

# AISAN INDUSTRY CO., LTD.

## Annual Report 2011

Year ended March 31, 2011

# 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 Yen83.15=US\$1, the approximate exchange rate prevailing on March 31, 2011, the last trading day of the fiscal year.

## CONSOLIDATED BALANCE SHEETS

Aisan Industry Co., Ltd.

For the year ended March 31, 2010 and 2011

ASSETS	Yen in millions		U.S. dollars in thousands
	2010	2011	2011
<b>Current Assets</b>	<b>¥61,973</b>	<b>¥69,670</b>	<b>\$837,883</b>
Cash and deposits	15,288	22,719	273,229
Trade accounts and notes receivable	25,566	22,990	276,488
Negotiable securities	893	948	11,401
Finished products and goods	3,260	3,372	40,553
Work in process	3,418	4,133	49,705
Raw materials and stores	5,298	4,993	60,048
Income taxes receivable	161	90	1,082
Accrued refunded income taxes, etc.	4,562	6,812	81,924
Others	3,679	3,737	44,943
Allowance for bad debts	(155)	(129)	(1,551)
<b>Fixed Assets</b>	<b>60,380</b>	<b>55,871</b>	<b>671,930</b>
<b>Tangible Fixed Assets</b>	<b>48,062</b>	<b>45,443</b>	<b>546,518</b>
Buildings and structures	14,831	14,291	171,870
Machinery, vehicles	24,066	21,775	261,876
Land	5,235	5,417	65,147
Construction in progress	1,824	2,070	24,895
Others	2,104	1,888	22,706
<b>Intangible Fixed Assets</b>	<b>1,704</b>	<b>1,332</b>	<b>16,019</b>
Goodwill	572	330	3,969
Others	1,132	1,002	12,051
<b>Investments and Other Assets</b>	<b>10,613</b>	<b>9,094</b>	<b>109,369</b>
Investments in securities	3,147	2,271	27,312
Deferred tax assets	3,613	3,438	41,347
Others	3,903	3,433	41,287
Allowance for bad debts	(51)	(49)	(589)
<b>Total assets</b>	<b>¥122,353</b>	<b>¥125,541</b>	<b>\$1,509,814</b>

## CONSOLIDATED BALANCE SHEETS

Aisan Industry Co., Ltd.

For the year ended March 31, 2010 and 2011

LIABILITIES AND SHAREHOLDERS' EQUITY	Yen in millions		U.S. dollars in thousands
	2010	2011	2011
<b>LIABILITIES</b>			
<b>Current Liabilities</b>	<b>¥45,936</b>	<b>¥49,421</b>	<b>\$594,360</b>
Notes payable and accounts payable	19,442	16,830	202,405
Short-term loans payable	3,738	3,412	41,034
Current portion of long-term loans	2,355	3,279	39,435
Accounts payable	2,101	1,955	23,512
Accrued expenses	6,589	6,394	76,897
Accrued income taxes	481	967	11,630
Accrued consumption taxes	370	418	5,027
Deposits received from employee	2,734	2,824	33,963
Allowance for product warranty	7,142	12,108	145,616
Allowance for directors' bonus	133	121	1,455
Equipment related notes payable-trade	349	637	7,661
Others	498	471	5,664
<b>Fixed Liabilities</b>	<b>15,131</b>	<b>18,252</b>	<b>219,507</b>
Long-term loans payable	6,073	8,787	105,676
Deferred tax liabilities	528	413	4,967
Allowance for employee retirement benefits	7,638	8,180	98,376
Allowance for directors' retirement benefits	367	308	3,704
Others	523	563	6,771
<b>Total liabilities</b>	<b>61,068</b>	<b>67,673</b>	<b>813,867</b>
<b>NET ASSETS</b>			
<b>Shareholders' Equity</b>	<b>62,279</b>	<b>61,599</b>	<b>740,818</b>
Capital stock	7,488	7,488	90,054
Capital surplus	9,490	9,490	114,131
Retained earnings	45,320	44,640	536,861
Treasury stock	(20)	(20)	(241)
<b>Valuation and Translation Adjustments</b>	<b>(2,506)</b>	<b>(5,171)</b>	<b>(62,189)</b>
Net unrealized gains on other securities	554	522	6,278
Deferred hedge gains or losses	(4)	(1)	(12)
Translation adjustment	(3,056)	(5,693)	(68,467)
<b>Stock Acquisition Rights</b>	<b>217</b>	<b>278</b>	<b>3,343</b>
<b>Minority Shareholders' Income</b>	<b>1,295</b>	<b>1,162</b>	<b>13,975</b>
<b>Total net assets</b>	<b>61,285</b>	<b>57,867</b>	<b>695,935</b>
<b>Total liabilities and net assets</b>	<b>¥122,353</b>	<b>¥125,541</b>	<b>\$1,509,814</b>

## CONSOLIDATED STATEMENTS OF INCOME

Aisan Industry Co., Ltd.

