

# Consolidated Financial Results for 3Q-FY2007 (Ending March 2008)

5th Feb., 2008

Alps Electric Co., Ltd.

(Unit : 100 million Yen)

## (Consolidated Results : against announced forecast)

	2007/4-12 Results	FY2007 Forecast	Progress Rate
Net Sales	5,338	6,850	78%
Operating Income	197	200	99%
Ordinary Income	180	165	109%
Net Income	-64	75	-----
FX-Rate(USD)	¥117.28	¥114.21	
" (EUR)	¥162.82	¥160.87	

(Reference)	
Original	Difference
6,770	80
200	----
180	-15
120	-45
¥117.17	¥0.11
¥161.15	¥1.67

## (vs FY2006)

2006/4-12 Results	Difference	
	Amount	Rate
5,239	99	2%
209	-12	-6%
232	-52	-22%
63	-127	-----
¥116.19	¥1.09	
¥147.96	¥14.86	

## (Segment Information)

### (Net Sales)

	2007/4-12 Results	FY2007 Forecast	Progress Rate
Components	763	1,000	76%
Magnetic	113	120	94%
Communications	438	550	80%
Peripheral	923	1,125	82%
Automotive	815	1,085	75%
Inter-segments	60	70	
Electronic Component	3,114	3,950	79%
Audio Equipment	1,918	2,520	76%
Logistics and others	625	825	76%
Eliminations	-321	-445	
Total	5,338	6,850	78%

(Reference)	
Original	Difference
1,000	----
120	----
550	----
1,010	115
1,060	25
60	10
3,800	150
2,550	-30
825	----
-405	-40
6,770	80

## (vs FY2006)

2006/4-12 Results	Difference	
	Amount	Rate
690	73	11%
445	-332	-75%
415	23	6%
702	221	31%
691	124	18%
41	19	
2,987	127	4%
1,944	-26	-1%
617	8	1%
-309	-12	
5,239	99	2%

(Operating Income)			
	2007/4-12 Results	FY2007 Forecast	Progress Rate
Electronic Component	81	65	125%
Audio Equipment	63	70	90%
Logistics and others	50	63	79%
Eliminations	0	2	
Total	197	200	99%

(Reference)	
Original	Difference
50	15
80	-10
63	----
7	-5
200	----

2006/4-12 Results	Difference	
	Amount	Rate
65	16	25%
92	-29	-32%
48	2	4%
2	-2	
209	-12	-6%

## ①General Conditions of each business

### <Electronic Components>

Net Sales 311.4 Billion Yen (Progress Rate: 79%) Operating Income 8.1 Billion Yen (125%)

#### (Components)

3Q Net Sales 76.3 Billion Yen (Progress Rate against annual forecast : 76%)

Like in the 1st half, sales of Contact sheets <sup>TM</sup> for mobile phones and switches, potentiometers for mobile devices and for automotive use rose steadily. However, from last December, seasonal production adjustment of mobile phones due to the Christmas holidays in the US and Europe caused a reduction in both orders and billings. And as this effect was only temporary, we saw figures rebound as the new calendar year began. In February, the Chinese New Year holidays may affect our performance, so we should focus on the beginning of March.

#### (Magnetic Devices)

3Q Net Sales 11.3 Billion Yen (Progress Rate against annual forecast: 94%)

Generally as planned.

#### (Communications)

3Q Net Sales 43.8 Billion Yen (Progress Rate against annual forecast: 80%)

Though there were both ups and downs depending on each product, generally business went as planned. However, in 4Q, sales as a whole seem to be feeling the effects of 3Q factors as they are showing a decrease.

#### (Peripheral Products)

3Q Net Sales 92.3 Billion Yen (Progress Rate against annual forecast: 82%)

Generally, Laptop PC/game related devices are going strong. As the year-end sales peak period finished, 4Q is the traditional low of the year and should remain stagnant till next FY.

