

1. Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared based on the accounts maintained by AISIN SEIKI CO., LTD. (the "Company") and its subsidiaries (together the "Companies") in accordance with the provisions set forth in the Commercial Code of Japan and the Securities and Exchange Law, and in conformity with accounting principles and practices generally accepted in Japan, which are different in certain respects from application and disclosure requirements of International Accounting Standards. Certain items presented in the consolidated financial statements submitted to the Director of Kanto Finance Bureau in Japan have been reclassified in these accounts for the convenience of readers outside Japan. The consolidated financial statements are not intended to present the consolidated financial position, results of operation and cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Japan.

2. Yen and U.S. Dollar Amounts

All yen figures have been rounded to millions of yen. Amount in United States dollar included herein are solely for convenience. The translation should not be construed as representations that Japanese yen have been, could have been, or may in the future be, converted into United States dollars. The exchange rate at March 31, 2003 of ¥120.20=US\$1 has been used in the translation.

3. Reclassification

Certain comparative figures have been reclassified to conform with the current year's presentations.

4. Summary of Significant Accounting Policies

(1) Principles of Consolidation

The consolidated financial statements include the accounts of the Company and all of its subsidiaries, 106 subsidiaries (57 domestic subsidiaries and 49 overseas subsidiaries) in 2003 and 102 subsidiaries (58 domestic subsidiaries and 44 overseas subsidiaries) in 2002. For the year ended March 31, 2003, 5 subsidiaries were newly added (1 subsidiary was excluded by merger) to the

scope of consolidation. All significant intercompany accounts and transactions and unrealized profit among the companies, if any, have been eliminated in consolidation.

The Company's overseas subsidiaries close their books at December 31 every year, three months earlier than the Company. Among the Company's domestic subsidiaries, 6 subsidiaries close their books at January 31 every year and 16 subsidiaries close their book at February 28 every year. the Company consolidated such subsidiaries' financial statements as of their year-end. Significant transactions for the period between subsidiaries' year-end and the the Company's year-end are adjusted on consolidation.

Aisin AW Co., Ltd., a consolidated subsidiary, changed its financial year-end from December 31 to March 31 during the year.

As a result, net income for the period of three-month differences is included as increase in retained earnings in the accompanying consolidated statements of shareholders' equity due to change of the financial year-end of the subsidiary.

Overseas subsidiaries adopt accounting principles generally accepted in their respective countries, and no adjustments to conform with accounting principles generally accepted in Japan have been made to their financial statements on consolidation, as allowed under accounting principles and practices generally accepted in Japan.

Goodwill is amortized over 5 years from occurred period. In case where the amount is not significant, it is charged to income as incurred. Assets and liabilities of consolidated subsidiaries are revalued at their fair value as of the date of acquisition of the control based on the full fair value method.

(2) Investments in Affiliates

The investments in all affiliates (14 companies in 2003, 15 companies in 2002) are accounted for under the equity method.

(3) Cash and Cash Equivalents

For the purposes of the consolidated statements of cash flows, all highly liquid debt instruments with original maturities of three months or less are considered as cash equivalents.

(4) Financial Instruments

(a) Securities

The Companies do not have trading securities, which are held for the purpose of generating profits on short-term differences in prices and held-to-maturity debt securities, that the Companies have intent to hold to maturity. Other securities with readily determinable fair values are stated at fair value.

Net unrealized gains or losses on these securities are included in "Net unrealized gain on available-for-sale securities" as a separate item in the shareholders' equity at a net-of-tax amount. Gains and losses on disposition of such securities are computed by the moving average method.

Other securities without readily determinable fair values are stated at cost, as computed by moving average method.

(b) Derivatives

All derivatives, except for hedging instruments, are stated at fair value, with change in fair value included in net profit or loss for the period in which they arise.

The derivatives designated as hedging instruments by the Companies are principally interest swaps and forward exchange contracts.

The related hedged items are trade accounts receivable, loans, securities and long-term debt.

The Companies have a policy to utilize the above hedging instruments in order to reduce the exposure to the risk of interest rate and exchange rate fluctuation.

Thus, the Companies' purchase of the hedging instruments are limited to, at maximum, the amounts of the hedged items.