For the year ended March 31, 2010 and 2011

	Yen in millions		U.S. dollars in thousands
	2010	2011	2011
<b>Net Sales</b>	<b>¥137,464</b>	<b>¥150,849</b>	<b>\$1,814,179</b>
Cost of sales	121,844	130,627	1,570,980
<b>Gross Profit</b>	<b>15,619</b>	<b>20,222</b>	<b>243,199</b>
Selling, general and administrative costs	11,266	14,196	170,728
<b>Operating Income</b>	<b>4,353</b>	<b>6,025</b>	<b>72,459</b>
<b>Non-operating Income</b>	<b>693</b>	<b>433</b>	<b>5,207</b>
Interest and dividend income	128	144	1,732
Subsidies for employment adjustment	257	-	-
Others	307	287	3,452
<b>Non-operating Expenses</b>	<b>619</b>	<b>1,189</b>	<b>14,299</b>
Interest expenses	249	220	2,646
Foreign exchange losses	-	695	8,358
Loss on sales and disposal of fixed assets	266	133	1,600
Others	103	139	1,672
<b>Ordinary Income (Loss)</b>	<b>4,427</b>	<b>5,269</b>	<b>63,367</b>
<b>Extraordinary Income</b>	<b>31</b>	<b>412</b>	<b>4,955</b>
Gain on sales and disposal of fixed assets	-	90	1,082
Reversal of allowance for doubtful receivables	18	22	265
Gain on reversal of subscription rights to shares	12	36	433
Gain on negative goodwill	-	262	3,151
<b>Extraordinary Loss</b>	<b>1,457</b>	<b>5,542</b>	<b>66,651</b>
Impairment loss	-	116	1,395
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	26	313
Transferred from estimated liability under product warranty	1,311	5,400	64,943
Others	146	-	-
<b>Income (Loss) Before Income Taxes</b>	<b>3,001</b>	<b>138</b>	<b>1,660</b>
Income taxes-current	806	1,658	19,940
Income taxes-deferred	423	(2,157)	(25,941)
Minority shareholders' income (loss)	191	312	3,752
<b>Net Income (Loss)</b>	<b>¥1,580</b>	<b>¥325</b>	<b>\$3,909</b>
			U.S. dollars
	<b>2010</b>	<b>2011</b>	<b>2011</b>
<b>Per Share of Common Stock</b>			
Net income (loss)	¥28.49	¥5.86	\$0.06
Cash dividends per share applicable to the year	¥14.00	¥14.00	\$0.15
<b>Average Number of Shares</b> (in thousands)	55,488	55,488	

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

Aisan Industry Co., Ltd.

For the year ended March 31, 2010 and 2011

	Yen in millions				
	Shareholders' Equity	Valuation and Translation Adjustment	Stock Acquisition Rights	Minority Shareholders' Income	Total Net Assets
<b>Balance as of March 31, 2010</b>	<b>¥62,279</b>	<b>(¥2,506)</b>	<b>¥217</b>	<b>¥1,295</b>	<b>¥61,285</b>
<b>Changes during the current period</b>	<b>(679)</b>	<b>(2,665)</b>	<b>60</b>	<b>(133)</b>	<b>(3,417)</b>
Dividends from surplus	(887)				(887)
Net income	325				325
Change of scope of consolidation	(116)				(116)
Acquisition of Treasury stock	(0)				(0)
Net changes of items other than shareholders' equity during consolidated fiscal year		(2,665)	60	(133)	(2,737)
<b>Balance as of March 31, 2011</b>	<b>¥61,599</b>	<b>(¥5,171)</b>	<b>¥278</b>	<b>¥1,162</b>	<b>¥57,867</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

Aisan Industry Co., Ltd.

For the year ended March 31, 2010 and 2011

	Yen in millions		U. S. dollars in thousands
	2010	2011	2011
Cash Flows from Operating Activities	¥12,525	¥12,863	\$154,696
Cash Flows from Investing Activities	(5,172)	(6,990)	(84,065)
Cash Flows from Financing Activities	(3,504)	2,541	30,559
Foreign Currency Translation Adjustment on Cash and Cash Equivalents	166	(1,182)	(14,215)
Net Increase (Decrease) in Cash and Cash Equivalents	4,015	7,231	86,963
Cash and Cash Equivalents at Beginning of Period	12,093	16,108	193,722
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	0	44	529
<b>Cash and Cash Equivalents at End of Period</b>	<b>¥16,108</b>	<b>¥23,385</b>	<b>\$281,239</b>

