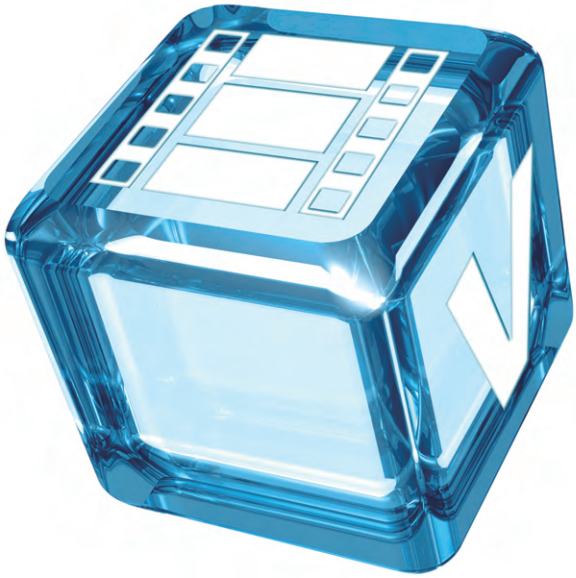
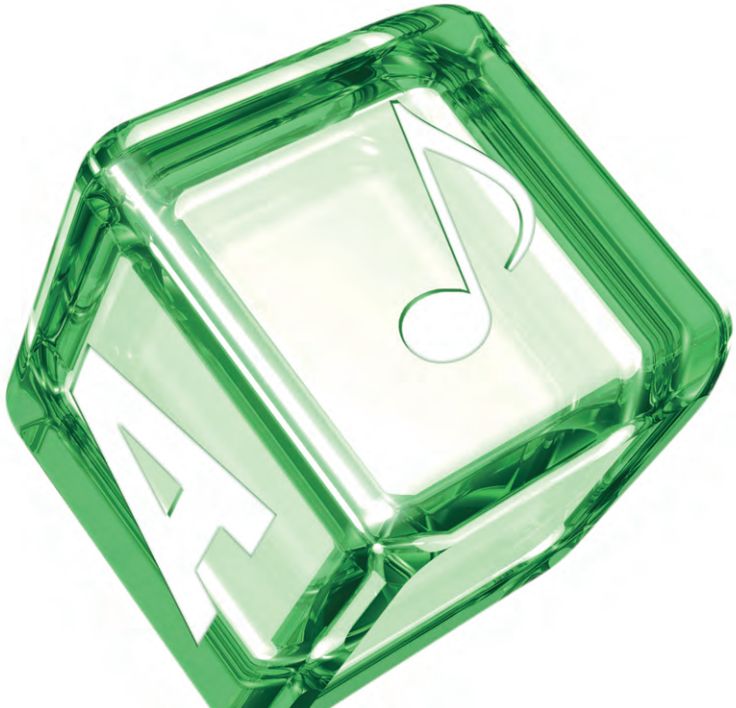
ALPINE
Mobile Media Solutions

Annual Report 2009

For the year ended March 31, 2009





Message from the President

Dear Stockholders,

In the fiscal year that ended on March 31, 2009, our Group was severely affected by the sudden onset of a global recession. Our business climate worsened far more than had been predicted. Not only did domestic and foreign auto manufacturers reduce their orders, individual consumption also slumped. The impact of these events includes the large losses stated in this annual report. We have paid a ¥10 per stock interim dividend but will not, to our regret, be paying an end-of-term dividend.

Confronted with these drastic changes in our business environment, we are taking both defensive and aggressive steps. Our revised **CHALLENGE 30+** plan calls both for lowering our break-even point and for urgent steps to improve our bottom line as part of our strategy for future growth. By advancing these plans throughout our company, we are aiming to strengthen our fundamentals and return to profitability.

We thank all of our stockholders and count on your continued support and encouragement.

Seizo Ishiguro
President & CEO

Driving Mobile Media Solutions

Consolidated Financial Highlights

Years ended March 31, 2007, 2008 and 2009

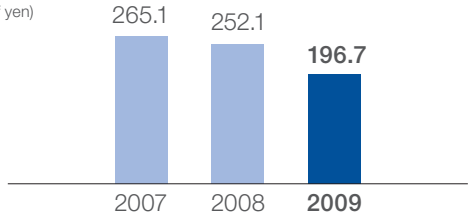
	millions of yen 2007	2008	2009	thousands of U.S.Dollars 2009
For the year				
Net sales	¥265,055	¥252,072	¥196,667	$2,002,107
Overseas sales	228,379	219,056	166,873	1,698,799
Operating income	10,110	7,012	(10,645)	(108,368)
Net income	5,729	3,554	(9,291)	(94,584)
Cash flows from operating activities	16,399	9,963	10,680	108,724
Free cash flow	4,512	-4,138	(2,170)	(22,091)
Capital expenditures	12,620	13,673	10,160	103,431
R&D expenses	30,347	29,337	28,266	287,753
ROA (Return on assets) (%)	3.3	2.0	(6.2)	(6.2)
ROE (Return on equity) (%)	5.0	3.0	(8.8)	(8.8)
Amounts per share of common stock				
Net income (¥)	82.12	50.95	(133.17)	(1.36)
Cash dividends applicable to the year (¥)	25.00	25.00	10.00	0.10
At year-end				
Working capital	61,175	55,491	44,635	454,393
Total net assets	120,908	116,265	96,874	1,160,445
Total assets	181,185	167,785	132,423	1,348,091

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

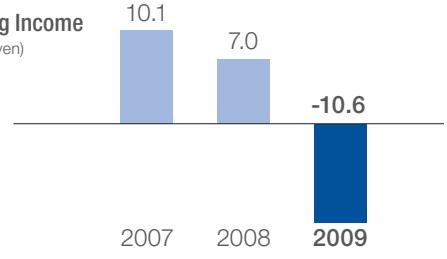
2. Total shareholders' equity and total assets for 2000 are reclassified to conform to the "Standard for Accounting for Transactions by Foreign Currency, etc." effective from the year ended March 31, 2001. Accordingly, ROA and ROE for 2000 are recalculated. With the standard adopted prior to 2001, total shareholders' equity, total assets and shareholders' 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).

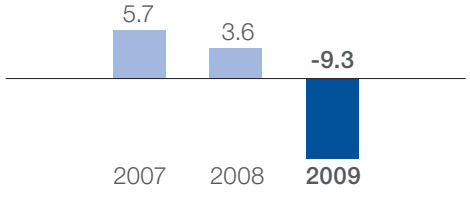
Net Sales
(Billions of yen)



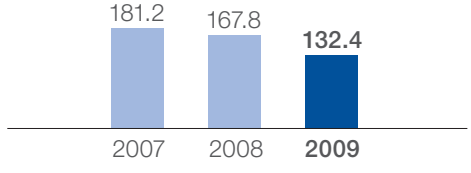
Operating Income
(Billions of yen)



Net Income
(Billions of yen)



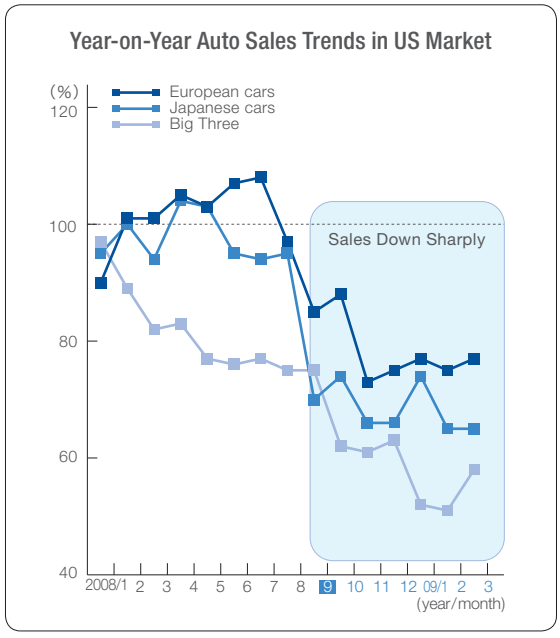
Total Assets
(Billions of yen)

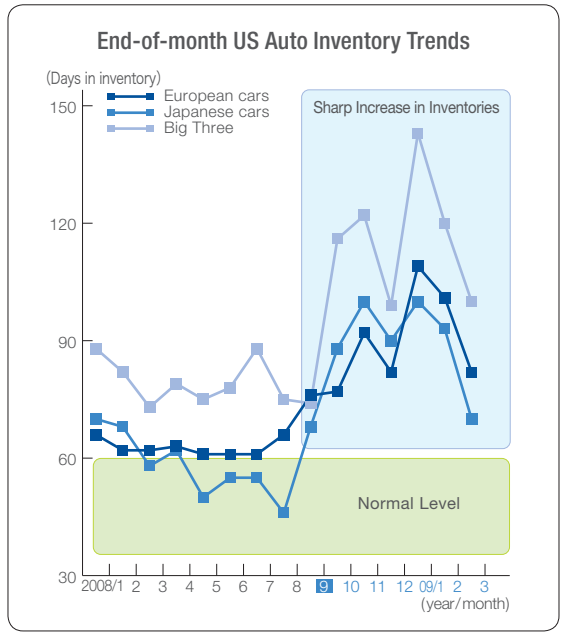


Market Trends

Dramatically Changing Auto Market

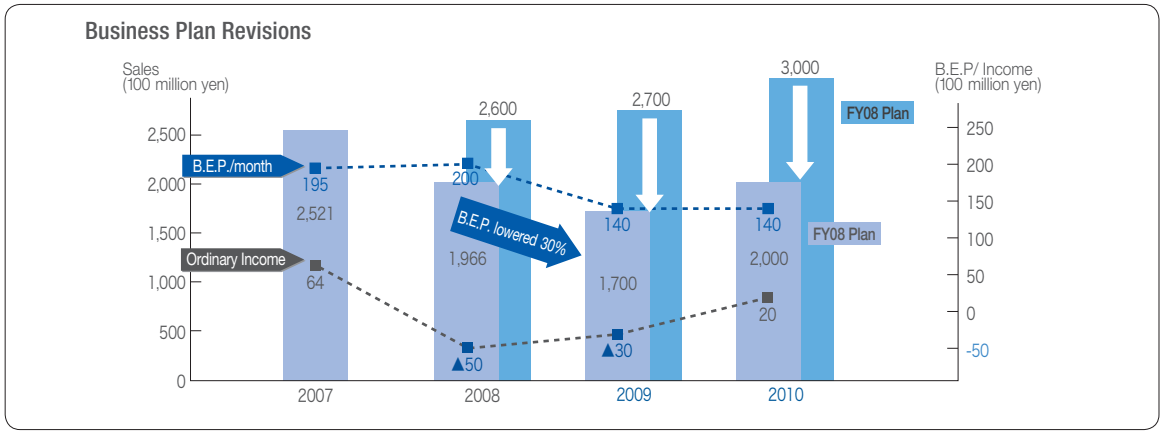
During this period the financial crisis that first erupted in the USA drove the global economy into recession. Car sales, which had been strong, dropped precipitately during the second half. As inventories rose sharply, auto makers around the world found themselves facing catastrophic conditions.