The Companies evaluates effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the related hedged items from the commencement of the hedges.

(5) Inventories

Finished products, work in process and supplies (excluding steel supplies and fuel) are mainly stated at

cost, as determined by the periodic average method. Raw materials, steel supplies and fuel are mainly stated at the lower of cost, as determined by the last-in, first-out method, or market.

(6) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Depreciation is computed mainly by the declining balance method at rates based on the useful lives and residual values of the assets decided by the tax law. Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(7) Accounting for Finance Lease

Leases that transfer substantially all the risks and rewards of ownership of the assets are accounted for as capital leases, except that leases do not transfer ownership of the assets at the end of the lease term are accounted for as operating leases, in accordance with accounting principles and practices generally accepted in Japan.

(8) Allowance for retirement benefits

The Companies accrue amount which is considered to be incurred in the period based on the estimated projected benefit obligations and estimated pension assets at the end of year.

(9) Allowance for retirement and severance benefits for directors and corporate auditors

The Companies provide for the accrued cost of retirement benefits payable to directors and corporate auditors at an amount equivalent to 100 per cent of such benefits for which the Companies would be required to pay on the directors' retirement benefit rule.

(10) Allowance for Doubtful Accounts

Allowance for doubtful accounts has been provided for at the aggregate amount of estimated credit loss for doubtful or troubled receivables and a general reserve for other receivables calculated based on the historical loss experience for a certain past period.

(11) Accrued Warranty Cost

Accrued warranty cost has been provided for at the aggregate amount of estimated claim incurred in warranty period based on historical experience.

(12) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of income. The asset and liability approach is used to recognize deferred tax liabilities and assets for the expected future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities. Valuation allowances are recorded to reduce deferred tax assets when it is more likely than not that a tax benefit will not be realized.

(13) Translation of Foreign Currency Accounts

Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese Yen at the exchange rates at the fiscal year-end.

Transactions in foreign currencies are recorded based on the prevailing exchange rates on the transaction dates. Resulting translation gains or losses are included in the current earnings.

In respect of the financial statement items of overseas consolidated subsidiaries, all asset and liability accounts are translated into Japanese Yen by applying the exchange rates in effect at the fiscal year-end. All income and expense accounts are translated at the average rates of exchange prevailing during the fiscal year.

Translation differences, after allocating to minority interest for portions attributable to minority interest, are reported as foreign currency translation adjustments in a separate component of shareholders' equity in the accompanying consolidated balance sheets.

(14) Appropriation of Retained Earnings

Cash dividends and bonuses to directors and corporate auditors are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders.

(15) Per Share Data

Basic net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective years. Diluted net income per share is computed assuming convertible bonds were converted at the time of issue unless having anti-dilutive effects and as if warrants were exercised at the beginning of the relevant year or (if later) on their first exercise date and as if the funds obtained thereby were used to purchase common stock at the average market price during the respective years under the treasury stock method.

The Companies adopted Accounting Standard No.2 "Accounting Standard for Earnings per Share" and Accounting Standard Implementation Guidance No. 4, "Implementation Guidance on Accounting Standard for Earnings per Share" issued by the Accounting Standards Board of Japan("ASB") on September 25, 2002. Per share amounts for the ended March 31, 2002 was restated to confirm with the current year's calculation.

Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective years.

5. Marketable Securities

Marketable investment securities are classified as other than trading or held-to-maturity, that is to say, available-for-sale securities, and are stated at fair value with unrealized gains and losses excluded from the current earnings and reported as a net amount within the shareholders' equity account until realized.

As of March 31, 2003 and 2002, gross unrealized gains and losses for marketable securities included in short term investments and investments in securities are summarized as follows;

Securities with Carrying Amounts Exceeding Acquisition Cost

Fiscal Year	Millions of Yen		
	2003		
	Cost	Fair and Carrying Value	Unrealized Gains
(1) Stocks	¥37,414	¥ 91,807	¥54,393
(2) Bonds			
Government	3,748	3,893	145
Corporate	4,893	4,906	13
(3) Others	2,110	2,111	1
Total	¥48,165	¥102,717	¥54,552

