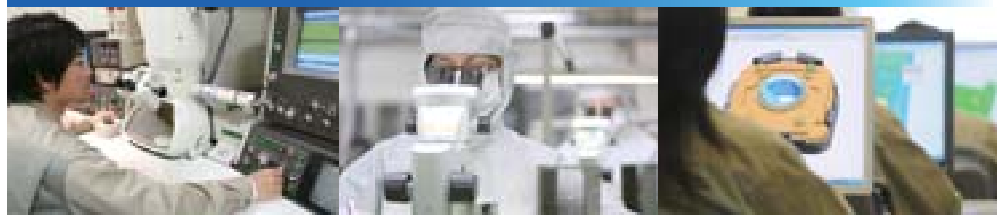
Investor Relations Section, Corporate Finance Dept.
ALPS ELECTRIC CO., LTD.

1-7, Yukigaya-otsukamachi, Ota-ku, Tokyo, 145-8501, JAPAN
Tel : +81 (3) 3726-1211
Fax: +81 (3) 3726-9797
E-mail: irgroup@jp.alps.com
http://www.alps.com/

This report is printed on FSC-certified paper.

ALPS



Annual Report

Annual Report 2008

ALPS ELECTRIC CO., LTD.

About ALPS

Since its establishment in 1948, Alps Electric Co., Ltd., as a comprehensive manufacturer of electronic components, has been providing various components which are installed into PCs, cellular phones, home appliances, and automobiles.

To answer the growing demands for new components which satisfy the digitalization of electronics devices, 'electronization' of automobiles, and more power-saving of home appliances, Alps Electric pursues the art of electronics. The art we search for is not only of sophisticated appearance, but balance of functions and prices, and consideration of power and resource savings. We will seek a harmony between an affluent electronic society and the global environment by promoting the art of electronics.

The Alps Group, comprising a network of 83 group companies all over the world, also consists of Alpine Electronics, Inc. — developer and manufacturer of car navigation and car audio systems, and Alps Logistics Co., Ltd. — provider of comprehensive logistics services.

Contents

Cautionary Note on Forecasts

Statements in this annual report with respect to Alps Electric's strategies, plans, beliefs and other statements related to future trends and performance are not historical facts, and as such involve risks and uncertainties.

Projections may differ materially from actual results due to a number of factors. Key factors that could affect actual results include, but are not limited to, general economic conditions and social trends in Alps Electric's markets as well as fluctuations in Alps Electric's relative competitiveness due to changes in demand for products provided by Alps Electric.

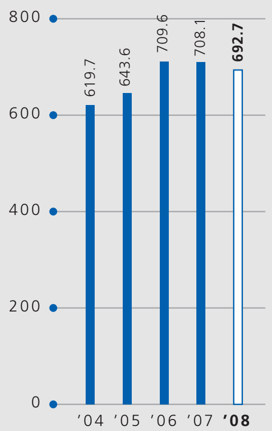
Financial Highlights

Years ended March 31, 2006, 2007 and 2008	Millions of yen 2006	Millions of yen 2007	Millions of yen 2008	Thousands of U.S. dollars (Note) 2008	Percent change
For the year:					
Net sales	¥ 709,613	¥ 708,127	¥692,656	$6,912,735	-2.2%
Operating income	45,472	22,077	19,876	198,363	-10.0
Income before income taxes	36,164	20,817	18,308	182,715	-12.1
Income taxes	11,689	10,536	10,560	105,389	0.2
Net income	18,870	4,918	4,418	44,092	-10.2
Capital expenditures	50,062	45,308	43,153	430,669	-4.9
At the year end:					
Current assets	¥ 317,604	¥ 321,400	¥289,623	$2,890,450	-9.9%
Current liabilities	203,808	184,474	148,312	1,480,474	-19.6
Working capital	113,796	136,926	141,311	1,410.29	3.2
Net assets	285,367	294,018	280,318	2,797,585	-4.7
Total assets	543,267	548,044	494,756	4,937,685	-9.7

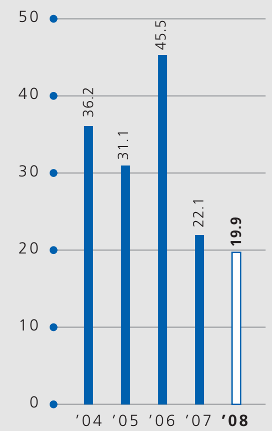
	Yen 2006	Yen 2007	Yen 2008	U.S. dollars 2008	Percent change
Amounts per share of common stock:					
Net income	¥ 103.74	¥ 27.40	¥ 24.65	$ 0.24	-10.0%
Cash dividends applicable to the year	20.00	20.00	20.00	0.20	0.0
Net assets (excluding minority interests)	1,112.76	1,135.14	1,081.63	10.79	-4.7
Price earnings ratio (times)	18.29	50.36	39.80	—	-21.0
Price book value ratio (times)	1.70	1.22	0.90	—	-25.7

Note: For convenience only, the accompanying Japanese yen amounts for 2008 have been translated into U.S. dollars at ¥100.2 = $1.00, the exchange rate prevailing on March 31, 2008.

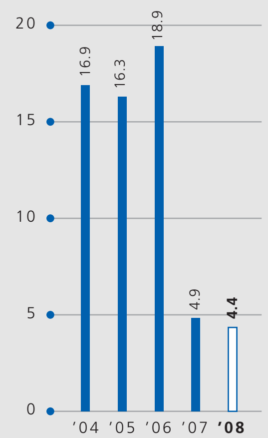
Net sales
(Billions of ¥)



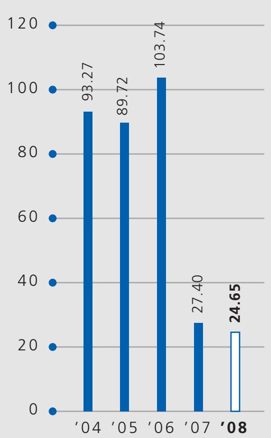
Operating income
(Billions of ¥)



Net income
(Billions of ¥)



Net income per share
(¥)



History of ALPS

Since foundation, Alps Electric has consistently focused on "Monozukuri" and contributed to the realization of more functional, compact, and power-saving electronic components, while constantly expanding the business base.

Our unique technology — cultivated over a span of 60 years — lies in our diverse products which have realized provision of "first in the world" or "first in the industry" functions. We will continue in further refining our technologies and challenge for the creation of new values.

Net Sales
(Billions of ¥)
800
700
600
500
400
300
200
100
0

1948 1950 1960 1970 1980 1990 2000 2007

Company
1948
Established under the name of KATAOKA ELECTRIC CO., LTD.

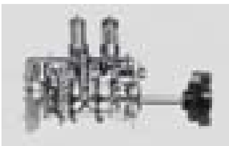
ALPS ELECTRIC CO., LTD. as it was established

Products
1948
Started manufacturing and sales of rotary switches

1949
Started manufacturing and sales of variable capacitors

Air variable capacitor

1954
Started manufacturing and sales of VHF TV tuners



VHF TV tuners

Exported variable capacitors overseas (Argentina) for the first time

1958
Started manufacturing and sales of potentiometers

Company
1963
Opened NEW YORK OFFICE

1964
Changed company name to ALPS ELECTRIC CO., LTD.
Established TOHOKU ALPS CO., LTD.
Established ALPS LOGISTICS CO., LTD.

ALPS LOGISTICS CO. LTD.

1966
Opened DUESSELDORF OFFICE in West Germany

1967
Established ALPS-MOTOROLA INC.
(current ALPINE ELECTRONICS, INC.)
as a J/V with MOTOROLA INC.

ALPINE products

Listed on the First Section of Tokyo Stock Exchange

1969
Increased capital by public offering of new shares at market price (first in Japan)

Products
1960
Started manufacturing and sales of FM tuners

1963
Started manufacturing and sales of UHF TV tuners

1966
Started manufacturing of keyboard switches

1968
Started manufacturing of magnetic heads

Company
1970
Established ALPS EDUCATION CENTER for personnel development

Established CENTRAL LABORATORY

Established joint venture company GOLD STAR ALPS ELECTRONICS in Republic of Korea (ended venture in 1996)

Established joint venture company FORWARD ELECTRONICS CO., LTD. in Taiwan (ended venture in 2000)

1973
Established ALPS DO BRASIL INDÚSTRIA E COMÉRCIO LIMITADA in Brazil (ended production in 1995)

1977
Established ALPS ELECTRIC (USA), INC.

Established ALPS ELECTRIC EUROPE GmbH in West Germany

Products
1971
Produced 10 millionth UHF tuner

1972
Started manufacturing of CATV home converters

1973

Cassette mechanism

1977
Started manufacturing and sales of micro printers

1978
Started manufacturing of remote control units

Started manufacturing of LCDs

Company
1980
Opened HONG KONG OFFICE

1981
Opened TAIPEI REPRESENTATIVE OFFICE

1984
Established ALPS ELECTRIC (UK) in England

Relocated Component Plant to Shanghai, P.R. of China (started manufacturing switches, first time in China)

Established ALPS ELECTRIC (S) PTE. LTD. in Singapore

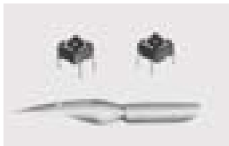
1987
Established ALPS ELECTRIC KOREA CO., LTD. in Republic of Korea

1988
Established ALPS ELECTRIC (IRELAND) in Ireland

1989
Established ALPS ELECTRIC (MALAYSIA) in Malaysia

Products
1980
Started manufacturing of floppy disk drives

1981
Started manufacturing of TACT Switch™



TACT Switch™

Started manufacturing of electro gyrocators

1982
Started manufacturing of variable resistive sensors

1983
Started manufacturing of mouse devices

1986
Started manufacturing of 8mm VCR heads

1989
Started manufacturing of two-way transmisson unit for cordless phone

Company
1993
Established NINGBO ALPS ELECTRONICS CO., LTD. in Ningbo, China
*Affiliates later established in Beijing, Shanghai, Dalian, Wuxi, Tianjin, and Dandong

Established ALPS ELECTRIC MANUFACTURING MEXICO S.A. de C.V. in Mexico

1994
Established All ALPS Environmental Protection Charter

1995
Established ALPS CZECH in Czech Republic

1997
Established the ALPS Corporate Vision

Products
1994
Released GlidePoint™

GlidePoint™

1995
Started manufacturing of beam shaping lens for optical communications, and door operation modules

Started manufacturing of MR heads for HDD

MR heads for HDD

1998
Started manufacturing of digital terrestrial broadcast tuners

Company
2001
Established ALPS (Shanghai) International Trading Co., Ltd. in China

2002
Established "ALPS Group Scholarship" in Neusoft Insuitute of Information Technology in China

2007
Designated for the first time in Japan as Compliance Customs Clearance (Approved Special Importer and Approved Special Exporter for outstanding compliance with Japanese laws and regulations at the same time)

Products
2000
Started manufacturing of Bluetooth™ modules

2002
Started manufacturing of RF modules for ETC

Started manufacturing of Haptic Commanders™

Haptic Commander™

2004
Shipped 50 millionth GlidePoint™

2005
Started manufacturing of magnetic sheets LIQUALLOY™ for RFID

2006
Announced automotive fish-eye CCD camera

Produced 80 billionth TACT Switch™

2007
Started a new sensor business with a development posture "SENSORING™"

Various high precision sensors

Note: This history chart includes finished products.

Top Message

Developing new products and new markets to further expand our business

Fiscal 2008 Review

In 2007, the world economy faced crucial challenges such as sharp increases in oil and raw material prices, and confusion in the financial markets triggered by the U.S. subprime mortgage crises. However, we saw capital investment and individual consumption continue to grow significantly in the BRIC economies, while in Europe, the economy also showed a steady transition for the better. Japan's economy, meanwhile, underwent a solid transition in corporate business over the first half, spurred by steady growth in exports and a weaker yen. Individual consumption remained steady and the economy managed to maintain a recovery trend. However, at the end of the year, in addition to confusion in the financial market, the sudden rise in the yen rate and falling stock prices resulted in a sudden increase in the severity of our external environment.

The electronics industry was influenced by sharply rising oil and raw material costs, coupled with a decline in product prices caused by intense market competition. However, the worldwide prevalence of products adopting digital technology was accompanied by expansion of markets for flat-screen TVs, personal computers and mobile phones in rapidly developing countries. This resulted in increasing the demand for relevant semiconductors and electronic parts. Furthermore, digitalization and 'electronization' in new fields such as automotive and medical equipment are progressing, especially automobile related parts, showed a solid growth.

The Alps Group consolidated net sales for the fiscal year ended in March 2008 are a result of our positive orders and sales promotion efforts in the automobile, mobile phone and home appliances sectors of our electronic components business. Sales amount in Magnetic Devices dropped drastically due to our discontinuation of production of HDD (Hard Disk Drive) heads. However, we compensated for the reduction through components, automotive electronics, communications, and peripheral products business. Overall profit was down slightly, compared to the previous fiscal year.

In audio equipment, we increased sales in the automotive aftermarket and with leading automakers on the back of significant growth in the Russian and the Middle Eastern automobile markets. However, in our biggest market, the

Masataka Kataoka
President

U.S.A., sales were down, with a loss in profit resulting from the strong yen.

Meanwhile, in logistics and other segments, efforts in improving the capability of domestic and off-shore business bases and development of IT-based service products resulted in profit growth. However, for the group as a whole, fiscal 2007 ended on a slight loss in profit.

Business Outlook

In the past, the U.S. economy used to be a driving force of the global economy. But today, it is from Russia and China that the economy is strengthening, while at the same time we see that the South American economy has also stabilized. In the Mid-East, oil revenues from soaring crude prices are being re-invested all over the word. There are concerns that the subprime loan crises in the U.S. is getting worse and may, combined with soaring oil prices, cause a decline in the global economy. We are heading into an era in which the global economic structure is about to change substantially. However, I feel it is necessary to monitor the economic situation for a while.

In such a situation, the Japanese electronic parts manufacturing industry has collaborated with domestic and overseas set makers to provide highly unique products that will meet market demands. The "Design-In," where we participate from the development stage, is one of the main strengths of the Japanese electronic parts industry and has been the major factor of our growth. By utilizing the synergy effect created by presenting each other's ideas, we are confident in the continuous development of high-value-added products. 'Electronization' in automotives has been progressing greatly. Along with higher functional semi-conductors, electronics components are expanding their demands such as installation on home appliances for energy-saving purposes. As the market for electronic parts continues to expand, I

believe that demand will also continue to grow.

In order to move on from our past core product—the HDD head, we are in the process of streamlining the production framework and aggressively conducting sales promotions for Sensor and Optical products, which we hope to establish as the next core products. As sensors can be used in various situations, we are sometimes presented with requirements for usage that go far beyond our imagination. From this aspect, we feel the sensor market has a big potential for the future. Conventionally, functions and convenience were the main requirements in sensors. However, creation of new "values," such as environmental preservation and safety factors, has become significant. With the addition of Sensor and Optical products to our core products, a company-wide effort to develop new markets and new products will be conducted, along with improvement of management efficiency from activities such as production innovation. Based on the concept of "perfecting the art of electronics," we will target further expansion of business and profit by supplying superior electronic parts that are not just visually perfected, but with the ideal balance in price, function and quality.

In conclusion, I would like to thank our stockholders for their continued support and encouragement.

June 2008

M. Kataoka

Masataka Kataoka, President

The key to globalization is human resource development

The Alps Group conducts a worldwide business through a network of 17 countries and 83 business bases. Overseas sales account for more than 70% of consolidated net sales. It is important to share the Alps group "rhythm" with people from different cultural backgrounds and languages. This is why we believe that development of human resources is essential to survival as a globally oriented company.

As Japanese employees who are based in overseas affiliates, we also provide overseas affiliate employees with a chance to work in Japan for 1–2 years. We began this training program two years ago and currently 13 employees from overseas affiliates are working in Japan.

We believe that trainees will become more familiar with Alps through this initiative, and share their experiences in Japan with other overseas affiliate employees. This will in turn lead to the creation of a global "Alps Mind." We consider this program, which will not be seen in business figures, to be a long-term strategy for the true globalization of Alps in the future.

ALPS Philosophy

Alps Philosophy

Alps creates new values that satisfy stakeholders and are friendly to the earth.

What is the most important resource for a company? "People." Since the company's foundation, Alps Electric's management philosophy relies on people. Alps Electric will someday become the company that provides full satisfaction to all people including our customers, stockholders, employees, and local communities in which we operate. Moreover, recently companies are expected to participate in activities directed towards coexistence with nature. Alps Electric, as a crew member of Spaceship Earth, will strive to harmonize the entire Earth.

"Monozukuri" is the beginning of manufacturing. Alps Electric continually creates new values based on our many unique technologies that we have cultivated over the years. We accurately grasp market and customer needs, then provide products from our unique concepts and designs. Alps Electric will exceed customers expectations with added value and will contribute to the growth of an electronics society.

Business Domain

Perfecting the Art of Electronics

— User-friendly communication and relationship between people and media —

Business Approach

Pursuit of Value

By "perfecting the art of electronics," Alps Electric is committed to developing new value that contributes to the prosperity of society, and brings convenience to the lives of people. In fiscal 2008, Alps Electric began to work on various innovative developments utilizing Quality Engineering (QE) in order to comply with the rapidly changing electronics market. Alps Electric creates systems that offer reliable quality products quickly — Quality Function Deployment (QFD) to capture market demands in advance, utilization of IT including 3D-CAD to reduce development time and cost, and methods such as adaptation of Quality Engineering (QE) in Quality Inspections during the early phases of development.

Harmony with Nature

Alps Electric, considers environmental issues as one of its most important management responsibilities. We established the Environmental Charter and formed a company-wide system in 1994 with the idea of becoming proactive and preventive in regards to environmental conservation. Currently, a "Mid-term Action Plan for Environmental Conservation" which includes 14 goals - Alps Electric's 14 promises — (toward protecting the environment) such as management of chemical substances, pollution risk countermeasures, reduction of CO_2 emission, and environmental awareness has been created to promote environmental activities. As a crew member of "Spaceship Earth," we hope to succeed in environmental management.

Alps Electric's 14 promises

- Providing Earth-Friendly Products
- Monitoring Costs and Effects
- Proper Management of Chemical Substances
- Shared Global Awareness
- Precautions Against Contamination Risk
- "Green Purchasing" in Offices
- Environmentally Conscious Shipping
- Disclosing Information on Our Corporate Activities
- Conducting "Green Procurement"
- Greening Activities
- Environmental Awareness of Each Employee
- Reducing CO_2 Emissions
- Valuing Communities
- Elimination of Landfill Waste

Partnership with Customers

To provide products which improve customer satisfaction, Alps Electric conducts a new evaluation system applying QE. We are increasing the number of products that can be monitored by this system so that we can incorporate it into our off-shore plants. Partnership with our materials and parts suppliers is significant in providing our customers with excellent electronics components. Therefore, "Technology Symposiums" and "Business Partner Meetings" are being hosted to reinforce the relationships with our suppliers. Furthermore, global efforts are being made to develop next-generation human resources and pass on our technology.

Fair Management

Alps Electric has engaged in development of honest and appropriate internal control by launching the "Business Process Visualization Project" in fiscal 2007, to make processes, rules and risks visible. At the same time, Alps has implemented various activities such as providing opportunities for employees to learn compliance rules. Considering risk management as one of the most important managerial issues, Alps Electric draws a Business Continuity Plan (BCP) to minimize business interruptions by developing preventive, protective, and recovery strategies while anticipating risks when disasters occur.

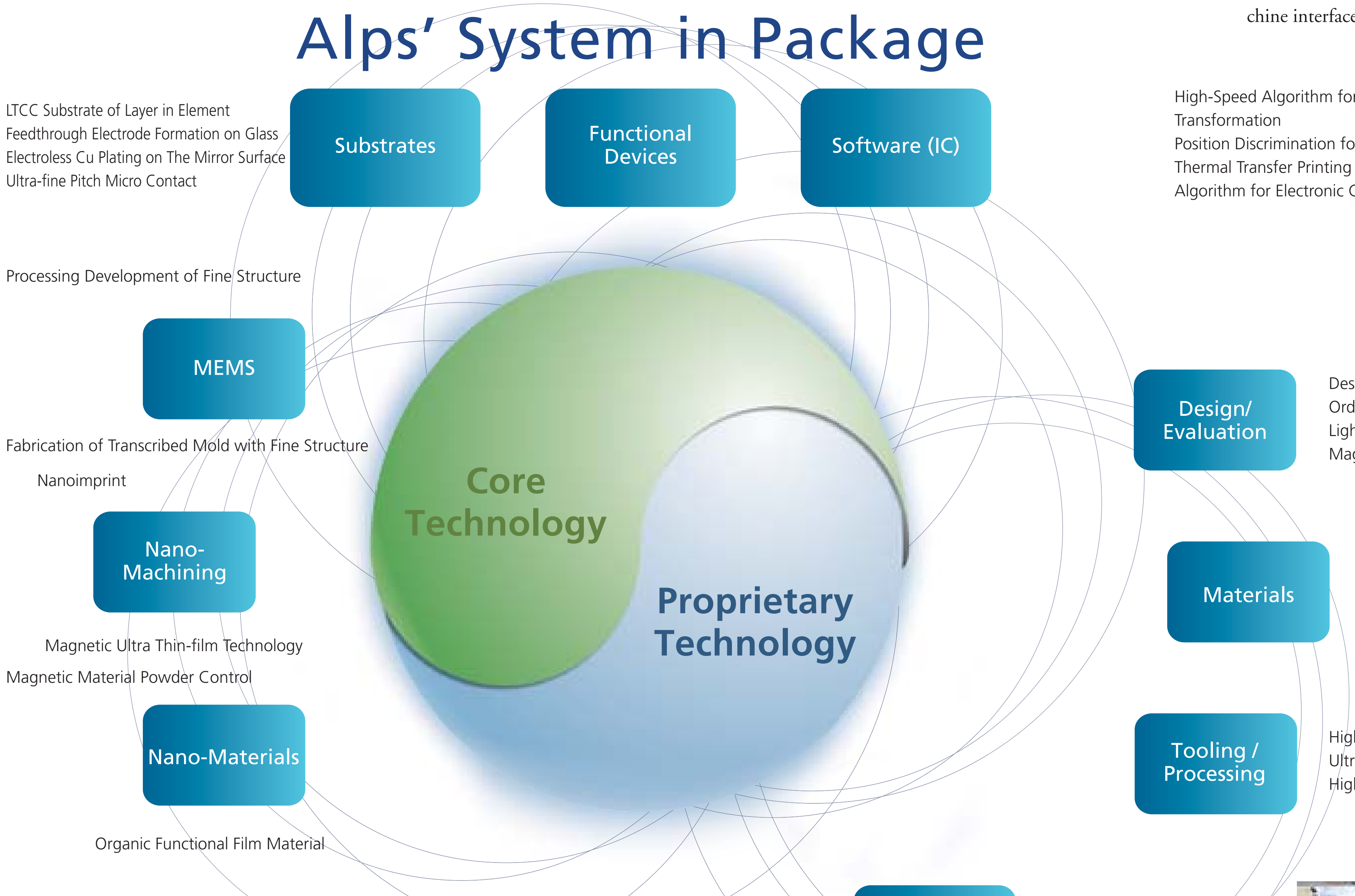
Respect for the Individual

Respect for independent individuals is indispensable in creating an active organization. Alps Electric makes positive utilization of human resources with various personalities through a program — IAP (International Associates Program), in which new graduates from overseas are hired. Alps Electric provides study and experiential opportunities for female employees, enabling them to take a more active part in the company. In fiscal 2007, a female-based training group went to visit China. Mental health education is offered as part of Alps Electric's commitment to maintaining sound employee mental health. Counseling rooms for all employees were established at each business location.