## 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
	2007	2008	2009	2010	2011	2011
Net Sales:	¥175,003	¥189,589	¥158,583	¥137,464	<b>¥150,849</b>	<b>\$1,814,179</b>
Sales in Japan	117,488	119,508	95,924	87,338	<b>90,921</b>	<b>1,093,458</b>
Sales outside Japan	57,515	70,081	62,659	50,126	<b>59,928</b>	<b>720,722</b>
Net Income	3,285	5,310	(5,723)	1,580	<b>325</b>	<b>3,909</b>
Total Assets	135,586	139,754	114,697	122,353	<b>125,541</b>	<b>1,509,814</b>
Shareholders' Equity	67,721	72,800	59,035	61,285	<b>57,867</b>	<b>695,935</b>
Capital Expenditures	13,674	10,890	10,920	6,502	<b>7,158</b>	<b>86,085</b>
Depreciation	8,486	9,897	10,918	9,585	<b>8,683</b>	<b>104,426</b>
	Yen					U.S. dollars
Per Share:						
Net Income	¥59.44	¥95.81	(¥103.14)	¥28.49	<b>¥5.86</b>	<b>\$0.07</b>
Cash dividends	14.00	19.00	14.00	14.00	<b>14.00</b>	<b>0.17</b>
Average Number of Shares (in thousands)	55,273	55,422	55,489	55,488	<b>55,488</b>	
Number of employees	6,140	6,390	7,016	7,007	<b>7,028</b>	

### Sales by Products

	Yen in millions					U.S. dollars in thousands
	2007	2008	2009	2010	2011	2011
Electronic Fuel Injection	¥90,085	¥99,055	¥85,501	¥77,081	<b>¥84,219</b>	<b>\$1,012,856</b>
Fuel pumps	39,564	46,129	41,020	36,638	<b>41,990</b>	<b>504,991</b>
Throttle bodies	32,944	35,159	29,806	26,620	<b>28,868</b>	<b>347,180</b>
Fuel injectors	9,136	8,873	7,079	5,851	<b>5,782</b>	<b>69,537</b>
Intake modules	5,702	5,655	4,711	5,468	<b>5,114</b>	<b>61,503</b>
Others	2,737	3,236	2,884	2,502	<b>2,462</b>	<b>29,609</b>
Carbon canisters	27,061	29,002	22,119	19,678	<b>19,022</b>	<b>228,767</b>
Engine Valves	13,080	14,356	11,957	10,130	<b>10,065</b>	<b>121,046</b>
Carburetors	4,739	3,685	2,669	1,817	<b>1,936</b>	<b>23,283</b>
Other Automotive	32,660	35,941	29,897	24,216	<b>30,443</b>	<b>366,121</b>
Automotive sub-total	167,627	182,041	152,145	132,925	<b>145,689</b>	<b>1,752,123</b>
Others	7,375	7,547	6,437	4,539	<b>5,160</b>	<b>62,057</b>
Total	¥175,003	¥189,589	¥158,583	¥137,464	<b>¥150,849</b>	<b>\$1,814,179</b>

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.

	2007	2008	2009	2010	2011
Consolidated Subsidiaries	20	21	24	23	<b>23</b>

## Corporate Data

As of March 31, 2011

### 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: 7 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 14,226	100.0
Belgium	Aisan Corporation Europe NV/SA	Sale of automotive parts	2004	Eur 700	100.0
Czech Republic	Aisan Industry Czech s.r.o.	Fuel pumps, Throttle bodies, etc.	2000	Kcs 651,987	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\$ 21,290	95.0
	Shenyang Xuantan Automobile Parts Co., Ltd.	Fuel pumps, etc.	2002	US\$ 6,530	100.0
	Chongqing Pingshan TK Carburetor Co., Ltd.	Carburetor for motorcycle, etc.	1994	US\$ 19,000	30.0
	TK Carburettor (Ningbo) Co., Ltd	Carburetor for motorcycle, etc.	2005	US\$ 2,100	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, 2011

### 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

4,746

### 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 (Top 10)

Toyota Motor Corporation	32.6%
Denso Corporation	9.9%
Japan Trustee Services Bank, Ltd. (Trust Account)	8.8%
Toyota Industries Corporation	8.5%
Sumitomo Mitsui Banking Corporation	2.8%
The Master Trust Bank of Japan, Ltd. (Trust Account)	2.7%
Aisan Employee Stock Ownership Plan	2.1%
Mitsui Sumitomo Insurance Co., Ltd.	1.6%
Japan Trustee Services Bank, Ltd. (Trust Account 9)	1.3%
Nippon Life Insurance Company	1.0%

## Directors and Auditors

As of June 15, 2011

### Board of Directors

#### President

Nobuo Kobayashi

#### Senior Managing Directors

Hiroshi Iwahana

Shoji Kawakami

Michikatsu Sato

#### Managing Directors

Kaneo Imamura

Masataka Nakano

Kunio Nakashima

#### Directors

Hideo Yamada

Kenji Naruse

Genjiro Tada

Takaaki Takagi

Koji Inami

Haruki Tokimura

Masahiro Yamaguchi

Toru Nakane

Masanori Senda

Kazuaki Koyanagi

Tomoya Ishida

Hiroyuki Inoue

### Board of Corporate Auditors

Kenji Kasamatsu

Hirohide Ichinomiya

Susumu Miyoshi

Osamu Kishizawa

Yoshihiko Matsuda