

Basis of Consolidated Financial Statements

1. Consolidation Scope

① Consolidated Subsidiaries

All subsidiaries are included in the consolidation

Number of consolidated subsidiaries: 148 companies

② Unconsolidated Subsidiaries

None

2. Companies Accounted for by the Equity Method

① Affiliates Accounted for under the Equity method

Number of affiliates: 11 affiliates

② Subsidiaries Accounted for under the Equity method

None

3. Accounting standard

(Fixed assets depreciation method)

Fixed asset depreciation has been computed by the declining balance method, intangible asset amortization has been computed by straight-line method.

Appropriate provision for additional depreciation to certain assets has been made to reflect the use of machinery, tools, and fixture acquired before March 31st 2007 in excess of normal depreciation schedules.

Intra-company developed software has been amortized by the straight-line method based on the usefulness period (five years) policy determined by the company.

Other disclosure are omitted due to the fact that there were no significant alternation from the Consolidated Financial Report issued on June 22nd, 2007.

Changes in the Basis of Consolidated Financial Statements

(Change in fixed assets depreciation)

In accordance with the change mandated under the income tax law Aisin and its Japanese subsidiaries have adopted the amended calculation method for all fixed assets acquired after April 1st, 2007.

For fixed assets acquired before March 31st, 2007 the past method for depreciation will be used until the allowable limit for depreciation (95% of acquired cost). Then the remaining cost will be depreciated evenly over five years starting from the following business year.

Effective from the financial year ending March 31st 2008, the depreciation method for assets acquired before March 31st 2007 will be altered from appropriate provision to memorandum value for additional depreciation.

(Accounting standard for Financial Instruments)

Effective from the financial year ending March 31st 2008, Aisin and its Japanese subsidiaries have adopted new accounting standards based on “Accounting standard for Financial Instruments” (Accounting Standards Board of Japan; ASBJ Statement No.10 last updated on June 15th 2007) and “Implementation guidance on Financial Instruments” (Accounting Standards Board of Japan; ASBJ Guidance No.14 last updated on July 4th 2007).

Effective from the financial year ending March 31st 2008, certificate of deposit has been shifted from cash and cash equivalents to securities.