*Compared to previous fiscal year = 100%

Revised Business Plan



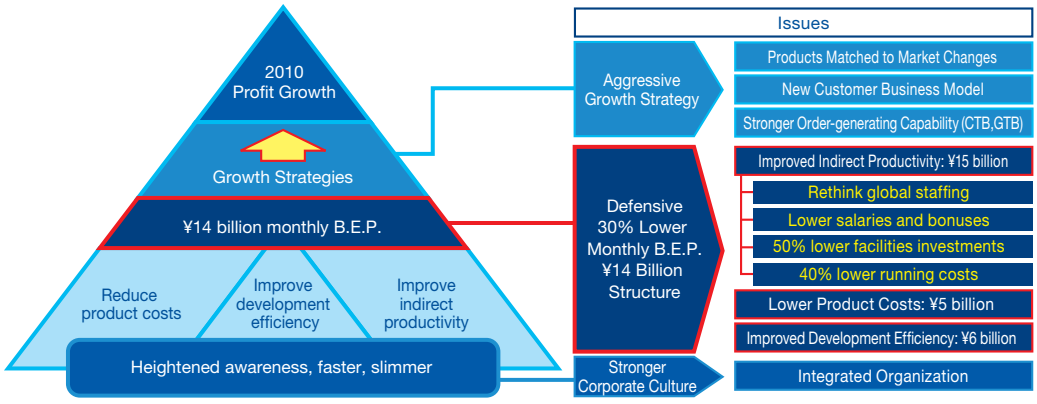
The car electronics industry did not escape the effects of the global recession. Auto manufacturer OEM orders have slumped dramatically. As a result, we have suffered a 22% year-on-year decline in Alpine's consolidated sales, to ¥196.6 billion.

Anticipating continued economic stagnation, we have revised previously released plans to create a system (personnel, facilities, investments) that would target sales of ¥300 billion in 2010. After reducing sales forecasts for both 2009 and 2010 by ¥100 billion annually compared to the previous plan, we aim to achieve a 30% reduction in our break-even point (B.E.P.), primarily by reducing fixed costs.

Plans for the Future

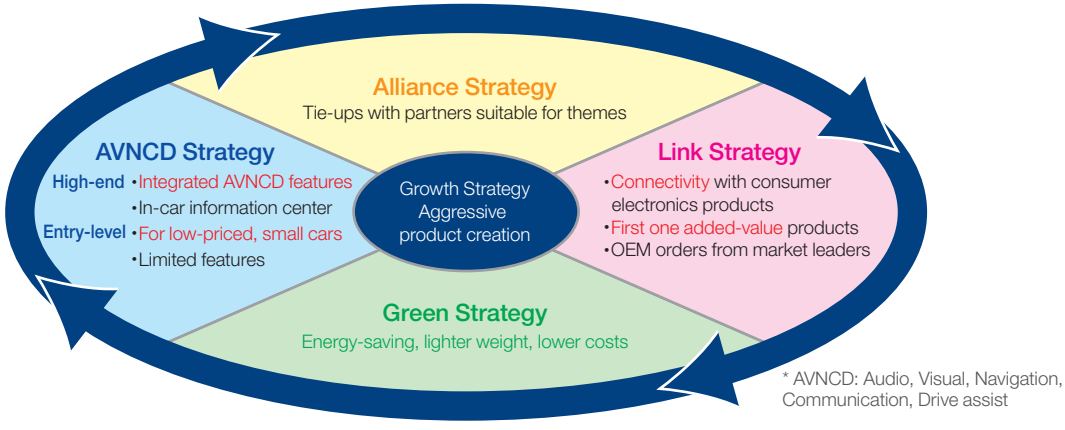
Implementing **CHALLENGE 30+**

Since fiscal 2008, the Alpine Group has been executing the **CHALLENGE 30** medium term business plan, a plan to sustain profitability through accelerated restructuring. Now, in response to a dramatically changed business environment, we are implementing **CHALLENGE 30+**, taking emergency steps to improve profitability and ensure future growth. The medium term restructuring plan incorporated in **CHALLENGE 30+** calls for cutting costs a total of ¥26 billion: ¥15 billion through indirect restructuring, ¥5 billion by reducing product-related costs, and ¥6 billion by restructuring R&D.



As defensive measures, we are taking steps to lower our break-even point by 30%, in line with lower sales, and strengthening our corporate culture. At the same time, we are focusing the company as a whole on achieving an aggressive growth target of ¥20 billion sales in 2010.

Growth Strategy



Anticipating growing demand for electric and hybrid vehicles and highly fuel-efficient small cars, Alpine has designated four key areas for its aggressive growth strategy.

1. On the AVNCD strategy, Alpine will, in addition to systems for high-end models, focus effort on development of entry-level equipment with limited feature sets for low-priced cars.
2. On the alliance strategy, Alpine will tie-up with development partners whose capabilities match project objectives and complement Alps group technologies.
3. Our link strategy will start with the ability to connect to a wider range of mobile devices, adding value to on-board equipment, and creating more appealing products.
4. Our green strategy will focus on becoming the best choice for environment-friendly cars, with 50% reductions in both weight and energy consumption.

Operational Review

Driving Mobile Media Solutions

Alpine is committed to offering new and advanced value propositions that will enhance our customers' lifestyles. We will offer exciting new innovations in all the product categories in which we are active.

Our aim is exciting advances in every product category, products that combine the highest quality and craftsmanship with the most advanced technology, continuing a tradition that began with our founding in 1967. We got our start in car audio and have since become a leader in car navigation and other systems that combine audio, visual and communication advances. Now we are moving forward with Drive Assist and other multifunction systems. Through single-minded focus on equipment for cars, we have accumulated expertise and built a reputation for excellence among auto manufacturers around the world. Many now turn to us for the OEM equipment they build into their cars. Through consistent leadership in advanced technology, equipment sold under our own Alpine brand has become the choice of drivers in North America, Europe, Japan, and the rapidly growing economies of Asia.

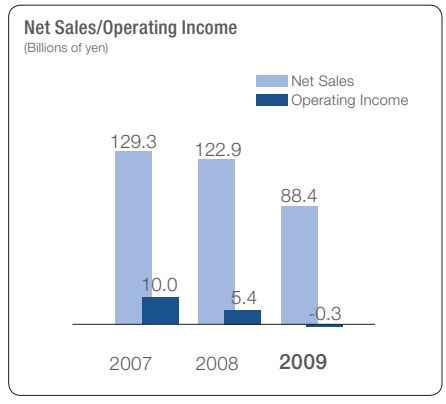
Audio Products Segment

In this segment, Alpine's iPod-LINK Digital media head unit, which was selected for the Fiscal 2008 Good Design Awards (G-Mark) in recognition of its innovative design, continued to post favorable after-market sales in Japan, the United Sates and Europe. However, sluggish market conditions and intensifying price competition caused sales of digital media head units to decrease. Such factors also led to a dramatic falloff in sales of our mainstay CD players from the second half of the fiscal year.

Sales of high-end speakers for minivans also faced challenging conditions during the second half, despite the favorable record to date resulting from aggressive proposal-based domestic after-market sales.

Genuine products for automobile manufacturers also faced a significant second-half downturn, led by the impact of cuts in the production of compact cars on orders for CD audio systems. This was in spite of the excellent reputation for quality of Alpine's CD audio systems, culminating in a first-place ranking in the North American Multimedia Quality and Customer Satisfaction Survey.

Furthermore, audio products for the after-market and automobile manufacturers are undergoing structural changes in the wake of rapid development of products integrating visual and navigation systems. Accordingly, sales for such integrated products are now accounted for under Information and Communication Equipment. As a result of the above factors, sales by the Audio Products segment during the term decreased by 28.1% compared to the corresponding period of the previous fiscal year, to ¥88.4 billion (US$900.0 million).

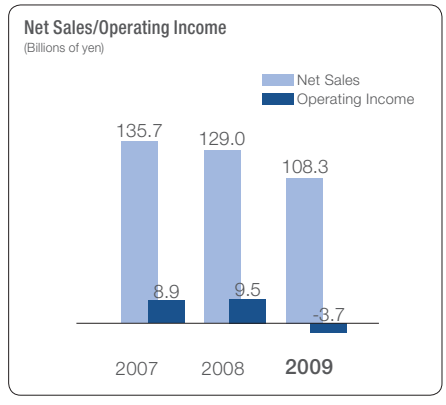


Information and Communication Products Segment

In this segment, we introduced the wide-screen, high-quality monitor Rear Vision TMX-R1500/ R1100 to boost domestic after-market sales. Attuned to user needs and facilitating rearseat viewing of terrestrial digital broadcasts and DVDs, this new product was awarded the 2008 Product Grand Prize, sponsored by the Nikkan Jidosha Shinbun (a national automotive newspaper), for superior product planning and development.