Technology

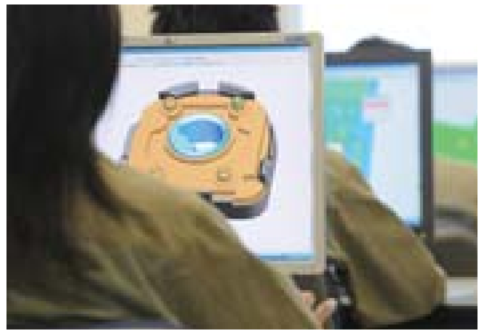
Refining and combining versatile technologies to create highly evolved, advanced-function devices

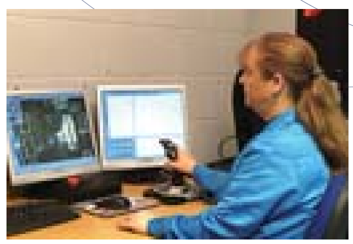
Alps Electric boasts diverse core technologies and specialized technologies for advanced manufacturing. These include a wide array of technologies accumulated through the development and production of electronic parts, such as design technologies that respond to functional requirements at high levels, die technologies that form the basis of highly reliable products, and MEMS (Micro Electro-Mechanical Systems) and JISSO (mounting) technologies for ultra-fine electronic circuits and high-precision devices. By refining these technologies and combining them at advanced levels, we continue to create devices that offer advanced functions. This development concept is imbued in all of our products, including human-machine interfaces designed to optimize the relationship between people and machines, man-to-machine interfaces that connect devices at enhanced levels, and broadcasting and communications products.

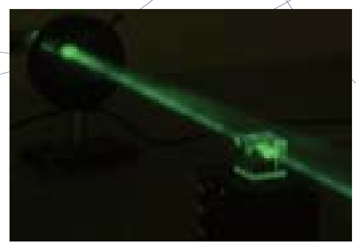



[Die bonding process] by precision machining technology (Magnetic sensor process of manufacture)


High precision injection molding technology (Touch panel quality inspection process)


CAD Designing with CAE simulation technique (resistive Sensor design)


QC inspecting using optical 3 axis CMM (Coordinate Measurement Machine)


Optical flatness interferometric measurement


High density mounting advanced by speeding up and making to high accuracy (Process of parts mount of wireless communication module)


Electro Magnetic Compatibility Field Testing (ISO/ IEC17025 certified EMC Testing Laboratory)

Monozukuri

At Alps Electric, we support various devices that surround our daily lives, from an “electronic component” viewpoint: digital devices — PCs, mobile phones, DVD recorders, electrical home appliances, and in automotive devices where ‘electronization’ continues to evolve. However, the devices we produce are rarely exposed to the eye of the end user. Therefore, we believe it is necessary to appeal our company’s strength in “Monozukuri” — based on proprietary technology cultivated over many years of experience, to make our investors, end users and the public in general understand our company even further.

The advertisements introduced here, are representative works of an advertising series published on a regular basis since January 2006, to improve the recognition of Alps Electric, and to appeal our corporate value to the public.

To fully project the friendliness and warmth of electronic components, we animate our electronic components with impressive visuals depicting them as heroes.

The core of our advertising lies in our corporate message —“Perfecting the art of electronics.” The art mentioned here does not apply only to the sophisticated appearance of the product but to balance of functions and prices, and consideration of energy and resource savings. Our goal is to contribute to the realization of an affluent electronic society by providing products that identify with the art of electronics.

To make one component, we start by researching unique technologies and move on to design, development, development of production technology, then finally manufacturing and assembly of products. Combining the wits from every process to create innovative ideas is the “Monozukuri” of Alps Electric. Even now that our business has expanded worldwide, that spirit (since our foundation) still lives on in our present DNA.

The above product (detector switch) is used to detect lid open/close operations in portable devices such as mobile phones, PCs, and digital still cameras, and to detect activations of automotive mechanisms such as doors and trunks. This detector is used in a wide variety of applications and has earned high trust worldwide.

“Design-In.” That’s the basic policy of our product development. It means we participate from the initial stage of our customers’ (makers) product development of set product. We jointly develop, manufacture, and promote sales activities face to face, trusting each other, and making up for each other. This culture where we cultivate each one’s strong field and improve the entire project, and pursue the quality of work together, is the very strength of Alps Electric.

The above product (Stickpointer™) with its top part sticking out of the middle of the PC keyboard converts load from the fingers to the cursor travel.

In the development of mobile phones, transmitting and receiving units for mobile devices, and digital broadcasting tuners for all over the world, engineers draw the invisible movements of electrons in their head. After the repeated adjustments in changes of position or direction of parts materials at micron level, or sometimes bold changes of layout, electrons are delicately led to the goal. The devices are completed as a result of enormous know-how and instinctive work based on the know-how.

The above product (GPS antenna) is an antenna that captures gigahertz band frequencies used in ETC and GPS products, and sends them to the tuner.

This sheet is the fruit of the efforts and hard work of the engineers in development. At times they were at a loss, with iron powder in front of them, sometimes they repeatedly went back to verify the composition of the material….The production process is like looking into each grain of magnetic material powder. To realize stable quality, they produced and improved the manufacturing equipment by themselves. Their passion is preserved in every one of these sheets.

The above product (magnetic sheet LIQUALLOY™) is applied to PC and mobile phones for controlling noise. It is also applied to non-contact IC cards such as rechargeable prepaid travel passes “SUICA®,” to absorb or eliminate electric waves that may cause interference, or to improve antenna sensitivity to stabilize communication.

The mission of component making is to build hundreds of thousands or millions of pieces, not just one or two, with high-precision at a micron level.

Supported by a countless number of people’s efforts and ideas through the processes such as design of precise metal molds and development of processing machines to make the molds, production finally kicks off.

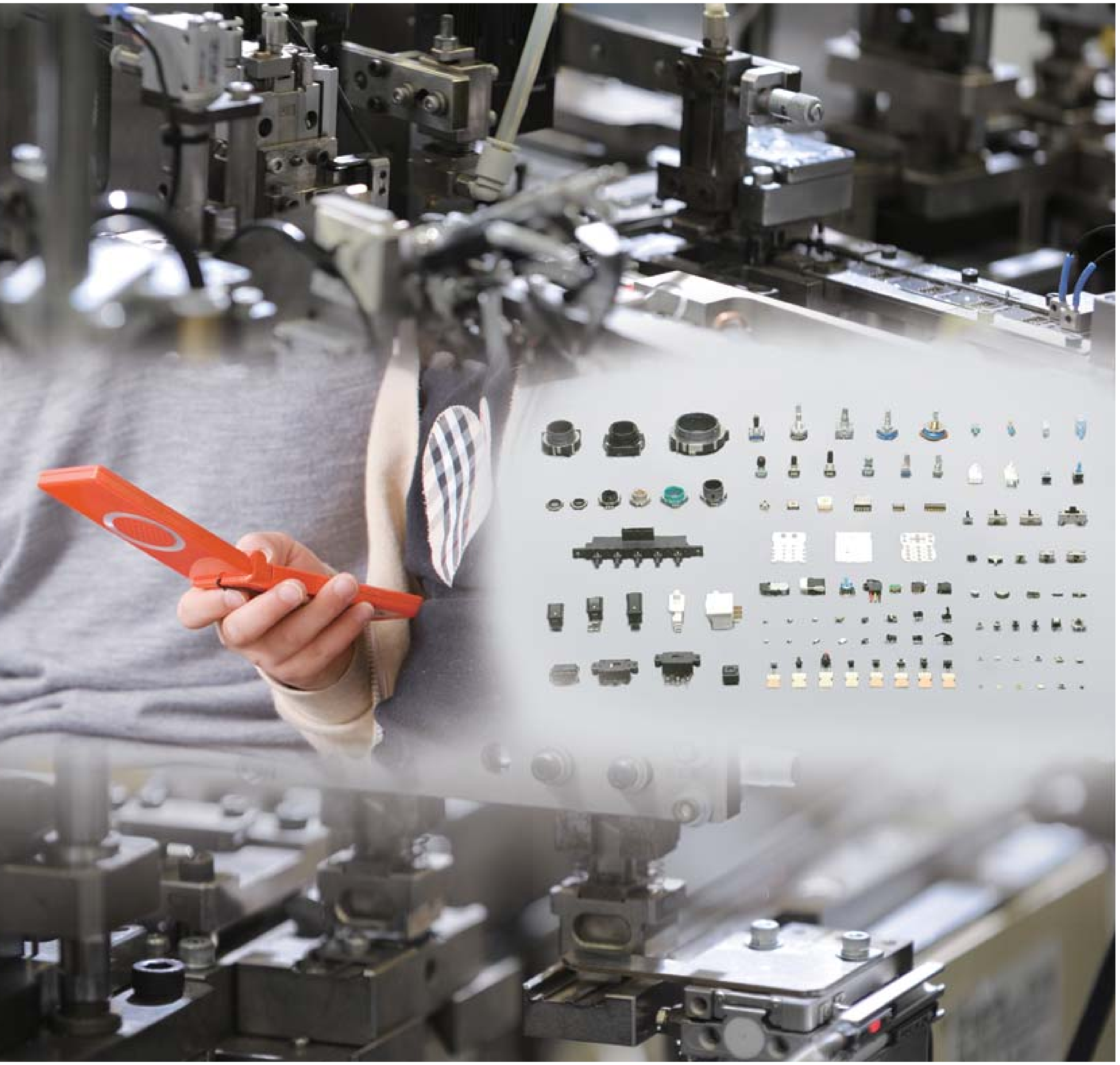
The above product (encoder) is capable of converting rotation into signals, and is used in PC input devices such as the mouse, AV devices, communication devices, and various control devices.

The reliability is insured by gathering diverse technologies from the design of the shape of contacting parts to the whole component structure in order to secure stable sending and receiving of electrical signals in tens of thousands of repeats of contact and release, under the assumption of invasion of dust and insulating materials, and unavoidable slight gap range.

The above product (connector), used in digital still cameras, mobile phones and various portable information terminals, provides electrical contact between the memory card’s metal area (terminal) and the device.

Components

Supporting the base of 'Electronizing' Society with diverse product developments



In the Components business, we mainly produce electronic components which function as a human-machine interface. The wide variety of products includes switches, potentiometers, sensors and connectors, which comply with various demands in automotive electronics, information and communication devices, home appliances and game consoles. In fact, the TACT Switch™ boasts top market share worldwide with 300 types and 5 billion units produced annually. Our second top seller is the Contactsheet™ for mobile phones with approximately 30% market share. We will be expanding in the optical module field for products such as mobile phones and automotive cameras, as well as focusing on new product developments to cultivate new markets.

Pursuing compactness and low profile with Micro contact technology

In the Mechatronic Devices Division, the total process from mechanism design to assembly is done internally. Mechanism design with 3D CAD, simulations of nonlinear stress analysis to optimize the material and figure of component parts, metal mold design geared to minimizing lead-time for product development by feeding back data for molding resin flow analysis, advanced microscopic processing—all of these are realized through our unique technologies built through experience over the years.

In parts processing, the development of new technologies to comply with today's more compact and lower profile electronic devices is significant. One of these technologies is Micro contact, which was developed to realize more precise and accurate connection between circuit boards. This is a connecting technology which enables our spirally wound spring to be pressed against electrodes, realized through contact, material and spring design technologies advanced in the experience of switches and connectors. Products which adopt the Micro contact technology receive a number of advantages including ease of mount and dismount of boards and components, reduced contact load, high reliability, and excellent high-frequency response.

Micro contact — prototype

Switches / Encoders / TACT Switches™

Contactsheets™

Sensors

Connectors

Camera Modules

Magnetic Devices

Cultivated technology leads to innovative devices

In the Magnetic Devices field, we draw on magnetic materials and thin-film forming technologies developed over many years in our development and production of magnetic heads. These advanced materials and technologies help us create a wide array of products.

An example of the product is the high-precision magnetic sensor applied in folding mechanisms of cell phones and open/close function of refrigerator doors. We hope to develop this sensor into all kinds of devices requiring precise sensing.

Efforts in material technology have led to the development of Liqualloy™, a soft magnetic glassy alloy and Piezoelectric-type pump for liquid-cooling which adopts a metal diaphragm produced through advanced material structure manipulation.

We will aggressively advance in material technology to speed up developments of devices that apply new materials.

The Alps Electric Co., Ltd. logo –"SENSORING"– expresses the company's challenging attitude for evolving the sensor. The colorful rings in the center of the logo show the five sensor fields – Magnetic, Capacitance, Piezo, Resistive, Optic – and mean that each sensor field accumulates power from the whole to forge an opening for a new era.

"Magnetic Application Technology" leads to development of the next generation sensor

Higher output compared to conventional magnetic sensors and more stable response are the features of the high-precision magnetic sensor. A wider range of magnetic field is detected precisely with temperature stability and lower power consumption. Its compact size and low profile will allow greater flexibility in design of set products.

Various "Magnetic Application Technologies" such as material development, design and high precision mounting technology supported the development. "Magnetic Thin Film Process Technology" that replicates electron beam lithography, sputtering, plating, and etching on insulation coated wafers and "Evaluation Technology" for producing higher quality realized by feeding back data to the coating process upon completion of coating (after doing accurate X-ray analysis of each film). Furthermore, set-designing load is reduced with the support of magnetic field analysis and simulation for when it is installed.

Based on these technologies, we hope to speed up the development of sensors with new functions such as terrestrial magnetism sensors that can precisely detect the azimuth direction, and to build up a key business with sensors.

Highly Reliable Magnetic Sensor

Highly Reliable Magnetic Sensors etc.

Magnetic Sheets Liqualloy™

Piezoelectric-type Slim-format Pump

Communications

Complying with the rapidly changing digital society through unique technologies

The business field of Communications develops and provides various products with our unique technologies such as high-frequency circuit technology. In the field of communications, we offer next generation compatible communication modules such as "WIMAX," transmitting and receiving units for FM tuners/transmitters used in mobile devices. Additionally we offer, in the field of broadcast, tuners compatible with high-quality digital broadcasting and varying broadcast systems around the world, and automotive TV antennas.

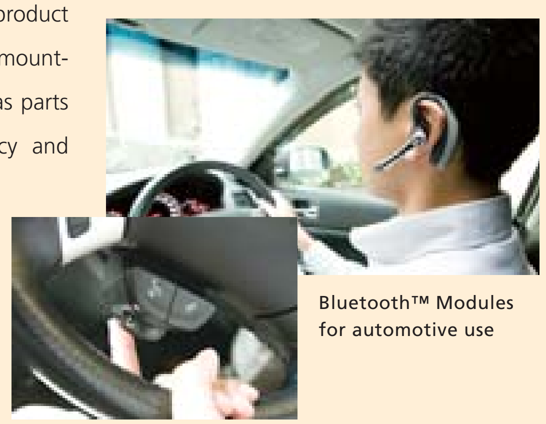
In addition, we contribute to the digital network society—requiring more speed and combination—by developing new technologies such as the "Human body surface electrolysis communication system" in which data communication is performed through electric signals on the skin surface.

"High-frequency Technology" supported by accumulated know-how

In the Communication Devices Division, we are working on the development of "High-frequency Technology"—a technology that controls the high-frequency radio wave which enables transmission of a huge amount of information. Our unique technology has been concentrated in the production process.

A product starts with "IC design" which efficiently designs the IC circuit pattern for high frequency, and moves onto "Circuit Pattern Design" using CAD, "Circuit Design" which conducts circuit characteristics analysis through CAE simulation technology, "Simulation" that analyzes the radio propagation for characteristics in the Anechoic Chamber and analysis of frequency component distribution and signal level, and "Evaluation" with nondestructive testing and automatic inspection of electric properties. The product then proceeds to "Parts Processing" where pressing, bending and pressure bonding are carried out in the mold. Finally the product is completed with "High-density mounting" where technologies such as parts mounting that pursue accuracy and speed, and flip chip mounting aimed to significantly miniaturize the modules are applied.

The expertise of high-frequency technology cultivated over years is alive in each process.



Bluetooth™ Modules for automotive use

Tuners for Analog / Digital Bloadcastinga

Bluetooth™ Modules

Wireless LAN Modules

Peripheral Products

Creating seamless connection between man and machine with comfortable feel of operation

In the Peripheral Products field, we develop input/output devices to connect man and machine, pursuing the ultimate ease of operation from the aim of "Human-to-Media Interfaces."

GlidePoint™ and Keyboards for Notebook PCs, input devices/units such as remote control units equipped with GlideSensor™, output devices such as the compact inkless-type photo printers and thermal printers, and display-related devices with such microprocessing technology as highly transparent and responsive touch panels are developed and offered.

Creating the ultimate ease of operation through "Capacitance sensing technology"

"Capacitance sensing technology"—the key technology behind development of the GlidePoint™ and GlideSensor™—is one of the technologies used to achieve the ultimate ease of operation. The amount of electric energy that can be stored in a human body is referred to as electrostatic capacity. When a finger touches the GlidePoint™ where electrical energy is stored, electrical energy flows into the human body. The changes in capacitance caused by proximity of the operator's finger are sensed, allowing it to detect the movement of the finger. This technology is adopted in touch pads for notebook PCs and TV remote controls, and is also recently applied to the "sensor key" on mobile phones.

IC design technology and software technology were the driving forces behind this development. Alps Electric developed digital-analog integrated ASICs to boost reliability and reduce power consumption, and undertook complete in-house development of a driver that permits customization of language and functions. In order to achieve comfortable operation modes, Alps Electric will continue to suggest new interfaces for various devices

GlidePoint™

Keyboard for Notebook PC
Stickpointer™
Floppy Disk Drive
GlidePoint™

Miniature Direct Thermal Printers

Remote Control Units
Film Product Devices

Automotive Electronics

Pursuing safety and comfort for automobiles through developments of unique technology and systems

In Automotive Electronics, with the adoption of advanced technology in our unique auto body electronics, we develop a series of devices and systems that improve safety and comfort while reducing environmental impact. These include the Haptic Commander™, which utilizes "Force feedback Technology" to convey information to the driver, keyless entry systems with highly precise communication capability, airbag control with load sensor to detect child or adult occupant, and steering modules that incorporate various control switches. Our goal is to achieve safe, comfortable and secure operation with human engineering in mind.

Promoting the 'electronization' of automobiles with "Force Feedback Technology"

Force Feedback Technology is the basic technology adopted in the Haptic Commander™. Operational feelings such as friction, vibration and roughness are created virtually. Multi-functional operation only with one knob became possible by setting a different feel for each function—such as audio, air conditioner and car navigation system. The operating principle is a software-controlled motor that creates operational feel (=reaction force). The control area detects the appropriate function the operating information from the knob movement is intended for, then it will calculate the reaction force and issue a command to the motor to create the necessary operational feelings.

Furthermore, this technology is applied to next generation automotive technology "X-by-Wire" which electronically controls driving devices such as gearshift, brakes and steering. The problem with electronically controlled operation systems is that reaction force which conveys road and vehicle information—bumps and braking feel—will be lost. For the future growth of the automotive electronics market, we developed products such as Haptic™ Steering Wheel which electronically creates these significant feelings and conveys them to drivers.

Haptic Commander™

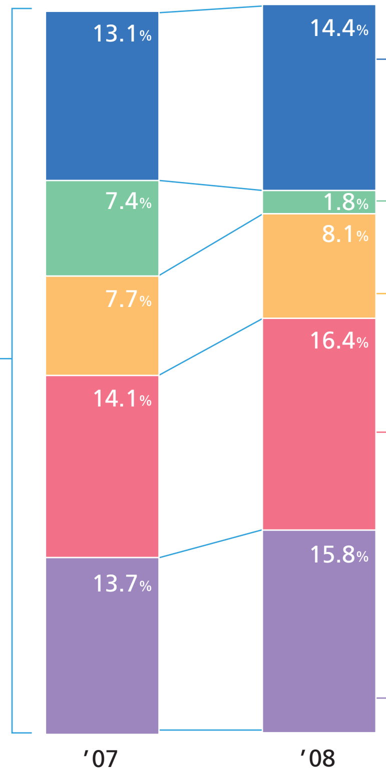
Car Air Conditioning Panel Units

Door & Seat Area Switches & Control Units

Steering Wheel Modules

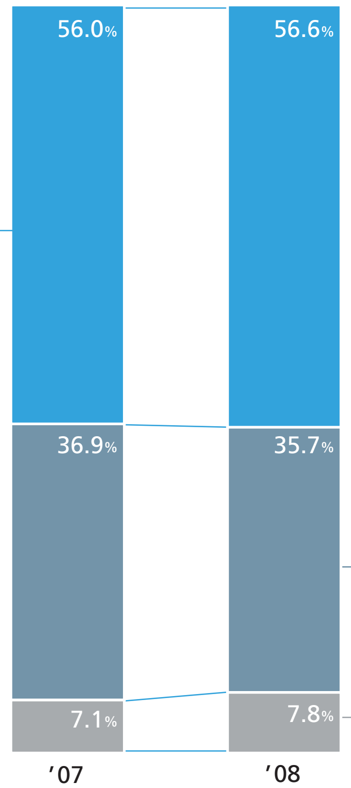
Remote Keyless Entry Systems

At a Glance



Total sales from electronic components
¥391.4billion

Electronic components



Audio Equipment

Logistics and Others

Total sales from all product categories
¥692.7billion

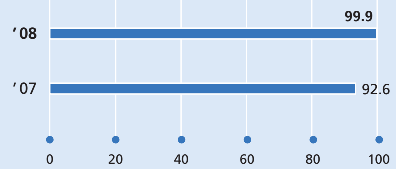
Results for the year ended on March 31, 2008

	Sales by product category (Billions of ¥)	Main products	Summary

Components

Sales by Product Category
¥ **99.9** billion

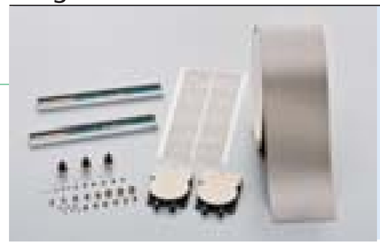
Share in Total Sales
14.4%



- Switches / TACT Switches™
- Connectors
- Contactsheets™
- Potentiometers
- Encoders
- Sensors

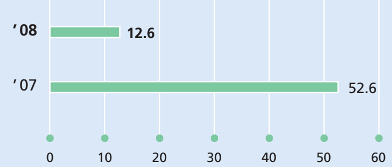
Sales increased for switches, connectors, and Contactsheets™ used in portable devices. Continuous electronization of automobiles also contributed to an increase in sales for sensors and switches that relate to safety and improved fuel efficiency.

