

Aisan

Annual Report 2003

Aisan Industry Co., Ltd.

1-1-1, Kyowa-cho, Obu, Japan

www.aisan-ind.co.jp

To our Shareholders

Operating results for the year ended March 31, 2003

Recovery of Japanese economy was quite slow during fiscal 2003, the year ended March 31, 2003 due to weak consumer spending as well as declining non-governmental investment into equipments and plants.

Vehicle export increased much although domestic vehicle sales picked up slightly. As a result, vehicle production volume in Japan exceeded the same in the previous year for the first time in two years.

Within this environment, Aisan Group has devoted ourselves to develop new products exceeding our customers' expectations as well as to promote our sales around the world. We also made our best effort to cost reduction activities from product development through manufacturing

On a consolidated basis, net sales for fiscal 2003, increased by 7.7% to Yen115.96 billion (*US\$808.24 million) due to higher sales of THROTTLE BODIES and FUEL PUMP MODULES. Consolidated ordinary income increased by 16.1% to Yen6.65 billion (*US\$42.95 million) due to sales increase and reduction of sales cost. Consolidated net income increased by 80.1% to Yen5.55 billion (*US\$ 23.14 million) including the extraordinary profit of Yen3.43 billion from returning the substituted portion of the employees pension fund.

Dividend payment

For fiscal 2003, Aisan will distribute year-end cash dividend at the rate of Yen 6 per share of our common stock held by the shareholders of record at the end of business on March 31, 2003, Japan time following the interim dividend of Yen 5 in November, 2002.

Outlook 2004

In the fiscal 2004, we expect consolidated net sales to increase by 3.5% to Yen120.00 billion, consolidated ordinary income to increase by 6.8% to Yen7.10 billion.



Hiromi Itoh, Chairman of the Board



Masami Konishi, President

* US dollar amounts have been translated, for convenience only, at the rate of Yen 120.20=US\$ 1, the approximate current exchange rate at March 31, 2003, the last trading day of the fiscal year.

Consolidated Financial Highlights

Aisan Industry Co., Ltd.
Fiscal years ended March 31

U.S. dollars* in
thousands except
per share data

	Yen in millions except per share data											
	2003		2002		2001		2000		1999		2003	
Net Sales	Yen	115,964	Yen	107,698	Yen	102,508	Yen	95,717	Yen	92,845	\$	964,759
Sales in Japan		93,697		91,546		88,003		85,593		82,930		779,509
Sales outside Japan		22,267		16,151		14,504		10,123		9,914		185,250
Operating Income		6,747		5,744		5,899		4,270		3,325		56,131
Net Income		5,554		3,083		2,326		2,199		1,110		46,206
Total Assets		92,775		88,280		83,262		77,266		71,942		771,839
Shareholders' Equity		49,046		44,803		40,686		39,971		34,779		408,037
ROE		11.8%		7.2%		5.8%		5.9%		3.2%		

Per Share Data (yen and U.S. dollars)

Net Income	Yen	104.91	Yen	59.31	Yen	44.74	Yen	42.30	Yen	21.36	\$	0.87
Cash Dividends		11.00		10.00		9.00		9.00		8.00		0.09
Shareholders' Equity		941.60		861.79		782.51		768.81		668.90		7.83

Average Number of Shares (in thousands)

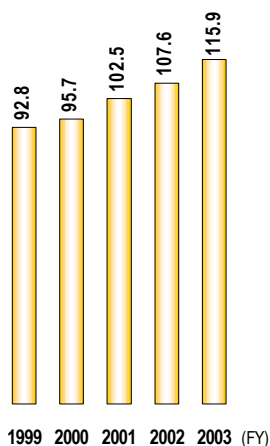
		51,985		51,992		51,993		51,994		51,995		
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SALES BY PRODUCTS

