

## CONSOLIDATED FIVE-YEAR FINANCIAL SUMMARY

FUTABA INDUSTRIAL CO.,LTD. Years ended March 31

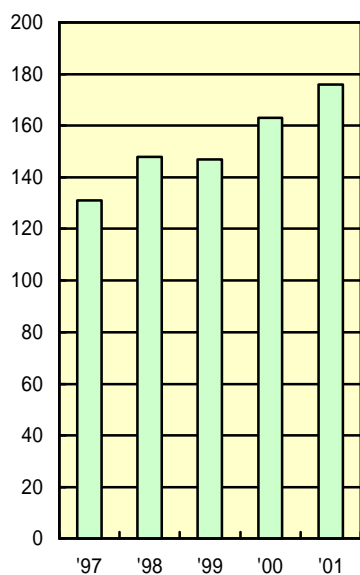
	Millions of yen					Thousands of U.S.dollars
	2001	2000	1999	1998	1997	2001
Net Sales	<b>¥176,395</b>	¥163,030	¥147,936	¥148,163	¥131,198	<b>\$1,423,691</b>
Operating Income	<b>11,786</b>	11,113	10,124	10,414	10,562	<b>95,125</b>
Income Before Income Taxes	<b>7,357</b>	12,000	10,879	11,055	10,533	<b>59,383</b>
Net Income	<b>4,109</b>	6,853	5,413	6,146	5,288	<b>33,165</b>
Shareholders' Equity	<b>¥116,775</b>	¥113,485	¥102,370	¥ 94,815	¥88,075	<b>\$942,499</b>
Total Assets	<b>182,464</b>	170,270	157,041	150,986	140,896	<b>1,472,678</b>

	yen					U.S.dollars
	2001	2000	1999	1998	1997	2001
Per Share ( in yen and U.S.dollars )						
Shareholders' Equity	<b>¥1,670.27</b>	¥1,623.20	¥1,464.22	¥1,465.99	¥1,387.11	<b>\$13.48</b>
Net Income	<b>58.77</b>	98.02	79.62	96.45	83.58	<b>0.47</b>
Cash Dividends	<b>14.00</b>	13.00	12.00	12.00	11.50	<b>0.11</b>

- Notes: 1.The computation of net income per share is based on the average number of shares Outstanding during each period.  
2.U.S.dollar amounts have been translated from yen at the rate of ¥123.90=US\$1

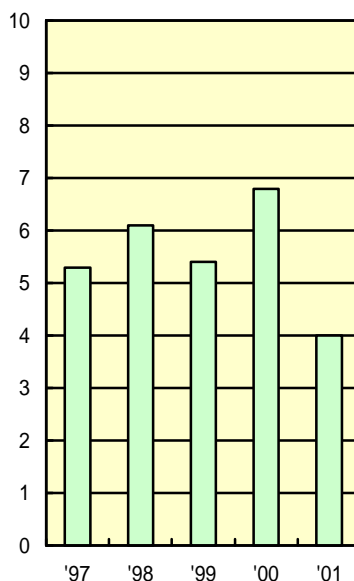
### Net Sales

( Billions of yen )



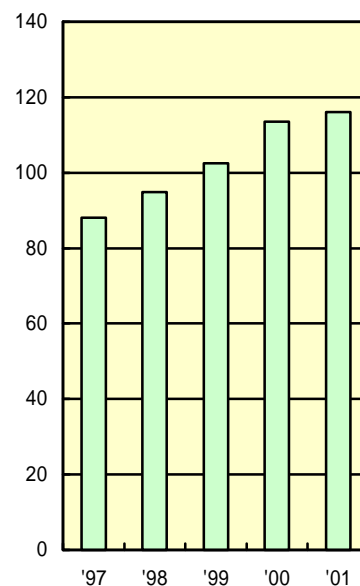
### Net Income

( Billions of yen )



### Shareholders' Equity

( Billions of yen )



