

AISAN INDUSTRY CO., LTD.

Annual Report 2010

Year ended March 31, 2010

Carving the Future for Customers

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CAUTIONARY NOTE WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made in this annual report with respect to Aisan's current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of Aisan. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them. Aisan cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements. Such factors include, but are not limited to (i) changes in economic conditions, currency exchange rates, the laws, regulations, government policies, or political instability in our major markets, (ii) circumstances relating to our ability to develop, in a timely manner, and achieve market acceptance of new products, and (iii) shortage of fuel or interruptions in transportation systems, labor strikes, work stoppages, or other interruptions to or difficulties in the employment of labor in the major markets where we purchase materials, components, and supplies for the production of our products or where our products are produced, distributed, or sold.

Notes:

1. Statements made in this annual report are in accordance with Japan GAAP and unaudited.
2. U.S. dollar amounts have been translated, for convenience only, at the rate of Yen93.04=US\$1, the approximate exchange rate prevailing on March 31, 2010, the last trading day of the fiscal year.

Financial Highlights

Financial Summary

Aisan Industry Co., Ltd. and Consolidated Subsidiaries
For the years ended March 31

	Yen in millions					U.S. dollars in thousands
	2006	2007	2008	2009	2010	2010
Net Sales:	¥156,693	¥175,003	¥189,589	¥158,583	¥137,464	\$1,477,472
Sales in Japan	110,594	117,488	119,508	95,924	87,338	938,715
Sales outside Japan	46,099	57,515	70,081	62,659	50,126	538,758
Net Income	4,029	3,285	5,310	(5,723)	1,580	16,982
Total Assets	124,423	135,586	139,754	114,697	122,353	1,315,058
Shareholders' Equity	63,325	67,721	72,800	59,035	61,285	658,695
Capital Expenditures	10,857	13,674	10,890	10,920	6,502	69,884
Depreciation	7,493	8,486	9,897	10,918	9,585	103,020
	Yen					U.S. dollars
Per Share:						
Net Income	¥70.94	¥59.44	¥95.81	(¥103.14)	¥28.49	\$0.31
Cash dividends	14.00	14.00	19.00	14.00	14.00	0.15
Average Number of Shares (in thousands)	55,134	55,273	55,422	55,489	55,488	
Number of employees	5,447	6,140	6,390	7,016	7,541	

Sales by Products

	Yen in millions					U.S. dollars in thousands
	2006	2007	2008	2009	2010	2010
Electronic Fuel Injection	¥81,216	¥90,085	¥99,055	¥85,501	¥77,081	\$828,472
Fuel pumps	33,153	39,564	46,129	41,020	36,638	393,788
Throttle bodies	29,521	32,944	35,159	29,806	26,620	286,113
Fuel injectors	9,538	9,136	8,873	7,079	5,851	62,887
Intake modules	5,448	5,702	5,655	4,711	5,468	58,770
Others	3,552	2,737	3,236	2,884	2,502	26,892
Carbon canisters	21,361	27,061	29,002	22,119	19,678	211,500
Engine Valves	11,879	13,080	14,356	11,957	10,130	108,878
Carburetors	5,593	4,739	3,685	2,669	1,817	19,529
Other Automotive	29,353	32,660	35,941	29,897	24,216	260,275
Automotive sub-total	149,404	167,627	182,041	152,145	132,925	1,428,687
Others	7,288	7,375	7,547	6,437	4,539	48,785
Total	¥156,693	¥175,003	¥189,589	¥158,583	¥137,464	\$1,477,472

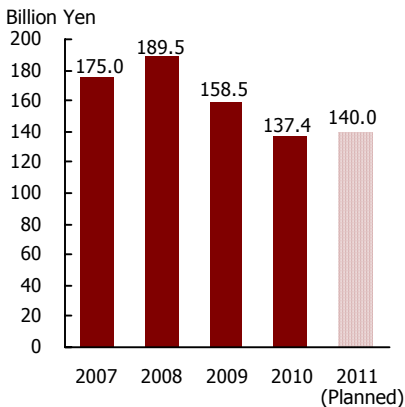
Notes:

1. The calculation of per share amounts is based on the average number of shares during the fiscal year.
2. The figures for fuel pumps includes sales of fuel pump modules.
3. The number of consolidated subsidiaries at each fiscal year-end was as follows.