In step with customer lifestyles, Alpine also focused on its solutions business, which contributes to adding higher value to products. Activities included showcasing the Rear Vision X077, which packages a large, high-resolution screen with a next-generation car navigation system, at various trade exhibitions. This initiative, targeting minivan users, was successful in boosting sales. However, deteriorating global market conditions, exacerbated by the widespread adoption of portable navigation devices (PNDs) that drove down prices, resulted in a decline in after-market sales.

Sales of genuine products for automobile manufacturers also declined, owing to lower sales of luxury and larger cars in the crucial Notrh American market. A high percentage of these models employ navigation systems and visual products; accordingly, with sales negatively impacted accordingly. We enjoyed growth in orders of large-scale systems, centering on car navigation systems, to high-end European automobile manufacturers. However, production cutbacks by automobile manufacturers from second half led to a falloff in orders for genuine products. As a result of the above factors, segment sales decreased by 16.1% year on year, to ¥108.3 billion (US$ 1,102.1 million).



Global Topics

Alpine Introduces the New Rear Vision Navi X08 Premium

Rear Vision Navi X08

While overall car sales in Japan have fallen, sales of minivans, which now make up a quarter of the market, remain healthy. The minivan is becoming the standard family car. Alpine quickly recognized and responded to this auto market trend by introducing Rear Vision, a rear seat entertainment system combining terrestrial digital broadcasting and DVD and delivering both with high image quality.

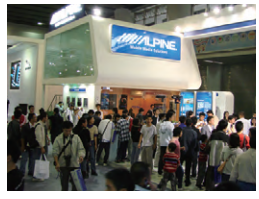
Since the fiscal 2006 introduction of Mobile Media Station X07, Alpine has continuously won high praise for advanced features and beautiful screen quality in its car navigation systems. Now the new Rear Vision Navi X08 Premium combines the highly acclaimed Rear Vision entertainment system with a car navigation system in which both image and sound quality have been further refined. This remarkable package makes the time that families spend in their treasured minivans even more enjoyable, while at the same time providing the comfort and security of advanced car navigation.

If forecasts are correct, the auto market will continue to be challenging. Alpine expects to meet that challenge, to strengthen its brand and to grow its share, by introducing new products tailored to customer needs.

Presence at Global Events Enhances Alpine Brand Appeal

Alpine continues to display its products proactively at motor shows and other major events around the world. The Alpine booth at the Beijing Motor Show targeted the fast-growing Chinese market. Alpine products were also displayed at the Consumer Electronics Show in Las Vegas, the world's largest consumer electronics trade show, and the Bangkok Motor Show in Thailand. Booths at all three shows powerfully communicated Alpine's "Driving Mobile Media Solutions" concept.

The auto industry's business climate is expected to remain daunting. But this is a climate in which Alpine, with new hit products that offer innovative solutions to meet user needs, can become even more competitive.


Quangzhou Motor Show


Beijing Motor Show


Bangkok Motor Show

Corporate Social Responsibility (CSR) and Environment-Friendly Activities

Alpine has made protecting the environment a pillar of its CSR policy. We see protecting the environment as a vital part of our mission. By showing drivers the shortest routes to their destinations, our car navigation systems reduce traffic jams and the amount of time and fuel expended on the road. By making our equipment as lightweight as possible, we are also helping to improve car fuel efficiency.

In addition, we began last year to take steps to reduce CO^2 emissions from the cars in which many of our employees commute to our Iwaki headquarters. As part of our Eco-Drive campaign, we held workshops and distributed materials to raise employee consciousness. This year we are going a step further, promoting eco-friendly cars by providing priority parking for commuters who use more eco-friendly vehicles.

In addition to protecting the environment, Alpine makes a special effort to address safety issues in developing new products. We also listen carefully to all our stakeholders, looking for new ways to deepen and expand our CSR activities.


Eco-Car priority parking lot

Eco-Drive consciousness-raising sticker

Directors and Auditors

Seizo Ishiguro
President & CEO

Toru Usami
Senior Managing Director

Hitoshi Kajiwara
Managing Director

Takumi Sato
Managing Director

Toji Tanaka
Managing Director

Kazuo Nakamura
Managing Director

(As of June 24, 2009)

President & CEO	Seizo Ishiguro	
Senior Managing Director	Toru Usami	
Managing Directors	Hitoshi Kajiwara Toji Tanaka	Takumi Sato Kazuo Nakamura
Directors	Masataka Kataoka Kenji Igari Hirofumi Morioka	Satoshi Soma Shigekazu Hori
Auditors	Kaname Kurashima Kenji Yoshino	Naotaka Okuyama Yoshitake Masuda

Financial Section

Financial Highlights

	1999	2000	2001	2002	2003
For the year:					
Net sales	176,311	171,084	181,615	196,092	222,367
(Overseas Sales)	122,220	123,893	129,522	157,032	177,017
Operating income(loss)	7,453	6,298	4,445	7,022	12,306
Net income(loss)	2,650	3,098	3,284	3,914	6,138
Net cash provided by (used in) operating activities	13,142	4,622	1,921	15,728	14,389
Free cash flow	7,107	3,100	(3,602)	8,513	6,290
Depreciation	5,351	5,338	5,385	5,552	5,723
Capital expenditures	5,008	5,607	6,307	6,808	8,218
R&D expenses	10,781	10,990	12,628	14,718	17,644
ROA (Return on assets) (%)	2.3	2.6	2.7	2.8	4.1
ROE (Return on equity) (%)	5.4	5.9	5.4	5.6	8.3
At year-end:					
Current assets	80,165	81,400	85,046	102,396	106,180
Total Property, plant and equipment	23,022	22,810	23,649	22,466	22,898
Current liabilities	54,281	56,092	53,094	55,754	58,669
Noncurrent liabilities	12,420	6,005	6,403	17,944	15,869
Capital stock	16,904	18,090	19,928	19,928	20,012
Retained earnings	17,721	23,365	26,002	29,247	34,393
Total shareholders' equity	49,879	54,940	67,145	72,467	74,738
Total net assets	—	—	—	—	—
Total assets	117,613	118,101	127,772	147,412	150,230
Equity ratio (%)	42.7	46.5	52.6	49.2	49.8
Amounts per share of common stock:					
Net income(loss) (¥)	47.96	54.74	56.40	64.49	99.78
Diluted net income (¥)	44.98	52.04	54.60	—	86.86
Dividends from surplus applicable to the year (¥)	10.00	10.00	10.00	12.50	17.50
Shareholders' equity (¥)	914.18	957.30	1,106.38	1,194.19	1,227.79

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

2. Total shareholders' 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 shareholders' equity, total assets and shareholders' 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.

Millions of Yen, unless stated otherwise						Thousands of U.S Dollars
2004	2005	2006	2007	2008	**2009**	**2009**
213,020	222,779	253,983	265,055	252,072	**196,667**	**2,002,107**
170,984	180,828	215,281	228,379	219,056	**166,873**	**1,698,799**
11,320	10,148	9,671	10,110	7,012	**(10,645)**	**(108,368)**
7,253	7,932	6,175	5,729	3,554	**(9,291)**	**(94,584)**
10,491	12,472	12,887	16,399	9,963	**10,680**	**108,724**
3,021	3,229	3,032	4,512	(4,138)	**(2,170)**	**(22,091)**
6,496	7,332	8,616	9,326	10,655	**10,336**	**105,222**
8,940	10,402	10,778	12,620	13,673	**10,160**	**103,431**
19,144	22,438	28,695	30,347	29,337	**28,266**	**287,753**
4.9	5.3	3.8	3.3	2.0	**(6.2)**	**(6.2)**
9.4	9.4	6.2	5.0	3.0	**(8.8)**	**(8.8)**
99,031	105,372	109,910	114,938	103,756	**75,134**	**764,878**
22,714	25,544	27,647	30,090	32,851	**28,903**	**294,238**
48,681	50,826	52,173	53,763	48,265	**30,499**	**310,485**
15,534	15,807	5,004	6,514	3,255	**5,050**	**51,410**
20,026	20,360	25,921	25,921	25,921	**25,921**	**263,881**
40,500	47,275	52,213	57,344	58,592	**47,839**	**487,010**
80,336	88,830	110,782	—	—	**—**	**—**
—	—	—	120,908	116,265	**96,874**	**986,196**
145,127	156,507	169,553	181,185	167,785	**132,423**	**1,348,091**
55.4	56.7	65.3	65.7	68.5	**72.4**	**72.4**
117.94	128.97	91.71	82.12	50.95	**(133.17)**	**(1.36)**
102.85	112.58	88.35	—	—	**—**	**—**
17.50	20.00	20.00	25.00	25.00	**10.00**	**0.10**
1,319.41	1,446.99	1,587.05	1,706.54	1,646.38	**1,374.95**	**14.00**

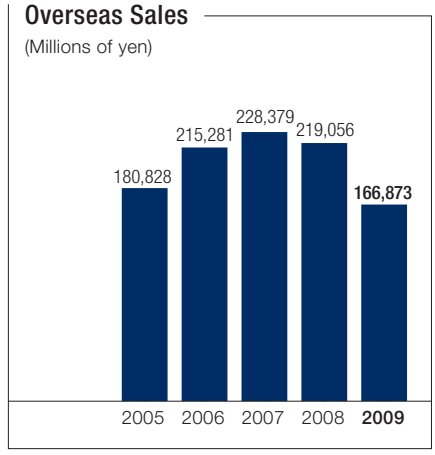
3. Effective from the year ended March 31, 2007, the Company and its consolidated subsidiaries adopted the new accounting standard for presentation of net assets ("Accounting Standard for Presentation of Net Assets in the Balance Sheet and its Implementation Guidance" issued by the Business Accounting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

Consolidated Financial Review

Reviewing the world economy in the fiscal year ended March 31, 2009, financial instability extended throughout the world economy, triggered by the subprime mortgage problem in the United States, with the severity of conditions snowballing from the second half onwards. As a result, the automobile industry, hitherto riding on robust growth, suffered sudden cutbacks in sales and production on a global scale, heralding a crisis of unparalleled proportions. The world's 12 leading automobile manufactures posted a 5.8% decrease in cumulative monthly sales of new cars for 2008. In North America market, monthly new car sales were down between 30% and 40% compared with the corresponding month of the previous fiscal year, showing a depression without a precedent.