Magnetic Devices



Sales by Product Category
¥ **12.6** billion

Share in Total Sales
1.8%



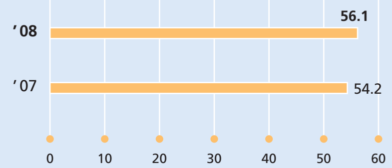
- GMR thin-film heads for HDDs
- Highly Reliable Magnetic Sensors
- Magnetic Sheets Liqualloy™
- Piezoelectric-type Slim-format Pumps

As strong growth was seen in Japanese and European car manufacturers, and in vehicle models adopting Alps Electric products, our trademark products contributed to an increase in automotive business sales.

Communications

Sales by Product Category
¥ **56.1** billion

Share in Total Sales
8.1%



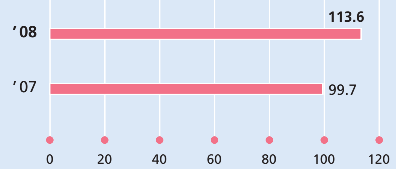
- Tuners for digital broadcasting and broadcasting satellites
- Analog tuners for TVs
- Communication network modules
- Camera modules
- Optical communication modules

As prevalence of digital broadcasting increased, in the core product-TV tuners, we saw digital tuner sales quantities pass analog tuners. Additionally, a growth was also seen in the automotive Bluetooth™ module area, resulting in sales increase in communication devices.

Peripheral Products

Sales by Product Category
¥ **113.6** billion

Share in Total Sales
16.4%



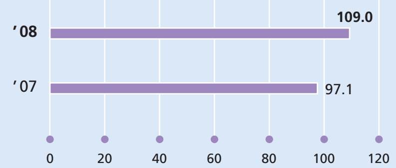
- Gaming devices
- Miniature Direct Thermal printers
- Data input devices for PCs
- Remote control units
- GlidePoint™
- Stickpointer™

While the compact printer market remained quiet, products such as the game controller module showed steady growth, resulting in an increase in the Peripheral product sales.

Automotive Electronics

Sales by Product Category
¥ **109.0** billion

Share in Total Sales
15.8%



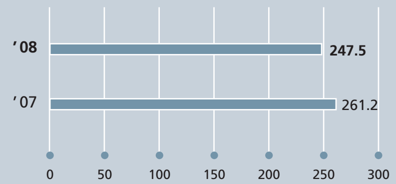
- Car air conditioning panel units
- Door modules
- Steering wheel modules
- Remote keyless entry systems

As of March this year, production of HDD (Hard Disk Drive) heads, a core product, has almost ended due to the transfer of the relevant assets.

Audio Equipment Business

Sales by Product Category
¥ **247.5** billion

Share in Total Sales
35.7%



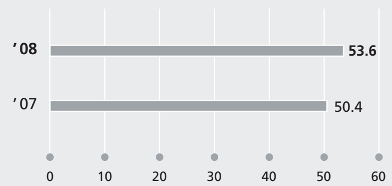
- Car audio systems
- Car AV systems
- Car navigation systems

In the aftermarket sales, iPod®-compatible CD player sales showed a strong growth. However, the shrinking market, tough price competition, and shifting of product demand to the popular price range, saw sales suffer a decline. Due to the fact that European car manufacturers were in model change phase, and as demand for new models was shifting to compact cars, business with car manufacturers also experienced a decline.

Logistics and Other Business

Sales by Product Category
¥ **53.6** billion

Share in Total Sales
7.8%



- General logistics services

In the domestic area, an increase was seen in electronic parts customers. However, due to the decline in incidental services, overall sales leveled off. In the field of consumer logistics, sales, mainly for individual distribution services for co-ops, increased. Overseas on the other hand, efforts are being made to expand business, by supporting needs in logistics on a global basis. In addition, expansion for infrastructure, such as establishing business bases in China, Europe and the U.S.A. is also under way.

ALPS Group

ALPINE
Mobile Media Solutions

ALPINE ELECTRONICS, INC.

Basic Management Policies

In the audio equipment business, led by Alpine Electronics, we followed the corporate philosophies of "respect for individuality," "creating value," and "contribution to society," and established the corporate vision (towards 2015). Alpine is determined to be a "Mobile Media Solution Company that creates Future Value" as guidelines for its corporate activities. Through positive challenges for creating new values and "Monozukuri" with passion based on core technology cultivated through years of experience in automotive audio equipment and the communication devices field, Alpine will improve its corporate value.

Furthermore, the Alps group emphasizes consolidated management, including domestic and overseas affiliates, and aims to improve consolidated earnings capacity and create consolidated cash flow. Therefore, from the profit ratio and asset turnover point of view, we believe it is important to increase the consolidated ROA (Return on Assets). Efforts to improve profit ratio, reduce inventory, and cut interest-bearing debt are being made to achieve an ROA ratio of over 5%.

Business Outlook

The automotive industry today, with the strong yen, soaring oil and materials prices, environmental restrictions such as new exhaust emission regulations in Europe, market expansion in developing countries and BRIC economies, and reorganization of the industry, is facing drastic change. In the automotive electronics industry, demand for fuel efficiency and safety factors, in addition to comfort in the car, has increased, and adoption of information communication and electronics are rapidly spreading. Integration of products is also progressing. In this situation, the current main task is to quickly comply with new technologies.

We aim to expand sales by improving brand value based on product marketability as well as strengthening cost competitiveness and promoting higher quality ahead of the competition. Furthermore, technical innovation for new automotive electronic devices, and establishment and reinforcement of technologies for new business fields are also being conducted in cooperation with other companies.

ALPS LOGISTICS CO., LTD.

ALPS LOGISTICS CO., LTD.

Basic Management Policies

In the business of logistics conducted by Alps Logistics Co., Ltd., an integrated logistics business is operated by individually focusing management resources on specialized fields of electronic component and consumer logistics. In logistics for electronic components, Alps Logistics follows the corporate philosophy of "We contribute to society's enrichment by developing optimal logistics solutions for 'Monozukuri,'" and define the business domain as "Integrated logistics services specializing in electronic components."

In consumer logistics, Alps Logistics provides its services under the philosophy of "We aim to be an integrated logistics company specializing in consumer logistics which contributes to the consumer's life in local societies." Each company under the Alps Logistics Group, with this philosophy in mind, is committed to achieving the goals in its mid-term business plan. While customer demands for streamlining logistics are increasing and functions required for logistics are becoming diverse, Alps Logistics works on enhancement of domestic and overseas business locations and their networks, improvement of operations technology and systems, and provision of high-quality logistics services. Through these activities, Alps Logistics strives to expand its business fields as an integrated logistics company and maximize the group's corporate value.

Business Outlook

In the logistics business, based on its mid-term basic policy, "We strive to develop integrated logistics business centered on electronic components globally, and consistently grow," Alps Logistics is committed to the following four major strategies.

"Building business infrastructure"	Expansion of networks
"Strategic business expansion"	Increase of sales
"Enforcement of business structure"	Creation of profits
"CSR initiatives"	

Implementation of environmental and social responsibility

In order to grow in the future, it is essential to increase cargo handling volumes. So the primary issues for Alps Logistics are improvement of networks and building logistics infrastructure, and they need to work on these issues. In the sales and marketing field, Alps Logistics works on deeper business relations and larger sales with current customers, and acquisition of new customers, by implementing activities to propose logistics plans in accordance with customer needs. Additionally, Alps Logistics cooperates with other logistics companies to increase cargo handling volumes, and works on creation and expansion of new business fields related to electronic components. Alps Logistics will build a more solid business structure by further introducing IT such as expansion of web-based systems, and promoting thoroughness and expansion of "Individuality in Logistics" for customers.

CSR

Global Management of Chemical Substances Contained in Products

Societal demands apparent in regulations and customer requirements regarding chemical substances contained in products have recently seen an unprecedented surge of increase.

In answering that call, Alps Electric promotes design of products that do not contain hazardous chemical substances. Furthermore, we have constructed a global management system designed to eliminate hazardous substances from all processes from materials procurement to assembly and shipping.

Information on chemical substance content in materials purchased from suppliers is managed by a database which can be accessed from any domestic or overseas Alps base. It provides up-to-date information regarding compliance with regulations in a product's design, material inspection, production and shipping, which can be conveyed to customers as required.

We eliminated the use of materials specified in the European Union's RoHS Directive* by the end of fiscal 2005 and will continue to advance compliance with new and relevant regulations and restrictions in order to satisfy customer needs and requirements.

* RoHS Directive (Restriction of the Use of Certain Hazardous Substances in Electrical and Electronic Equipment): Adopted by the European Union to restrict the use of hazardous materials in the manufacture of items such as computers, communication devices and home appliances. The six restricted substances are: lead, hexavalent chromium, mercury, cadmium and specific polybrominated flame retardants (PBB and PBDE).

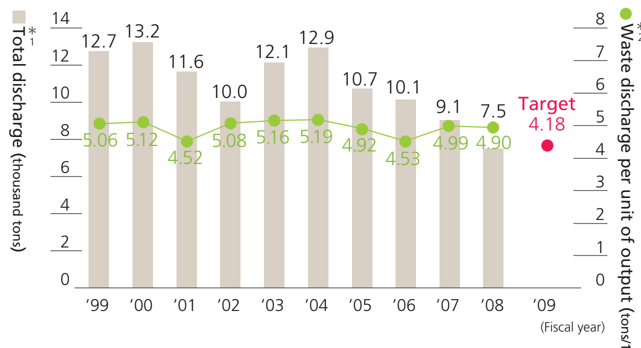
Reducing Wastes

Since fiscal 2002, Alps Electric has implemented a "zero-emissions* initiative," which aimed to recycle all wastes from offices and production plants. This target was successfully achieved by the end of fiscal 2005 throughout all domestic divisions.

We now aim to reduce fiscal 2009 levels of actual volume of waste discharged per unit of output by 15% of fiscal 2005 levels. We also targeted a reduction in quantity of paper used in fiscal 2009 by 20% of fiscal 2005 levels, for which we have already realized a 30% reduction.

* Zero-emissions: A recycling-oriented social system that eliminates all kinds of wastes by effectively recycling them into raw materials and other useful purposes. Advocated by the United Nations University in 1994.

■ Total Waste Discharge (Coverage: Alps Electric)



*1 Total discharge: Total of materials for resale and unwanted waste discharged externally.

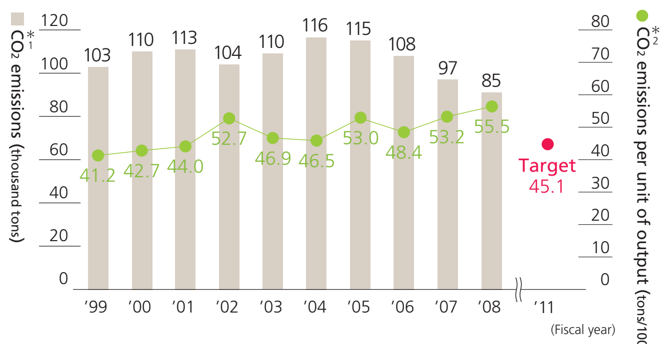
*2 Waste discharge per unit of output: Total discharge of waste divided by total production value.

Preventing Global Warming

By fiscal 2011, Alps Electric aims to reduce CO_2 emissions levels per unit of output by 15% of fiscal 2005 levels. In attempting to reach this target, we have been making improvements in hardware by adopting highly efficient devices, switching to energy-saving machinery, and removing inefficient generators. We have also improved compressor and air-conditioner operation, and regularly conduct "energy patrols" which create awareness among employees in saving energy.

Our CO_2 emissions totaled 84,840 tons in fiscal 2008, continuing our year-on-year achievements in emissions reduction. However, fluctuations in production value have caused a significant increase in terms of emissions per unit of output.

■ CO_2 Emissions (Coverage: Alps Electric)



*1 CO_2 emissions include those from sub-contracted plants.

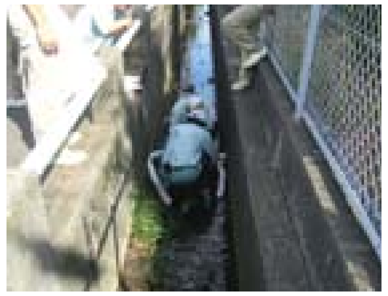
*2 CO_2 emissions per unit of output: Total CO_2 emissions divided by the total value of production.

* Some figures for CO_2 emissions have been partially revised and consequently differ from those appearing in last year's report.

Countermeasures for Environmental Risk

Alps Electric is actively working with risk-abating measures to prevent possible environmental damage from potential accidents or disasters.

"Environmental Risk Maps" have been drawn up for each plant and are updated on a regular basis. These maps specify locations in the factory where chemical substances and waste are handled, which indicate high risk areas. Information regarding previous crises is also shared among employees, which lessens the risk of possible accidents. Other precautions taken at our facilities include replacing underground pipelines with aboveground, double-walled pipelines, adding anti-liquid protective dikes to tanker parking areas and installing leakage sensors. We have also created an "Emergency Response Plan" and conduct regular training in line with plan procedures.



Verifying response, practicality of measures taken and efficiency for a hypothetical spillage of heavy oil at our Nagaoka Plant (Niigata Prefecture)

Please visit our website for more activities.

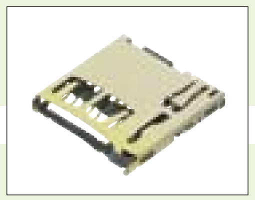
www.alps.com/j/csr/environment/

Alps Electric website > Corporate Social Responsibility > Harmony with Nature

Education about the Environment

Environmental training is given to domestic and overseas employees in order to heighten awareness.

Life Cycle Assessments in Manufacturing



We identify, evaluate and verify the environmental impacts of products for each of the stages in their life cycles.

Promoting Green Procurement

We conduct Green Procurement in order to purchase parts and materials that do not contain hazardous substances.

Soil and Groundwater Purification

We are conducting ongoing cleansing of soil and groundwater that was found to be contaminated by organochloride compounds in 1999.

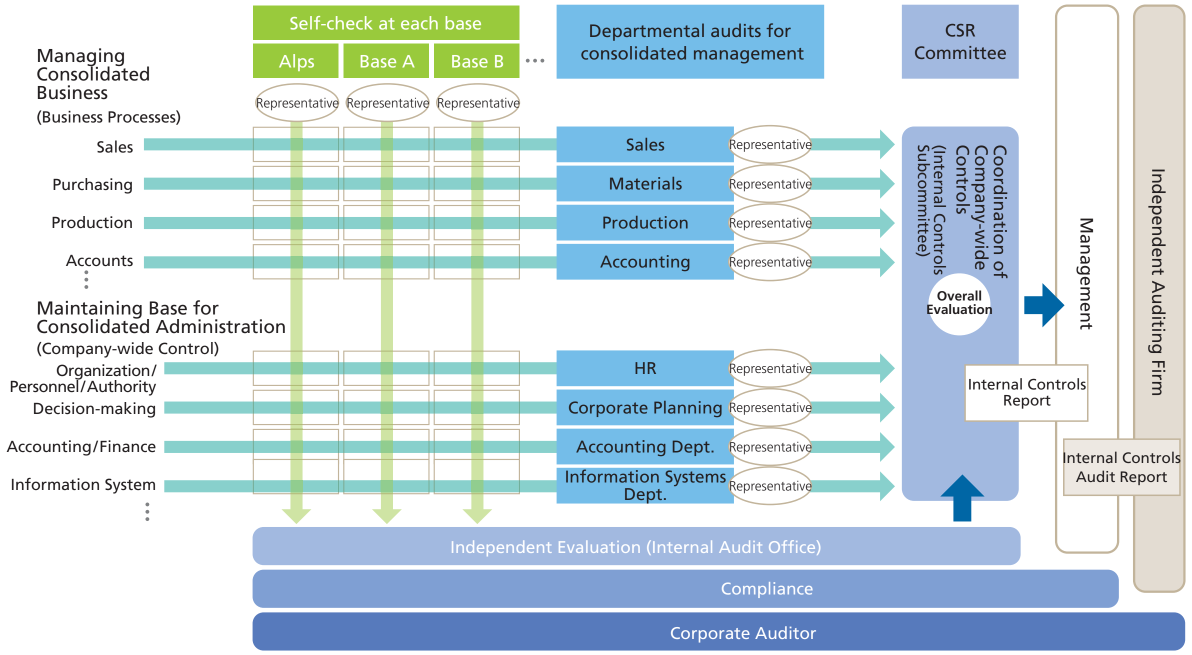
CSR

Developing the Internal Control System

In fiscal 2009, "internal controls over financial reporting" will come into effect in line with the Financial Instruments and Exchange Law. Internal controls are designed to prevent dishonesty, fraudulence, and inaccuracies occurring within a company. In October 2006, Alps Electric launched two projects under the Internal Controls panel of its CSR Committee—the Business Process Visibility and the Company Regulations Projects—and has since advanced activity aiming to create internal controls unique to the Company.

The slogan of this initiative is "making risks, rules and processes visible." The projects aim to establish and implement various regulations for reducing risks and making them visible throughout all business processes, including sales and purchasing. In order for these projects to take root throughout actual places of work, five working groups have been created to cover sales, purchasing, personnel, headquarters accounting, and division accounting. With overseas affiliates also in perspective, these working groups propel activity in a self-directive manner. In order to develop internal controls of greater reliability, each affiliate/site conducts self-checks, and each department audits its own business processes from a consolidated management perspective. In this way Alps Electric advances company-wide and business process controls on a vertical and horizontal matrix. Alps Electric will continue to pursue companywide efforts in increasing financial reporting credibility, while improving business innovation and developing even more reliable management structures and systems.

■ Internal Controls Evaluation Structure



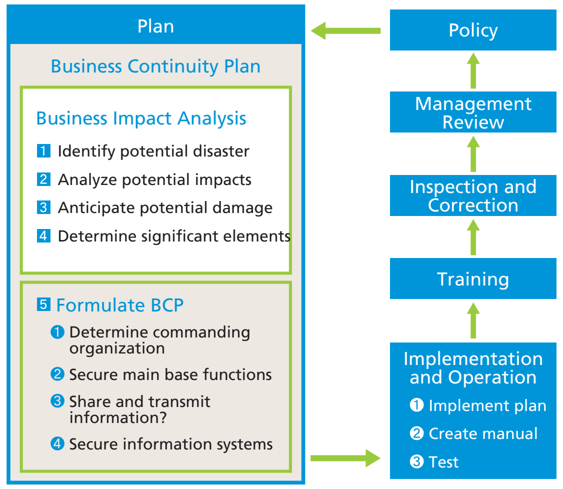
Creating BCPs and Measuring Progress

Alps Electric considers risk management as one of its most important managerial issues, and is taking action from a Business Continuity Management (BCM) perspective.

We identify risks that may disrupt business operations when sudden disasters such as earthquakes and fires occur, and examine potential property damage. Based on this analysis, we identify risks that necessitate priority measures, then develop preventative strategies, safeguards and recovery strategies to compile a Business Continuity Plan (BCP), which minimizes negative impact. BCP effectiveness is analyzed regularly and adjusted accordingly.

In fiscal 2008 an experimental BCP was drawn up for a group of products with particular risks. After gauging effectiveness, we will develop BCPs for other groups of products and ultimately, Alps Electric will formulate a common basic BCP policy throughout the entire company.

■ Business Continuity Management



Compliance in Exports and Imports

In December 2007, Alps Electric became the first corporation in Japan to receive Compliance Customs Clearance for both exports and imports simultaneously.

Compliance Customs Clearance aims at improving the safety of cargo and increasing efficiency of customs clearance procedures for exports and imports. This system allows qualified corporations to have simpler customs clearance procedures for exports and imports. To qualify for the system, corporations must have solid compliance systems. Awarding this qualification to Alps Electric implies that our compliance system was recognized as valid. But the greater implication is that Alps will be able to reduce time and costs in conducting export and import procedures.

Alps Electric will maintain this compliance system in order to assure quick delivery of products to customers throughout the world so that society can maintain confidence in the company.

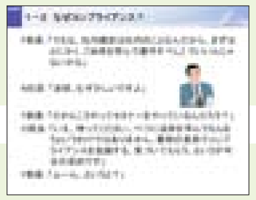
The Director-General of Tokyo Customs grants qualification of "Compliance Customs Clearance" to our Director of Export & Import Administration Affairs

Please visit our website for more activities.

www.alps.com/e/csr/manage/

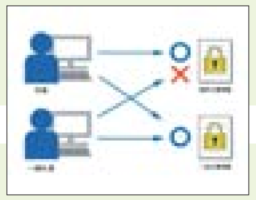
Alps Electric website > Corporate Social Responsibility > Fair Management

Employee Compliance Training



Providing opportunities for education through periodic lectures and e-learning.

Efforts in Information Security



Introduction of software unique to Alps Electric and enforcement of information network security.

Fair Information Disclosure

We disclose fair, correct and timely information using media such as our homepage, Annual Report and other communication mediums.

Communication with Shareholders and Investors

We hold business performance briefings and visit shareholders and investors to increase communication.