	2006	2007	2008	2009	2010
Consolidated Subsidiaries	19	20	21	24	23

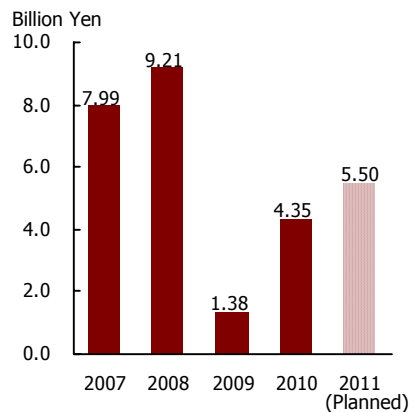
The financial situation in fiscal year 2010 continued to be difficult being affected by the global economic downfall continuing from the previous fiscal year, but through stimulus measures taken by various governments the latter half showed signs of economic recovery, especially in emerging countries. In the automotive industry, a continued adjustment of inventory was promoted. In addition, production of vehicles showed signs of recovery, through vehicles destined for emerging countries as well as eco-friendly cars, such as hybrid vehicles, which were promoted with government incentives to replace cars with such eco-friendly cars. Aisan's consolidated performance for this fiscal year was as follows.

Net Sales



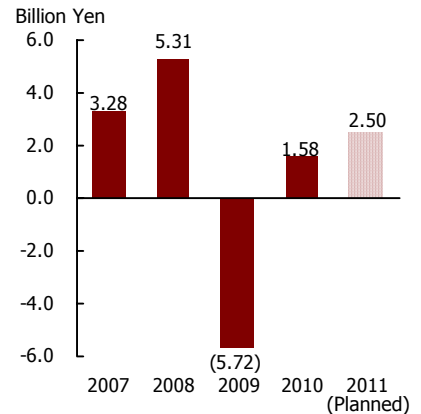
Due to a drop in automobile production in Japan, North America and Europe and the effect of the exchange rates, etc., net sales were 137.464 billion yen, down 13.3% from FY2010.

Operating Income



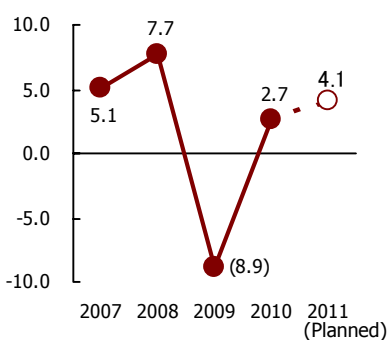
Through group-wide structural reform and profit improving activities, our operating profits were 4.353 billion yen, up 2.971 billion yen from FY2010.

Net Income

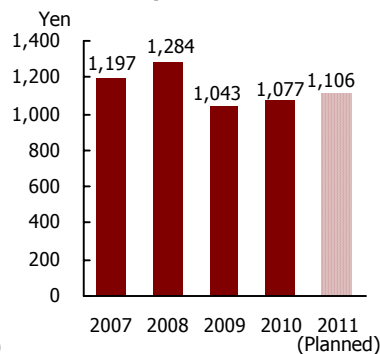


Our net income for this term was 1.58 billion yen (our net losses for the same term in FY2009 were 5.723 billion yen).

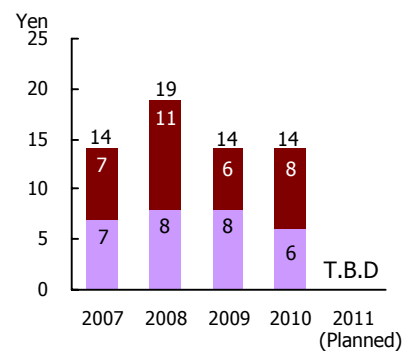
ROE



Net Assets per share



Cash Dividends per share



To Our Shareholders



Nobuo Kobayashi
President

I would like to take this opportunity to thank our shareholders for the continued support of Aisan Industries and each subsidiary of the Aisan Industry Group. It is my pleasure to report on the financial achievements of fiscal year 2010.

While continued growth of the automobile industry is anticipated in emerging countries, it is predicted that the development and cost competition of compact and low-end vehicles as well as eco-friendly vehicles such as hybrid vehicles will further intensify.

Amid this business environment, the Aisan Group slogan for fiscal year 2011 is: "Complete structural reform - Focus on speed and take actions on your own".

The entire group is working together speedily with a special focus on the following points.