The car electronics industry was hit by the global slowdown in demand for new cars, manifest in a drastic reduction in orders from automobile manufacturers. In addition, falling personal consumption arising from uncertainty about the future led to a harsh after-market sales environment.

In response to this business environment, the Alpine Group is promoting its 11th mid-term business plan, "CHALLENGE 30", to step up structural reforms and thus maintain earnings. However, in response to the drastically deteriorating operating environment, we have instigated "CHALLENGE 30 Plus", comprising new emergency measures to improve profits and growth-oriented measures that will propel us forward in building our business base.



Performance by Segment

Audio Products

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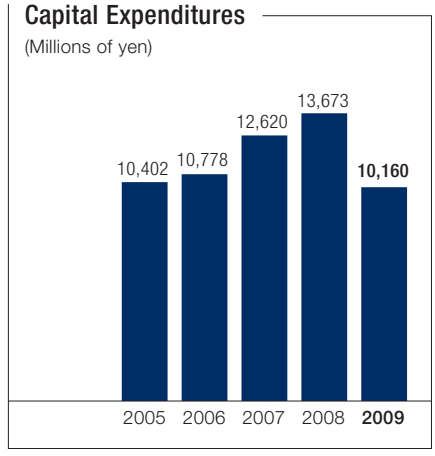

Information and Communication Equipment Segment

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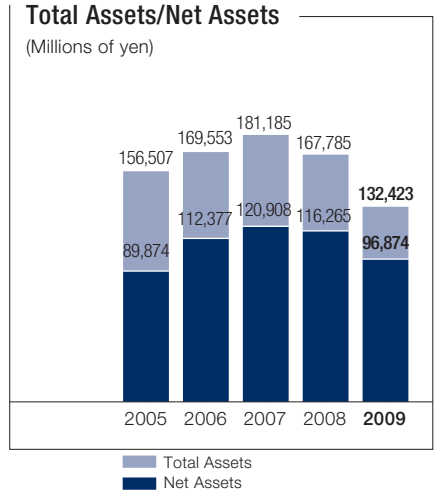
In step with customer lifestyles, Alpine also focused on its solutions business, which contributes to adding higher value to products. Activities included showcasing the Rear Vision X077, which packages a large, high-resolution screen with a next-generation car navigation system, at various trade exhibitions. This initiative, targeting minivan users, was successful in boosting sales. However, deteriorating global market conditions, exacerbated by the widespread adoption of portable navigation devices (PNDs) that drove down prices, resulted in a decline in after-market sales.

Sales of genuine products for automobile manufacturers also declined, owing to lower sales of luxury and larger cars in the crucial Notrh American market. A high percentage of these models employ navigation systems and visual products; accordingly, with sales negatively impacted accordingly. We enjoyed growth in orders of large-scale systems, centering on car navigation systems, to high-end European automobile manufacturers. However, production cutbacks by automobile manufacturers from second half led to a falloff in orders for genuine



Net Assets for the years from 2005 to 2006 are recalculated.

products.
As a result of the above factors, segment sales decreased by 16.1% year on year, to ¥108.3 billion (US$ 1,102.1 million).
Under these circumstances, compounded by the strength of the yen, the Company posted consolidated net sales of ¥196.7 billion (US$2,002.1 million) for the year ended March 31, 2009, down 22.0% compared with the previous fiscal year. As a result of worsening rates of capacity utilization of factories accompanying the volatile environment and unachieved cost reduction programs, the operating loss stood at ¥10.6 billion (US$108.4 million), compared with ¥7.0 billion (US$71.4 million) in operating income for the previous fiscal year. Loss on valuation of noncurrent assets and reversal of deferred income tax assets raised corporate and other taxes, leading to net loss for the year of ¥9.3 billion compared to net income of ¥3.6 billion in the previous fiscal year.
In light of the changes that have occurred since making our original forecasts and the substantial we have been compelled to post, we refrained from paying year-end dividends.
The number of consolidated subsidiaries is 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 is 1.

Investment

Capital expenditures decreased by 25.7% to ¥10,160 million (US$103.4 million). By segment, investment in the Audio Products business totaled ¥5,323 million (US$54.2 million), and that in the Information and Communication Equipment business amounted to ¥4,831 million (US$49.2 million).
R&D expenses decreased by 3.7% to ¥28,266 million (US$287.8 million). R&D expenses amounted to 14.4% of net sales, up 2.8 percentage points.

Cash Flows

For the fiscal year under review, cash and cash equivalents at the end of the period totaled ¥26,141 million (US$266.1 million), a decrease of ¥4,018 million (US$40.9 million), or 13.3%, compared with the previous fiscal year-end.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥10,680 million (US$108.7 million), an increase of 7.2%. This was mainly the result of inflows provided by loss before income taxes and minority interests of ¥4,035 million (US$41.1 million), depreciation and amortization of ¥10,336 million (US$105.2 million) and decrease in notes and accounts receivable of ¥10,241 million (US$104.3 million), decrease in notes and accounts payable of ¥9,234 million (US$94.0 million), and Income taxes paid of ¥1,669 million (US$17.0 million) from the payment of income and other taxes.

Cash flows from investing activities

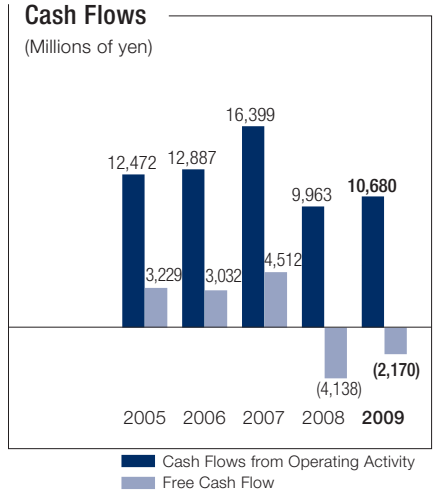
Net cash used in investing activities was ¥12,850 million (US$130.8 million), down 8.9% compared with the previous fiscal year. Principal components were payments for the acquisition of tangible and intangible fixed assets of ¥7,139 million (US$72.7 million) and ¥3,156 million (US$32.1 million), respectively.

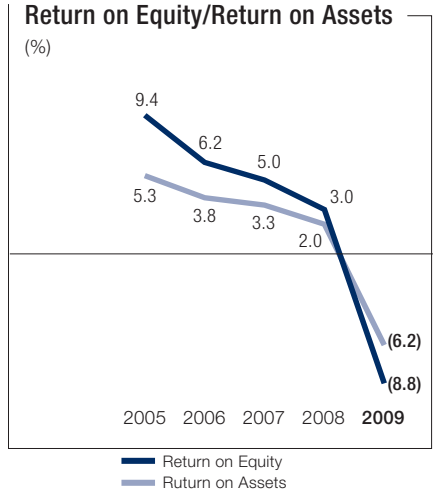
Cash flows from financing activities

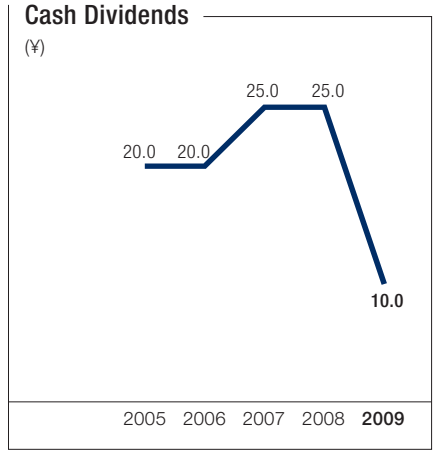
Net cash used in financing activities totaled ¥329 million (US$3.3 million), down 85.6%. The principal component was cash dividends paid of ¥1,744 million (US$17.8 million) and net increase in short-term loans payable of ¥1,576 million (US$16.0 million).

Financial Position

Total assets at the end of the year decreased by 21.1% to ¥132,423 million (US$1,348.1 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 decreased by 16.7% to ¥96,874 million (US$986.2 million). The equity ratio rose 3.9 percentage points to 72.4%.
Return on equity was -8.8%. Return on assets was -6.2%.







Consolidated Balance Sheets

March 31, 2009 and 2008

TOTAL ASSETS	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
Current assets:			
Cash and cash equivalents	**¥ 26,141**	¥ 30,159	**$ 266,120**
Notes and accounts receivable-trade:			
Unconsolidated subsidiaries and affiliates	**860**	1,291	**8,755**
Trade	**17,194**	30,535	**175,038**
Allowance for doubtful accounts	**(768)**	(788)	**(7,818)**
Inventories (Note 4)	**19,077**	28,467	**194,207**
Deferred tax assets (Note 9)	**1,431**	3,338	**14,568**
Other	**11,199**	10,754	**114,008**
Total current assets	**75,134**	**103,756**	**764,878**
Property, plant and equipment			
Land	**5,005**	5,136	**50,952**
Buildings and structures	**23,324**	23,021	**237,443**
Machinery, equipment and vehicles	**67,165**	69,412	**683,752**
Lease assets	**542**	—	**5,518**
Construction in progress	**400**	1,359	**4,072**
	96,436	98,928	**981,737**
Accumulated depreciation	**(67,533)**	(66,077)	**(687,499)**
Total property, plant and equipment	**28,903**	32,851	**294,238**
Investments and other assets:			
Investments in subsidiaries and affiliates (Note 3)	**8,160**	8,252	**83,070**
Investments (Note 3)	**9,526**	12,108	**96,977**
Deferred tax assets (Note 9)	**328**	351	**3,339**
Other	**10,372**	10,467	**105,589**
Total investments and other assets	**28,386**	31,178	**288,975**
	¥132,423	¥167,785	**$1,348,091**