Major Financial Data

ALPS ELECTRIC CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2008, 2007, 2006, 2005, 2004 and 2003

	Millions of yen, except for per share data					
	2008	2007	2006	2005	2004	2003
For the years ended March 31:						
Net sales	**¥692,656**	¥708,127	¥709,613	¥643,631	¥619,676	¥601,816
(Overseas sales)	**498,410**	529,725	544,063	479,715	460,641	439,387
Cost of sales	**587,210**	596,857	581,016	529,561	502,359	477,995
Selling, general and administrative expenses	**85,570**	89,193	83,125	82,993	81,143	82,008
Operating income	**19,876**	22,077	45,472	31,077	36,174	41,813
Income before income taxes and minority interests	**18,308**	20,817	36,164	33,453	33,895	35,153
Income taxes	**10,560**	10,536	11,689	11,090	11,293	12,535
Net income	**4,418**	4,918	18,870	16,315	16,943	17,513
Cash flows (*1)	**38,604**	40,403	52,058	54,940	47,321	45,466
Amounts per share of common stock:						
Net income	**¥ 24.65**	¥ 27.40	¥ 103.74	¥ 89.72	¥ 93.27	¥ 96.27
Cash dividends applicable to the year	**20.00**	20.00	20.00	16.00	12.00	12.00
As of March 31:						
Current assets	**¥289,623**	¥321,400	¥317,604	¥ 310,868	¥284,242	¥298,845
Current liabilities	**148,312**	184,474	203,808	184,968	157,003	202,764
Working capital	**141,311**	136,926	113,796	125,900	127,239	96,081
Long-term debt	**58,841**	57,308	41,561	74,882	90,261	62,415
Total net assets	**280,318**	294,018	285,367	239,232	214,273	199,215
Total assets	**494,756**	548,044	543,267	517,604	479,029	480,914
Sales by product category:						
Electronic components:	**¥391,424**	¥396,448	¥412,561	¥386,995	¥375,746	¥348,688
	56.5	56.0	58.1	60.1	60.7	57.9
Components	**99,941**	92,645	83,651	73,318	68,804	69,667
	14.4	13.1	11.8	11.4	11.1	11.6
Magnetic devices	**12,619**	52,648	78,683	61,155	82,748	83,317
	1.8	7.4	11.1	9.5	13.4	13.8
Communications	**56,115**	54,262	58,728	63,607	58,110	50,892
	8.1	7.7	8.3	9.9	9.4	8.5
Peripheral products	**113,664**	99,720	110,095	119,540	95,976	76,596
	16.4	14.1	15.5	18.5	15.5	12.7
Automotive electronics	**109,085**	97,173	81,404	69,375	70,108	68,216
	15.8	13.7	11.4	10.8	11.3	11.3
Audio equipment	**247,544**	261,274	251,128	217,077	209,005	221,439
	35.7	36.9	35.4	33.7	33.7	36.8
Logistics and other	**53,688**	50,405	45,924	39,559	34,925	31,689
	7.8	7.1	6.5	6.2	5.6	5.3
Total	**¥692,656**	¥708,127	¥709,613	¥643,631	¥619,676	¥601,816
Percentage of sales	**100.0**	100.0	100.0	100.0	100.0	100.0
Sales by area:						
Japan	**¥235,231**	¥251,187	¥251,188	¥231,793	¥211,405	¥197,989
	34.0	35.4	35.4	36.0	34.1	32.9
North America	**139,402**	147,001	143,600	126,048	124,951	136,833
	20.1	20.8	20.2	19.6	20.2	22.8
Europe	**165,898**	163,242	153,768	135,518	134,858	133,737
	24.0	23.1	21.7	21.0	21.8	22.2
Asia	**150,581**	145,233	159,859	148,543	146,509	131,309
	21.7	20.5	22.5	23.1	23.6	21.8
Other areas	**1,544**	1,464	1,198	1,729	1,953	1,948
	0.2	0.2	0.2	0.3	0.3	0.3
Total	**¥692,656**	¥708,127	¥709,613	¥643,631	¥619,676	¥601,816
Percentage of sales	**100.0**	100.0	100.0	100.0	100.0	100.0

(*1) "Cash flows" for the years ended March 31, 2006, 2005, 2004 and 2003 is calculated by subtracting "cash dividends paid" and "bonuses to directors" from the total of "net income" and "depreciation and amortization."
"Cash flows" for the years ended March 31, 2008 and 2007 is calculated by subtracting "cash dividends paid" from the total of "net income" and "depreciation and amortization."

Management's Discussion and Analysis of Operating Results

Future-oriented statements contained herein are based on Alps' best judgment as of the date of these financial statements (June 26, 2008)

1. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES

Alps' consolidated financial statements are prepared in conformity with accounting principles generally accepted in Japan.

In the preparation of these consolidated financial statements, it was necessary to use estimates that are affected by the values of assets, liabilities, income, and expenses for the reporting period. These estimates are based on rational consideration of past performance and various primary causes. Actual results may differ as a result of the uncertainties inherent in these estimates. Alps recognizes that the following significant policies have had a great impact on the preparation of these consolidated financial statements.

(1) Evaluation of Losses on Inventories and Marketable Securities

Inventories and marketable securities without market value are generally valued at cost.

Marketable securities with market value are stated at market value. If these assets lose 50% or more of their book value, they are written off. If they lose between 30% and less than 50% of their book value, they are written off according to the possibility of recovery.

It is sometimes necessary to post losses on revaluation of inventory assets when they lose salability as a result of reduced demand or other causes, or if future market changes affect the stock of subsidiaries and render performance unstable.

(2) Deferred Tax Assets

Alps records a valuation allowance for its deferred tax assets in order to reduce what it judges to be the most likely recoverable amount. In determining the recoverable amount necessary for the valuation allowance, we consider future income tax and other factors.

If we determine that the total or partial amount of deferred tax assets will not be recovered in the future, the difference is recorded as a tax expense for the period. Likewise, if we determine that it is likely that the deferred tax assets will exceed the recorded net amount, tax expense is decreased for the period.

(3) Employee Severance and Pension Costs

In order to provide retirement benefits for its employees, Alps records employee severance and pension costs and accrued employee severance and pension costs, based on its forecasts for projected benefits obligation and plan assets for the end of the fiscal year. Employee severance and pension costs and projected benefits obligation are calculated using assumptions established by actuarial accounting principles. These assumptions include discount rates, retirement rates, death rates and resignation rates, and the expected rate of return.

Changes to these assumptions would affect future employee severance and pension costs.

2. PERFORMANCE

(1) Overview

Trends were mixed in the world economy during the fiscal year under review. On the one hand, prices rose steeply for materials including crude oil, and financial markets were disrupted by the subprime loan crisis in the United States. On the other hand, strong capital investment and personal consumption fueled robust growth in Europe and emerging economies, particularly China and the other BRIC economies. Turning to Japan, the economy continued on a gradual recovery path as healthy exports and production supported strong corporate earnings, and personal consumption held firm. However, surrounding conditions grew severe in the second half of the fiscal year under review, owing to the deepening impact of the subprime loan crisis, a sharp rise in the yen and steep declines in stock prices.

Within this business environment, Alps' consolidated net sales decreased 2.2% to ¥692.7 billion. In terms of income and expenses, operating income dropped 10.0% to ¥19.9 billion, while net income fell 10.2% to ¥4.4 billion due to the write-down of extraordinary loss associated with impairment losses.

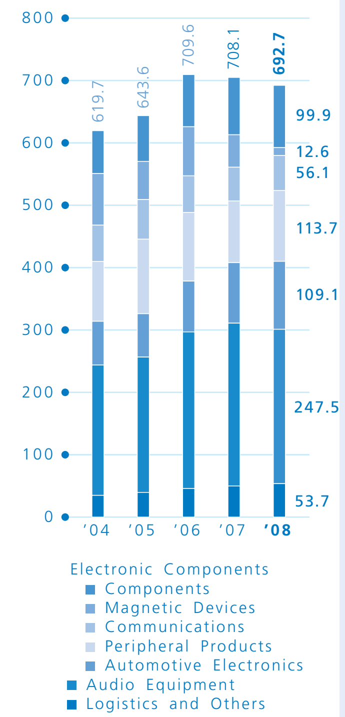
(2) Business Segments

Electronic Components Segment

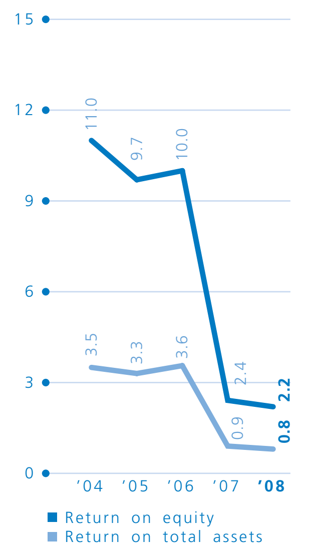
The electronic components segment faced a severe environment characterized by steeply rising prices for crude oil and materials, intensifying competition and falling sales prices. Nevertheless, the global diffusion of a multitude of products fitted with digital technology is driving demand for semiconductors and electronics components, and emerging markets for products such as flat-screen TVs, PCs and mobile phones offer massive potential for growth. Furthermore, the proliferation of digitization and computerization has created various new business fields such as devices for cars and medical equipment.

Against this backdrop, Alps aimed to make inroads to the market by aggressively carrying out sales activities and efforts to secure orders in the fields of car electronics, portable devices and consumer electronics. However, owing to the cessation of Alps' hard disk drive (HDD) heads operations, the

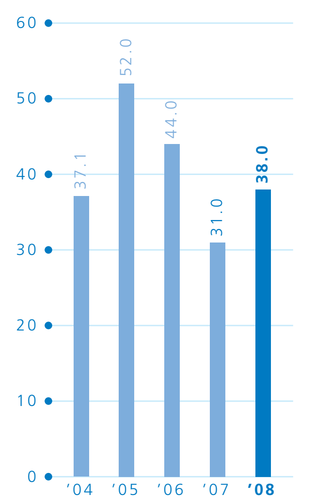
Sales by product category
(Billions of ¥)



Profitability ratios
(%)



Interest coverage
(Times)



*Net cash provided by operating activities÷ Payments for interest expense

magnetic devices business recorded a significant drop in sales, offsetting sales increases in each of the other four businesses of this segment and resulting in an overall decrease in segment sales.

Compared to the previous fiscal year, sales in the electronic components segment dipped 1.3% to ¥391.4 billion. However, operating income rose 20.0% to ¥6.3 billion. Performance results by business product category within this segment are as follows.

• *Components*

Sales of Contactsheet™ and various switches and connectors for portable equipment such as mobile phones, portable audio equipment and digital cameras were up in line with the overall global proliferation of digital products. Furthermore, sales of sensors and switches that contribute to automobile safety and lower fuel consumption increased on the back of growing demand for electronic devices pre-installed in automobiles.

As a result, sales in the components business reached ¥99.9 billion, an increase of 7.9% compared with the previous fiscal year.

• *Magnetic Devices*

Alps ceased production of its mainstay HDD heads with the sale of all related assets to TDK Corporation in March 2007.

As a result, sales in the magnetic devices business dropped 76.0% year on year to ¥12.6 billion.

• *Communications*

Sales of mainstay TV tuners were down, owing to a decline in demand for analog tuners associated with the spread of digital broadcasting and related generational product shifts. In contrast, the global diffusion of digital tuners pushed sales quantities upward. Sales growth was also recorded for car navigation systems, as well as for components used in hands-free communications equipment, on account of legislation banning the use of mobile phones while driving. Accordingly, Alps made full use of its high-frequency wave technology and accumulated strengths in its automotive electronics business, finding increased demand for Alps' Bluetooth™ modules for automotive use.

As a result of these factors, sales in the communications business totaled ¥56.1 billion, up 3.4% compared to the results of the previous fiscal year.

• *Peripheral Products*

Sales of Alps' mainstay compact photo printers were stagnant, owing to sluggish conditions in the consumer printer market. However, the widening popularity of new home video-game consoles drove up sales for gaming devices.

As a result of these factors, sales in the peripheral products business amounted to ¥113.7 billion, a 14.0% increase year on year.

• *Automotive Electronics*

Against the backdrop of healthy sales of Alps' products that are pre-installed by Japanese and European carmakers, sales of specialized products such as front panel modules and steering modules grew in response to demand for increasing multifunctionality.

As a result, sales in the automotive electronics business climbed 12.3% to ¥109.1 billion, year on year.

Audio Equipment Segment

During the fiscal year under review, demand in the automotive industry continued to shift toward compact and fuel-efficient cars, reflecting the rising price of crude oil, while markets expanded in emerging economies led by rapidly growing BRIC economies. In the audio equipment segment, operated by Alpine Electronics, Inc., Alps' leading-edge technology was demonstrated at motor shows and special exhibitions around the world as part of endeavors to secure orders from Japanese, U.S. and European carmakers. However, sales of audio equipment decreased owing to the shrinking market and intensifying price competition, despite robust sales of "iPod®" related products and other digital media items. Although carmakers upped the pre-installation of new audio systems, sales of car audio equipment also fell as a result of the time required by European carmakers for the changeover of their models.

As a result of the above, sales in the audio equipment segment decreased 5.3% to ¥247.5 billion, while operating income fell 30.6% to ¥7.0 billion.

Logistics and Other Business Segment

Alps' logistics business, serving major clients in the electronics industry, is operated by Alps Logistics Co., Ltd. Alps maintained high production volume mainly in response to strong demand for consumer electronics such as flat-screen TVs and for video-game consoles, although overall shipments were calm as production stabilized and inventories were temporarily adjusted. Furthermore, Alps worked toward boosting sales through such measures as expanding domestic and overseas logistics distribution networks, enhancing services and products centered on IT, and offering customers "customized logistics distribution" solutions. In its international logistics business, amid increasing customer needs for global distribution services, sales were particularly strong in China. In addition, Alps bolstered its global network of sales bases with the establishment of new offices in China, Europe and the U.S.

As a result, sales in the logistics and others segment were up 6.5% to ¥53.7 billion. Operating income also increased, edging up 0.5% to ¥6.4 billion.

(3) Other Expenses

In other expenses, Alps recorded a loss from foreign exchange totaling ¥7.2 billion.

(4) Income before Income Taxes

Income before income taxes decreased 12.1% year on year to ¥18.3 billion.

(5) Income Taxes

Income taxes totaled ¥10.6 billion, for an effective tax rate of 57.7%, a 7.1 percentage point increase over the previous fiscal year.

(6) Minority Interests in Net Income of Consolidated Subsidiaries

Minority interests in net income of consolidated subsidiaries amounted to ¥3.3 billion, down from ¥5.4 billion in the previous fiscal year.

(7) Net Income

Net income declined from ¥4.9 billion to ¥4.4 billion. Net income per share also decreased, amounting to ¥24.65. Net income per share (diluted) was ¥22.32, owing to the issuance of zero-coupon convertible bonds due in 2010.

3. LIQUIDITY AND SOURCES OF FUNDS

(1) Cash Flows

Cash and cash equivalents at the end of the year decreased 4.3%, or ¥3.6 billion compared with the previous fiscal year, to ¥79.1 billion.

Cash flows from operating activities

Net cash provided by operating activities climbed 8.5%, to ¥53.1 billion. Factors largely attributing to this increase included depreciation and amortization of ¥37.7 billion and income before income taxes of ¥20.4 billion.

Cash flows from investing activities

In the fiscal year under review, net cash used in investing activities fell 65.1% year on year to ¥15.0 billion. This was primarily caused by a decrease of ¥45.0 billion in capital for the acquisition of property, plant and equipment mainly in the electronic components segment, and revenue of ¥27.1 billion from the transfer of patent and other intellectual property rights as well as ¥7.2 billion from proceeds received in advance from the transfer of property, plant and equipment.

Cash flows from financing activities

Net cash flows used in financing activities jumped 187.0% compared with the prior fiscal year to ¥37.3 billion. Principal underlying factors included a net decrease in short-term borrowings of ¥27.2 billion, repayment of long-term borrowings totaling ¥7.2 billion, as well as cash dividends paid amounting to ¥3.5 billion.

(2) Assets, Liabilities and Net Assets

Total assets at the end of the fiscal year were ¥494.8 billion, down ¥53.3 billion from the prior fiscal year. Total net assets decreased ¥13.7 billion to ¥280.3 billion.

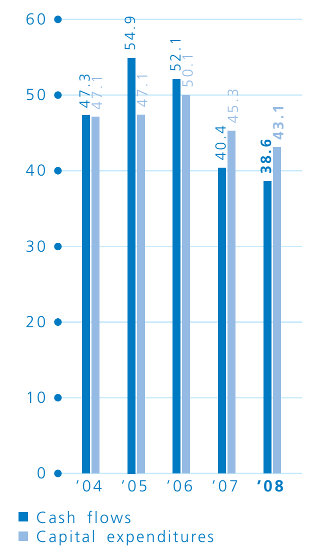
Current assets dropped ¥31.8 billion from the end of the previous fiscal year to ¥289.6 billion. This was mainly due to a decrease in notes and accounts receivable.

Property, plant and equipment, net amounted to ¥139.0 billion, a decrease of ¥20.8 billion from a year earlier. This was primarily the result of an increase in impairment losses.

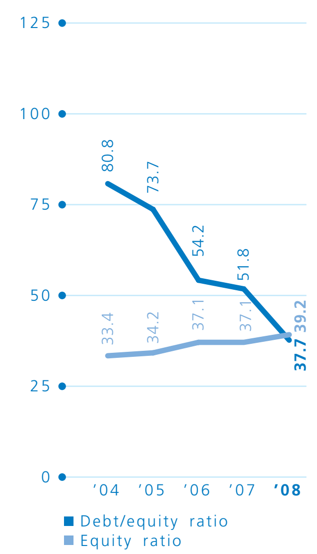
Current liabilities at the end of the fiscal year fell ¥36.2 billion to ¥148.3 billion, primarily due to a decline in short-term debt.

Non-current liabilities decreased ¥3.4 billion to ¥66.1 billion, chiefly as a result of increased long-term deferred tax liabilities.

Cash flows and capital expenditures
(Billions of ¥)



Capital structure
(%)



The following risks pertain to business and accounting conditions and may have a material impact on investors' decisions.

Forward-looking statements are based on information available on June 26, 2008.

1. EFFECT OF WORLD MARKET CONDITIONS

The Company relies principally on markets outside of Japan, with overseas net sales accounting for 72.0% of the Company's total net sales for the year ended March 31, 2007. As such, any economic slowdown in the U.S., European and/or Asian markets involving a decline in consumer demand and/or corporate spending will adversely impact the Company's business, financial condition and results of operations.

In particular, as most of the Company's products are components to be sold to manufacturers of end products, the level of their production, which may experience fluctuations caused by consumer demand and corporate spending, has a significant effect on the Company's business.

There can be no assurance that the Company's business, financial condition and results of operations will not be affected by adverse economic conditions or decreases in the production levels of its customers.

2. COMPETITION

Given its wide range of products and the breadth of its international operations, the Company competes with various manufacturers. While the Company intends to continue to work to satisfy customers through new product introductions, the provision of high-quality products and the enhancement of its global network, due to the anticipation of intensifying market competition, there can be no assurance that the Company will be able to maintain its market share or competitive edge.

3. CUSTOMER NEEDS AND THE FREQUENT INTRODUCTION OF NEW TECHNOLOGIES

The markets in which the Company operates are subject to rapidly changing technology, changes in customers' needs and the frequent introduction of new products and services, with the development of new technologies, products, and services often making existing products or services obsolete or unmarketable, or significantly reducing their prices within a relatively short time frame. The Company may not be successful in identifying new technologies or in developing new products in response to technological changes or changes in customers' requirements. Failure to anticipate or respond rapidly to advances or changes in technology and failure to adapt the Company's products to customer needs or to introduce new products in a timely manner could adversely affect the Company's business, operating results and financial condition.

4. CUSTOMERS' PRODUCTION PLANS

The Company's business is directly affected by the production plans of its customers, who are generally manufacturers of consumer products. Customers' production plans are subject to their demand forecasts, which vary with the cyclical and seasonal trends of consumers, the introduction of new lines and types of products, the development of new specifications, the rate of technological progress, the commencement of self production of components of their products and the introduction of new regulations, as well as general economic conditions and other factors.

The unpredictability of such plans and orders may make it difficult for the Company to draw up its production, sales, research and development and capital expenditure plans in the medium and long term.

5. RISKS INHERENT TO OVERSEAS OPERATIONS

The Company conducts production and sales activities in the United States, Europe, China and other Asian countries. There are risks inherent to operating in these overseas markets, including unforeseen changes in laws and taxation and disadvantageous political and economic factors, as well as terrorism, war and other social disturbances. Accordingly, if any of these conditions were to occur, the operations of the Company would be seriously impacted.

6. SUPPLY STRUCTURE FOR SPECIFIC COMPONENTS

The Company makes every effort to manufacture critical components within the Group. Some critical components, however, are supplied by external companies. Accordingly, due to natural disasters or other causes, these suppliers may be unable to provide the necessary volume of components to the Company on schedule. Such circumstances would lead to production delays and lost sales opportunities and could adversely affect the performance and financial position of the Company.

7. FLUCTUATIONS IN OPERATING RESULTS

The Company's operating results have varied in the past and may fluctuate from year to year in the future due to a number of factors, many of which are outside the Company's control. The Company's business and operating results are expected to continue to be subject to risk from the following factors: changes in general economic and business conditions, success or failure in introducing new products, changes in larger customers' strategies, cancellation of large orders, and other significant changes like extinction of large customer caused by the M&A activities by other companies.

Unfavorable changes in any of the above factors could harm the Company's business, financial condition and operating results.

8. INTELLECTUAL PROPERTY

Patents and other intellectual property are an important competitive factor because of the emphasis on product innovation in the markets for a number of the Company's products, many of which are subject to frequent technological innovations. The Company relies to a large extent on technology it has developed, and it seeks to protect such technology through a combination of patents, trademarks and other intellectual property rights. Although the Company is not aware of any significant, actual or potential, impairment of, or adverse claim to its intellectual property rights, any interference in the Company's exercise of such rights could have a material adverse effect on the Company's financial condition and operating results.

In the course of its business, the Company is subject to claims by third parties alleging that the Company's products or processes infringe on their intellectual property rights. If these claims were to be successful, the Company might incur substantial licensing or settlement costs, and there is a risk that the Company may not be able to obtain a license at a reasonable cost. Furthermore, the Company may need to engage in costly and time-consuming legal action in order to enforce its intellectual property rights, protect its trade secrets, determine the validity and scope of the property rights of others or defend against claims of infringement.

Moreover, the Company's products incorporate intellectual property rights developed by third parties. The Company maintains many licenses to use Japanese and foreign patents. There can be no assurance that, in the future, the owners of such patents will continue to maintain their patents or extend such patent rights to the Company on the same basis as at the present, or at all. The Company's business could be adversely affected by any of these developments.

9. FOREIGN EXCHANGE RISKS

The Company operates in many parts of the world and, as a result, is affected by fluctuations in foreign exchange rates. The Company's results of operations are particularly affected by fluctuations in the exchange rates of the U.S. dollar and/or the euro against the Japanese yen.

The Company engages in foreign exchange hedging activities by entering into foreign exchange forward contracts and takes measures to minimize foreign exchange risks. However, there can be no assurance that such hedging activities or measures will significantly limit the impact of movements in exchange rates on the Company's results of operations. In addition, these fluctuations can affect the Japanese yen value of the Company's investments in overseas subsidiaries and affiliates and monetary assets and liabilities arising from business transactions in foreign currencies. Despite the Company's measures to reduce or hedge against foreign currency exchange risks, foreign exchange rate fluctuations may harm its business, financial condition and results of operations.

10. PUBLIC LAWS AND REGULATIONS

In the countries in which it operates, the Company is subject to various government laws and regulations, including business and investment permits, as well as customs duties and other import/export regulations. These laws and regulations may restrict the business activities of the Company and lead to an increase in costs. Accordingly, these laws and regulations may adversely affect the performance and financial position of the Company.

11. NATURAL DISASTERS

The Company recognizes the risk of natural disasters such as earthquakes and thoroughly implements strategies to prevent and protect each of its domestic and overseas production facilities from being adversely affected by such catastrophes. Although the Company was able to effectively minimize the adverse affects to its business during past earthquakes, in the event that it experiences any greater-than-expected natural disaster, the Company may incur substantial damages.