Securities with Acquisition Cost Exceeding Carrying Amounts

Fiscal Year	Millions of Yen		
	2003		
	Cost	Fair and Carrying Value	Unrealized Losses
(1) Stocks	¥ 3,927	¥ 3,307	¥ (620)
(2) Bonds			
Government	104	104	(0)
Corporate	1,947	1,939	(8)
Others	302	302	(0)
(3) Others	1,150	1,149	(1)
Total	¥ 7,430	¥ 6,801	¥ (629)
Grand Total	¥55,595	¥109,518	¥53,923

Securities with Carrying Amounts Exceeding Acquisition Cost

Fiscal Year	Millions of U.S. Dollars		
	2003		
	Cost	Fair and Carrying Value	Unrealized Gains
(1) Stocks	\$311	\$764	\$453
(2) Bonds			
Government	31	32	1
Corporate	41	41	0
(3) Others	18	18	0
Total	\$401	\$855	\$454

Securities with Acquisition Cost Exceeding Carrying Amounts

Fiscal Year	Millions of U.S. Dollars		
	2003		
	Cost	Fair and Carrying Value	Unrealized Losses
(1) Stocks	\$ 32	\$ 27	\$ (5)
(2) Bonds			
Government	1	1	(0)
Corporate	16	16	(0)
Others	3	3	(0)
(3) Others	10	10	(0)
Total	\$ 62	\$ 57	\$ (5)
Grand Total	\$463	\$912	\$449

Securities with Carrying Amounts Exceeding Acquisition Cost

Fiscal Year	Millions of Yen		
	2002		
	Cost	Fair and Carrying Value	Unrealized Gains
(1) Stocks	¥34,209	¥117,199	¥82,990
(2) Bonds			
Government	3,515	3,681	166
Corporate	6,467	6,523	56
(3) Others	441	443	2
Total	¥44,632	¥127,846	¥83,214

Securities with Acquisition Cost Exceeding Carrying Amounts

Fiscal Year	Millions of Yen		
	2002		
	Cost	Fair and Carrying Value	Unrealized Losses
(1) Stocks	¥ 5,762	¥ 5,140	¥ (622)
(2) Bonds			
Government	410	378	(32)
Corporate	9,736	9,714	(22)
Others	1,435	1,434	(1)
(3) Others	150	150	(0)
Total	¥17,493	¥ 16,816	¥ (677)
Grand Total	¥62,125	¥144,662	¥82,537

6. Investments in Affiliates

The amounts of investments in affiliates included in Investments in securities and other assets were as follows:

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Investments in securities	¥27,272	¥23,969	\$227
Other assets	¥ —	¥1,880	\$ —

7. Inventories

As of March 31, 2003 and 2002, inventories consisted of the following:

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Finished products	¥40,464	¥25,790	\$337
Work in process	27,428	20,445	228
Raw materials and supplies	26,015	23,961	216
	¥93,907	¥70,196	\$781

8. Assets Pledged as Collateral

Assets pledged as collateral for short-term debt, long-term debt and guarantees as of March 31, 2003 and 2002 were as follows:

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Investments in securities	¥16,173	¥17,353	\$135
Property, plant and equipment (at net book value)	12,532	13,399	104
Other investments	150	364	1
	¥28,855	¥31,116	\$240

9. Contingent Liabilities

Total contingent liabilities as of March 31, 2003 and 2002 were as follows:

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Guarantee of Bank Loans of			
Employees	¥ 71	¥ 34	\$ 1
Others	1	1	0
Total	¥ 72	¥ 35	\$ 1
Export Bills Discounted	¥ 779	¥ 67	\$ 6

10. Research and Development Expenses

Our research and development organizations are made of corporate R&D center and engineering department of each division, and are proceeding development activities. engineering department is proceeding to progress current automobile parts and life & energy related products.

Corporate R&D center is developing forefront automotive technologies, products of new field for the future, and also proceeding new materials and manufacturing methods to assist these developments. Main subjects, which we are paying the most attention on are electronics, utilizing light materials, creating the suitable designing (small size, light weight), and so on.