See accompanying notes

TOTAL LIABILITIES AND NET ASSETS	Millions of Yen 2009	Millions of Yen 2008	Thousands of U.S. Dollars (Note 1) 2009
Current liabilities:			
Short-term loans payable (Note 5)	**¥ 1,622**	¥ 216	**$ 16,512**
Notes and accounts payable-trade:			
Unconsolidated subsidiaries and affiliates	**551**	1,686	**5,609**
Trade	**11,883**	24,675	**120,971**
Income taxes payable (Note 9)	**369**	811	**3,756**
Accrued expenses	**9,321**	11,926	**94,890**
Deferred tax liabilities (Note 9)	**70**	129	**713**
Provision for product warranties	**3,545**	4,822	**36,089**
Other	**3,138**	4,000	**31,945**
Total current liabilities	**30,499**	48,265	**310,485**
Noncurrent liabilities:			
Provision for retirement benefits (Note 7)	**632**	669	**6,434**
Provision for directors' retirement benefits	**733**	705	**7,462**
Deferred tax liabilities (Note 9)	**2,932**	1,283	**29,848**
Other	**753**	598	**7,666**
Total noncurrent liabilities	**5,050**	3,255	**51,410**
Contingent liabilities (Note 6)			
Net Assets (Note 8)**:**			
Capital stock:			
Authorized —160,000,000 shares			
Issued —69,784,501 shares	**25,921**	25,921	**263,881**
Capital surplus	**24,906**	24,906	**253,548**
Retained earnings	**47,839**	58,592	**487,010**
Treasury stock	**(29)**	(31)	**(295)**
Valuation difference on available-for-sale securities	**3,090**	4,753	**31,457**
Revaluation reserve for land	**(1,395)**	(1,395)	**(14,201)**
Foreign currency translation adjustment	**(4,409)**	2,112	**(44,885)**
Minority interests	**951**	1,407	**9,681**
Total net assets	**96,874**	116,265	**986,196**
	¥132,423	¥167,785	**$1,348,091**

See accompanying notes

Consolidated Statements of Operations

Years ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2009	2008	2007	**2009**
Net sales (Note 12)	**¥196,667**	¥252,072	¥265,055	**$2,002,107**
Costs and expenses (Note 12)**:**				
Cost of sales	**171,519**	204,738	211,085	**1,746,096**
Selling, general and administrative expenses	**35,793**	40,322	43,860	**364,379**
	207,312	245,060	254,945	**2,110,475**
Operating income(loss) (Note 12)	**(10,645)**	7,012	10,110	**(108,368)**
Other income (expenses):				
Interest and dividend income	**752**	930	736	**7,655**
Interest expense	**(122)**	(171)	(128)	**(1,242)**
Foreign exchange gains (losses)	**3,528**	(1,926)	788	**35,916**
Equity in earnings of affiliates	**1,143**	1,047	677	**11,636**
Loss on sales and retirement of noncurrent assets	**(343)**	(343)	(262)	**(3,492)**
Gain on sales of investment securities	**118**	51	—	**1,201**
Loss on valuation of investment securities	**(52)**	(256)	(120)	**(529)**
Prior compensation expense for products	**—**	—	(935)	**—**
Provision for product warranties	**—**	—	(297)	**—**
Gain on valuation of options	**2,578**	—	—	**26,245**
Loss on valuation of inventories	**(1,091)**	—	—	**(11,107)**
Loss on valuation of noncurrent assets	**(493)**	—	—	**(5,019)**
Other	**592**	1	(267)	**6,027**
	6,610	(667)	192	**67,291**
Income(loss) before income taxes and minority interests	**(4,035)**	6,345	10,302	**(41,077)**
Income taxes (Note 9)**:**				
Current	**30**	2,930	4,738	**305**
Deferred	**5,103**	(298)	(372)	**51,950**
	5,133	2,632	4,366	**52,255**
Income(loss) before minority interests	**(9,168)**	3,713	5,936	**(93,332)**
Minority interests in income	**(123)**	(159)	(207)	**(1,252)**
Net income(loss)	**¥ (9,291)**	¥ 3,554	¥ 5,729	**$ (94,584)**

	Yen			U.S. Dollars (Note 1)
	2009	2008	2007	**2009**
Amounts per share of common stock:				
Net income(loss)	**¥(133.17)**	¥50.95	¥82.12	**$(1.36)**
Diluted net income	**—**	—	—	**—**
Dividends from surplus applicable to the year	**10.00**	25.00	25.00	**0.10**

See accompanying notes

Consolidated Statements of Changes in Net Assets

Years ended March 31, 2009, 2008 and 2007

	Millions of Yen								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Minority interests	Total
Shareholders' 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
Change in equity affiliate accounted for by equity method-retained earnings			513						513
Purchase of treasury stock				(3)					(3)
Disposal of treasury stock		0		0					0
Dividends from surplus (¥20.0 per share)			(1,395)						(1,395)
Directors' Bonuses			(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
Change in equity affiliate accounted for by equity method-retained earnings			(611)						(611)
Purchase of treasury stock				(1)					(1)
Disposal of treasury stock		0		0					0
Dividends from surplus (¥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**
Net income(loss)			**(9,291)**						**(9,291)**
Effect of changes in accounting policies applied to foreign subsidiaries			**282**						**282**
Purchase of treasury stock				**(0)**					**(0)**
Disposal of treasury stock		**(0)**		**2**					**2**
Dividends from surplus (¥25.0 per share)			**(1,744)**						**(1,744)**
Other		**0**	**(0)**		**(1,663)**		**(6,521)**	**(456)**	**(8,640)**
Balance at March 31, 2009	**¥25,921**	**¥24,906**	**¥47,839**	**¥(29)**	**¥3,090**	**¥(1,395)**	**¥(4,409)**	**¥ 951**	**¥ 96,874**

	Thousands of U.S.Dollars (Note 1)								
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Minority interests	Total
Balance at March 31, 2008	**$263,881**	**$253,548**	**$596,477**	**$(315)**	**$48,386**	**$(14,201)**	**$21,501**	**$ 14,323**	**$1,183,600**
Net income(loss)			**(94,584)**						**(94,584)**
Effect of changes in accounting policies applied to foreign subsidiaries			**2,871**						**2,871**
Purchase of treasury stock				**(0)**					**(0)**
Disposal of treasury stock		**(0)**		**20**					**20**
Dividends from surplus ($0.25 per share)			**(17,754)**						**(17,754)**
Other		**0**	**(0)**		**(16,929)**		**(66,386)**	**(4,642)**	**(87,957)**
Balance at March 31, 2009	**$263,881**	**$253,548**	**$487,010**	**$(295)**	**$31,457**	**$(14,201)**	**$(44,885)**	**$ 9,681**	**$ 986,196**

Notes: 1. Dividends from surplus per share is calculated based on actual payment of dividends during the period.

Consolidated Statements of Cash Flows

Years ended March 31, 2009, 2008 and 2007

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2009	2008	2007	**2009**
Cash flows from operating activities:				
Income (loss) before income taxes and minority interests	**¥ (4,035)**	¥ 6,345	¥ 10,302	**$ (41,077)**
Adjustments to reconcile income before income taxes and minority interests to cash provided by operating activities:				
Depreciation and amortization (Note 12)	**10,336**	10,655	9,326	**105,222**
Increase (decrease) in provision for retirement benefits	**(16)**	45	8	**(163)**
Increase (decrease) in provision for directors' retirement benefits	**28**	(14)	83	**285**
Interest and dividends income	**(752)**	(930)	(735)	**(7,655)**
IInterest expenses	**122**	169	126	**1,242**
Equity in earnings of affiliates	**(1,143)**	(1,047)	(677)	**(11,636)**
Loss on sale of property, plant and equipment	**11**	6	11	**112**
Prior compensation expenses for products	**—**	—	935	**—**
Decrease in notes and accounts receivable-trade	**10,241**	5,779	3,504	**104,255**
Decrease (increase) in inventories	**6,349**	(1,020)	1,129	**64,634**
Decrease in notes and accounts payable-trade	**(9,234)**	(1,624)	(2,307)	**(94,003)**
Increase (decrease) in provision for product warranties	**(814)**	(501)	903	**(8,286)**
Gain on valuation of options	**(2,578)**	—	—	**(26,245)**
Other-net	**2,133**	(3,383)	(2,191)	**21,714**
Subtotal	**10,648**	14,480	20,417	**108,399**
Interest and dividends income received	**783**	927	735	**7,971**
Interest expenses paid	**(119)**	(169)	(126)	**(1,212)**
Income taxes paid	**(1,669)**	(5,275)	(3,692)	**(16,991)**
Income taxes refund	**1,037**	—	—	**10,557**
Payments for Prior compensation expenses for products	**—**	—	(935)	**—**
Net cash provided by operating activities	**10,680**	9,963	16,399	**108,724**
Cash flows from investing activities:				
Purchase of property, plant and equipment	**(7,139)**	(11,029)	(8,573)	**(72,676)**
Proceeds from sales of property, plant and equipment	**88**	27	100	**896**
Purchase of intangible assets	**(3,156)**	(2,945)	(3,593)	**(32,129)**
Proceeds from sales of investment securities	**131**	247	0	**1,334**
Purchase of stocks of subsidiaries and affiliates	**(245)**	—	—	**(2,494)**
Purchase of investments in subsidiaries	**(544)**	—	—	**(5,538)**
Payments of loans receivable	**(1,858)**	(61)	(47)	**(18,915)**
Collection of loans receivable	**66**	38	49	**672**
Other-net	**(193)**	(378)	177	**(1,965)**
Net cash used in investment activities	**(12,850)**	(14,101)	(11,887)	**(130,815)**
Cash flows from financing activities:				
Net increase (decrease) in short-term loans payable	**1,576**	34	(113)	**16,044**
Repayment of long-term loans payable	**—**	—	(7)	**—**
Cash dividends paid	**(1,744)**	(1,744)	(1,395)	**(17,754)**
Cash dividends paid to minority shareholders	**(16)**	(189)	(82)	**(163)**
Liquidating dividends paid to minority shareholders	**—**	(452)	—	**—**
Proceeds from stock issuance to minority shareholders	**—**	63	59	**—**
Other—net	**(145)**	(2)	(3)	**(1,476)**
Net cash used in financing activities	**(329)**	(2,290)	(1,541)	**(3,349)**
Effect of exchange rate change on cash and cash equivalents	**(1,519)**	(1,017)	1,139	**(15,464)**
Net increase (decrease) in cash and cash equivalents	**(4,018)**	(7,445)	4,110	**(40,904)**
Cash and cash equivalents at beginning of period	**30,159**	37,507	33,207	**307,024**
Increase in cash and cash equivalents resulting from inclusion of additional subsidiaries in the consolidation	**—**	—	163	**—**
Increase in cash and cash equivalents resulting from merger of consolidated and unconsolidated subsidiaries	**—**	97	27	**—**
Cash and cash equivalents at end of period	**¥ 26,141**	¥ 30,159	¥ 37,507	**$ 266,120**

See accompanying notes

Notes to Consolidated Financial Statements

March 31, 2009, 2008 and 2007

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 Financial Instruments and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), 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. However, as described in Note 2(21), necessary adjustments are made upon consolidation.