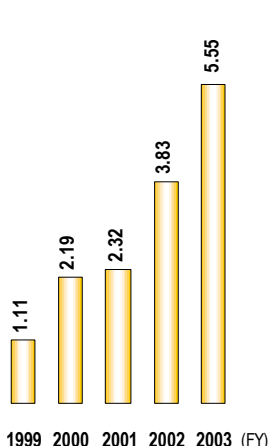
Electronic Fuel Injection (EFI) Products	Yen	63,340	Yen	54,409	Yen	51,533	Yen	46,060	Yen	41,323	\$	526,955
Throttle Body		30,613		27,625		27,994		24,760		25,303		254,684
Fuel Pump Module (Fuel Pump included)		18,124		13,202		10,714		8,702		5,303		150,782
Injector		8,492		8,658		9,352		10,436		9,820		70,649
Intake Module		2,627		1,984		973		156		---		21,855
Accelerator Pedal Module		2,156		1,254		283		---		---		17,937
Other EFI Products		1,326		1,684		2,214		2,004		895		11,032
Charcoal Canister		12,835		11,718		11,220		9,569		8,759		106,780
Engine Valve		9,569		9,698		9,771		9,431		8,797		79,609
Carburetor		5,947		6,257		8,273		9,024		10,002		49,476
Other Automotive		18,536		20,358		16,564		16,152		18,267		154,210
Automotive sub-total		110,229		102,443		97,364		90,239		87,149		917,047
Others		5,735		5,254		5,144		5,478		5,695		47,712
Total		115,964		107,698		102,508		95,717		92,845		964,759

* US dollar amounts have been translated, for convenience only, at the rate of Yen120.20=US\$1, the approximate current exchange rate at March 31, 2003, the last trading day of the fiscal year.

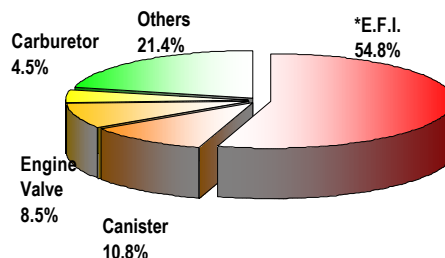
Net Sales
(Billions of yen)



Net Income
(Billions of yen)



2003 Breakdown of Net Sales



*E.F.I.: Electronic Fuel Injection Products

CONSOLIDATED BALANCE SHEETS

Aisan Industry Co., Ltd.

For the year ended March 31, 2003 and 2002

	Yen in millions		U.S. dollars in thousands
	2002	2003	2003
ASSETS			
Current Assets	Yen 42,136	Yen 45,012	\$ 374,476
Cash and time deposits	7,729	5,133	42,704
Notes and accounts receivable	16,928	18,870	156,988
Marketable securities	5,509	8,888	73,943
Inventories	6,935	7,049	58,644
Deferred income taxes	2,039	2,453	20,408
Other current assets	3,133	2,716	22,596
Less: Allowance for doubtful accounts	(139)	(100)	(832)
Fixed Assets	46,144	47,763	397,363
Property, Plant and Equipment	35,468	38,050	316,556
Buildings and structures	9,998	10,692	88,952
Machinery, vehicles and equipment	17,328	18,586	154,626
Land	4,982	5,105	42,471
Construction in progress	1,372	1,542	12,829
Other property, plant and equipment	1,787	2,123	17,662
Intangible Fixed Assets	228	777	6,464
Adjustments for consolidation	---	315	2,621
Others	228	462	3,844
Investments and Other Assets	10,446	8,933	74,318
Investments in securities	5,551	3,203	26,647
Deferred income taxes	3,885	2,691	22,388
Other investments, etc	1,030	3,065	25,499
Less: Allowance for doubtful accounts	(21)	(25)	(208)
Total assets	Yen 88,280	Yen 92,775	\$ 771,839

Note: U.S. dollar amounts have been translated, for convenience only, at the rate of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

CONSOLIDATED BALANCE SHEETS

Aisan Industry Co., Ltd.