Research and development expenses included in general and administrative expenses and manufacturing

13. Bonds Payable and Borrowings

Bonds payable as of March 31, 2003 and 2002 consisted of the following:

Issued by	Item	Millions of Yen		Millions of U.S. Dollars	Annual interest	Year of Due
		2003	2002	2003		
AISIN SEIKI	Unsecured Convertible Bonds *	¥29,116	¥29,117	\$242	2.00%	2004
AISIN SEIKI	Unsecured Straight Bonds	—	10,000	—	1.95	2003
AISIN SEIKI	Unsecured Straight Bonds	15,000	15,000	124	2.65	2008
AISIN AW	Unsecured Straight Bonds	5,000	5,000	42	1.59	2004
AISIN AW	Unsecured Straight Bonds	5,000	5,000	42	1.35	2003
AISIN AW	Unsecured Straight Bonds	—	5,000	—	1.07	2002
Total		¥54,116	¥69,117	\$450		

* The conversion period of the Unsecured Convertible Bonds is from January 4, 1995 to March 30, 2004 and the conversion price was ¥1,435 (\$11.94) per share as of March 31, 2003.

costs for the year ended March 31, 2003 and 2002 were as follows;

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Research and Development Expenses	¥80,075	¥67,665	\$666

11. Leases

The aggregate future minimum payments for finance leases and non-cancelable operating leases as of March 31, 2003 and 2002 were as follows:

(1) Finance leases (as lessee) other than those where ownership is considered to be transferred to the lessee

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Due within One Year	¥ 1,897	¥ 1,873	\$ 16
Due after One Year	3,478	3,119	29
Total	¥ 5,375	¥ 4,992	\$ 45
Lease Expenses for Fiscal Year	¥ 2,036	¥ 2,183	\$ 17

(2) Operating leases (as lessee)

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Due within One Year	¥ 745	¥ 764	\$ 6
Due after One Year	1,740	1,545	15
Total	¥ 2,485	¥ 2,309	\$ 21

12. Derivatives

All derivatives are utilized for the hedge purpose of reducing its exposure to adverse fluctuations in interest rates and foreign exchange rates and accounted for under hedge accounting. The trades of derivatives are limited by internal regulations.

Borrowings as of March 31, 2003 and 2002 consisted of the following:

Issued by	Item	Millions of Yen		Millions of U.S. Dollars	Annual interest	Year of Due
		2003	2002	2003		
Short-term Borrowings		¥ 62,285	¥57,969	\$518	1.05%	
Current Portion of Long-term Debt		7,393	2,963	62	1.15	
Long-term Debt		44,927	8,518	374	1.01	2004-2013
Total		¥114,605	¥69,450	\$954		

Annual Maturities of Long-term Debt are as follows:

Year ending March 31,	Millions of Yen	Millions of U.S. Dollars
2005	¥ 1,747	\$ 15
2006	1,021	8
2007	590	5
2008	207	2
2009 and thereafter	41,362	344
Total	¥44,927	\$374

14. Allowance for Retirement Benefits

The Companies have a defined benefit pension plans, a defined contribution pension plans and lump-sum retirement benefit plans which substantially cover all employees.

In October 2002, a defined contribution pension plans has been established in order to substitute a

portion of defined benefit pension plans that has been transferred to the government.

The following table reconciles the benefit obligation and net periodic retirement benefit expense as at or for the year ended March 31, 2003 and 2002.

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Projected Benefit Obligation	¥ 173,880	¥ 308,336	\$1,446
Fair Value of Pension Plan Assets at End of Year	(71,666)	(160,083)	(596)
Projected Benefit Obligation in Excess of Pension Plan Assets	102,214	148,253	850
Unrecognized Prior Service Cost	19,289	19,310	161
Less, Unrecognized Actuarial Loss	(51,996)	(36,349)	(432)
Prepaid Pension Cost	1,699	—	14
Net Amounts of Employee Retirement Benefit			
Liability Recognized on the Consolidated Balance Sheets	¥ 71,206	¥131,214	\$593

Note: The above table includes the amounts related to the portion subject to the Japanese Welfare Pension Insurance Law.

The Company and major 18 domestic consolidated subsidiaries applied the transitional treatment specified on paragraph 47-2 of Accounting Committee Report No.13 “Practical Guidelines of Accounting for Retirement Benefits (Interim Report)”, issued by the Japanese Institute of Certified Public Accountants, and recognized an extinguishment of retirement benefit obligation with respect to such entrusted government’s portion as of the date of the approval. As a result the Companies recorded

¥45,533 million (\$379 million) as extraordinary income in the consolidated statements of income for the fiscal year ended March 31, 2003.