12. RISKS RELATING TO ENVIRONMENTAL POLLUTION

The Company takes steps to ensure implementation of environmental risk prevention measures based on its Alps Group's Environmental Charter as a part of its CSR activities. Specifically, such measures include prevention of chemical substance leakage, thorough control of effluents and emissions, and the purification of soil and groundwater. However, despite the Company's efforts to protect the environment, there can be no assurance that future environmental pollution will not arise during the course of its business activities. Accordingly, the occurrence of unforeseen environmental burden may lead to an increase in costs associated with countermeasures taken and adversely affect the performance and financial position of the Company.

Consolidated Balance Sheets

ALPS ELECTRIC CO., LTD. AND CONSOLIDATED SUBSIDIARIES
As of March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
ASSETS	**2008**	2007	**2008**
Current assets:			
Cash and time deposits (Note 16)	**¥ 78,826**	¥ 82,215	**$ 786,687**
Investment securities (Notes 4 and 16)	**31**	503	**309**
Notes and accounts receivable:			
Unconsolidated subsidiaries and affiliated companies	**1,316**	1,214	**13,134**
Trade	**109,962**	130,698	**1,097,425**
Allowance for doubtful accounts	**(1,742)**	(2,282)	**(17,385)**
Inventories (Note 5)	**72,526**	77,396	**723,812**
Deferred tax assets (Note 15)	**8,703**	9,495	**86,856**
Other current assets	**20,001**	22,161	**199,612**
Total current assets	**289,623**	321,400	**2,890,450**
Property, plant and equipment (Note 6)**:**			
Land (Note 10)	**28,804**	29,626	**287,465**
Buildings and structures	**111,103**	111,948	**1,108,812**
Machinery and equipment	**304,608**	305,186	**3,040,000**
Construction in progress	**7,484**	8,103	**74,691**
	451,999	454,863	**4,510,968**
Less accumulated depreciation and accumulated impairment losses	**(313,042)**	(295,117)	**(3,124,172)**
Property, plant and equipment, net	**138,957**	159,746	**1,386,796**
Investments and other assets:			
Intangible assets, net	**15,169**	15,040	**151,387**
Investments in and advances to unconsolidated subsidiaries and affiliated companies (Note 4)	**6,646**	8,625	**66,327**
Investment securities (Note 4)	**18,515**	20,281	**184,780**
Deferred tax assets (Note 15)	**10,030**	6,441	**100,100**
Other assets (Note 7)	**15,816**	16,511	**157,845**
Total investments and other assets	**66,176**	66,898	**660,439**
Total assets	**¥ 494,756**	¥ 548,044	**$ 4,937,685**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
LIABILITIES AND NET ASSETS	**2008**	2007	**2008**
Current liabilities:			
Bank loans (Note 6)	**¥ 13,403**	¥ 41,014	**$ 133,762**
Long-term debt due within one year (Note 6)	**843**	7,028	**8,413**
Notes and accounts payable:			
Unconsolidated subsidiaries and affiliated companies	**1,690**	192	**16,866**
Trade	**62,230**	72,944	**621,058**
Accrued income taxes	**8,754**	4,677	**87,365**
Accrued expenses	**35,332**	37,104	**352,615**
Deferred tax liabilities (Note 15)	**362**	241	**3,613**
Other current liabilities	**25,698**	21,274	**256,468**
Total current liabilities	**148,312**	184,474	**1,480,160**
Non-current liabilities:			
Long-term debt (Note 6)	**58,841**	57,308	**587,236**
Accrued employees' severance and pension costs (Note 7)	**2,676**	2,604	**26,707**
Deferred tax liabilities (Note 15)	**1,607**	4,748	**16,038**
Other non-current liabilities	**3,002**	4,892	**29,959**
Total non-current liabilities	**66,126**	69,552	**659,940**
Total liabilities	**214,438**	254,026	**2,140,100**
Contingent liabilities (Note 8)			
Net assets (Note 9)**:**			
Stockholders' equity:			
Common stock:			
Authorized—500,000,000 shares			
Issued—181,559,956 shares in 2008 and 2007	**23,624**	23,624	**235,768**
Additional paid-in capital	**45,587**	45,587	**454,960**
Retained earnings	**133,450**	132,845	**1,331,836**
Treasury stock, at cost—2,336,566 shares in 2008 and 2,332,089 shares in 2007	**(3,551)**	(3,545)	**(35,438)**
Total stockholders' equity	**199,110**	198,511	**1,987,126**
Valuation, translation adjustments and other:			
Net unrealized gains on investment securities	**2,396**	4,525	**23,912**
Net deferred gains on hedge transactions (Note 17)	**—**	0	**—**
Land revaluation reserve (Note 10)	**(569)**	(569)	**(5,679)**
Foreign currency translation adjustments	**(7,083)**	982	**(70,688)**
Total valuation, translation adjustments and other	**(5,256)**	4,938	**(52,455)**
Minority interests	**86,464**	90,569	**862,914**
Total net assets	**280,318**	294,018	**2,797,585**
Total liabilities and net assets	**¥494,756**	¥548,044	**$4,937,685**

	Yen		U.S. dollars (Note 1)
	2008	2007	**2008**
Amounts per share of common stock:			
Net assets	**¥1,081.63**	¥1,135.14	**$10.79**

See accompanying notes.

Consolidated Statements of Income

ALPS ELECTRIC CO., LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Net sales	**¥692,656**	¥708,127	¥709,613	**$6,912,735**
Costs and expenses (Note 12):				
Cost of sales	**587,210**	596,857	581,016	**5,860,379**
Selling, general and administrative expenses (Note 11)	**85,570**	89,193	83,125	**853,993**
	672,780	686,050	664,141	**6,714,372**
Operating income	**19,876**	22,077	45,472	**198,363**
Other income (expenses):				
Interest and dividend income	**2,056**	1,876	1,007	**20,519**
Interest expense	**(1,369)**	(1,616)	(1,509)	**(13,663)**
Exchange (losses) gains, net	**(7,172)**	647	943	**(71,577)**
Other, net (Notes 13 and 14)	**4,917**	(2,167)	(9,749)	**49,073**
	(1,568)	(1,260)	(9,308)	**(15,648)**
Income before income taxes and minority interests	**18,308**	20,817	36,164	**182,715**
Income taxes (Note 15):				
Current	**14,122**	8,288	11,356	**140,938**
Deferred	**(3,562)**	2,248	333	**(35,549)**
	10,560	10,536	11,689	**105,389**
Income before minority interests	**7,748**	10,281	24,475	**77,326**
Minority interests in earnings of consolidated subsidiaries	**(3,330)**	(5,363)	(5,605)	**(33,234)**
Net income	**¥ 4,418**	¥ 4,918	¥ 18,870	**$ 44,092**

	Yen			U.S. dollars (Note 1)
	2008	2007	2006	**2008**
Amounts per share of common stock:				
Net income	**¥ 24.65**	¥ 27.40	¥ 103.74	**$ 0.25**
Diluted net income	**22.32**	24.84	94.40	**0.22**
Cash dividends applicable to the year	**20.00**	20.00	20.00	**0.20**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

ALPS ELECTRIC CO., LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2008, 2007 and 2006

		Millions of yen									
		Stockholders' equity				Valuation, translation adjustments and other					
	Number of shares of common stock	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on investment securities	Net deferred gains on hedge transactions	Land revaluation reserve	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2005	180,727,015	¥22,913	¥44,876	¥116,124	¥ (497)	¥ 3,273	¥ 32	¥(647)	¥ (9,134)	¥62,292	¥239,232
Conversion of convertible bonds	832,941	711	711								1,422
Increase due to inclusion of consolidated subsidiaries				54							54
Net income				18,870							18,870
Cash dividends paid (¥20.00 per share)				(3,610)							(3,610)
Bonuses to directors				(127)							(127)
Change in net unrealized gains on investment securities						1,590					1,590
Change in foreign currency translation adjustments									6,609		6,609
Change in minority interests										21,320	21,320
Other			0	(1)	(43)		(27)	78			7
Balance at March 31, 2006	181,559,956	23,624	45,587	131,310	(540)	4,863	5	(569)	(2,525)	83,612	285,367
Increase due to inclusion of consolidated subsidiaries				147							147
Net income				4,918							4,918
Cash dividends paid (¥20.00 per share)				(3,604)							(3,604)
Bonuses to directors				(124)							(124)
Increase in earnings due to change in ownership interest of an affiliated company accounted for by the equity method				208							208
Purchases of treasury stock					(3,006)						(3,006)
Change in net unrealized gains on investment securities						(338)					(338)
Change in foreign currency translation adjustments									3,507		3,507
Change in minority interests										6,957	6,957
Other			(0)	(10)	1		(5)				(14)
Balance at March 31, 2007	181,559,956	23,624	45,587	132,845	(3,545)	4,525	0	(569)	982	90,569	294,018
Net income				**4,418**							**4,418**
Cash dividends paid (¥20.00 per share)				**(3,585)**							**(3,585)**
Decrease in earnings due to change in ownership interest of an affiliated company accounted for by the equity method				**(248)**							**(248)**
Purchases of treasury stock					**(6)**						**(6)**
Change in net unrealized gains on investment securities						**(2,129)**					**(2,129)**
Change in foreign currency translation adjustments									**(8,065)**		**(8,065)**
Change in minority interests										**(4,105)**	**(4,105)**
Other			**(0)**	**20**	**0**		**(0)**				**20**
Balance at March 31, 2008	**181,559,956**	**¥23,624**	**¥45,587**	**¥133,450**	**¥(3,551)**	**¥ 2,396**	**¥ —**	**¥(569)**	**¥ (7,083)**	**¥86,464**	**¥280,318**

	Thousands of U.S. dollars (Note 1)									
	Stockholders' equity				Valuation, translation adjustments and other					
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized gains on investment securities	Net deferred gains on hedge transactions	Land revaluation reserve	Foreign currency translation adjustments	Minority interests	Total net assets
Balance at March 31, 2007	$235,768	$454,961	$1,325,798	$(35,379)	$ 45,160	$ 2	$(5,679)	$ 9,800	$903,882	$2,934,313
Net income			**44,092**							**44,092**
Cash dividends paid ($0.17 per share)			**(35,778)**							**(35,778)**
Decrease in earnings due to change in ownership interest of an affiliated company accounted for by the equity method			**(2,475)**							**(2,475)**
Purchases of treasury stock				**(60)**						**(60)**
Change in net unrealized gains on investment securities					**(21,248)**					**(21,248)**
Change in foreign currency translation adjustments								**(80,488)**		**(80,488)**
Change in minority interests									**(40,968)**	**(40,968)**
Other		**(1)**	**199**	**1**		**(2)**				**197**
Balance at March 31, 2008	**$235,768**	**$454,960**	**$1,331,836**	**$(35,438)**	**$ 23,912**	**$ —**	**$(5,679)**	**$(70,688)**	**$862,914**	**$2,797,585**

See accompanying notes.

ALPS ELECTRIC CO., LTD. AND CONSOLIDATED SUBSIDIARIES
For the years ended March 31, 2008, 2007 and 2006

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2008	2007	2006	2008
Cash flows from operating activities:				
Income before income taxes and minority interests	**¥ 18,308**	¥ 20,817	¥ 36,164	**$ 182,715**
Depreciation and amortization	**37,771**	39,213	36,925	**376,956**
Impairment losses on fixed assets	**20,445**	2,945	7,476	**204,042**
Amortization of goodwill	**131**	115	114	**1,307**
(Decrease) increase in allowance for doubtful accounts	**(414)**	44	489	**(4,132)**
Increase in allowance for cancellation cost of resort membership contract	**—**	—	206	**—**
Increase (decrease) in accrued employees' severance and pension costs	**135**	67	(10,915)	**1,347**
Decrease (increase) in long-term prepaid pension costs	**690**	910	(4,234)	**6,886**
(Decrease) increase in accrued directors' severance costs	**(14)**	227	(75)	**(140)**
Increase in allowance for environmental preservation costs	**—**	—	318	**—**
Interest and dividend income	**(2,056)**	(1,876)	(1,007)	**(20,519)**
Interest expense	**1,369**	1,616	1,509	**13,663**
Equity in earnings of affiliated companies	**(425)**	(274)	(186)	**(4,242)**
Loss on redemption of specified money in trust	**—**	—	892	**—**
Gain on sale of fixed assets	**(1,143)**	(259)	(661)	**(11,407)**
Gain on sale of patents and know-how	**(27,087)**	—	—	**(270,329)**
Loss on sale and disposal of fixed assets	**1,705**	1,782	2,026	**17,016**
Loss on changes in ownership interest of subsidiaries	**—**	—	629	**—**
Gain on sale of investment securities	**(60)**	(919)	(261)	**(599)**
Write-offs of investment securities	**744**	537	289	**7,425**
Restoration expense for soil pollution	**—**	—	779	**—**
Decrease (increase) in notes and accounts receivable	**15,101**	(6,008)	957	**150,709**
Decrease in inventories	**1,507**	8,746	4,798	**15,040**
(Decrease) increase in notes and accounts payable	**(4,746)**	744	(8,519)	**(47,365)**
(Decrease) increase in accrued expenses	**(676)**	(1,037)	3,780	**(6,747)**
(Decrease) increase in other long-term other payables	**(1,908)**	(1,885)	3,806	**(19,042)**
Decrease (increase) in income taxes receivable	**3,177**	(3,177)	—	**31,707**
Other, net	**1,356**	(3,925)	3,926	**13,533**
Subtotal	**63,910**	58,403	79,225	**637,824**
Proceeds from interest and dividend income	**1,945**	1,916	1,211	**19,411**
Payments for interest expense	**(1,400)**	(1,581)	(1,508)	**(13,972)**
Payments for income taxes	**(11,337)**	(9,798)	(12,611)	**(113,143)**
Net cash provided by operating activities	**53,118**	48,940	66,317	**530,120**
Cash flows from investing activities:				
Payments to make time deposits	**(1,353)**	—	(1,733)	**(13,503)**
Payments for purchases of property, plant and equipment	**(39,099)**	(40,568)	(44,970)	**(390,210)**
Proceeds from sale of property, plant and equipment	**2,286**	1,556	2,337	**22,814**
Payments for purchases of intangible assets	**(5,909)**	(5,837)	(5,463)	**(58,972)**
Payments for purchases of investment securities	**(6,306)**	(575)	(797)	**(62,934)**
Proceeds from sale of investment securities	**298**	969	281	**2,974**
Proceeds from advances received for sale of property, plant and equipment	**7,150**	—	—	**71,357**
Proceeds from sale of patents and know-how	**27,143**	—	—	**270,888**
Proceeds from redemption of specified money in trust	**—**	—	2,340	**—**
Other	**717**	1,285	911	**7,157**
Net cash used in investing activities	**(15,073)**	(43,170)	(47,094)	**(150,429)**
Cash flows from financing activities:				
Net (decrease) increase in bank loans	**(27,201)**	(4,132)	916	**(271,467)**
Proceeds from issuance of long-term debt	**2,578**	23,200	2,881	**25,729**
Repayment of long-term debt	**(7,205)**	(13,740)	(13,575)	**(71,906)**
Redemption of domestic bonds	**—**	(10,063)	—	**—**
Cash dividends paid	**(3,585)**	(3,604)	(3,610)	**(35,778)**
Cash dividends paid to minority stockholders' of consolidated subsidiaries	**(1,489)**	(1,684)	(1,390)	**(14,861)**
Payments for purchases of treasury stock	**—**	(3,006)	(44)	**—**
Other	**(391)**	34	(37)	**(3,903)**
Net cash used in financing activities	**(37,293)**	(12,995)	(14,859)	**(372,186)**
Effect of exchange rate changes on cash and cash equivalents	**(4,421)**	2,248	3,984	**(44,121)**
Net (decrease) increase in cash and cash equivalents	**(3,669)**	(4,977)	8,348	**(36,616)**
Cash and cash equivalents at beginning of year	**82,751**	87,538	79,011	**825,858**
Cash and cash equivalents at beginning of year held by newly consolidated subsidiaries	**—**	163	179	**—**
Cash and cash equivalents at the date of merger held by the merged company	**97**	27	—	**968**
Cash and cash equivalents at end of year (Note 16)	**¥ 79,179**	¥ 82,751	¥ 87,538	**$ 790,210**

See accompanying notes.

1. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of Alps Electric Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

In preparing the accompanying consolidated financial statements, certain reclassifications have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the accompanying consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

The accompanying consolidated financial statements are stated in Japanese yen. The translation of Japanese yen amounts into U.S. dollar amounts is included solely for the convenience of readers outside Japan at the prevailing exchange rate on March 31, 2008 which was ¥100.2 to U.S.$1.00. The translation should not be construed as a representation that the Japanese yen could be converted into U.S. dollars at the above or any other rate of exchange.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Consolidation

The accompanying consolidated financial statements include the accounts of the Company and substantially all of its subsidiaries (collectively, the "Companies"). All significant intercompany transactions and accounts are eliminated in consolidation.

(b) Equity method

Investments in affiliated companies are accounted for by the equity method.

(c) Cash equivalents

In preparing the accompanying consolidated statements of cash flows, the Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(d) Investment securities

The Company classifies investment securities other than those in subsidiaries and affiliates into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized gain or loss, net of income taxes, included directly in net assets. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

(e) Allowance for doubtful accounts

The allowance for doubtful accounts is provided at an amount sufficient to cover possible losses on collection. The allowance consists of the estimated uncollectible amounts with respect to specific receivables plus a percentage based on historical credit losses.

(f) Inventories

Inventories held by the Company, its domestic consolidated subsidiaries and its foreign consolidated subsidiaries in Asia are principally stated at cost determined by the average method. Inventories held by its foreign consolidated subsidiaries in the United States and Europe are stated at the lower of moving average cost or market.

(g) Property, plant and equipment and depreciation

Property, plant and equipment is stated at cost. The Company and its foreign consolidated subsidiaries compute depreciation of property, plant and equipment by the straight-line method over the estimated useful lives of the respective assets, while its domestic consolidated subsidiaries apply the declining-balance method, except with respect to certain buildings, at rates based on their respective estimated useful lives. Depreciation of buildings purchased after March 31, 1998 is computed by the straight-line method by the domestic consolidated subsidiaries.

The estimated useful lives are summarized as follows:

Buildings and structures	2 – 60 years
Machinery and equipment	1 – 20 years

(h) Intangible assets and amortization

Intangible assets consist of software and goodwill. Goodwill means the net excess of the acquisition cost of the Company's investments in consolidated subsidiaries over the fair value of the net assets of those companies and is amortized by the straight-line method over a period of 5 years. Software for internal use is amortized by the straight-line method over its estimated useful lives ranging from 3 to 5 years. Software for sale to the market is amortized at the greater of either the amount based on sales in the year, as a proportion of total estimated sales, or the amount calculated on a straight-line basis over the remaining salable period.

(i) Foreign currency translation

Foreign currency transactions

All receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates prevailing at the balance sheet date.

Foreign currency financial statements

The assets and liabilities of the foreign consolidated subsidiaries are translated into Japanese yen at current exchange rates prevailing at the balance sheet date. Revenue and expense accounts are translated at the average exchange rates prevailing during the year. Foreign currency translation adjustments are included in net assets.

(j) Accrued employees' bonuses

Accrued employees' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for services rendered by that date by the Company and certain of its consolidated subsidiaries.

(k) Accrued directors' bonuses

Accrued directors' bonuses at the balance sheet date are based on an estimate of the amounts to be paid as bonuses for services rendered by that date by the Company and certain of its consolidated subsidiaries.

(l) Accrued warranty costs

The Company provides accrued warranty costs for any specific claims on goods sold. Certain subsidiaries provide accrued warranty costs for goods sold based on historical experience of actual warranty claims.

(m) Allowance for cancellation cost of resort membership contract

The Company and certain of its domestic consolidated subsidiaries provided allowance for cancellation cost of resort membership contract at an estimated amount of cost incurred for cancellation of the contract before its maturity during the year ended March 31, 2006.

(n) Reserve for losses on purchases of inventories

The Company provides reserve for losses on purchases of inventories at an amount sufficient to cover possible losses on open purchase orders.

(o) Accrued employees' severance and pension costs

The Company and certain of its domestic and foreign consolidated subsidiaries accrue employees' severance and pension costs at an amount calculated based on the projected benefit obligation and the fair value of plan assets as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. Actuarial gain or loss is amortized by the straight-line method over the average remaining years of service of the eligible employees (ranging from 13 to 17 years except for one domestic consolidated subsidiary for which it is 4 years). Prior service cost is being amortized by the straight-line method over a period within the average remaining years of service of the eligible employees (1 year except for certain domestic consolidated subsidiaries for which it ranges from 4 to 13 years).

(p) Accrued directors' severance costs

The Company and its domestic consolidated subsidiaries provide accrued directors' severance costs based on their internal corporate policy.

(q) Allowance for environmental preservation costs

Allowance for environmental preservation costs is provided at the estimated amount needed to restore certain land from soil pollution and to dispose of polluted soil and poisonous material.

(r) Leases

Finance leases, except for those leases for which the ownership of the leased assets is transferred to the lessees, are accounted for as operating leases.

(s) Income taxes

Deferred tax assets and liabilities are recorded based on the temporary differences between the tax bases of assets and liabilities and their reported amounts in the accompanying consolidated financial statements using the enacted tax rates in effect for the years in which the temporary differences are expected to reverse. Deferred tax assets are also recognized for the estimated future tax effects attributable to tax loss carryforwards. A valuation allowance is recorded to reduce deferred tax assets if it is more likely than not that some or all of the deferred tax assets will not be realized.

(t) Amounts per share of common stock

Basic net income per share is computed based on the net income available for distribution to stockholders of common stock and the weighted average number of shares of common stock outstanding during the year. Diluted net income per share is computed based on the net income available for distribution to the stockholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the conversion of convertible bonds.

Net assets per share are computed based on the net assets excluding minority interests and the number of common stock outstanding at the year end.

Cash dividends per share of common stock reflect the actual amounts declared for each of the fiscal years.

(u) Derivative financial instruments

In the normal course of business, the Company and certain of its consolidated subsidiaries enter into various derivative transactions to manage their exposure to risks arising from fluctuations in foreign currency exchange rates and interest rates. The Company and its consolidated subsidiaries generally recognize all derivatives in the balance sheet at fair value.

Changes in the fair value of derivatives

Changes in the fair value of forward foreign exchange contracts, currency swaps, currency options and coupon swaps designated as hedges of recognized assets or liabilities are recognized in earnings and losses. Changes in the fair value of these derivatives which are designated as hedges of forecasted transactions are deferred until the corresponding hedged transactions are recognized in earnings and losses.

Interest rate swap agreements

Interest rate swap agreements are not recognized at fair value if the agreements meet the exception criteria for the recognition of derivatives at fair value. The differentials to be paid or received relating to the interest rate swap agreements are recognized as interest over the life of each of the agreements.

(v) Reclassifications

Certain prior-year amounts have been reclassified to conform to the 2008 presentation.

3. ACCOUNTING CHANGES

(a) Change in useful life

Effective the fiscal year ended March 31, 2007, certain of the Company's foreign consolidated subsidiaries changed their useful lives of machinery from "6 to 10 years" to "4 to 7 years" as a result of their reconsideration of the useful lives of machinery and the establishment of a new accounting management system.