#### (Automotive Electronics)

3Q Net Sales 81.5 Billion Yen (Progress Rate against annual forecast: 75%)

As sales of the major automotive manufacturers boomed, our sales rose steadily, but factors such as volatile currency markets and Christmas holidays in western countries seemed to slow our sales growth. However as currency trends are concerned, they may be only temporary factors, and current orders are stable.

<Audio Equipment>

Net Sales 191.8 Billion Yen (Progress Rate: 76%) Operating Income 6.3 Billion Yen (90%)

In Audio Products segment, Sales of iPod<sup>®</sup> LINK CD players and head units remained strong, but due to shrinking market and intensifying price competition caused by expanded PND markets, sales are slightly declining. In OEM sector, sales for cars equipped with DVD audio and CD audio did well, but sales declined through the influence of model changes in European Automobile manufacturers. In Information and Communication Equipment segment, in spite of our targeted sales expansion in the domestic market, in major markets in Japan, US and Europe, price competitions intensified and sales declined. In OEM sector, the genuine parts installation rates of car navigation systems and combined products saw an increase, but the frontline of new car sales of our customer(s) has shifted to small fuel-efficient vehicles which in effect has resulted in decrease in sale.

<Logistics and Others>

Net Sales 62.5 Billion Yen (Progress Rate: 76%) Operating Income 5.0 Billion Yen (79%)

In Logistics and Others, in Japan, more new customers for electric devices were attracted and sales in consumer delivery sector increased due to individual delivery by COOP. In overseas markets, as demand for cargo delivery rose in China and foreign-to-foreign tradings increase, we will advance development to meet global logistic needs. New service centers were launched in Amoy (China) and Frankfurt (Germany) in the 1st Half, and in McAllen (Texas, USA) in the 2nd Half.

②FX fluctuations (Consolidated)

Original USD 117.17 (FY'07-2H 115.00) 、 EUR 161.15 (160.00) → 3Q Results USD 117.28、 EUR 162.82

Net Sales

Due to a weak Yen against the Dollar and Euro, cumulative net sales during 3Q increased by approx.

1.1 billion yen.

(Reference : Effect Amount per 1.0 Yen - USD 0.19 Billion Yen/month、 EUR 0.06 Billion Yen/month)

Operating Income

Due to a weak Yen against the Dollar and Euro, cumulative profits during 3Q increased by approx.

0.3 billion yen.

(Reference : Effect Amount per 1.0 Yen - USD 0.04 Billion Yen/month、 EUR 0.01 Billion Yen/month)

(Ref.) 4Q Forecast USD 105.00、 EUR 155.00 → FY2007 Annual Forecast USD 114.21、 EUR 160.87

③Inventories

Consolidated 2007/9 81.9 → 2007/12 88.8 Billion Yen (6.9 Billion Yen Increase)

- Electronics Component Segment : 49.9 → 53.8 Billion Yen (3.9 Billion Yen Increase)

→ Reasons : Temporarily increased due to transfer from fixed assets of HDD head related business to current assets to facilitate sale.

- Audio Equipment Segment : 31.2 → 34.2 Billion Yen (3.0 Billion Increase)

→ Reasons : Inventory build-up for expansion of overseas sales and temporary inventories due to Christmas holidays.

④Consolidated Annual Financial Results Forecast for FY2007

Regarding the current FY' s consolidated financial results, though there seem to be various factors which we must carefully watch according to the declining world economic situation, exchange rate trends and our business conditions, supported by the financial results up to the 3rd quarter and the expected order condition, we will adjust our net sales forecast upwards.

On the other hand, for the profit, we will however adjust the current profit plan downwards since the forecast is now anticipated to be below the current plan. This is due to new impairment loss being expected in the electronic components business, net sales decrease in the audio equipment business and other factors.

Correction details are as above.

(Disclaimer)

The above forecasts and comments are made using only the data and information currently available to us. Their reliability and accuracy is in no way guaranteed as they may from time to time vary from the actual results.

Product names mentioned above are trademarks or registered trademarks.

End

Consolidated financial results 3Q-FY2007 (End 2008/03)

# Basic Datas

5th Feb., 2008

Alps Electric Co., Ltd.