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 Financial Instruments 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 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, 2009, which was ¥98.23 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, 2009, one subsidiary was excluded in consolidation due to the liquidation and one subsidiary was added in consolidation due to the establishment.

(2) Equity method

Investment securities in affiliates (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 2009, 2008 and 2007.

(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 affiliates, 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 affiliates 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 affiliates 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 affiliates 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 statements of operations.

(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 domestic consolidated subsidiaries are principally stated at cost determined by the weighted-average method. The value in the balance sheet is calculated by the method of write-down of the carrying amount based on the decline of the profitability.

Inventories held by the foreign consolidated subsidiaries are principally stated at the lower of market or cost, mainly determined by the weighted-average method or the moving-average method.

Effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Measurement of Inventories" (Statement No.9 issued by the Accounting Standards Board of Japan on July 5, 2006).

As a result of the adopting the standard, operating loss decreased by ¥31 million (US$316 thousand) and loss before income taxes and minority interests increased by ¥1,060 million (US$10,791 thousand) for the fiscal year ended March 31, 2009.

In addition, as a result of reviewing the classification by adopting the standard, the classification for Loss on abandonment of inventories was changed from Selling, general and administrative expenses to Cost of sales as same as Loss on valuation of inventories due to a minor significance of dividing the classification from the point of the decline of the profitability.

As a result of the changing the classification, in comparison to the previous accounting method, cost of sales increased by ¥99 million (US$1,008 thousand) and gross margin decreased by same amount and operating loss and loss before income taxes and minority interests were no impact.

(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 domestic 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 taxes and minority interests decreased by ¥164 million for the fiscal year ended March 31, 2008.

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 taxes and minority interests decreased by ¥97 million for the fiscal year ended March 31, 2008.

From the year ended March 31, 2009, in accordance with the amendment to the Corporate Tax Law, the Company and its domestic consolidated subsidiaries changed the useful lives of machinery from 8-10 years to 7 years.

As a result, in comparison to the previous accounting method, operating loss and loss before income taxes and minority interests increased by ¥142 million (US$ 1,446 thousand) for the fiscal year ended March 31, 2009.

Regarding the depreciation method for lease assets related to finance lease transactions do not transfer ownership to the lessee, the Company and its consolidated subsidiaries adopt the straight-line method that assumes the years of service lives are lease periods and residual values are zero.

The Company and its consolidated subsidiaries formerly used accounting procedures that conform to methods related to normal lease transactions with respect to finance lease transactions do not transfer ownership to the lessee.

Effective from the year ended March 31, 2009, the Company and its consolidated subsidiaries adopted "Accounting Standard for Lease Transactions"(Statement No.13 originally issued on June 17, 1993 by the First Committee of the Business Accounting Council and revised on March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions "(Guidance No.16 originally issued on January 18, 1994 by the Accounting System Committee of the Japanese Institute of Certified Public Accountants and revised on March 30, 2007) and use accounting procedures conforming to methods related to normal sales and purchase transactions.

The Company and its consolidated subsidiaries will continue to use accounting procedures that conform to methods related to normal lease transactions with respect to finance lease transactions do not transfer ownership to the lessee start date prior to the initial year of application of the new method.

The impact on operating loss and loss before income taxes and minority interests is minor.

Estimated useful lives are as follows:

Buildings	2 – 50 years
Machinery	2 – 15 years
Equipment	2 – 25 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, 2009 and 2008 amounted to ¥1,131 million (US$11,514 thousand) and ¥1,063 million, respectively.

(9) 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.

(10) 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.

(11) Provision for 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.

(12) Provision for directors' 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.

(13) Provision for product warranties

The Company and certain of its consolidated subsidiaries provide accrued warranty costs for goods sold based on historical experience of actual after-sales service costs.

(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 statements of operations. 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.

(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) Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

Effective from the year ended March 31, 2009, the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No.18 ("PITF No.18") issued by the Accounting Standards Board of Japan on May 17, 2006) and made the necessary adjustments to the consolidated financial statements. PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six item s are required in the consolidation process so that their impacts on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subjected to amortization
(b) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

As a result, in comparison to the previous accounting method, operating loss decreased by ¥68 million (US$692 thousand) and loss before income taxes and minority interests decreased by ¥75 million (US$764 thousand) for the fiscal year ended March 31, 2009.

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, 2009 and 2008 were as follows:

2009	Millions of Yen		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	**¥3,975**	**¥9,096**	**¥5,121**
Other securities:			
Equity securities	**250**	**119**	**(131)**
Total	**¥4,225**	**¥9,215**	**¥4,990**

2008	Millions of Yen		
	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

2009	Thousands of U.S. dollars		
	Acquisition cost	Book value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	**$40,466**	**$92,599**	**$52,133**
Other securities:			
Equity securities	**2,545**	**1,211**	**(1,334)**
Total	**$43,011**	**$93,810**	**$50,799**

Securities not stated at fair value as of March 31, 2009, and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Equity securities issued by subsidiaries and affiliated companies not consolidated or accounted for using the equity method	**¥7,951**	¥8,042	**$80,943**
Other securities:			
Non-listed equity securities	**63**	76	**641**
Total	**¥8,014**	¥8,118	**$81,584**

The total sales amount of available-for-sale securities sold in the year ended March 31, 2009 was ¥131 million (US$1,334 thousand), and the gains from sales amounted to ¥118 million (US$1,201 thousand).

4. Inventories

Inventories at March 31, 2009 and 2008 comprised the following:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Finished goods	**¥13,443**	¥20,253	**$136,852**
Work in process	**1,068**	1,739	**10,872**
Raw materials and supplies	**4,566**	6,475	**46,483**
Total	**¥19,077**	¥28,467	**$194,207**

5. Bank Loans and Long-Term Debt

Bank loans generally consisted of overdrafts from banks with interest rates ranging from 1.37% to 2.99% at March 31, 2009, and from 4.50% to 6.50% at March 31, 2008.

There was no long-term debt at March 31, 2009 and 2008.

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Short-term loans	**¥1,622**	¥216	**$16,512**
Lease obligations	**284**	—	**2,891**
Less amount due within one year	**(137)**	—	**(1,395)**
Total	**¥1,769**	¥216	**$18,008**

At March 31, 2009 and 2008, 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, 2009 was ¥10,000 million (US$101,802 thousand), and at March 31, 2008 was ¥11,000 million.

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 through the submission of a petition for qualification of industrialization. However AOBR was announced that its operation had not consisted industrialization and noticed a tax deficiency. AOBR commenced the administrative dispute procedure against the Federal Revenue Judgment Office in May 2003. In November 2006, the Federal Revenue Judgment Officer issued the notification of the decision mentioning AOBR must pay excise tax Real$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. Finally Tax Payers' Council decided to approve the voluntary appeal of AOBR on June 18, 2008, and the notification of decision rendered by the Tax Payers' council was issued by the Ministry of Finance on November 18, 2008. By this decision, it fully extinguishes the debt(s) of AOBR contained in the proceeding referred to above.

7. Provision for Retirement Benefits

Provision for retirement benefits included in the liability in the consolidated balance sheets and the related expenses for 2009 and 2008, which were determined based on the amounts obtained by actuarial calculations, were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Provision for retirement benefits:			
Projected benefit obligation	**¥(9,689)**	¥(9,594)	**$(98,636)**
Unamortized actuarial differences	**2,333**	1,665	**23,750**
Pension assets	**8,095**	8,812	**82,409**
Prepaid pension expense	**(1,371)**	(1,552)	**(13,957)**
Provision for retirement benefits:	**¥ (632)**	¥ (669)	**$ (6,434)**

	Millions of Yen			Thousands of U.S. Dollars
	2009	2008	2007	**2009**
Provision for retirement benefits:				
Service costs – Benefits earned during the year	**¥ 476**	¥ 450	¥ 382	**$ 4,846**
Interest costs on projected benefit obligation	**211**	208	200	**2,148**
Expected return on plan assets	**(205)**	(229)	(217)	**(2,087)**
Amortization of actuarial differences	**171**	99	111	**1,741**
Additional retirement benefit	**—**	—	48	**—**
Other expenses (Defined Contribution, etc.)	**144**	134	144	**1,466**
Provision for retirement benefits	**¥ 797**	¥ 662	¥ 668	**$ 8,114**

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	**¥1,576**	**$16,044**
Pension Liabilities	**1,793**	**18,253**
Surplus (Deficit)	**¥ (217)**	**$ (2,209)**

The ratio of the subsidiary's contribution to the whole fund was 27.0%.