As a result, depreciation expense increased by ¥395 million, and operating income and income before income taxes and minority interests decreased by ¥257 million and ¥381 million, respectively, for the year ended March 31, 2007.

Effective the fiscal year ended March 31, 2006, the Company changed its useful lives of machinery from "5 to 10 years" to "4 to 7 years" as a result of its reconsideration of the useful lives of machinery.

As a result, depreciation expense increased by ¥4,689 million, and operating income and income before income taxes and minority interests decreased by ¥3,629 million and ¥4,033 million, respectively, for the year ended March 31, 2006.

(b) Change in residual value

Effective the fiscal year ended March 31, 2007, certain of the Company's foreign consolidated subsidiaries changed their estimates of residual value of property, plant and equipment from 10% of acquisition cost to their respective memorandum value, as a result of their reconsideration of the residual value and the establishment of a new accounting management system.

As a result, depreciation expense increased by ¥561 million, and operating income and income before income taxes and minority interests decreased by ¥198 million and ¥551 million, respectively, for the year ended March 31, 2007.

(c) Accounting standard for directors' bonuses

Effective the fiscal year ended March 31, 2007, the Company and its domestic consolidated subsidiaries adopted Accounting Standard for Directors' Bonuses (Accounting Standards Board of Japan (ASBJ) Statement No. 4 issued on November 29, 2005). Under this standard, directors' bonuses are expensed as incurred and included in selling, general and administrative expenses, whereas the Company and its domestic consolidated subsidiaries previously accounted for them as a deduction of retained earnings.

As a result of the adoption of this standard, operating income and income before income taxes and minority interests both decreased by ¥161 million for the year ended March 31, 2007 from the corresponding amounts which would have been recorded under the previous method.

(d) Change in presentation of sale of tooling

Effective the fiscal year ended March 31, 2007, the Company and certain of its consolidated subsidiaries changed the presentation of sale of tooling in the consolidated statements of income from recording the related net gain or loss amounts in other income (expenses) to recording the related gross amounts in net sales and cost of sales because of a recent increase in such transactions and the establishment of a new accounting management system.

As a result, net sales, cost of sales and operating income increased by ¥6,248 million, ¥5,633 million and ¥615 million, respectively, whereas there was no effect on income before income taxes and minority interests for the year ended March 31, 2007.

(e) Change in depreciation method applicable to tangible fixed assets

Effective the fiscal year ended March 31, 2008, the Company's domestic consolidated subsidiaries have changed their depreciation method based on an amendment to the Corporation Tax Law for tangible assets acquired on or after April 1, 2007. The effect of the change on income was immaterial for the year ended March 31, 2008.

Effective the fiscal year ended March 31, 2006, the Company changed its depreciation method for property, plant and equipment, except for certain buildings, from the declining-balance method to the straight-line method because it is more reasonable to allocate investment costs equally over the useful lives of the assets as frequency in use of the assets and maintenance and repair costs of the assets were almost same during the useful lives of the assets.

As a result, depreciation expense decreased by ¥2,730 million, and operating income and income before income taxes and minority interests increased by ¥2,264 million, respectively, for the year ended March 31, 2006.

(f) Change in depreciation of the residual value of tangible fixed assets purchased before April 1, 2007

The Company's domestic consolidated subsidiaries have recorded assets acquired before April 1, 2007 based on the previous depreciation method. Following an amendment to the Corporation Tax Law, when the assets have been depreciated to their respective residual value, which is 5% of acquisition cost under the tax law, the residual value is equally depreciated over a period of five years. The effect of the change on income was immaterial for the year ended March 31, 2008.

(g) Adoption of accounting for the impairment of fixed assets

Effective the fiscal year ended March 31, 2006, the Company has adopted a new accounting standard for the impairment of fixed assets which requires that tangible and intangible fixed assets be carried at cost less depreciation, and be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Companies would be required to recognize an impairment loss in their statement of income if certain indicators of asset impairment exist and the book value of an asset exceeds the undiscounted sum of future cash flows of the asset. The standard states that impairment losses should be measured as the excess of the book value over the higher of (1) the fair market value of the asset, net of disposition costs and (2) the present value of future cash flows arising ongoing utilization of the asset and from disposal after asset use. The standard covers land, factories, buildings and other forms of property, plant and equipment as well as intangible assets. Fixed assets will be grouped at the lowest level for which there is identifiable cash flows that are independent of cash flows of other groups of assets.

As a result of the adoption of this new accounting standard, impairment losses on fixed assets in the amount of ¥7,476 million were recognized and income before income taxes and minority interests decreased by the same amount for the year ended March 31, 2006 as compared with the corresponding amount under the previous method.

The effects of the above accounting changes on segment information are described in 19. SEGMENT INFORMATION.

4. INVESTMENT SECURITIES

Marketable securities classified as other securities at March 31, 2008 and 2007 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2008			2008		
	Cost	Fair value	Unrealized gains (losses)	Cost	Fair value	Unrealized gains (losses)
Securities for which fair value exceeds cost:						
Equity securities	**¥3,403**	**¥12,365**	**¥8,962**	**$33,962**	**$123,403**	**$89,441**
Securities for which cost exceeds fair value:						
Equity securities	**6,356**	**5,382**	**(974)**	**63,433**	**53,712**	**(9,721)**
Total	**¥9,759**	**¥17,747**	**¥7,988**	**$97,395**	**$177,115**	**$79,720**

	Millions of yen		
	2007		
	Cost	Fair value	Unrealized gains (losses)
Securities for which fair value exceeds cost:			
Equity securities	¥4,173	¥19,283	¥15,110
Securities for which cost exceeds fair value:			
Equity securities	44	38	(6)
Total	¥4,217	¥19,321	¥15,104

Proceeds from sales of securities classified as other securities for the years ended March 31, 2008, 2007 and 2006 were ¥298 million ($2,974 thousand), ¥969 million and ¥281 million, respectively. Gross realized gains and losses for the year ended March 31, 2008 were ¥60 million ($599 thousand) and ¥0 million ($0 thousand), respectively. Gross realized gains and losses for the year ended March 31, 2007 were ¥919 million and ¥0 million, respectively. Gross realized gains and losses for the year ended March 31, 2006 were ¥261 million and ¥5 million, respectively.

Significant components of securities recorded at cost at March 31, 2008 and 2007 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Other securities:			
Non-marketable equity securities	**¥ 669**	¥ 958	**$ 6,677**
Government bonds	**0**	1	**0**
Other	**130**	504	**1,297**
Subsidiaries' and affiliates' stocks:			
Unconsolidated subsidiaries and affiliated companies	**6,419**	1,404	**64,062**
Total	**¥7,218**	¥2,867	**$72,036**

The redemption schedule of securities classified as other securities with maturity dates at March 31, 2008 and 2007 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Investment funds:			
Due in one year or less	**¥31**	¥ —	**$309**
Total	**¥31**	¥ —	**$309**

5. INVENTORIES

Inventories at March 31, 2008 and 2007 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Finished products	**¥41,665**	¥44,268	**$415,818**
Work in process	**11,760**	14,905	**117,365**
Raw materials and supplies	**19,101**	18,223	**190,629**
	¥72,526	¥77,396	**$723,812**

6. BANK LOANS AND LONG-TERM DEBT

Bank loans consisted primarily of overdrafts with banks at interest rates ranging from 1.24% to 5.19% and 0.81% to 6.18% at March 31, 2008 and 2007, respectively.

Long-term debt at March 31, 2008 and 2007 is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Loans principally from banks and insurance companies due through 2019 at interest rates ranging from 1.23% to 6.19% and 0.98% to 6.19% at March 31, 2008 and 2007, respectively	**¥30,958**	¥35,548	**$308,962**
Zero coupon convertible bonds due 2010	**28,726**	28,788	**286,687**
	59,684	64,336	**595,649**
Less amounts due within one year	**843**	7,028	**8,413**
	¥58,841	¥57,308	**$587,236**

At March 31, 2008 and 2007, the following assets were pledged as collateral for bank loans and long-term debt:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Property, plant and equipment, at net book value	**¥5,868**	¥6,052	**$58,563**

The aggregate annual maturities of long-term debt subsequent to March 31, 2008 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	**¥ 843**	**$ 8,413**
2010	**33,743**	**336,757**
2011	**11,597**	**115,739**
2012	**10,659**	**106,377**
2013	**1,594**	**15,908**
2014 and thereafter	**1,248**	**12,455**
Total	**¥59,684**	**$595,649**

7. EMPLOYEES' SEVERANCE AND PENSION COSTS

The Company and certain of its consolidated subsidiaries had defined benefit pension plans, i.e., Employees' Pension Fund plans ("EPFs"), comprising of a substitutional portion related to the government-sponsored benefit and a corporate portion related to the employer-sponsored benefit.

The Company and certain of its domestic consolidated subsidiaries repaid the substitutional portion to the Japanese government on June 27, 2005 and recognized a resulting gain of ¥79 million included in other income for the year ended March 31, 2006.

On February 28, 2005, the Company and one domestic consolidated subsidiary changed their pension plans from employer-sponsored defined benefit pension plans and lump-sum payment plans to cash balance plans and defined contribution pension plans or prepaid severance benefit plans. As a result of the implementation of the cash balance plans, projected benefit obligation decreased by ¥8,441 million and unrecognized negative prior service cost increased by the same amount on February 28, 2005.

Amortization of unrecognized prior service cost for the year ended March 31, 2006 was ¥7,036 million, and was deducted from cost of sales and selling, general and administrative expenses for the year then ended.

The Company and certain of its domestic consolidated subsidiaries have tax-qualified pension plans and lump-sum retirement plans. Under these defined benefit pension plans, employees are generally entitled to lump-sum payments and/or annuity payments, the amounts of which are determined by reference to their basic salary, length of service, and the conditions under which termination occurs. Certain of the foreign consolidated subsidiaries have defined contribution pension plans.

The following table sets forth the funded and accrued status of the defined benefit pension plans, and the amounts recognized in the accompanying consolidated balance sheets at March 31, 2008 and 2007 for the Company and its consolidated subsidiaries:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Projected benefit obligation	**¥(55,553)**	¥(55,166)	**$(554,421)**
Plan assets at fair value	**51,593**	58,399	**514,900**
Funded status	**(3,960)**	3,233	**(39,521)**
Unrecognized actuarial net loss	**11,101**	4,672	**110,788**
Unrecognized prior service cost	**(47)**	(49)	**(469)**
Amounts recognized in the consolidated balance sheets, net	**7,094**	7,856	**70,798**
Prepaid pension cost	**9,770**	10,460	**97,505**
Accrued employees' severance and pension costs	**¥ (2,676)**	¥ (2,604)	**$ (26,707)**

Certain of the Company's consolidated subsidiaries have adopted the simplified method in calculating their projected benefit obligation as set forth in the accounting standard applicable to employees' severance and pension costs.

The components of employees' severance and pension expenses for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Service cost	**¥ 2,390**	¥ 2,334	¥ 2,227	**$ 23,852**
Interest cost	**1,300**	1,263	1,235	**12,974**
Expected return on plan assets	**(1,420)**	(1,351)	(1,153)	**(14,172)**
Amortization of actuarial loss	**842**	925	1,358	**8,403**
Amortization of prior service cost	**(8)**	(6)	(7,042)	**(80)**
Additional accrued severance cost	**220**	54	20	**2,196**
Other	**855**	859	905	**8,534**
Subtotal	**4,179**	4,078	(2,450)	**41,707**
Gain on return of substitutional portion of Employees' Pension Fund plans	**—**	—	(79)	**—**
Expenses for the change from the simplified method to the standard method	**—**	27	169	**—**
Total	**¥ 4,179**	¥ 4,105	¥ (2,360)	**$ 41,707**

The assumptions used in accounting for the defined benefit pension plans for the years ended March 31, 2008, 2007 and 2006 were as follows:

	2008	2007	2006
Discount rates	**1.0%–2.5%**	1.0%–2.5%	1.0%–2.5%
Expected rates of return on plan assets	**2.0%–2.5%**	2.0%–2.5%	2.0%–2.5%

Certain of the Company's consolidated subsidiaries participate in multi-employer defined benefit pension plans and recognize as net pension cost the related required contributions for the period.

Information regarding the multi-employer pension plans is summarized as follows:

(1) Funded status

Japan Travel Agents Employees Pension Funds

	As of March 31, 2007
	Millions of yen
Pension assets	¥25,976
Pension liabilities	22,733
Surplus	¥ 3,243

Other multi-employer pension plan

	As of March 31, 2008	
	Millions of yen	Thousands of U.S. dollars
Pension assets	**¥2,361**	**$23,563**
Pension liabilities	**2,677**	**26,717**
Surplus (Deficit)	**¥ (316)**	**$ (3,154)**

(2) Number of participants of the multi-employer pension plans who are employees of the Company's consolidated subsidiaries as a percentage of total participants of such plans

	As of March 31, 2007
Japan Travel Agents Employees Pension Funds	0.55%
	As of March 31, 2008
Other multi-employer pension plan	87.13%

8. CONTINGENT LIABILITIES

The Company and certain of its consolidated subsidiaries were contingently liable as guarantors for loans of other companies and employees in the aggregate amount of ¥190 million ($1,896 thousand) at March 31, 2008.

The Company and certain of its consolidated subsidiaries have entered into loan commitment agreements amounting to ¥51,000 million ($508,982 thousand) with certain financial institutions at March 31, 2008. The outstanding loans payable amounted to nil, and, therefore, the unused balances amounted to ¥51,000 million ($508,982 thousand) under the credit facilities as of March 31, 2008.

9. NET ASSETS

The Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. Such distributions can be made at any time by resolution of the stockholders, or by the Board of Directors if certain conditions are met.

10. REVALUATION OF LAND

On March 31, 2002, a domestic consolidated subsidiary revalued its land held for business purposes in accordance with the "Law on Land Revaluation." The method followed for this land revaluation was determined in accordance with the "Enforcement Act Concerning Land Revaluation." Differences arising from the land revaluation have been accounted for as land revaluation reserve under net assets.

The carrying value of this land after the revaluation exceeded its fair value as of March 31, 2008 and 2007 by ¥1,063 million ($10,609 thousand) and ¥963 million, respectively.

11. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Major items included in selling, general and administrative expenses for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Salaries	**¥29,023**	¥28,224	¥26,847	**$289,651**
Employees' bonuses	**1,812**	1,708	1,439	**18,084**
Directors' bonuses	**164**	118	—	**1,637**
Employees' severance and pension costs	**1,147**	1,183	(292)	**11,447**
Directors' severance costs	**260**	286	208	**2,595**
Allowance for doubtful accounts	**157**	346	410	**1,567**
Warranty costs	**541**	1,469	1,692	**5,399**
Commission expenses	**7,250**	8,021	7,885	**72,355**
Research and development expenses	**10,151**	9,986	8,967	**101,307**

12. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses included in cost of sales and general and administrative expenses were ¥42,256 million ($421,717 thousand), ¥46,804 million and ¥42,830 million for the years ended March 31, 2008, 2007 and 2006, respectively.

13. OTHER INCOME (EXPENSES)

The components of other, net, in the accompanying consolidated statements of income for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Loss on sale and disposal of fixed assets	**¥ (1,705)**	¥(1,782)	¥(2,026)	**$ (17,016)**
Gain on sale of fixed assets	**1,143**	259	661	**11,407**
Gain on sale of investment securities	**60**	919	261	**599**
Write-offs of investment securities	**(744)**	(537)	(289)	**(7,425)**
Gain on sale of subsidiaries' and affiliates' interests	**—**	—	294	**—**
Equity in earnings of affiliated companies	**425**	274	186	**4,242**
Gain on sale of tooling	**—**	—	836	**—**
Loss on redemption of specified money in trust ("Tokkin")	**—**	—	(892)	**—**
Gain on return of substitutional portion of Employees' Pension Fund plans	**—**	—	79	**—**
Insurance revenue due resulting from disasters	**—**	172	932	**—**
Extraordinary depreciation	**—**	(477)	(405)	**—**
Impairment losses on fixed assets	**(20,445)**	(2,945)	(7,476)	**(204,042)**
Loss on changes in ownership interest of subsidiaries	**—**	—	(629)	**—**
Restoration expense for soil pollution	**—**	—	(779)	**—**
Provision for environmental preservation costs	**—**	—	(318)	**—**
Provision for cancellation cost of resort membership contract	**—**	—	(206)	**—**
Sales discounts	**—**	(334)	—	**—**
Royalty income	**—**	2,000	—	**—**
Product warranty expense	**—**	(935)	—	**—**
Gain on sale of patents and know-how	**27,087**	—	—	**270,329**
Loss on withdrawal from a business	**(916)**	—	—	**(9,142)**
Other	**12**	1,219	22	**121**
	¥ 4,917	¥(2,167)	¥(9,749)	**$ 49,073**

14. IMPAIRMENT LOSSES ON FIXED ASSETS

To adopt the accounting treatment for the impairment of fixed assets, the Companies determined asset groups based on the categories used for their managerial accounting considering the relevance of product categories and production processes. With respect to idle assets and rented assets, each asset is treated as an individual unit when applying the accounting treatment for impairment of fixed assets because cash inflows and outflows can be measured at the asset.

The Companies recognized impairment losses on the asset groups for the years ended March 31, 2008, 2007 and 2006 as follows:

			Millions of yen
Asset group	Asset type	Location	**2008**
AV-Head business	Buildings	Japan	**¥ 0**
LCD business	Machinery, land, etc.	Japan	**140**
Communications business	Buildings, machinery, etc.	(Note 1)	**1,792**
HDD heads business	Buildings, machinery, etc.	(Note 2)	**16,428**
PRT business	Buildings, machinery, etc.	(Note 3)	**1,566**
Idle assets	Buildings and land	Japan	**519**
Total			**¥20,445**

			Millions of yen
Asset group	Asset type	Location	2007
AV-Head business	Buildings, machinery, etc.	(Note 4)	¥ 43
LCD business	Buildings, machinery, etc.	(Note 5)	228
Communications business	Buildings, machinery, etc.	(Note 1)	2,620
Idle assets	Buildings, etc.	Japan	54
Total			¥2,945

			Millions of yen
Asset group	Asset type	Location	2006
AV-Head business	Buildings, machinery, etc.	(Note 4)	¥1,528
LCD business	Buildings, machinery, etc.	(Note 5)	4,100
Idle assets	Buildings, land, etc.	Japan	1,817
Rented assets	Buildings, etc.	Japan	31
Total			¥7,476

			Thousands of U.S. dollars
Asset group	Asset type	Location	**2008**
AV-Head business	Buildings	Japan	**$ 0**
LCD business	Machinery, land, etc.	Japan	**1,397**
Communications business	Buildings, machinery, etc.	(Note 1)	**17,884**
HDD heads business	Buildings, machinery, etc.	(Note 2)	**163,952**
PRT business	Buildings, machinery, etc.	(Note 3)	**15,629**
Idle assets	Buildings and land	Japan	**5,180**
Total			**$204,042**

(Note 1) Japan, China, South Korea, Malaysia and the Czech Republic
(Note 2) Japan and China
(Note 3) Japan, China and the Czech Republic
(Note 4) Japan and China for the year ended March 31, 2007
Japan, China, South Korea and Malaysia for the year ended March 31, 2006
(Note 5) Japan and China for the year ended March 31, 2007
Japan, China and Germany for the year ended March 31, 2006

With respect to assets categorized in AV-Head business group, LCD business group, Communications business group, HDD heads business group and PRT business group, the Companies reduced the book value of these assets to their respective recoverable amounts and recognized impairment losses of ¥19,926 million ($198,862 thousand), ¥2,891 million and ¥5,628 million for the years ended March 31, 2008, 2007 and 2006, respectively, as other expenses because the business environment deteriorated mainly due to the related market shrinkage. The impairment losses for the year ended March 31, 2008 were recorded for buildings at ¥8,570 million ($85,529 thousand), for machinery and equipment at ¥10,794 million ($107,725 thousand) for land at ¥202 million ($2,016 thousand), for construction in progress at ¥65 million ($649 thousand), for intangible assets, net, at ¥270 million ($2,695 thousand) and for other assets at ¥25 million ($248 thousand). The impairment losses for the year ended March 31, 2007 were recorded for buildings at ¥714 million, for machinery at ¥1,537 million and for other assets at ¥640 million. The impairment losses for the year ended March 31, 2006 were recorded for buildings at ¥1,534 million, for machinery at ¥3,613 million and for other assets at ¥481 million. The rates used in calculating discounted future cash flows for the years ended March 31, 2008, 2007 and 2006 were 5.4%, 5.1% and 5.3%, respectively.

With respect to the idle assets whose fair value declined, since the future use of those assets has not yet been determined, the Companies reduced the book value of those assets to their respective recoverable amounts and recognized impairment losses of ¥519 million ($5,180 thousand), ¥54 million and ¥1,817 million for the years ended March 31, 2008, 2007 and 2006, respectively, as other expenses.

The impairment losses of ¥519 million ($5,180 thousand) on idle assets for the year ended March 31, 2008 were for buildings at ¥516 million ($5,150 thousand) and for land at ¥3 million ($30 thousand). The impairment losses of ¥54 million on idle assets for the year ended March 31, 2007 were for buildings at ¥39 million, for land at ¥15 million and for other assets at ¥0 million. The impairment losses of ¥1,817 million on idle assets for the year ended March 31, 2006 were for buildings at ¥363 million, for land at ¥1,398 million and for other assets at ¥56 million. Net realizable value computed based on property tax value was used for determining the recoverable value of the idle assets.

With respect to the rented assets whose profitability dropped due to the decline of rental income and so forth, the Companies reduced the book value of those assets to their respective recoverable amounts and recognized impairment losses of ¥31 million for the year ended March 31, 2006 as other expenses. Such impairment losses for the year ended March 31, 2006 were recorded for a building at ¥30 million and for other assets at ¥1 million. Net realizable value computed based on property tax value was used for determining the recoverable amounts of the rented assets.

15. INCOME TAXES

The Company is subject to a number of taxes in Japan based on income, which, in the aggregate, resulted in a statutory tax rate of approximately 40.3% for the years ended March 31, 2008, 2007 and 2006.