For the year ended March 31, 2003 and 2002

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions		U.S. dollars in thousands
	2002	2003	2003
LIABILITIES			
Current Liabilities	Yen 32,678	Yen 34,427	\$ 286,414
Notes and accounts payable	16,404	15,946	132,662
Short-term loans payable	2,249	3,392	28,220
Long-term loans payable due within one year	197	203	1,689
Accrued amount payable	1,989	2,134	17,754
Accrued expenses	6,042	6,371	53,003
Income tax payable, etc.	1,250	2,014	16,755
Employees' savings deposits	2,528	2,581	21,473
Allowances of products qualities	636	476	3,960
Other current liabilities	1,379	1,306	10,865
Long-Term Liabilities	9,415	7,873	65,499
Long-term debt	476	606	5,042
Allowance for employee retirement benefits	8,290	6,709	55,815
Allowance for officer retirement benefits	408	470	3,910
Non-consolidated subsidiaries and affiliates	196	---	---
Other long-term liabilities	44	87	724
Total liabilities	42,093	42,300	351,913
Minority Interests	1,383	1,428	11,880
SHAREHOLDERS' EQUITY			
Common stock	5,875	5,875	48,877
Additional paid-in capital	7,880	7,880	65,557
Retained earnings	30,577	35,361	294,185
Net unrealized gain on available-for-sale securities	579	476	3,960
Foreign currency translation adjustments	(102)	(534)	(4,443)
Less: Treasury stock	(6)	(12)	(100)
Total shareholders' equity	44,803	49,046	408,037
Total liabilities and shareholders' equity	Yen 88,280	Yen 92,775	\$ 771,839

Note: U.S. dollar amounts have been translated, for convenience only, at the late of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

CONSOLIDATED STATEMENTS OF INCOME

Aisan Industry Co., Ltd.

For the year ended March 31, 2003, 2002 and 2001

U.S. dollars in
thousands

	Yen in millions			U.S. dollars in thousands
	2001	2002	2003	2003
Net Sales	Yen 102,508	Yen 107,698	Yen 115,964	\$ 964,759
Cost of sales	89,715	94,587	100,833	838,877
Gross Profit	12,793	13,110	15,131	125,882
Selling, general and administrative expenses	6,894	7,366	8,383	69,742
Operating Income	5,899	5,744	6,747	56,131
Non-Operating Income	550	470	416	3,461
Interest and dividend income	170	122	89	740
Other non-operating income	379	348	327	2,720
Non-Operating Expenses	580	490	517	4,301
Interest expense	80	75	144	1,198
Other non-operating expenses	499	415	373	3,103
Ordinary Income	5,868	5,724	6,646	55,291
Extraordinary Income	4,254	---	3,430	28,536
Gain on securities contributed to trust for retirement benefit	4,250	---	3,430	---
Reversal of allowance for doubtful accounts	3	---	---	---
Extraordinary Loss	6,260	348	176	1,464
Change for full amount of transitional obligations for retirement benefit	5,195	---	---	---
Other extraordinary loss	1,065	348	176	1,464
Income Before Income Taxes and Minority Interests	3,863	5,376	9,900	82,363
Current	3,134	2,775	3,547	29,509
Deferred	(1,593)	(254)	913	7,596
Minority interest in net income	3	228	115	957
Net income	Yen 2,326	Yen 3,083	Yen 5,554	\$ 46,206

	Yen			U.S. dollars
	2001	2002	2003	2003
Per Share of Common Stock				
Net income	Yen 44.74	Yen 59.31	Yen 104.91	\$ 0.87
Cash dividends per share applicable to the year	9.00	10.00	11.00	0.09

Average Number of Shares (in thousands) 51,993 51,992 51,985

Note: U.S. dollar amounts have been translated, for convenience only, at the late of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Aisan Industry Co., Ltd.