Consolidated Basic datas

1. Outline

(Unit : 100 million Yen)

	FY2006					FY2007					
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	Results	4 Q	Forecast
Net Sales	1,703	1,733	1,802	1,841	7,081	1,779	1,776	1,782	5,338	-	6,850
Domestic	408	423	486	465	1,784	508	477	509	1,495	-	-
Overseas	1,294	1,310	1,316	1,376	5,297	1,271	1,299	1,272	3,842	-	-
Operating Income	73	49	86	10	220	62	69	65	197	-	200
Ordinary Income	76	60	95	13	246	75	36	68	180	-	165
Net Income	28	25	9	△14	49	34	△133	34	△64	-	75

2. Sales

(Unit : 100 million Yen)

	FY2006					FY2007					
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	Results	4 Q	Forecast
Electronic Components	946	1,018	1,021	1,044	4,031	994	1,052	1,067	3,114	-	3,950
Components	223	241	225	235	926	253	254	254	763	-	1,000
Magnetic devices	169	161	114	80	526	60	41	10	113	-	120
Communications	141	150	123	127	542	129	156	152	438	-	550
Peripheral products	173	237	292	294	997	250	325	346	923	-	1,125
Automotive electronics	227	216	247	280	971	276	259	279	815	-	1,085
Inter-segment sales	11	10	18	26	67	22	15	22	60	-	70
Audio equipment	655	605	684	706	2,650	689	619	610	1,918	-	2,520
Logistics and others	203	208	204	200	818	205	205	215	625	-	825
Eliminations	△102	△99	△108	△109	△419	△108	△101	△111	△321	-	△445
Total	1,703	1,733	1,802	1,841	7,081	1,779	1,776	1,782	5,338	-	6,850

3. Operating Income

(Unit : 100 million Yen)

	FY2006					FY2007					
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	Results	4 Q	Forecast
Electronic Components	26	15	23	△12	52	11	34	35	81	-	65
Audio equipment	27	17	47	8	101	33	20	9	63	-	70
Logistics and others	17	16	15	15	64	17	14	19	50	-	63
Eliminations	1	△0	1	0	2	0	△0	0	0	-	2
Total	73	49	86	10	220	62	69	65	197	-	200

4. Capital Expenditures

(Unit : 100 million Yen)

	FY2006					FY2007					
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	Results	4 Q	Forecast
Electronic Components	84	72	55	82	295	78	59	51	189	-	266
Audio equipment	23	38	44	20	126	28	39	34	102	-	128
Logistics and others	7	6	62	13	89	8	7	7	24	-	34
Eliminations	△0	△2	△49	△5	△57	△0	△0	△0	△1	-	△0
Total	114	115	113	110	453	116	105	93	315	-	428
Depreciation Expenses	95	96	98	101	392	101	106	84	292	-	371

(Note) Estimate booked on the basis of order forecast including lease.

5. R & D Expenses

(Unit : 100 million Yen)

	FY2006					FY2007					
	1 Q	2 Q	3 Q	4 Q	Total	1 Q	2 Q	3 Q	Results	4 Q	Forecast
Electronic Components	44	45	45	44	180	37	34	38	110	-	149
Audio equipment	79	79	75	69	303	74	70	73	218	-	301
Logistics and others	0	0	0	0	0	0	0	0	0	-	0
Total	124	125	120	113	484	111	105	112	329	-	450

6. Inventories

(Unit : 100 million Yen)

	2006/6	2006/9	2006/12	2007/3		2007/6	2007/9	2007/12
Electronic Components	573	534	515	478		491	499	538
Audio equipment	330	325	363	288		328	312	342
Logistics and others	6	7	8	7		7	7	7
Eliminations	-	-	-	-		-	-	-
Total	910	867	888	773		826	819	888

7. Employees

(Unit : person)

	2006/6	2006/9	2006/12	2007/3		2007/6	2007/9	2007/12
Consolidated	35,346	37,970	37,297	36,976		38,073	36,811	37,887
Alps(domestic only)	5,908	5,908	5,844	5,777		5,952	5,912	5,851