The following table summarizes the significant differences between the statutory tax rate and the Company's effective tax rates reflected in the accompanying consolidated statements of income for the years ended March 31, 2008, 2007 and 2006:

	2008	2007	2006
Statutory tax rate	**40.3%**	40.3%	40.3%
Change in valuation allowance	**13.3**	10.5	(0.1)
Prior years' income taxes	**2.4**	4.3	—
Lower tax rate at foreign subsidiaries	**(0.3)**	(7.4)	(7.0)
Tax credit on R&D expenses and other	**(6.1)**	(2.1)	(3.0)
Non-deductible expenses	**2.9**	2.2	0.9
Other	**5.2**	2.8	(1.8)
Effective tax rates	**57.7%**	50.6%	32.3%

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

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Tax loss carryforwards	**¥ 935**	¥ 1,121	**$ 9,331**
Accrued employees' severance and pension costs	**792**	772	**7,904**
Intercompany profit	**5,082**	5,246	**50,719**
Write-offs of inventories	**851**	1,386	**8,493**
Depreciation	**14,534**	10,164	**145,050**
Accrued employees' bonuses	**3,243**	2,991	**32,365**
Write-offs of investment securities	**1,118**	988	**11,157**
Accrued warranty costs	**1,054**	1,494	**10,519**
Accrued expenses	**845**	850	**8,433**
Other	**5,770**	4,250	**57,586**
Gross deferred tax assets	**34,224**	29,262	**341,557**
Valuation allowance	**(7,330)**	(4,893)	**(73,154)**
Less deferred tax liabilities in the same tax jurisdiction	**(8,161)**	(8,433)	**(81,447)**
Total deferred tax assets	**18,733**	15,936	**186,956**
Deferred tax liabilities:			
Unrealized gain on investment securities	**3,072**	6,439	**30,659**
Prepaid pension cost	**2,698**	2,289	**26,926**
Reserves under Special Taxation Measures Law	**1,764**	1,764	**17,605**
Accelerated depreciation of property, plant and equipment	**376**	566	**3,752**
Investment in an affiliated company	**979**	1,116	**9,770**
Unappropriated retained earnings of foreign subsidiaries	**443**	619	**4,421**
Other	**798**	629	**7,965**
Gross deferred tax liabilities	**10,130**	13,422	**101,098**
Less deferred tax assets in the same tax jurisdiction	**(8,161)**	(8,433)	**(81,447)**
Total deferred tax liabilities	**1,969**	4,989	**19,651**
Net deferred tax assets	**¥16,764**	¥10,947	**$167,305**

16. CASH AND CASH EQUIVALENTS

A reconciliation between cash and time deposits in the accompanying consolidated balance sheets, and cash and cash equivalents in the accompanying statements of cash flows at March 31, 2008 and 2007 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Cash and time deposits	**¥78,826**	¥82,215	**$786,687**
Investment securities	**31**	503	**309**
Subtotal	**78,857**	82,718	**786,996**
Less:			
Time deposits with a maturity of more than three months when purchased	**(456)**	(783)	**(4,551)**
CD with a maturity of more than three months when purchased	**(31)**	(126)	**(309)**
Add:			
Repurchase agreement maturing within three months	**809**	942	**8,074**
Cash and cash equivalents	**¥79,179**	¥82,751	**$790,210**

17. DERIVATIVE FINANCIAL INSTRUMENTS

The Company and certain of its consolidated subsidiaries have entered into forward foreign exchange contracts, currency option contracts, currency swap agreements and coupon swap agreements with banks to hedge transactions and balances denominated in foreign currencies. In addition, to hedge their exposure to fluctuations in interest rates, the Company and certain of its consolidated subsidiaries have entered into interest rate swap agreements to effectively change the floating rates on the principal balance of their debt to fixed interest rates.

These derivative transactions are utilized solely for hedging purposes under the Company's internal control rules and are subject to oversight by the Board of Directors. The Company does not anticipate any credit loss from nonperformance by the counterparties to the forward foreign exchange contracts and interest rate swap agreements.

The notional amounts and estimated fair value of the derivative instruments outstanding at March 31, 2008 and 2007 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2008			2008		
	Notional amounts	Estimated fair value	Unrealized gains	Notional amounts	Estimated fair value	Unrealized gains
Forward foreign exchange contracts:						
Sell:						
U.S. dollars	**¥10,157**	**¥9,979**	**¥178**	**$101,367**	**$99,591**	**$1,776**
Euro	**5,906**	**5,890**	**16**	**58,942**	**58,782**	**160**

	Millions of yen		
	2007		
	Notional amounts	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:			
Sell:			
U.S. dollars	¥18,161	¥18,120	¥ 41
Euro	6,244	6,269	(25)

Note: With regard to interest rate swap agreements, the notional amounts and the estimated fair value have been excluded since hedge accounting has been applied. Option premiums are not given or received because all currency option contracts are zero cost option contracts.

18. LEASES

As lessee:

The Company and certain of its consolidated subsidiaries lease certain machinery and equipment and intangible assets. These lease agreements are financing leases but have been accounted for as operating leases as permitted under accounting principles generally accepted in Japan.

The following pro forma amounts represent the acquisition costs, accumulated depreciation/ amortization and net book value of the leased assets at March 31, 2008 and 2007, which would have been reflected in the accompanying consolidated balance sheets if these agreements had been accounted for as financing leases:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Acquisition costs of machinery and equipment	**¥1,621**	¥2,219	**$16,178**
Accumulated depreciation of machinery and equipment	**1,121**	1,390	**11,188**
Net book value	**¥ 500**	¥ 829	**$ 4,990**
Acquisition costs of intangible assets	**¥ —**	¥ 1	**$ —**
Accumulated amortization of intangible assets	**—**	1	**—**
Net book value	**¥ —**	¥ 0	**$ —**

Future minimum lease payments (including the interest portion thereon) subsequent to March 31, 2008 for finance leases accounted for as operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	**¥301**	**$3,004**
2010 and thereafter	**199**	**1,986**
	¥500	**$4,990**

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements for the years ended March 31, 2008, 2007 and 2006 totaled ¥383 million ($3,822 thousand), ¥438 million and ¥528 million, respectively. The pro forma depreciation /amortization of the assets leased under finance leases accounted for as operating leases for the years ended March 31, 2008, 2007 and 2006 amounted to ¥383 million ($3,822 thousand), ¥438 million and ¥528 million, respectively.

The Company's future minimum lease payments subsequent to March 31, 2008 for non-cancelable operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	**¥1,002**	**$10,000**
2010 and thereafter	**963**	**9,611**
	¥1,965	**$19,611**

As lessor:

Certain domestic consolidated subsidiaries of the Company lease certain buildings and structures, machinery and equipment and intangible assets.

The following amounts represent the acquisition costs, accumulated depreciation/amortization and net book value of the leased assets under finance leases accounted for as operating leases as permitted under accounting principles generally accepted in Japan at March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	**2008**
Acquisition costs of buildings and structures	**¥ 15**	¥ 16	**$ 150**
Accumulated depreciation of buildings and structures	**6**	4	**60**
Net book value	**¥ 9**	¥ 12	**$ 90**
Acquisition costs of machinery and equipment	**¥2,952**	¥2,810	**$29,461**
Accumulated depreciation of machinery and equipment	**1,904**	1,865	**19,002**
Net book value	**¥1,048**	¥ 945	**$10,459**
Acquisition costs of intangible assets	**¥ 4**	¥ 11	**$ 40**
Accumulated amortization of intangible assets	**1**	4	**10**
Net book value	**¥ 3**	¥ 7	**$ 30**

The future minimum lease income subsequent to March 31, 2008 under finance leases accounted for as operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	**¥ 365**	**$ 3,643**
2010 and thereafter	**699**	**6,976**
	¥1,064	**$10,619**

Lease income, depreciation/amortization and the interest portion of lease income for finance leases accounted for as operating leases for the years ended March 31, 2008, 2007 and 2006 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2008	2007	2006	**2008**
Lease income	**¥413**	¥368	¥339	**$4,122**
Depreciation/amortization	**345**	295	298	**3,443**
Interest portion of lease income	**49**	47	51	**489**

19. SEGMENT INFORMATION

Business segments

The Companies are primarily engaged in the manufacturing and sales of (1) electronic components, (2) audio equipment, and (3) logistics and other. The business segment information of the Companies for the years ended March 31, 2008, 2007 and 2006 is summarized as follows:

	Millions of yen				
Year ended March 31, 2008	Electronic components	Audio equipment	Logistics and other	Eliminations	Consolidated
Net sales					
External customers	¥391,424	¥247,544	¥53,688	¥ —	¥692,656
Inter-segment sales and transfers	7,693	4,528	30,022	(42,243)	—
Subtotal	399,117	252,072	83,710	(42,243)	692,656
Costs and expenses	392,799	245,060	77,271	(42,350)	672,780
Operating income	¥ 6,318	¥ 7,012	¥ 6,439	¥ 107	¥ 19,876
Total assets	¥294,834	¥167,785	¥79,072	¥(46,935)	¥494,756
Depreciation and amortization	¥ 24,488	¥ 10,655	¥ 2,712	¥ (84)	¥ 37,771
Impairment losses on fixed assets	¥ 20,445	¥ —	¥ —	¥ —	¥ 20,445
Capital expenditures	¥ 26,350	¥ 13,673	¥ 3,297	¥ (166)	¥ 43,154

	Millions of yen				
Year ended March 31, 2007	Electronic components	Audio equipment	Logistics and other	Eliminations	Consolidated
Net sales					
External customers	¥396,448	¥261,274	¥50,405	¥ —	¥708,127
Inter-segment sales and transfers	6,733	3,781	31,397	(41,911)	—
Subtotal	403,181	265,055	81,802	(41,911)	708,127
Costs and expenses	397,916	254,945	75,394	(42,205)	686,050
Operating income	¥ 5,265	¥ 10,110	¥ 6,408	¥ 294	¥ 22,077
Total assets	¥334,101	¥181,185	¥82,168	¥(49,410)	¥548,044
Depreciation and amortization	¥ 27,256	¥ 9,326	¥ 2,756	¥ (125)	¥ 39,213
Impairment losses on fixed assets	¥ 2,945	¥ —	¥ —	¥ —	¥ 2,945
Capital expenditures	¥ 29,526	¥ 12,620	¥ 8,932	¥ (5,770)	¥ 45,308

	Millions of yen				
Year ended March 31, 2006	Electronic components	Audio equipment	Logistics and other	Eliminations	Consolidated
Net sales					
External customers	¥412,561	¥251,128	¥45,924	¥ —	¥709,613
Inter-segment sales and transfers	4,068	2,855	32,427	(39,350)	—
Subtotal	416,629	253,983	78,351	(39,350)	709,613
Costs and expenses	388,187	244,312	71,542	(39,900)	664,141
Operating income	¥ 28,442	¥ 9,671	¥ 6,809	¥ 550	¥ 45,472
Total assets	¥340,866	¥169,553	¥79,475	¥(46,627)	¥543,267
Depreciation and amortization	¥ 25,387	¥ 8,616	¥ 2,998	¥ (76)	¥ 36,925
Impairment losses on fixed assets	¥ 7,476	¥ —	¥ —	¥ —	¥ 7,476
Capital expenditures	¥ 37,170	¥ 10,760	¥ 2,356	¥ (224)	¥ 50,062

	Thousands of U.S. dollars				
Year ended March 31, 2008	Electronic components	Audio equipment	Logistics and other	Eliminations	Consolidated
Net sales					
External customers	$3,906,428	$2,470,499	$535,808	$ —	$6,912,735
Inter-segment sales and transfers	76,776	45,190	299,621	(421,587)	—
Subtotal	3,983,204	2,515,689	835,429	(421,587)	6,912,735
Costs and expenses	3,920,150	2,445,709	771,168	(422,655)	6,714,372
Operating income	$ 63,054	$ 69,980	$ 64,261	$ 1,068	$ 198,363
Total assets	$2,942,455	$1,674,501	$789,142	$(468,413)	$4,937,685
Depreciation and amortization	$ 244,391	$ 106,337	$ 27,066	$ (838)	$ 376,956
Impairment losses on fixed assets	$ 204,042	$ —	$ —	$ —	$ 204,042
Capital expenditures	$ 262,974	$ 136,457	$ 32,904	$ (1,656)	$ 430,679

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

(1) In connection with Note 3(a), the effect of the change on "electronic components" for the year ended March 31, 2007 and 2006 was to decrease operating income by ¥257 million and ¥3,629 million, respectively.

(2) In connection with Note 3(b), the effect of the change on "electronic components" for the year ended March 31, 2007 was to decrease operating income by ¥198 million.

(3) In connection with Note 3(c), the effect of the change for the year ended March 31, 2007 was to decrease operating income of "electronic components" by ¥42 million, of "audio equipment" by ¥63 million and of "logistics and other" by ¥56 million from the corresponding amounts which would have been recorded under the previous method.

(4) In connection with Note 3(d), the effect of the change on "electronic components" for the year ended March 31, 2007 was to increase net sales, costs and expenses and operating income by ¥6,248 million, ¥5,633 million and ¥615 million, respectively.

(5) In connection with Note 3(e), the effect of the change on "electronic components" for the year ended March 31, 2006 was to increase operating income by ¥2,264 million..

Geographic segments

The geographic segment information of the Companies for the years ended March 31, 2008, 2007 and 2006 is summarized as follows:

	Millions of yen						
Year ended March 31, 2008	Japan	North America	Europe	Asia	Other areas	Eliminations	Consolidated
Net sales							
External customers	¥235,231	¥139,402	¥165,898	¥150,581	¥1,544	¥ —	¥692,656
Inter-segment sales and transfers	334,896	2,816	50,977	150,164	0	(538,853)	—
Subtotal	570,127	142,218	216,875	300,745	1,544	(538,853)	692,656
Costs and expenses	560,848	140,090	213,417	288,834	1,461	(531,870)	672,780
Operating income	¥ 9,279	¥ 2,128	¥ 3,458	¥ 11,911	¥ 83	¥ (6,983)	¥ 19,876
Total assets	¥378,438	¥ 42,965	¥ 74,726	¥129,074	¥ 620	¥(131,067)	¥494,756

	Millions of yen						
Year ended March 31, 2007	Japan	North America	Europe	Asia	Other areas	Eliminations	Consolidated
Net sales							
External customers	¥251,187	¥147,001	¥163,242	¥145,233	¥1,464	¥ —	¥708,127
Inter-segment sales and transfers	336,373	2,172	44,404	143,847	2	(526,798)	—
Subtotal	587,560	149,173	207,646	289,080	1,466	(526,798)	708,127
Costs and expenses	573,054	146,600	205,147	278,347	1,430	(518,528)	686,050
Operating income	¥ 14,506	¥ 2,573	¥ 2,499	¥ 10,733	¥ 36	¥ (8,270)	¥ 22,077
Total assets	¥411,352	¥ 51,835	¥ 75,052	¥141,663	¥ 518	¥(132,376)	¥548,044

	Millions of yen						
Year ended March 31, 2006	Japan	North America	Europe	Asia	Other areas	Eliminations	Consolidated
Net sales							
External customers	¥251,188	¥143,600	¥153,768	¥159,859	¥1,198	¥ —	¥709,613
Inter-segment sales and transfers	351,536	2,232	36,597	158,430	3	(548,798)	—
Subtotal	602,724	145,832	190,365	318,289	1,201	(548,798)	709,613
Costs and expenses	569,032	143,137	185,961	307,171	1,212	(542,372)	664,141
Operating income (loss)	¥ 33,692	¥ 2,695	¥ 4,404	¥ 11,118	¥ (11)	¥ (6,426)	¥ 45,472
Total assets	¥414,421	¥ 54,052	¥ 69,791	¥145,189	¥ 442	¥(140,628)	¥543,267

Year ended March 31, 2008	Thousands of U.S. dollars Japan	North America	Europe	Asia	Other areas	Eliminations	Consolidated
Net sales							
External customers	$2,347,615	$1,391,237	$1,655,669	$1,502,804	$15,410	$ —	$6,912,735
Inter-segment sales and transfers	3,342,275	28,104	508,752	1,498,643	0	(5,377,774)	—
Subtotal	5,689,890	1,419,341	2,164,421	3,001,447	15,410	(5,377,774)	6,912,735
Costs and expenses	5,597,285	1,398,103	2,129,910	2,882,575	14,582	(5,308,083)	6,714,372
Operating income	$ 92,605	$ 21,238	$ 34,511	$ 118,872	$ 828	$ (69,691)	$ 198,363
Total assets	$3,776,826	$ 428,793	$ 745,768	$1,288,164	$ 6,188	$(1,308,054)	$4,937,685

* The effects of the changes in accounting policies and procedures on segment information were as follows:
(1) In connection with Note 3(a), the effect of the change on "Asia" for the year ended March 31, 2007 was to decrease operating income by ¥257 million, and the effect of the change on "Japan" for the year ended March 31, 2006 was to decrease operating income by ¥3,629 million.
(2) In connection with Note 3(b), the effect of the change on "Asia" for the year ended March 31, 2007 was to decrease operating income by ¥198 million.
(3) In connection with Note 3(c), the effect of the change on "Japan" for the year ended March 31, 2007 was to decrease operating income by ¥161 million from the corresponding amounts which would have been recorded under the previous method.
(4) In connection with Note 3(d), the effect of the change on geographic segments for the year ended March 31, 2007 was as follows:

	Millions of yen Japan	North America	Europe	Asia	Other area	Eliminations	Consolidated
Net sales increase	¥2,190	¥1,645	¥2,160	¥253	¥—	¥ —	¥6,248
Costs and expenses increase	1,712	1,748	2,059	66	—	48	5,633
Operating income increase (decrease)	478	(103)	101	187	—	(48)	615

(5) In connection with Note 3(e), the effect of the change on "Japan" for the year ended March 31, 2006 was to increase operating income by ¥2,264 million.

Overseas sales

Overseas sales of the Companies by geographic area for the years ended March 31, 2008, 2007 and 2006 were as follows:

Year ended March 31, 2008	Millions of yen North America	Europe	Asia	Other areas	Total
Overseas sales	¥141,239	¥166,032	¥186,812	¥4,327	¥498,410
Net sales					¥692,656
Percentage of overseas sales (%)	20%	24%	27%	1%	72%

Year ended March 31, 2007	Millions of yen North America	Europe	Asia	Other areas	Total
Overseas sales	¥153,473	¥164,564	¥207,274	¥4,414	¥529,725
Net sales					¥708,127
Percentage of overseas sales (%)	22%	23%	29%	1%	75%

Year ended March 31, 2006	Millions of yen North America	Europe	Asia	Other areas	Total
Overseas sales	¥159,339	¥161,318	¥218,270	¥5,136	¥544,063
Net sales					¥709,613
Percentage of overseas sales (%)	22%	23%	31%	1%	77%

Year ended March 31, 2008	Thousands of U.S. dollars North America	Europe	Asia	Other areas	Total
Overseas sales	$1,409,571	$1,657,006	$1,864,391	$43,184	$4,974,152
Net sales					$6,912,735
Percentage of overseas sales (%)	20%	24%	27%	1%	72%

* The effect of the changes in accounting policies and procedures on overseas sales was as follows:
(1) In connection with Note 3(d), the effect of the change for the year ended March 31, 2007 was to increase net sales of "North America" by ¥1,645 million, of "Europe" by ¥2,160 million and of "Asia" by ¥253 million.

ERNST & YOUNG SHINNIHON

■ Certified Public Accountants
Hibiya Kokusai Bldg
2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011
C.P.O. Box 1196, Tokyo, Japan 100-8641

■ Tel: 03 3503 1191
Fax: 03 3503 1277

Report of Independent Auditors

The Board of Directors
Alps Electric Co., Ltd.

We have audited the accompanying consolidated balance sheets of Alps Electric Co., Ltd. (the "Company") and consolidated subsidiaries as of March 31, 2008 and 2007, and the related consolidated statements of income, changes in net assets, and cash flows for each of the three years in the period ended March 31, 2008, all expressed in Japanese yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these 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 financial statements referred to above present fairly, in all material respects, the consolidated financial position of Alps Electric Co., Ltd. and consolidated subsidiaries at March 31, 2008 and 2007, and the consolidated results of their operations and their cash flows for each oft he three years in the period ended March 31, 2008, in conformity with accounting principles generally accepted in Japan.

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

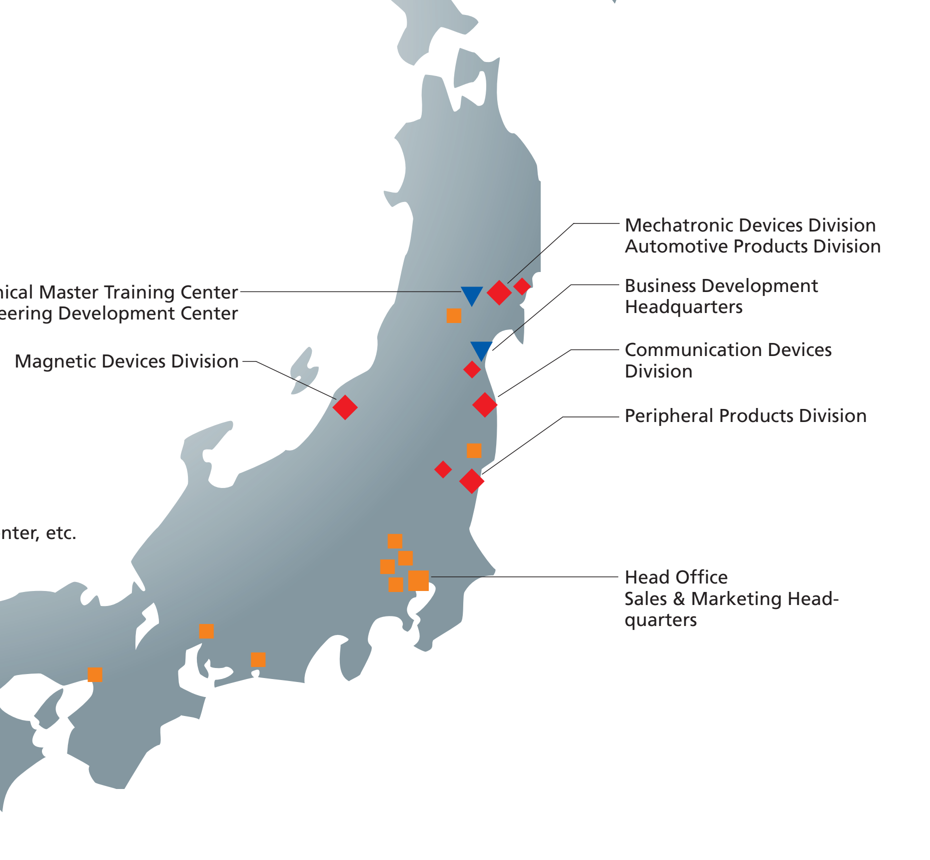
Ernst & Young ShinNihon

June 18, 2008

A MEMBER OF ERNST & YOUNG GLOBAL

Japan Network

Alps Electric conducts business through five divisions — the Mechatronic Devices Division, the Automotive Products Division, the Communication Devices Division, the Peripheral Products Division, and the Magnetic Devices Division — toward achieving an affluent e-society. Technologies and expertise developed and fostered by each of these divisions are combined for the development of new products with added value.