Amount of pension plan assets equivalent to the amount returned to the government is ¥72,421 million (\$603 million) as of March 31, 2003.

The impact which was caused by partial transfer from benefit pension plans to defined contribution pension plan were as follows

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
Decrease of Projected Benefit Obligation	¥ (28,028)	—	\$ (234)
Less, Unrecognized Actuarial Loss	6,618	—	56
Unrecognized Prior Service Cost	(6,513)	—	(54)
Unrecognized Pension Assets	12,172	—	101
Decrease of Allowance for Retirement Benefits	(15,751)	—	\$ (131)
Component of Net Periodic Retirement Benefit Expense:			
Service Cost	¥ 9,235	¥13,204	\$77
Interest Cost	4,936	8,702	41
Expected Return on Pension Plan Assets	(4,782)	(8,648)	(40)
Amortization of Prior Service Cost	(1,941)	(1,995)	(16)
Recognized Actuarial Differences	1,458	2,259	12
Contribution to Defined Contribution Plans	155	—	1
Net Periodic Retirement Benefit Expense	¥ 9,061	¥13,522	\$ 75
Return of the Substituted Portion of the Employee Pension Fund to the Government	(45,533)	—	(379)
Transfer to Defined Contribution Pension Plan and Others	16,911	—	141
Others	855	—	7
Total	¥ (18,706)	—	\$ (156)

Contribution to New pension benefit plan for employees
A part of Aisin Employee Pension Fund under joint trust in which 19 consolidated companies take part has been transferred to defined contribution plan based on approved by the government. The Company adopted Financial Accounting Standards Implementation Guidance No. 1 “Accounting for Transfers between retirement Benefit

Plans” issued by ASB on January 31, 2002 and Report of Practical Issues No. 2 “Practical Treatment of Accounting for Transfers between Retirement Benefit Plans” issued by ASB on March 29, 2002. The effect of adoption for these guidances resulted in a record of extraordinary losses of ¥16,927 million (\$141 million) in the accompanying consolidated statements of income for the year ended March 31, 2003.

Major assumptions:	2003	2002
Method Attributing the Projected Benefits to Periods of Services	Point method	Straight-line method
Discount Rate	2.00%	3.00%
Expected Return on Pension Plan Assets	5.50%	5.50%
Amortization Period of Prior Service Cost	10 years	10 years
Amortization Period of Unrecognized Actuarial Gains or Losses	10 years	10 years

Note: "Point method" is the method that the sum total of certain amounts given to employees every year and interest for the project benefit obligation that was accumulated until previous year end is the expense of this term.

15. Deferred Income Taxes

1. A summary of the components of the provision for deferred income taxes

Fiscal Year	Millions of Yen	Millions of U.S. Dollars	
	2003	2002	2003
Deferred Tax Assets			
Employee Retirement Benefit Liability	¥32,119	¥47,942	\$267
Accrued Expenses	17,483	12,815	145
Depreciation	10,846	7,469	90
Accrued Warranty Cost	4,650	4,494	39
Others	19,901	17,240	166
Deferred Tax Assets Sub-Total	84,999	89,960	707
Valuation Allowance	(677)	(661)	(6)
Deferred Tax Assets Total	84,322	89,299	701
Deferred Tax Liabilities			
Unrealized Gain on Available-for-Sale Securities	21,505	34,038	179
Special Depreciation of Acquired Assets	2,452	2,606	20
Special Depreciation Reserves	1,016	1,296	9
Depreciation	3,612	3,125	30
Others	1,708	1,017	14
Deferred Tax Liabilities	30,293	42,082	252
Net Deferred Taxes	¥54,029	¥47,217	\$449

2. Reconciliation of the difference between Statutory Tax Rate and the Effective Income Tax Rate

Fiscal Year	2003	2002
Statutory Tax Rate		41.24%
(Adjustment)		
Tax Exempt Income		(2.34)
Non-deductible Expenses		1.00
Others		3.93
Effective Income Tax Rate		43.83%

The reconciliation is omitted because the differences between the effective income tax rate and the statutory tax rate is less than 5 percent of the effective income tax rate.