For the year ended March 31, 2003, 2002 and 2001

U.S. dollars in
thousands

	Yen in millions			U.S. dollars in thousands
	2001	2002	2003	2003
Retained Earnings				
Balance at Beginning of Period	Yen 26,218	Yen 28,109	Yen 30,577	\$ 254,384
Adjustment of retained earnings for the adoption of deferred tax accounting method	---	---	---	---
Increase in Retained Earnings	140	3,083	5,554	---
Due to change of consolidation scope	140	---	---	---
Decrease in Retained Earnings	575	615	771	6,414
Cash dividends	467	493	545	4,534
Bonuses to directors and corporate auditors	107	121	124	1,032
Due to change of consolidation scope	---	---	100	832
Net Income	2,326	3,083	5,554	46,206
Balance at end of period	Yen 28,109	Yen 30,577	Yen 35,361	\$ 294,185

Note: U.S. dollar amounts have been translated, for convenience only, at the late of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Aisan Industry Co., Ltd.

For the year ended March 31, 2003 and 2002

U.S. dollars in
thousands

	2002		2003		2003
	Yen	7,505	Yen	7,411	\$ 61,656
Operating Activities:					
Income before income taxes and minority interests		5,376		9,900	82,363
Adjustments for:					
Depreciation		5,706		5,761	47,928
Increase (decrease) in provision for doubtful accounts		20		(40)	(333)
Increase (decrease) in provision for products qualities		(481)		(160)	(1,331)
Increase (decrease) in provision for employee retirement benefits		32		(1,613)	(13,419)
Gain on securities contribution to employee retirement benefit trust		---		.	---
Book value of securities funded to employee retirement benefit trust		---		.	---
Interest and dividend income		(122)		(89)	(740)
Interest expense		75		144	1,198
Decrease (Increase) in inventories		(38)		(47)	(391)
Increase (decrease) in notes and accounts payable		(972)		(775)	(6,448)
Other		898		(2,819)	(23,453)
Total adjustments		10,494		10,261	85,366
Interests and dividends received		123		94	782
Interests paid		(75)		(144)	(1,198)
Income taxes and minority interests paid		(3,036)		(2,800)	(23,295)
Investing Activities:		(5,940)		(8,556)	(71,181)
Acquisition of property, plant and equipment		(5,723)		(6,546)	(54,459)
Purchase of investment securities		(1,413)		(857)	(7,130)
Other		1,196		1,152	9,584
Financing Activities:		(1,157)		(229)	(1,905)
Net increase (decrease) in short-term borrowings		(712)		709	5,899
Increase in long-term debt		322		8	67
Repayments of long-term debt		(261)		(390)	(3,245)
Dividends paid		(493)		(545)	(4,534)
Dividends paid to minor shareholders		(4)		(6)	(50)
Other		(6)		(5)	(42)
Foreign Currency Translation Adjustment on Cash and Cash Equivalents		192		(67)	(557)
Net Increase in Cash and Cash Equivalents		599		(1,442)	(11,997)
Cash and Cash Equivalents at Beginning of Period		11,988		12,891	107,246
Cash and Cash Equivalents of Newly Consolidated Subsidiaries		302		451	3,752
Cash and Cash Equivalents at End of Period	Yen	12,891	Yen	11,900	\$ 99,002

Note: U.S. dollar amounts have been translated, for convenience only, at the late of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

NON-CONSOLIDATED BALANCE SHEETS

Aisan Industry Co., Ltd.