- (1) Reinforcement of quality assurance activities,
- (2) Complete structural reform,
- (3) Strengthening force of product supply in emerging countries, and
- (4) Increase speed in developing future products

Through these activities, the Aisan group will continue our efforts aiming to become a company trusted by all shareholders.

I would like to extend my gratitude to our shareholders and partners for their continued trust and support.

Nobuo Kobayashi
June 2010

Breaking News

Operations started at "Aisan Kumamoto Co., Ltd."

Aisan Kumamoto Co., Ltd. started operations to "respond to needs swiftly and flexibly from a location close to customers".



Construction of ANI No. 2 Plant Started

Construction of No. 2 Plant at our Indonesian affiliate (ANI) started to handle increased growth of the motorcycle business in Southeast Asia.



Development of high-performance canister for hybrid vehicles

A high-performance canister which contributes to a reduction in fuel tank system weight was developed.



Kazuhiro Mori wins "Bronze" at World Cycling Championships (track)

The Aisan Cycling Division's Kazuhiro Mori became the first Japanese to win a medal in the Scratch Competition of the World Cyclic Championships held in Copenhagen, Denmark.



CONSOLIDATED BALANCE SHEETS

Aisan Industry Co., Ltd.

For the year ended March 31, 2009 and 2010

ASSETS	Yen in millions		U.S. dollars in thousands
	2009	2010	2010
Current Assets	¥48,941	¥61,973	\$666,090
Cash and deposits	11,454	15,288	164,316
Trade accounts and notes receivable	18,083	25,566	274,785
Negotiable securities	759	893	9,598
Finished products and goods	3,113	3,260	35,039
Work in process	3,407	3,418	36,737
Raw materials and stores	5,424	5,298	56,943
Accrued refunded income taxes, etc.	172	4,562	49,033
Deferred tax assets	3,980	3,840	41,273
Others	2,719	(155)	(1,666)
Allowance for bad debts	(175)		0
Fixed Assets	65,756	60,380	648,968
Tangible Fixed Assets	52,423	48,062	516,574
Buildings and structures	14,645	14,831	159,405
Machinery, vehicles	27,162	24,066	258,663
Land	5,203	5,235	56,266
Construction in progress	2,676	1,824	19,604
Others	2,735	2,104	22,614
Intangible Fixed Assets	1,942	1,704	18,315
Goodwill	829	572	6,148
Others	1,113	1,132	12,167
Investments and Other Assets	11,390	10,613	114,069
Investments in securities	2,346	3,147	33,824
Deferred tax assets	4,683	3,613	38,833
Others	4,409	3,903	41,950
Allowance for bad debts	(49)	(51)	(548)
Total assets	¥114,697	¥122,353	\$1,315,058

CONSOLIDATED BALANCE SHEETS

Aisan Industry Co., Ltd.

For the year ended March 31, 2009 and 2010

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions		U.S. dollars in thousands
	2009	2010	2010
LIABILITIES			
Current Liabilities	¥41,110	¥45,936	\$493,723
Notes payable and accounts payable	13,808	19,442	208,964
Short-term loans payable	5,913	3,738	40,176
Current portion of long-term loans	3,231	2,355	25,312
Accounts payable	2,266	2,101	22,582
Accrued expenses	5,783	6,589	70,819
Accrued income taxes	190	481	5,170
Accrued consumption taxes	195	370	3,977
Deposits received from employee	2,780	2,734	29,385
Allowance for product warranty	5,853	7,142	76,763
Allowance for directors' bonus	101	133	1,429
Equipment related notes payable-trade	484	349	3,751
Others	500	498	5,353
Fixed Liabilities	14,552	15,131	162,629
Long-term loans payable	5,429	6,073	65,273
Deferred tax liabilities	457	528	5,675
Allowance for employee retirement benefits	7,775	7,638	82,094
Allowance for directors' retirement benefits	366	367	3,945
Others	523	523	5,621
Total liabilities	55,662	61,068	656,363
NET ASSETS			
Shareholders' Equity	61,254	62,279	669,379
Capital stock	7,488	7,488	80,482
Capital surplus	9,490	9,490	101,999
Retained earnings	44,294	45,320	487,102
Treasury stock	(20)	(20)	(215)
Valuation and Translation Adjustments	(3,372)	(2,506)	(26,935)
Net unrealized gains on other securities	268	554	5,954
Deferred hedge gains or losses	(22)	(4)	(43)
Translation adjustment	(3,619)	(3,056)	(32,846)
Stock Acquisition Rights	134	217	2,332
Minority Shareholders' Income	1,019	1,295	13,919
Total net assets	59,035	61,285	658,695
Total liabilities and net assets	¥114,697	¥122,353	\$1,315,058

CONSOLIDATED STATEMENTS OF INCOME

Aisan Industry Co., Ltd.