On March 31, 2003, the Japanese National Diet approved changes the statutory local enterprise tax rate, effective for the period subsequent to April 1, 2004. Due to those changes, the effective tax rate that are used for calculation of deferred tax

assets and liabilities that will be taxable or deductible for the period subsequent to April 1, 2004 is expected to decrease from 41.24% to 39.88%. As a result, net deferred tax assets as of March 31, 2003 decreased by ¥540 million (\$4 million), deferred income taxes and net unrealized gain for the year then ended increased by ¥1,274 million (\$11 million) and ¥733 million (\$6 million), respectively.

16. Segment Information

1. Industry Segments

The company's main business is manufacturing and sales of automotive parts. Sales, operating income and assets occupy over 90% in all segments. Therefore information of industry segments is omitted.

2. Geographical Segments

Fiscal Year	Millions of Yen			Millions of U.S. Dollars	
		2003	2002	2003	
Sales	Japan	Customers	¥1,191,367	¥1,040,887	\$ 9,911
		Intersegment	112,335	84,821	935
		Total	1,303,702	1,125,708	10,846
	North America	Customers	136,032	119,019	1,131
		Intersegment	4,063	5,263	34
		Total	140,095	124,282	1,165
	Europe	Customers	54,142	45,350	451
		Intersegment	3,737	1,923	31
		Total	57,879	47,273	482
	Others	Customers	26,472	16,660	220
		Intersegment	3,469	4,046	29
		Total	29,941	20,706	249
		Eliminations	(123,604)	(96,053)	(1,028)
	Consolidated	1,408,013	1,221,916	11,714	
Operating Costs and Expenses	Japan	1,228,657	1,064,650	10,222	
	North America	137,140	125,311	1,140	
	Europe	57,524	47,127	479	
	Others	26,844	19,548	223	
	Eliminations	(122,753)	(95,364)	(1,021)	
	Consolidated	1,327,412	1,161,272	11,043	
Operating Income	Japan	75,045	61,058	624	
	North America	2,955	(1,029)	25	
	Europe	355	146	3	
	Others	3,097	1,158	26	
	Eliminations	(851)	(689)	(7)	
	Consolidated	80,601	60,644	671	
Assets	Japan	1,122,008	1,056,859	9,334	
	North America	138,568	125,726	1,153	
	Europe	46,022	36,366	383	
	Others	45,738	33,749	381	
	Eliminations	(128,025)	(105,880)	(1,065)	
	Consolidated	¥1,224,311	¥1,146,820	\$10,186	

Main countries or regions are:

(1) North America: U.S.A., Mexico (2) Europe: Belgium, UK (3) Others: Taiwan, Thailand

Assets Eliminations mainly included unallocated corporate items such as Cash and Cash Equivalents of AISIN SEIKI CO., LTD.

3. Sales by Segments

Fiscal Year	Millions of Yen			Millions of U.S. Dollars
	2003	increase	2002	2003
Automotive Related				
Engine Related	¥ 131,892	¥ 12,885	¥ 119,007	\$ 1,097
Drivetrain Related	596,374	70,455	525,919	4,962
Brake & Chassis Related	281,510	67,849	213,661	2,342
Body Related	257,477	19,963	237,514	2,142
Information & Other Automotive Related	73,277	13,049	60,228	610
Automotive Related Total	1,340,530	184,201	1,156,329	11,153
rate to Total	95.2%	0.6%	94.6%	95.2%
Life & Energy Related	45,681	3,046	42,635	380
Others	21,802	(1,150)	22,952	181
Grand Total	1,408,013	186,097	1,221,916	11,714

4. Sales by Geographic Area

Fiscal Year	Millions of Yen			Millions of U.S. Dollars
	2003	increase	2002	2003
Overseas				
North America	¥ 137,181	¥ 16,927	¥ 120,254	\$1,141
Europe	84,049	8,457	75,592	699
Asia & Others	82,803	25,611	57,192	689
Overseas Total	304,033	50,995	253,038	2,529
Rate to Total	21.6%	0.9%	20.7%	21.6%
Japan	1,103,980	135,102	968,878	9,185
Grand Total	1,408,013	186,097	1,221,916	11,714

Main countries or regions are:

(1) North America: U.S.A., Canada (2) Europe: Sweden, Germany (3) Others: Korea, Taiwan

17. Related Party Transactions

During the years ended March 31, 2003 and 2002, the Company had operational transactions with Toyota Motor Corporation, 27.6% shareholders of the Company.