The discount rate and the rate of expected return on plan assets used by the Company were 2.5% for 2009, 2008 and 2007. 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 Law, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit, and also can be capitalized by a resolution of the shareholders' meeting.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. 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 24, 2009, the shareholders approved no dividends from surplus. Such appropriations have not been accrued in the consolidated financial statements as of March 31, 2009. Such appropriations are recognized in the period in which they are approved by the shareholders.

9. 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, 2009, 2008 and 2007.

Reconciliation of the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2008 and 2007 were omitted due to the small difference. Reconciliation of the statutory tax rate and the Company's effective tax rate for the year ended March 31, 2009 was not described due to loss before income taxes and minority interests.

The significant components of the Companies' deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Deferred tax assets:			
Provision for product warranties	**¥ 844**	¥ 1,041	**$ 8,592**
Depreciation	**1,886**	2,174	**19,200**
Provision for retirement benefits	**90**	164	**916**
Accrued expenses	**112**	138	**1,140**
Elimination of unrealized profit	**30**	796	**305**
Carried deficit	**1,542**	—	**15,698**
Other	**3,084**	2,921	**31,396**
Valuation reserve	**(5,228)**	(304)	**(53,222)**
Offset allowed against deferred tax liabilities	**(601)**	(3,241)	**(6,118)**
Total deferred tax assets	**¥ 1,759**	¥ 3,689	**$ 17,907**
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	**¥ 2,028**	¥ 3,059	**$ 20,645**
Other	**1,575**	1,595	**16,034**
Offset allowed against deferred tax assets	**(601)**	(3,241)	**(6,118)**
Total deferred tax liabilities	**¥ 3,002**	1,413	**30,561**
Net deferred tax assets(liabilities)	**¥(1,243)**	¥ 2,276	**$(12,654)**

10. 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
	Currency swap 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, 2009 and 2008, are summarized as follows:

	Millions of Yen			
	Contract value			
2009	Total	Over one year	Fair value	Recognized gains (losses)
Currency related				
Forward foreign exchange contracts				
To sell U.S. dollars	**¥ 2,041**	**¥ —**	**¥2,150**	**¥ (109)**
To sell Euro	**7,206**	**—**	**5,711**	**1,495**
To buy U.S. dollars	**520**	**—**	**520**	**0**
To buy Euro	**727**	**—**	**727**	**(0)**
Currency option				
To sell Euro	**24,690** **706**	**4,115** **113**	**581**	**(125)**
To buy Euro	**12,345** **706**	**2,058** **145**	**3,409**	**2,703**
				¥3,964

	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

	Thousands of U.S. dollars			
	Contract value			
2009	Total	Over one year	Fair value	Recognized gains (losses)
Currency related				
Forward foreign exchange contracts				
To sell U.S. dollars	**$ 20,778**	**$ —**	**$21,887**	**$ (1,109)**
To sell Euro	**73,358**	**—**	**58,139**	**15,219**
To buy U.S. dollars	**5,294**	**—**	**5,294**	**0**
To buy Euro	**7,401**	**—**	**7,401**	**(0)**
Currency option				
To sell Euro	**251,349** **7,187**	**41,891** **1,150**	**5,915**	**(1,272)**
To buy Euro	**125,674** **7,187**	**20,951** **1,476**	**34,703**	**27,516**
				$40,354

The fair values of forward foreign exchange contracts were estimated based on the market as of March 31, 2009 and 2008.

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.

11. Lease Information

Finance leases contracted before March 31, 2008, 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, 2009 and 2008, 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
	2009	2008	**2009**
Purchase price equivalent of machinery and equipment	**¥527**	¥989	**$5,355**
Accumulated depreciation equivalent of machinery and equipment	**454**	776	**4,622**
Net book value equivalent	**¥ 73**	¥213	**$ 743**

Regarding the materiality, from the year ended March 31, 2009, the purchase price equivalent and Accumulated depreciation do not exclude the interest expenses.

The future minimum lease payments under finance leases at March 31, 2009 and those excluding interest expense under finance leases at March 31, 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Current	**¥63**	¥140	**$641**
Non-current	**9**	83	**92**
Total	**¥72**	¥223	**$733**

Such finance lease payments of the Companies amounted to ¥104 million (US$1,059 thousand), ¥232 million and ¥302 million for the years ended March 31, 2009, 2008 and 2007, respectively.

The equivalent of depreciation expense amounting to ¥104 million (US$1,059 thousand) in 2009, ¥218 million in 2008, and ¥284 million in 2007, was computed using the straight-line method over the lease terms assuming no residual value. The equivalent of interest expense amounting to ¥7 million in 2008, and ¥12 million in 2007, 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, 2009 and 2008 were as follows:

	Millions of Yen		Thousands of U.S. Dollars
	2009	2008	**2009**
Current	**¥345**	¥447	**$3,512**
Non-current	**399**	483	**4,062**
Total	**¥744**	¥930	**$7,574**

12. 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, 2009, 2008 and 2007 were as follows:

	Millions of yen				
2009	Audio products business	Information and communication equipment business	Total	Elimination and/or corporate	Consolidated
I. Sales and operating income					
Net sales:					
Outside customers	**¥88,409**	**¥108,258**	**¥196,667**	**¥ —**	**¥196,667**
Inter-segment	**699**	**337**	**1,036**	**(1,036)**	**—**
Total	**89,108**	**108,595**	**197,703**	**(1,036)**	**196,667**
Costs and expenses	**89,441**	**112,304**	**201,745**	**5,567**	**207,312**
Operating income (loss)	**¥ (333)**	**¥ (3,709)**	**¥ (4,042)**	**¥ (6,603)**	**¥ (10,645)**
II. Identifiable assets	**¥46,867**	**¥ 61,735**	**¥108,602**	**¥23,821**	**¥132,423**
Depreciation expense	**5,609**	**4,644**	**10,253**	**83**	**10,336**
Capital expenditures	**5,323**	**4,831**	**10,154**	**6**	**10,160**

	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

2009	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	**$900,020**	**$1,102,087**	**$2,002,107**	**$ —**	**$2,002,107**
Inter-segment	**7,116**	**3,431**	**10,547**	**(10,547)**	**—**
Total	**907,136**	**1,105,518**	**2,012,654**	**(10,547)**	**2,002,107**
Costs and expenses	**910,526**	**1,143,276**	**2,053,802**	**56,673**	**2,110,475**
Operating income (loss)	**$ (3,390)**	**$ (37,758)**	**$ (41,148)**	**$ (67,220)**	**$ (108,368)**
II. Identifiable assets	**$477,115**	**$ 628,474**	**$1,105,589**	**$242,502**	**$1,348,091**
Depreciation expense	**57,100**	**47,277**	**104,377**	**845**	**105,222**
Capital expenditures	**54,189**	**49,181**	**103,370**	**61**	**103,431**

The effects of the changes in accounting policies and procedures on segment information were as follows:

(1) As explained in Note 2 (6), effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Measurement of Inventories" (Statement No.9 issued by the Accounting Standards Board of Japan on July 5, 2006).

As a result of the adopting the standard, in comparison to the previous accounting method, operating loss on "Audio products business" decreased by ¥34 million (US$346 thousand) and operating loss on "Information and communication equipment business" increased by ¥3million (US$3 thousand) for the fiscal year ended March 31, 2009.

(2) As explained in Note 2 (21), effective from the year ended March 31, 2009, the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No.18 issued by the Accounting Standards Board of Japan on May 17, 2006) and made the necessary adjustments to the consolidated financial statements.

As a result, in comparison to the previous accounting method, operating loss on "Audio products business" decreased by 26million (US$265 thousand) and operating loss on "Information and communication equipment business" decreased by ¥42 million (US$428 thousand) for the fiscal year ended March 31, 2009.

Geographic area information with respect to net sales, costs and expenses, operating income, and identifiable assets for the years ended March 31, 2009, 2008 and 2007 were as follows:

2009	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	**¥ 32,951**	**¥54,951**	**¥ 91,974**	**¥15,426**	**¥1,365**	**¥196,667**	**¥ —**	**¥196,667**
Inter-segment	**117,477**	**909**	**28,454**	**42,648**	**21**	**189,509**	**(189,509)**	**—**
Total	**150,428**	**55,860**	**120,428**	**58,074**	**1,386**	**386,176**	**(189,509)**	**196,667**
Costs and expenses	**156,679**	**56,875**	**121,236**	**55,810**	**1,314**	**391,914**	**(184,602)**	**207,312**
Operating income (loss)	**¥ (6,251)**	**¥ (1,015)**	**¥ (808)**	**¥ 2,264**	**¥ 72**	**¥ (5,738)**	**¥ (4,907)**	**¥ (10,645)**
II. Identifiable assets	**¥ 79,655**	**¥16,790**	**¥ 27,749**	**¥26,175**	**¥ 419**	**¥150,788**	**¥ (18,365)**	**¥132,423**

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

2009	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	**$ 335,448**	**$559,411**	**$ 936,313**	**$157,039**	**$13,896**	**$2,002,107**	**—**	**$2,002,107**
Inter-segment	**1,195,938**	**9,254**	**289,667**	**434,165**	**214**	**1,929,238**	**(1,929,238)**	**—**
Total	**1,531,386**	**568,665**	**1,225,980**	**591,204**	**14,110**	**3,931,345**	**(1,929,238)**	**2,002,107**
Costs and expenses	**1,595,022**	**578,998**	**1,234,206**	**568,156**	**13,377**	**3,989,759**	**(1,879,284)**	**2,110,475**
Operating income (loss)	**$ (63,636)**	**$ (10,333)**	**$ (8,226)**	**$ 23,048**	**$ 733**	**$ (58,414)**	**$ (49,954)**	**$ (108,368)**
II. Identifiable assets	**$ 810,903**	**$170,925**	**$ 282,490**	**$266,466**	**$ 4,266**	**$1,535,050**	**$ (186,959)**	**$1,348,091**

The effects of the changes in accounting policies and procedures on segment information were as follows:

(1) As explained in Note 2 (6), effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted the new accounting standard, "Accounting Standard for Measurement of Inventories" (Statement No.9 issued by the Accounting Standards Board of Japan on July 5, 2006).