For the year ended March 31, 2008, 2009 and 2010

	Yen in millions			U.S. dollars in thousands
	2008	2009	2010	2010
Net Sales	¥189,589	¥158,583	¥137,464	\$1,477,472
Cost of sales	167,129	144,908	121,844	1,309,587
Gross Profit	22,459	13,675	15,619	167,874
Selling, general and administrative costs	13,248	12,293	11,266	121,088
Operating Income	9,211	1,382	4,353	46,786
Non-operating Income	547	526	693	7,448
Interest and dividend income	334	335	128	1,376
Subsidies for employment adjustment	-	-	257	2,762
Others	213	191	307	3,300
Non-operating Expenses	1,515	3,797	619	6,653
Interest expenses	582	385	249	2,676
Others	933	3,411	370	3,977
Ordinary Income (Loss)	8,243	(1,888)	4,427	47,582
Extraordinary Income	-	-	31	333
Reversal of allowance for doubtful receivables	-	-	18	193
Gain on reversal of subscription rights to shares	-	-	12	129
Extraordinary Loss	108	5,301	1,457	15,660
Transferred from estimated liability under product warranty	-	-	1,311	14,091
Loss on product warranty expenses	-	4,542	-	-
Loss on devaluation of investments in securities	-	480	-	-
Loss on sales and disposal of fixed assets	-	257	-	-
Others	108	22	146	1,569
Income (Loss) Before Income Taxes	8,134	(7,189)	3,001	32,255
Income taxes-current	3,010	593	806	8,663
Income taxes-deferred	(359)	(2,001)	423	4,546
Minority shareholders' income (loss)	173	(59)	191	2,053
Net Income (Loss)	¥5,310	(¥5,723)	¥1,580	\$16,982

	U.S. dollars			
	2008	2009	2010	2010
Per Share of Common Stock				
Net income (loss)	¥95.81	(¥103.14)	¥28.49	\$0.31
Cash dividends per share applicable to the year	¥19.00	¥14.00	¥14.00	\$0.15
Average Number of Shares (in thousands)	55,422	55,489	55,488	

Note:

The calculation of per share amounts is based on the average number of shares during the fiscal year.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Aisan Industry Co., Ltd.

For the year ended March 31, 2009 and 2010

	Yen in millions				
	Shareholders' Equity	Valuation and Translation Adjustment	Stock Acquisition Rights	Minority Shareholders' Income	Total Net Assets
Balance as of March 31, 2009	¥61,254	(3,372)	¥134	1,019	¥59,035
Changes during the current period	1,025	866	83	275	2,250
Dividends from surplus	(665)				(665)
Net income	1,580				1,580
Change of scope of consolidation	110				110
Acquisition of Treasury stock	(0)				(0)
Disposition of Treasury stock	0				0
Net changes of items other than shareholders' equity during consolidated fiscal year		866	83	275	1,225
Total of changes during fiscal year					
Balance as of March 31, 2010	¥62,279	(2,506)	¥217	1,295	¥61,285

CONSOLIDATED STATEMENTS OF CASH FLOWS

Aisan Industry Co., Ltd.

For the year ended March 31, 2008 2009 and 2010

	Yen in millions			U.S. dollars in thousands
	2008	2009	2010	2010
Cash Flows from Operating Activities	¥9,966	¥9,864	¥12,525	\$134,620
Cash Flows from Investing Activities	(13,750)	(11,834)	(5,172)	(55,589)
Cash Flows from Financing Activities	1,890	810	(3,504)	(37,661)
Foreign Currency Translation Adjustment on Cash and Cash Equivalents	(3)	(2,458)	166	1,784
Net Increase (Decrease) in Cash and Cash Equivalents	(1,896)	(3,618)	4,015	43,153
Cash and Cash Equivalents at Beginning of Period	17,223	15,406	12,093	129,976
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	79	305	-	0
Cash and Cash Equivalents at End of Period	¥15,406	¥12,093	¥16,108	\$173,130