For the year ended March 31, 2003 and 2002

	Yen in millions		U.S. dollars in thousands
	2002	2003	2003
ASSETS			
Current Assets	Yen 32,340	Yen 31,365	\$ 260,940
Cash and time deposits	5,852	1,091	9,077
Notes receivable	85	145	1,206
Accounts receivable	13,481	14,316	119,101
Marketable securities	4,721	7,869	65,466
Products	1,023	955	7,945
Materials	119	103	857
Products in process	2,014	2,086	17,354
Inventories	78	68	566
Prepayment	2,459	2,238	18,619
Short-term loans receivable	107	205	1,705
Deferred income taxes	1,743	2,088	17,371
Other current assets	700	235	1,955
Less: Allowance for doubtful accounts	(46)	(39)	(324)
Fixed Assets	42,708	46,277	385,000
Property, Plant and Equipment	29,104	28,871	240,191
Buildings	8,105	7,845	65,266
Structures	586	618	5,141
Machinery	13,899	13,609	113,220
Vehicles	49	40	333
Equipment	1,379	1,391	11,572
Land	4,678	4,678	38,918
Construction in progress	405	687	5,715
Intangible Fixed Assets	183	308	2,562
Investments and Advances	13,420	17,097	142,238
Investments in securities	2,942	3,065	25,499
Investments to subsidiaries	7,102	8,229	68,461
Other investments	196	196	1,631
Long-term loans receivable	81	1,786	14,859
Deferred income taxes	2,846	1,737	14,451
Others	265	2,096	17,438
Less: Allowance for doubtful accounts	(15)	(13)	(108)
Total assets	Yen 75,048	Yen 77,643	\$ 645,948

Note: U.S. dollar amounts have been translated, for convenience only, at the rate of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

NON-CONSOLIDATED BALANCE SHEETS
Aisan Industry Co., Ltd.
For the year ended March 31, 2003 and 2002

	Yen in millions		U.S. dollars in thousands
	2002	2003	2003
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Current Liabilities	Yen 26,302	Yen 25,953	\$ 215,915
Notes payable	503	459	3,819
Accounts payable	13,488	12,215	101,622
Accrued expenses	4,990	5,225	43,469
Income tax payable, etc.	1,108	1,781	14,817
Accrued consumption duty, etc	334	320	2,662
Allowances of products qualities	636	476	3,960
Other current liabilities	5,241	5,475	45,549
Long-Term Liabilities	7,821	6,289	52,321
Allowance for employee retirement benefits	7,556	6,011	50,008
Allowance for officer retirement benefits	265	278	2,313
Total liabilities	34,124	32,243	268,245
SHAREHOLDERS' EQUITY			
Common stock	5,875	5,875	48,877
Additional paid-in capital	7,880	7,880	65,557
Retained earnings	26,597	31,180	259,401
Legal reserve	1,468	1,468	12,213
Voluntary reserves	16,110	16,110	134,027
Unappropriated income at end of period	9,018	13,602	113,161
<Net income>	<3,015>	<5,232>	<43,527>
Net unrealized gain on available-for-sale securities	578	475	3,952
Less: Treasury stock	(6)	(12)	(100)
Total shareholders' equity	40,924	45,399	377,696
Total liabilities and shareholders' equity	Yen 75,048	Yen 77,643	\$ 645,948

Note: U.S. dollar amounts have been translated, for convenience only, at the late of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

NON-CONSOLIDATED STATEMENTS OF INCOME

Aisan Industry Co., Ltd.

For the year ended March 31, 2003, 2002 and 2001

	Yen in millions			U.S. dollars in thousands
	2001	2002	2003	2003
ORDINARY INCOME AND LOSS				
Operating Income and Loss				
Sales from Operation	Yen 84,590	Yen 88,603	Yen 92,683	\$ 771,073
Net Sales	84,590	88,603	92,683	771,073
Cost of Operation	80,451	83,573	87,110	724,709
Cost of sales	75,204	78,495	81,520	678,203
Selling, general and administrative expenses	5,246	5,077	5,590	46,506
Operating Income	4,139	5,030	5,572	46,356
Non-Operating Income and Loss				
Non-Operating Income	542	388	437	3,636
Interest and dividend income	424	303	330	2,745
Other non-operating income	118	84	106	882
Non-Operating Expenses	423	433	321	2,671
Interest expense	24	24	25	208
Other non-operating expenses	399	408	296	2,463
Ordinary Income	4,258	4,984	5,688	47,321
EXTRAORDINARY INCOME AND LOSS				
Extraordinary Income	4,255	---	3,347	27,845
Gain on securities contributed to trust for retirement benefit	4,250	---	3,347	27,845
Reversal of allowance for doubtful accounts	4	---	---	---
Extraordinary Loss	5,048	---	176	1,464
Change for full amount of transitional obligations for retirement benefit	5,048	---	---	---
Income Before Income Taxes	3,465	4,984	8,858	73,694
Current	2,250	2,149	2,777	23,103
Deferred	(952)	(179)	849	7,063
Net Income	2,168	3,015	5,232	43,527
Net income at beginning of period	4,635	6,237	8,629	71,789
Less: Interim dividends	207	233	259	2,155
Net income at end of period	Yen 6,595	Yen 9,018	Yen 13,602	\$ 113,161

