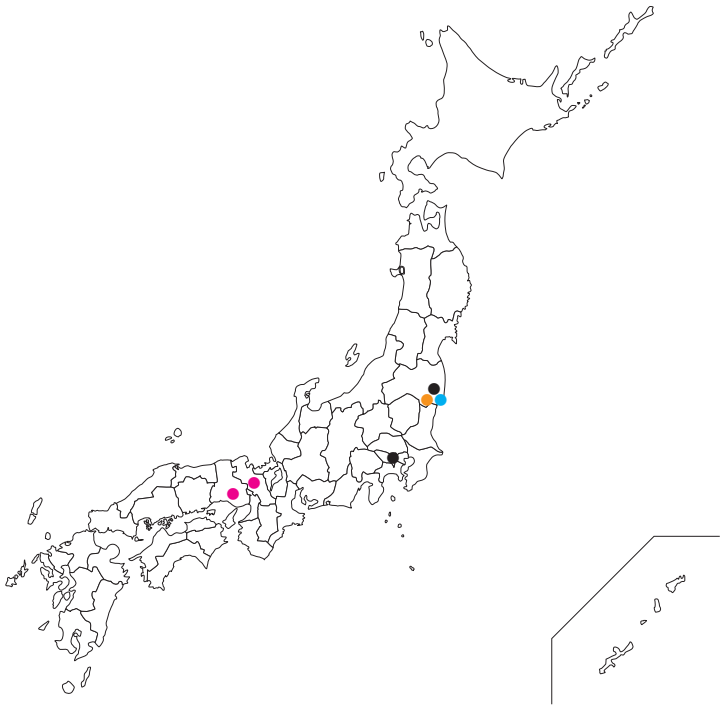

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The Alps Group

Alpine Electronics, Inc. is a consolidated subsidiary of Alps Electric Co., Ltd., one of the world's leading manufacturers of electronic components. The Alps Group comprises 83 subsidiaries around the globe. The Group categorizes its operations into three product categories: electronic components; audio equipment; and logistics and others. Alpine is the Alps Group's specialized supplier of quality car audio and navigation systems.

Alps Group

Alps Electric Group

Core company	In Japan	1 company	Total	1 company
Business function company	In Japan	2 companies		
	Overseas	27 companies	Total	29 companies
Administrative function company	In Japan	9 companies		
	Overseas	4 companies	Total	13 companies
	Alps Electric Group			43 companies

Alpine Group

Core company	In Japan	1 company	Total	1 company
Business function company	In Japan	6 companies		
	Overseas	18 companies	Total	24 companies
Administrative function company	In Japan	2 companies	Total	2 companies
	Alps Electric Group			27 companies

Alps Logistics Group

Core company	In Japan	1 company	Total	1 company
Business function company	In Japan	1 company		
	Overseas	10 companies	Total	11 companies
Administrative function company	In Japan	1 company	Total	1 company
	Alps Electric Group			13 companies

Alps Electric Co., Ltd.

Alpine Electronics, Inc.

Alps Logistics Co., Ltd.

Corporate Data

Alpine Electronics, Inc.

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Tokyo Headquarters
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Date of Establishment
May 1967

Paid-in Capital
¥259,205,90,000 (As of March 31, 2008)

Number of Employees (Consolidated)
13,403 (As of March 31, 2008)

Principal Stockholders
Percentage of total stocks outstanding

Alps Electric Co., Ltd.	40.43%
Northern Trust Company AVFC Sub Account American Client	11.42%
OM04 SSB Client Omnibus	5.42%
Japan Trustee Service Bank, Ltd. (Trust Account)	3.81%
The Master Trust Bank of Japan, Ltd. (Trust Account)	1.87%
Millennium	1.72%
Morgan Stanley & Co., Inc.	1.66%
State Street Bank and Trust Company	1.22%
Deutsche Bank AG London PB Non Treaty Clients 613	1.15%
Honda Motor Co., Ltd.	0.83%

Annual Meeting of Stockholders
The annual meeting of Stockholders of the Company is normally held in June. The 2008 annual meeting was held on June 25.

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