As a result of the adopting the standard, in comparison to the previous accounting method, operating loss on "Japan" decreased by ¥31 million (US$316 thousand) for the fiscal year ended March 31, 2009.

(2) As explained in Note 2 (21), effective from the year ended March 31, 2009, the Company adopted "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Practical Issues Task Force No.18 issued by the Accounting Standards Board of Japan on May 17, 2006) and made the necessary adjustments to the consolidated financial statements.

As a result, in comparison to the previous accounting method, operating loss on "Europe" decreased by ¥46million (US$468 thousand) and operating loss on "Asia" decreased by ¥22 million (US$224 thousand) for the fiscal year ended March 31, 2009.

The overseas sales by geographic area in 2009, 2008 and 2007 were as follows:

2009	Millions of yen				
	North America	Europe	Asia	Other areas	Total
I. Overseas sales	**¥54,308**	**¥91,994**	**¥18,555**	**¥2,016**	**¥166,873**
II. Consolidated sales					**196,667**
III. Ratio of overseas sales (%)	**27.6%**	**46.8%**	**9.5%**	**1.0%**	**84.9%**

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%

2009	Thousands of U.S. dollars				
	North America	Europe	Asia	Other areas	Total
I. Overseas sales	**$552,866**	**$936,516**	**$188,894**	**$20,523**	**$1,698,799**
II. Consolidated sales					**2,002,107**
III. Ratio of overseas sales (%)	**27.6%**	**46.8%**	**9.5%**	**1.0%**	**84.9%**

Note: Sales in Asia were reported in other areas in the fiscal year ended March 31, 2007. 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 has 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, 2009 and 2008, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended March 31, 2009 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 consolidated subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
As discussed in Note2(6) to the consolidated financial statements, effective from the year ended March 31, 2009, ALPINE ELECTRONICS, INC. and domestic consolidated subsidiaries adopted new accounting standard, "Accounting Standard for Measurement of Inventories".

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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, 2009

Corporate Data / Investor Information

Alpine Electronics, Inc.

Iwaki Headquarters
20-1, Yoshima-Kogyodanchi, Iwaki,
Fukushima 970-1192
Phone: +81-246-36-4111

Tokyo Headquarters
1-1-8, Nishi-Gotanda, Shinagawa-ku,
Tokyo 141-8501
Phone: +81-3-3494-1101

Date of Establishment
May 1967

Paid-in Capital
¥25,920 million

Stock Exchange Listing
Tokyo Stock Exchange

Total Issued Stocks
69,784,501 (As of March 31,2009)

Number of Stockholders
3,893 (As of March 31,2009)

Number of Employees (Consolidated)
11,573 (As of March 31,2009)

Alpine on the Internet
http://www.alpine.com/e/investor/

Transfer Agent
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department
10-11, Higashisuna 7-chome, Koto-ku, Tokyo 137-8081
Phone: 0120-232-711

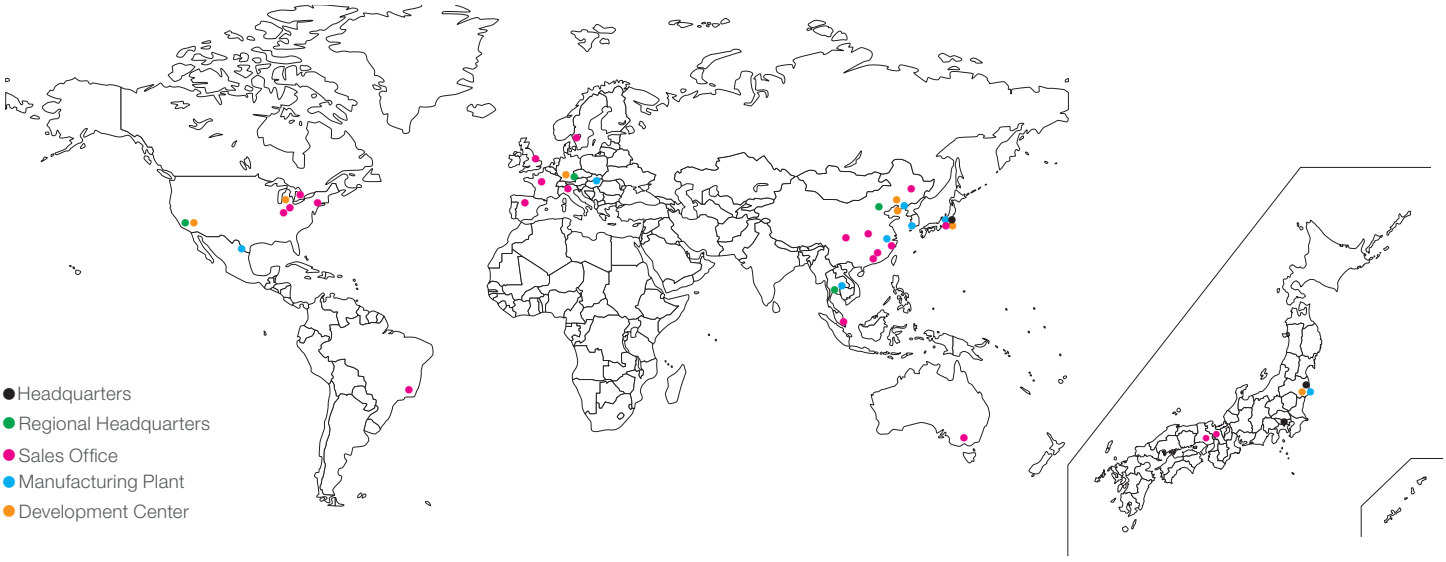
The Alps Group
Alpine Electronics, Inc. is a consolidated subsidiary of Alps Electric Co., Ltd., one of the world's leading manufacturers of electric components. The Alps Group comprises Alps Electric Co., Ltd., 81 consolidated subsidiaries, and other affiliates around the globe. The Group categorizes 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 Electric Co., Ltd.

Alpine Electronics, Inc.


Alps Logistics Co., Ltd.

Global Network



North and Latin America


ALPINE ELECTRONICS OF AMERICA, INC. (DETROIT)


ALPINE ELECTRONICS OF AMERICA, INC. (L.A.)

ALCOM ELECTRONICS DE MEXICO S.A. DE C.V.


ALPINE ELECTRONICS MANUFACTURING OF EUROPE, LTD. (HUNGARY)

Europe

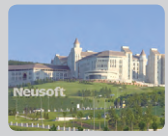

ALPINE ELECTRONICS (EUROPE) GMBH (MUNICH)


ALPINE ELECTRONICS GMBH (STUTTGART)


ALPINE ELECTRONICS OF U.K., LTD.


ALPINE ELECTRONICS OF ASIA PACIFIC CO., LTD (BANGKOK)

Asia and Oceania



NEUSOFT CORPORATION (SHENYANG)


ALPINE ELECTRONICS (CHINA) CO., LTD. (BEIJING)


DALIAN ALPINE ELECTRONICS CO., LTD.


ALPINE TECHNOLOGY MANUFACTURING (THAILAND) CO., LTD.


TAICANG ALPINE ELECTRONICS CO., LTD.


DALIAN R&D CENTER

Japan


HEADQUARTERS


ALPINE ELECTRONICS MANUFACTURING, INC.

ALPINE ELECTRONICS, INC.

Headquarters : IWAKI

Headquarters : TOKYO

TOCHIGI OFFICE

NAGOYA OFFICE

Overseas Subsidiaries / Overseas Affiliates

North and Latin America

ALPINE ELECTRONICS OF AMERICA, INC.

ALPINE ELECTRONICS RESEARCH OF AMERICA, INC.

ALPINE ELECTRONICS OF CANADA, INC.

ALCOM ELECTRONICS DE MEXICO, S.A. DE C.V.

ALPINE DO BRAZIL LTDA.

Europe

ALPINE ELECTRONICS (EUROPE) GMBH

ALPINE ELECTRONICS R&D EUROPE GMBH

ALPINE ELECTRONICS GMBH

ALPINE ELECTRONICS OF U.K., LTD.

ALPINE ELECTRONICS FRANCE S.A.R.L.

ALPINE ITALIA S.P.A.

ALPINE ELECTRONICS DE ESPAÑA, S.A.

ALPINE ELECTRONICS MANUFACTURING OF EUROPE, LTD.

ALPINE DISTRIBUTION NETWORK S.P.A. ALDINET

Asia and Oceania

ALPINE ELECTRONICS (CHINA) CO., LTD.

ALPINE ELECTRONICS (CHINA) CO., LTD. (DALIAN R&D CENTER)

DALIAN ALPINE ELECTRONICS CO., LTD.

TAICANG ALPINE ELECTRONICS CO., LTD.

ALPINE ELECTRONICS HONG KONG, LTD.

ALPINE ELECTRONICS OF ASIA PACIFIC CO.,LTD.

ALPINE OF ASIA PACIFIC INDIA PVT.LTD.

ALPINE TECHNOLOGY MANUFACTURING (THAILAND) CO., LTD.

ALPINE ELECTRONICS OF AUSTRALIA PTY.LTD.

NEUSOFT CORPORATION.

Domestic Subsidiaries / Domestic Affiliates

ALPINE ELECTRONICS MARKETING, INC.

ALPINE ELECTRONICS MANUFACTURING, INC.

ALPINE TECHNOLOGY MANUFACTURING, INC.

ALPINE INFORMATION SYSTEM, INC.

ALPINE BUSINESS SERVICE, INC.

ALPINE PRECISION, INC.

ALPINE GIKEN, INC.

ALPINE CUSTOMERS SERVICE CO., LTD.

ALPINE KYOTO SALES, INC.

ALPINE HYOGO SALES, INC.

TOSHIBA ALPINE AUTOMOTIVE TECHNOLOGY, INC.

ALPINE ELECTRONICS, INC.

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