Note: U.S. dollar amounts have been translated, for convenience only, at the rate of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

PROPOSED APPROPRIATION OF NON-CONSOLIDATED NET INCOME

Aisan Industry Co., Ltd.

For the year ended March 31, 2003, 2002 and 2001

	Yen in millions			U.S. dollars in thousands
	2001	2002	2003	2003
Net income at end of period	Yen 6,595	Yen 9,018	Yen 13,602	\$ 113,161
Proposed appropriation of non-cnsolidated net income				
Dividend	259	285	311	2,587
Bonuses to directors	84	88	86	715
Bonuses to corporate auditors	15	14	14	116
Net income carried over to the next period	Yen 6,237	Yen 8,629	Yen 13,189	\$ 109,725

	Yen			U.S. dollars
	2001	2002	2003	2003
Cash dividends per share applicable to the year	Yen 9.00	Yen 10.00	Yen 11.00	\$ 92

Note: U.S. dollar amounts have been translated, for convenience only, at the late of Yen120.20=US\$1, the approximate exchange rate prevailing on March 31, 2003, the last trading day of the fiscal year.

Directors and Auditors

As of March 31, 2003

Chairman of the Board

Hiromi Itoh

President

Masami Konishi

Senior Managing Directors

Koh Shimura
Tetsuya Oniki
Toshihide Kimura

Managing Directors

Hiroshi Koide
Toyohiko Inoue
Takeru Yasuda

Directors

Miyokazu Mori
Takeo Ogino
Ryoichi Sato
Yukito Hasegawa
Hiroshi Iwahana
Kaneo Imamura
Kenji Kasamatsu

Corporate Auditors

Toshiaki Kunieda
Takayasu Yamamoto
Yoshitoshi Toyoda
Akihiko Saito

Investor Information

As of March 31, 2003

Corporate Headquarters

AISAN INDUSTRY CO., LTD.
1-1-1, Kyowa-cho, Obu, Aichi 474-8588, Japan
Telephone: +81 (0)562 47 1131
Facsimile: +81 (0)562 48 6357

Established

December 2, 1938

Stock Listings

Tokyo and Nagoya, Japan

Shares of Common Stock

51,995,296 shares issued and outstanding

Number of Shareholders

3,167

Major Shareholders (Top 10)

Toyota Motor Corporation
Toyota Industries Corporation
Sumitomo Mitsui Banking Corporation
The Master Trust Bank of Japan, Ltd.
Japan Trustee Services Bank, Ltd.
UFJ Bank Limited
Mitsui Sumitomo Insurance Co., Ltd
Aisan Industry Employee Stock Ownership Plan
The Chuo Mitsui Trust and Banking Co., Ltd.
Nippon Life Insurance Company

Fiscal year End

March 31

Ordinary Shareholders' General Meeting

June

Date of Record

March 31

Interim dividends are paid to the shareholders listed or the pledges registered at the end of September.

Transfer Agent

UFJ Trust Bank Limited
7-10-11, Marunouchi, Chiyoda-ku, Tokyo 100-0005, Japan
Telephone: +81 (0)3 3287 2211

AISAN's Share Price and Trading Volume on the Tokyo Stock Exchange