A summary of the significant transactions with such a company for the years ended, or as of March 31, 2003 and 2002 were as follows:

Fiscal Year	Millions of Yen		Millions of U.S. Dollars
	2003	2002	2003
For the year:			
Purchases of Parts	¥ 14,883	¥ 19,104	\$ 124
Sales of Automotive Parts	263,958	287,492	2,196
At the year-end:			
Accounts Receivable	¥ 34,548	¥ 36,404	\$ 287
Accounts Payable	2,590	2,599	21

18. Shareholders' Equity

(a) The authorized number of shares of common stock is 700 million as of March 31, 2003, unless there may be a reduction due to a cancellation of treasury stock acquired.

Pursuant to the resolution by shareholders at the general meeting on June 26, 2003, the Company can purchase the treasury stock of the Company up to 10 million shares and up to ¥17,500 million (\$146 million).

(b) As of March 31, 2003, retained earnings included legal reserve of the Companies in the amounts of ¥10,285 million (\$86 million).

The Commercial Code of Japan provides that an amount equivalent to 10% of cash payments as an

appropriation of retained earnings shall be appropriated as legal reserve until total amount of additional paid-in capital and such legal reserve equals 25% of common stock.

The legal reserve may be used to reduce a deficit or may be transferred to common stock by proper actions of the Board of Directors and/or shareholders of the Companies.

(c) Number of treasury stock held by the Company, its consolidated subsidiaries, and affiliates accounted for under equity method is 24,073,362 shares at March 31, 2003.

19. Stock Based Compensation

In June 2003, the Ordinary General Meeting of Shareholders approved "Share Acquisition Rights", which earmark a maximum of 1,100,000 shares of common stock to be further distributed among directors of the Company, its subsidiaries and affiliates. The purpose of this is to enhance enthusiasm and raise morale for improving business performance.

The Share Acquisition Rights were granted at a predetermined exercise price to all directors. The grant price is the higher of the closing price on the Tokyo Stock Exchange on the date of grant or 1.05 times the average closing price in the full calendar month prior to the month of grant date.

Each of the Share Acquisition Rights is exercisable for the period from August 1, 2005 to July 31, 2007.

Another Share Acquisition Right, which totaled 989,000 shares, was approved in June 2002 such Right was granted at the exercise price of ¥1,763 and was exercisable for the period from August 1, 2004 to July 31, 2006.

20. Subsequent Event

(a) On June 26, 2003, the following appropriations of retained earnings were approved at an annual general meeting of shareholders of the Company:

	Millions of Yen	Millions of U.S. Dollars
Cash dividends	¥2,315	\$19
Bonuses to directors and corporate auditors	204	2

(b) Acquisition of SEI Brakes, Inc. shares

ADVICS North America, a wholly owned subsidiary of ADVICS, Ltd., which is a consolidated subsidiaries of the Company has acquired 100% shares of SEI Brakes, Inc. a wholly owned subsidiary of Sumitomo Electric Industries, Ltd., which is one of shareholders of ADVICS, Ltd. through proceeds from issuing common stocks of ADVICS North America. Capital stock of SEI Brakes, Inc. became more than 10% of Aisin's one, therefore it is treated as specified subsidiary under The Securities and Exchange Law in Japan.

Outline of SEI Brakes, Inc.

1. Company Name: SEI Brakes, Inc.
(The company name has been changed to ADVICS MANUFACTURING OHIO, INC.)
2. Head office: Lebanon city, OHIO, U.S.A.
3. President: Geoffrey J. Hearsom
4. Capital Stock: US\$36million
5. Business Activity: Manufacturing and selling of Disc Brakes and ABS
6. Establishment: Year 1987
7. Sales: approximately US\$170 million
8. Number of employee: approximately 500