Corporate Data

As of March 31, 2010

Operations in Japan

	Major Products	Start of Operations	Employees	Location (Prefecture)	Land (square meters)
Headquarters	Intake Module, Carburetor	1957	1,500	Aichi	60,000
Anjo Plant	Throttle Body, Carbon Canister, Engine Valve	1971	1,000	Aichi	121,000
Toyota Plant	Fuel Injector, Fuel Pump, Fuel Pump Module	1990	500	Aichi	81,000

Subsidiaries and Affiliates: 6 companies

Operations outside Japan

	Company	Major products or Business	Established or invested	Capital (Local currency in thousands)	Voting rights ratio* (%)
U.S.A.	Franklin Precision Industry, Inc	Throttle bodies, carbon canisters, fuel pump modules, etc.	1991	US\$ 16,000	100.0
	Aisan Corporation of America	Sale of automotive parts	1982	US\$ 100	100.0
	Hyundam America, Inc.	Sale of automotive parts	2004	US\$ 300	100.0
France	Aisan Industry France S.A.	Fuel pump modules, etc.	2000	Eur 32,990	100.0
Belgium	Aisan Corporation Europe S.A.	Sale of automotive parts	2004	Eur 700	100.0
Czech Republic	Aisan Industry Czech s.r.o.	Fuel pumps, etc.	2000	Kcs 652,000	95.0
	Aisan Industry Louny s.r.o.	Throttle bodies, etc.	2002	Kcs 438,441	95.0
Slovak Republic	Hyundam Slovakia s.r.o.	Sale of automotive parts	2006	W 280,000	100.0
Republic of Korea	Hyundam Industrial Co., Ltd.	Fuel pumps, etc.	1997	W 13,990,000	95.0
	D&H Co., Ltd.	Fuel pumps, etc.	2007	W 300,000	100.0
China	Aisan Corporation Gauangzhou Co., Ltd.	Sale of automotive parts	2006	US\$783	100.0
	Aisan (Tianjin) Auto Parts Co., Ltd.	Throttle bodies, carbon canisters, etc.	2003	Rmb 206,680	95.8
	Aisan (Fhoshan) Auto Parts Co., Ltd.	Throttle bodies, carbon canisters, engine valves	2004	US\$ 21,000	95.0
	Shenyang Xuantan Automobile Parts Co., Ltd.	Fuel pumps, etc.	2002	US\$ 4,200	100.0
	Chongqing Pingshan TK Carburetor Co., Ltd.	Carburetor for motorcycle, etc.	1994	US\$ 19,000	30.0
	TK Carburetor (Ningbo) Co., Ltd	Carburetor for motorcycle, etc.	2005	US\$ 1,200	60.0
India	IHD Industries Pvt. Ltd.	Fuel pumps, etc.	2002	Rs 66,000	100.0
Indonesia	P.T. Aisan Nasmoco Industri	Throttle bodies, carbon canisters, etc.	1997	Rp 30,940,000	85.0

* Including voting rights by the subsidiaries

Share Information

As of March 31, 2010

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 6333

Established

December 2, 1938

Stock Listings

Tokyo and Nagoya, Japan

Shares of Common Stock

55,509,096 shares issued and outstanding

Number of Shareholders

4,945

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

Mitsubishi UFJ Trust and Banking Corporation

7-10-11, Higashisuna, Koto-ku, Tokyo,

137-8081 JAPAN

Phone: +81-3-5683-5111(main switchboard)

Transfer Assistance

Mitsubishi UFJ Trust and Banking Corporation branches

Head office and branches of Nomura Securities Co., Ltd.

Major Shareholders

Toyota Motor Corporation 32.6%

Denso Corporation 9.9%

Toyota Industries Corporation 8.5%

Directors and Auditors

As of June 22, 2010

Board of Directors

President

Nobuo Kobayashi

Senior Managing Directors

Hiroshi Iwahana

Shoji Kawakami

Michikatsu Sato

Managing Directors

Kaneo Imamura

Masataka Nakano

Kunio Nakashima

Directors

Osamu Yamamoto

Hideo Yamada

Kenji Naruse

Genjiro Tada

Takaaki Takagi

Koji Inami

Hirohide Ichinomiya

Haruki Tokimura

Masahiro Yamaguchi

Toru Nakane

Board of Corporate Auditors

Kozo Nomura

Kenji Kasamatsu

Susumu Miyoshi

Osamu Kishizawa

Yoshihiko Matsuda

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www.aisan-ind.co.jp

July 2010