Domestic Business Locations

▼ Head Office

1-7, Yukigaya-otsukamachi, Ota-ku,
Tokyo, 145-8501
Phone.+81(3)3726-1211 Fax.+81(3)3728-1741

Production Engineering Development Center /
Techinacal Master Training Center
136-1, Kitahara, Furukawatsukanome,
Osaki-city, Miyagi-pref. 989-6225
Phone.+81(229)91-8311 Fax.+81(229)22-1299

▼ Business Development Headquarters

3-31, Akedori, Izumi-ku, Sendai-city,
Miyagi-pref. 981-3280
Phone.+81(22)377-1188 Fax.+81(22)377-1181

■ Sales&Marketing Headquarters, Sales Bases

Head Office Tokyo
1-7, Yukigaya-otsukamachi, Ota-ku,Tokyo, 145-8501
Phone.+81(3)3726-1211

KANSAI BRANCH
3-18-14, Izumi-cho, Suita-city, Osaka, 564-0041
Phone.+81(6)6386-2281 Fax.+81(6)6338-3320

FURUKAWA OFFICE
6-3-36, Furukawanakazato, Osaki-city,
Miyagi-pref. 989-6181
Phone.+81(229)23-9314 Fax.+81(229)23-9315

IWAKI OFFICE
20-1, Yoshima-kogyodanchi, Iwaki-city, Fukushima-pref. 970-1192
Phone.+81(246)36-3032 Fax.+81(246)36-1564

UTSUNOMIYA OFFICE
3rd Floor, KD Bldg., 4-2-20, Higashi-shukugo,
Utsunomiya-city, Tochigi-pref. 321-0953
Phone.+81(28)633-6900 Fax.+81(28)633-6919

KAWAGOE OFFICE
4th Floor, Yamazaki Bldg. 1-2, Wakitahonmachi,
Kawagoe city, Saitama- Pref. 350-1123
Phone.+81(49)245-0451 Fax.+81(49)245-0454

OME OFFICE
2th Floor, Enokido Building, 4-15-1, Gonokami,
Hamura-city, Tokyo, 205-0011
Phone.+81(42)554-6921 Fax.+81(42)554-6965

ATSUGI OFFICE
6th Floor, Ono Bldg. 1-17-10, Asahi-cho, Atsugi-city,
Kanagawa, 243-0014
Phone.+81(46)229-2540 Fax.+81(46)229-2542

NAGOYA OFFICE
4F, Kitamura-daini-building, 2-210, Kamimori Meito-ku,
Nagoya-city, Aichi-pref. 465-0025
Phone.+81(52)769-0555 Fax.+81(52)769-0557

HIROSHIMA OFFICE
7th Floor, Hiroshima Daidoseimei Bldg. 4-17, Kanaya-ma-cho, Naka-ku, Hiroshima-city,
Hiroshima-pref. 730-0022
Phone.+81(82)243-3577 Fax.+81(82)249-2624

MATSUYAMA OFFICE
5th Floor Aoki 1st Bldg., 1-19-3 Kasuya-cho,
Matsuyama-city,Ehime-pref. 790-0878
Phone.+81(89)948-0258 Fax.+81(89)948-0383

FUKUOKA OFFICE
5th Floor,3rd Hakata kaisei Bldg., 1-3-6, Hakata-eki-minami, Hakata-ku, Fukuoka-city, Fukuoka-pref. 812-0016
Phone.+81(92)471-5041 Fax.+81(92)471-5186

HAMAMATSU OFFICE
Room C, 4th Floor, Daihatsuzisho Bldg,125-1
Daikumachi,Hamamatsu-city, Shizuoka-pref. 430-0936
Phone.+81(53)455-1087 Fax.+81(53)455-1097

◆ Mechatronic Devices Division

FURUKAWA PLANT

6-3-36, Furukawanakazato, Osaki-city,
Miyagi-pref. 989-6181
Phone.+81(229)23-5111 Fax.+81(229)23-5107

WAKUYA PLANT

230, Shibue, Wakuya-cho, Tohda-gun,
Miyagi-pref. 987-0195
Phone.+81(229)43-2711 Fax.+81(229)43-5729

KAKUDA PLANT

6-1, Nishida, Kakuda, Kakuda-city
Miyagi-pref. 981-1595
Phone.+81(224)63-1211 Fax.+81(224)63-1399

KITAHARA PLANT

136-1, Kitahara, Furukawatsukanome, Osaki-city,
Miyagi-pref. 989-6225
Phone.+81(229)91-8343 Fax.+81(229)91-8346

◆ Automotive Products Division

FURUKAWA PLANT

6-3-36, Furukawanakazato, Osaki-city,
Miyagi-pref. 989-6181
Phone.+81(229)23-5111 Fax.+81(229)22-3755

◆ Communication Devices Division

SOMA PLANT

1-2-1, Okinouchi, Soma-city,
Fukushima-pref. 976-8501
Phone.+81(244)36-5111 Fax.+81(244)36-1902

◆ Peripheral Products Division

ONAHAMA PLANT

41-25, Yanagi-machi, Noda Onahama,
Iwaki-city, Fukushima-pref. 971-8615
Phone.+81(246)58-6464 Fax.+81(246)58-5125

TAIRA PLANT

39-1, Sakuhata, Oyasaku, Yoshima-machi,
Iwaki-city, Fukushima-pref. 970-1193
Phone.+81(246)36-4511 Fax.+81(246)36-6774

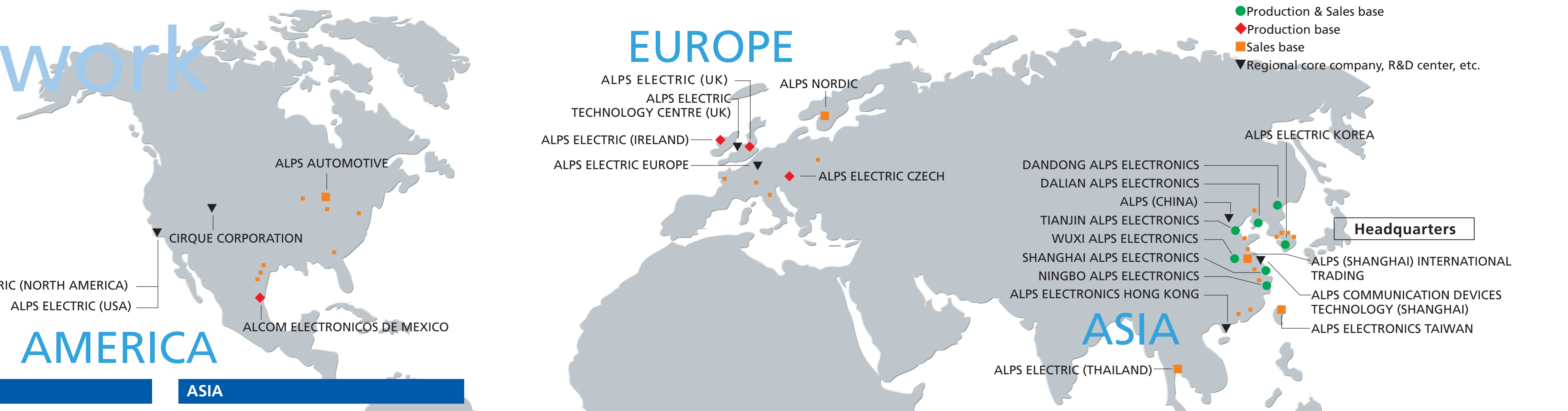
◆ Magnetic Devices Division

NAGAOKA PLANT

1-3-5, Higashitakami, Nagaoka-city,
Niigata-pref. 940-8572
Phone.+81(258)24-4111 Fax.+81(258)24-4110

The contents are current as of july 2008.

Global Network



AMERICA

ALPS ELECTRIC (USA)
The head office, based in California, takes charge of marketing and sales in North America.

ALPS AUTOMOTIVE
The head office, based in Detroit, takes charge of manufacturing automotive products.

EUROPE

ALPS ELECTRIC EUROPE
The head office, based in Germany, manages sales to and manufacturing for the UK, France and others.

ALPS ELECTRIC CZECH
The manufacturing base in Europe produces TV tuners, modulators, keyboards and others.

ASIA

ALPS ELECTRIC (S)
Supports sales operations in ASEAN based on Singapore.

ALPS (CHINA)
Manages overall operations for the development of manufacturing plants in China and supports sales operations.

Global Business Locations

AMERICA

ALPS ELECTRIC (NORTH AMERICA), INC.

HEAD OFFICE
910 E. Hamilton Avenue, Suite #500, Campbell, California 95008, USA
Phone. +1(408)361-6400 Fax. +1(408)226-7301

ALPS ELECTRIC (USA), INC

HEAD OFFICE
910 E. Hamilton Avenue, Suite #500, Campbell, California 95008, USA
Phone. +1(408)361-6400 Fax. +1(408)226-7301

SAN DIEGO OFFICE
6650 Lusk Boulevard, Suite B-207, San Diego California 92121, USA
Phone. +1(858)550-9543 Fax. +1(858)550-0698

HATBORO OFFICE
603 Horsham Road, Suite 2D, Horsham, Pennsylvania 19044, USA
Phone. +1(215)441 8780 Fax. +1(215)441 9405

AUSTIN OFFICE
11044 Research Boulevard, Suite A-400, Austin, Texas 78759, USA
Phone. +1(512)795 0520 Fax. +1(512)795 0882

CHICAGO OFFICE
800 E. Northwest Highway, Suite 526, Palatine, Illinois 60074, USA
Phone. +1(847)776 4703 Fax. +1(847)991 0328

ALPS AUTOMOTIVE, INC.

HEAD OFFICE
1500 Atlantic Boulevard, Auburn Hills, Michigan 48326, USA
Phone. +1(248)391 9950 Fax. +1(248)391 2500

OHIO OFFICE
4140 Tuller Road Suite 130 Dublin Ohio 43017, USA
Phone. +1(614)336 1400 Fax. +1(614)336 0329

McALLEN FACILITY
7100 International Parkway Suite 100, McAllen, Texas 78503, USA
Phone. +1(956)994-1500 Fax. +1(956)994-1400

ATLANTA OFFICE
1139 Senoia Road Suite A, East Village Office Park, Tyrone, Georgia 30290, USA
Phone. +1(770)892-4110 Fax. +1(770)892-4033

CIRQUE CORPORATION

HEAD OFFICE
2463 South 3850 West Suite A Salt Lake City, Utah 84120-2916, USA
Phone. +1(801)467-1100 Fax. +1(801)467-0208

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

HEAD OFFICE & PLANT
Av.Industrial Del Norte Lotes 1-5, Parque Industrial, Del Norte A.Postal 1028 C.P. 88736, C.D.Reynosa, TAM.,Mexico
Phone. +52(956)217 6599 Fax. +52(899)921-0800

EUROPE

ALPS ELECTRIC EUROPE GmbH

HEAD OFFICE
Hansaallee 203, D-40549 Duesseldorf, Germany
Phone. +49(211)5977-0 Fax. +49(211)5977146

MUNICH OFFICE
Ohmstrasse 4, D-85716 Unterschleissheim, Germany
Phone. +49(89)3214210 Fax. +49(89)32142125

MILAN OFFICE
Sede secondaria di Milano Via A.Volta 54 20090 Cusago - Milano Italy
Phone. +39(0)290394559 Fax. +39(0)290393533

PARIS OFFICE
Citicenter 19 Le Parvis 92073 Paris La Defense Cedex France
Phone. +33(1)47786464 Fax. +33(1)47786465

MILTON KEYNES OFFICE
Garamonde Drive, Wymbush, Milton Keynes, MK8 8LW, UK
Phone. +44(1908)555700 Fax. +44(1908)260081

WARSAW OFFICE
8,Chalubinskiego Street 00-613 Warsaw, Poland
Phone/Fax. +48(22)8799380 or 8799381

DORTMUND PLANT
Giselherstrasse 4, D-44319 Dortmund, Germany
Phone. +49(231)21880 Fax. +49(231)2188199

ALPS NORDIC AB

HEAD OFFICE
Hemvarnsgatan 11, P.O. Box 4025, S-171 54 Solna, Sweden
Phone. +46(0)8404 3200 Fax. +46(0)8627 5311
GOTHENBURG OFFICE
Gruvgatan37 SE-421 30 Vastra Frolunda, Sweden
Phone. +46(0)84043200 Fax. +46(0)86275311

ALPS ELECTRIC (UK) LIMITED

HEAD OFFICE&PLANT
Garamonde Drive, Wymbush, Milton Keynes, MK8 8LW, UK
Phone. +44(0)1908 555700 Fax. +44(0)1908 569789

ALPS ELECTRIC TECHNOLOGY CENTRE (UK) LIMITED

HEAD OFFICE
Garamonde Drive, Wymbush, Milton Keynes, MK8 8LW, UK
Phone. +44(0)1908 555700 Fax. +44(0)1908 262432

ALPS ELECTRIC (IRELAND) LIMITED

HEAD OFFICE & PLANT
Clara Road Millstreet Town, County Cork, Ireland
Phone. +353(29)70677 Fax. +353(29)70603

ALPS ELECTRIC CZECH, s.r.o.

HEAD OFFICE & PLANT
Drevarska 17 Boskovice 680 01, Czech Republic
Phone. +420516490111 Fax. +420516455980

ASIA

ALPS ELECTRIC (S) PTE. LTD.

HEAD OFFICE
168 Changi Road, #03-01, Fragrance Building, Singapore 419730
Phone. +65-62262933 Fax. +65-62207479

ALPS ASIA PTE. LTD.

HEAD OFFICE
168 Changi Road, #03-01, Fragrance Building, Singapore 419730
Phone. +65-62262933 Fax. +65-62207479

ALPS ELECTRIC (MALAYSIA) SDN. BHD.

HEAD OFFICE & PLANT
P.T. 10643,Nilai Industrial Estate, 71800 Nilai, Negeri Sembilan Darul Khusus, Malaysia
Phone. +60(6)7991515 Fax. +60(6)7991654

JENGKA PLANT
LOT3, Industrial Estate Phase2, 26400 Bandar Jengka, Pahang Darul Makmur, Malaysia
Phone. +60(9)4663388 Fax. +60(9)4663399

PENANG OFFICE
Suite 12-07, Menara MAA, 170, Jalan Argyll, 10050, Penang Malaysia
Phone. +60(4)2269442 Fax. +60(4)2279785

ALPS ELECTRIC (THAILAND) CO.,LTD.

HEAD OFFICE
24 Prime Building, 12th Floor, Room No.A Sukhumvit 21 Road (Asoke), Klongtoey-Nua, Wattana, Bangkok, 10110 Thailand
Phone. +66(0)26652866 Fax. +66(0)26652869

ALPS ELECTRIC KOREA CO., LTD.

HEAD OFFICE & PLANT
970-1, Jangduk-dong, Gwangsan-gu, Gwangju, Korea 506-732
Phone. +82(62)9502114 Fax. +82(62)9519722

SEOUL OFFICE
8TH Floor, Wooduk Bld, 832-2, Yeoksam, 1-Dong, Gangnam-gu, Seoul, Korea135-750
Phone. +82(2)5394981 Fax. +82(2)5394986

BUSAN OFFICE
Sam-Sun Bldg. 2F, 189-20, Ju-Rye 2-Dong, Sasang-Gu, Busan, Korea 617-012
Phone. +82(51)3276715 Fax. +82(51)3276717

GUMI OFFICE
Floor 4 Woo Weon B/D, 1032-10 Wonpeyong1-Dong, Gumi, Goungbuk, Korea 730-924
Phone. +82(54)4557346 Fax. +82(54)4547346

SUWON OFFICE
Room 701 Metro plaza 1266-1 Maetan-3Dong Yeongtong-gu Suwon Gyounggi, Korea 443-848
Phone. +82(31)213-7245 Fax. +82(31)213-7241

GREATER CHINA

ALPS (CHINA) CO., LTD.

HEAD OFFICE
Unit 903, IBM Tower, Pacific Century Place, 2A Gong Ti Bei Lu, Chaoyang District, Beijing, P.R. of China
Phone. +86(10)65393690 Fax. +86(10)65393697

SHANGHAI OFFICE
Room. No.5A, Tomson Commercial Bldg., 710 Dongfang Road Pudong Shanghai, P.R. of China
Phone. +86(21)58203213 Fax. +86(21)58203183

DALIAN OFFICE
Unit 2302, HONGYU Tower,No. 68 Ren min Road Zhongshan District, Dalian, 116001 China
Phone. +86(411)82738255 Fax. +86(411)82738200

GUANGZHOU OFFICE
Room B1003, Center Plaza, No.161 Linhexi Road, Tianhe Dist., Guangzhou, Guangdong, P.R. of China
Phone. +86(20)3831-0842 Fax. +86(20)3825-1289

SHENZHEN OFFICE
2603, Block A, Hailrun Complex No.6021 ShenNan Road, Shenzhen P.R.C. 518040
Phone. +86(0755)82044047 Fax. +86(0755)82044051

ALPS (SHANGHAI) INTERNATIONAL TRADING CO., LTD.

HEAD OFFICE
No305,8 Huajing LU Waigaoqiao F.T.Z, Pudong Shanghai, P.R. of China

SHANGHAI OFFICE
Room. No.5A, Tomson Commercial Bldg., 710 Dongfang RD Pudong New Area, Shanghai, P.R. of China
Phone. +86(21)58203213 Fax. +86(21)58203183

SUZHOU OFFICE
20th Floor Tower C1 Jing Shi Bldg., No. 1156 Binhe RD Suzhou New District Jiangsu P.R. of China
Phone. +86(512)68082058 Fax. +86(512)68082078

HANGZHOU OFFICE
Room2408 Golden Plaza, 118 Qing Chun Road Hangzhou, ZheJiang P.R. of China
Phone. +86(571)87234010 Fax. +86(571)87234068

ALPS COMMUNICATION DEVICES TECHNOLOGY (SHANGHAI) CO., LTD.

HEAD OFFICE
Room No.5A, Tomson Commercial Bldg., 710 Dongfang RD Pudong New Area, Shanghai, P.R. of China
Phone. +86(21)50817575 Fax. +86(21)50815252

DALIAN ALPS ELECTRONICS CO., LTD.

HEAD OFFICE & PLANT
No.6, Han Zheng Road Jinzhou District, Dalian, P.R. of China
Phone. +86(411)87687110 Fax. +86(411)87693171

NINGBO ALPS ELECTRONICS CO., LTD.

HEAD OFFICE & PLANT
No.299, Jin Yuan Road, Zhenhai District, Ningbo City, Zhejiang, P.R. of China
Phone. +86(0574)86599700 Fax. +86(0574)86599716

SHANGHAI ALPS ELECTRONICS CO., LTD.

HEAD OFFICE & PLANT
1000 Jinhai Road Pudong New Area, Shanghai, P.R. of China
Phone. +86 21 58997979 Fax. +86 21 58997855

WUXI ALPS ELECTRONICS CO., LTD.

HEAD OFFICE & PLANT
No.5, Xingchuang 4 Road Singapore Industrial Park, Wuxi City, Jiangsu, Province, P.R. of China
Phone. +86 510 8528-1211 Fax. +86 510 8528-0311

TIANJIN ALPS ELECTRONICS CO., LTD.

HEAD OFFICE & PLANT
No.1 Wei 7 Road Micro-Electronics Industrial Park. Jingang Road Tianjin P.R. of China
Phone. +86(22)83982577 Fax. +86(22)83982599

DANDONG ALPS ELECTRONICS CO., LTD.

HEAD OFFICE & PLANT
No.14, Guo Zhen Road, Dandong, Liaoning, 118002 P.R. of China
Phone. +86(415)6162140 Fax. +86(415)3196259

ALPS ELECTRONICS HONG KONG LTD.

HEAD OFFICE
Unit No.1, 9th Floor, Mirror Tower, 61 Mody Road Tsim Sha Tsui East, Kowloon, Hong Kong
Phone. +852-23693626 Fax. +852-23673987

ALPS ELECTRONICS TAIWAN CO., LTD.

HEAD OFFICE
2F., No.130, Sec.3, Nanjing E. Rd., Zhongshan District, Taipei City 104, Taiwan(R.O.C.)
Phone. +886(2)87725969 Fax. +886(2)87725869

Company Profile

Masataka Kataoka
President

Takahide Sato
Senior Managing Director

Yozo Yasuoka
Senior Managing Director

Hideharu Kogashira
Managing Director

Seishi Kai
Managing Director

Directors

Seizo Ishiguro
Yasuhiro Fujii
Toshihiro Kuriyama
Nobuhiko Komeya
Motohiro Shimaoka
Junichi Umehara
Masaru Usui
Syuji Takamura
Yoshitada Amagishi
Takashi Kimoto

Auditors

Koji Hotta
Kazuya Yoshikoshi
Kenji Yoshino
Hiroshi Akiyama

(As of June 27, 2008)

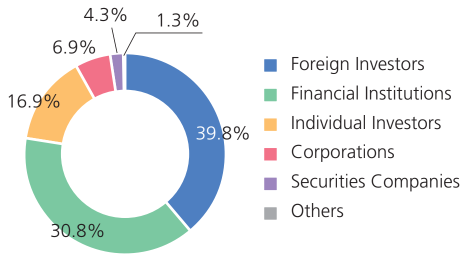
Principal Stockholders

(As of March 31, 2008)

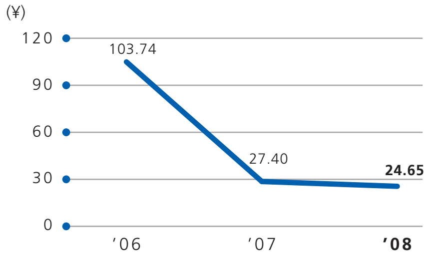
	Percentage of total shares outstanding
Japan Trustee Services Bank, Ltd. (Trust account)	6,95%
The Master Trust Bank of Japan, Ltd. (Trust account)	6.15%
Mitsui Sumitomo Insurance Company, Limited	2.30%
TOSHIBA CORPORATION	2.24%
BNP PARIBAs Securities (Japan) Limited	2.20%

Classification of Stockholders

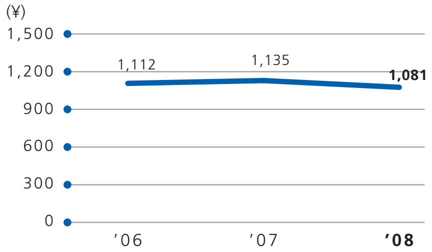
(As of March 31, 2008)



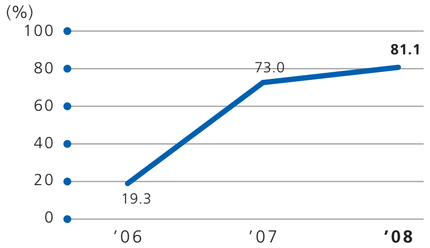
Net income per share



Net assets per share



Dividend payout ratio



ALPS ELECTRIC CO., LTD.

(As of March 31, 2008)

Date of Establishment
November 1, 1948

Paid-in Capital
¥23,624 million (US$235.8million)
(As of March 31, 2008)

Number of Employees
41,224
(As of March 31, 2008)

Common Stock
Authorized: 500,000,000 shares
Issued: 181,559,956 shares
Number of Stockholders: 24,645

Stock Exchange Listing
Tokyo Stock Exchange

Transfer Agent for Common Stock
Mitsubishi UFJ Trust and
Banking Corporation
4-5, Marunouchi 1-chome,
Chiyoda-ku, Tokyo
100-8212, Japan

Alps Web Site
http://www.alps.com/