## CONSOLIDATED BALANCE SHEETS

FUTABA INDUSTRIAL CO.,LTD. March 31, 2001 and 2000

ASSETS	Millions of yen		Thousands of U.S.dollars ( note 1 )
	2001	2000	2001
<b>Current Assets :</b>			
Cash and Cash Equivalents	¥ 23,389	¥ 27,338	\$188,775
Marketable Securities ( note 4 )	11,640	10,675	93,944
Trade Notes and Accounts Receivable	30,384	29,566	245,231
Inventories	11,300	8,030	91,204
Deferred Income Taxes	795	566	6,419
Other Current Assets	2,132	1,809	17,205
Allowance for Doubtful Receivables	( 103 )	( 132 )	( 831 )
<b>Total Current Assets</b>	<b>79,537</b>	<b>77,852</b>	<b>641,947</b>
<b>Investments and Other Assets :</b>			
Investments in Securities ( note 4 )	31,718	27,279	255,999
Investments in and Advances to Affiliates ( note 5 )	410	410	3,310
Deferred Income Taxes	7,160	4,861	57,791
Other Assets	1,246	1,117	10,053
<b>Total Investments and Other Assets</b>	<b>40,534</b>	<b>33,667</b>	<b>327,153</b>
<b>Property, Plant and Equipment :</b>			
Land	¥15,735	15,504	127,000
Buildings and Structures	29,616	26,770	239,030
Machinery and Equipment	121,934	109,743	984,139
Construction in Progress	1,223	1,880	9,869
Less Accumulated Depreciation	( 106,115 )	( 95,475 )	( 856,460 )
<b>Net Property, Plant and Equipment</b>	<b>62,393</b>	<b>58,422</b>	<b>503,578</b>
<b>Translation Adjustments</b>	-	329	-
<b>Total Assets</b>	<b>¥182,464</b>	<b>¥170,270</b>	<b>\$1,472,678</b>

See Accompanying Notes To Consolidated Financial Statements.

<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>	Millions of yen		Thousands of U.S.dollars ( note 1 )
	<b>2001</b>	2000	<b>2001</b>
<b>Current Liabilities :</b>			
Short-term Borrowings	¥ 1,313	¥ 652	\$ 10,598
Trade Notes and Accounts Payable	21,786	22,098	175,837
Accrued Expenses	3,744	3,835	30,215
Accrued Income Taxes	3,151	2,410	25,433
Other Current Liabilities	4,826	4,171	38,950
<b>Total Current Liabilities</b>	<b>34,820</b>	33,166	<b>281,033</b>
<b>Long-term Liabilities :</b>			
Convertible Bonds ( note 6 )	14,926	14,926	120,468
Long-term Borrowings	547	653	4,416
Deferred Income Taxes	49	44	399
Retirement and Severance Benefits	13,618	7,786	109,910
Other Long-term Liabilities	4	28	31
<b>Total Long-term Liabilities</b>	<b>29,144</b>	23,437	<b>235,224</b>
<b>Total Liabilities</b>	<b>63,964</b>	56,603	<b>516,257</b>
<b>Minority Interests</b>	<b>1,725</b>	182	<b>13,922</b>
<b>Shareholders' Equity :</b>			
Common Stock, Per Value ¥50	11,681	11,681	94,279
Authorized 200,000,000 shares			
Issued 2001 69,916,743 shares			
2000 69,916,743 shares			
Capital Surplus	13,181	13,181	106,388
Retained Earnings	91,658	88,625	739,775
Translation Adjustments	259	-	2,087
Treasury Stock	( 4 )	( 2 )	( 30 )
<b>Total Shareholders' Equity</b>	<b>116,775</b>	113,485	<b>942,499</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>¥182,464</b>	¥170,270	<b>\$1,472,678</b>

## CONSOLIDATED STATEMENTS OF INCOME

FUTABA INDUSTRIAL CO.,LTD. Years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S.dollars ( note 1 )
	2001	2000	2001
Net Sales	¥176,395	¥163,030	\$1,423,691
Cost of Sales	154,964	143,309	1,250,722
<b>Gross Profit</b>	<b>21,431</b>	19,721	<b>172,969</b>
Selling, General and Administrative Expenses	9,645	8,608	77,844
<b>Operating Income</b>	<b>11,786</b>	11,113	<b>95,125</b>
Other Income (Expenses):			
Interest and Dividend Income	648	728	5,236
Interest Expense	( 184)	( 126)	( 1,484)
Other, Net	( 4,893)	285	( 39,494)
<b>Income Before Income Taxes</b>	<b>7,357</b>	12,000	<b>59,383</b>
Income Taxes :			
Current	5,771	5,316	46,581
Deferred	( 2,519)	( 190)	( 20,334)
Minority Interests in Consolidated Subsidiaries	4	21	( 29)
<b>Net Income</b>	<b>4,109</b>	6,853	<b>33,165</b>
			U.S.dollars ( note 1 )
	yen		
Per Share	2001	2000	2001
Net Income	58.77	98.02	0.47
Cash Dividends	¥ 14.00	¥ 13.00	\$ 0.11
Average Number of Shares ( in thousands )	69,916	69,916	

See Accompanying Notes To Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FUTABA INDUSTRIAL CO.,LTD. March 31, 2001 and 2000

	Millions of yen		Thousands of U.S.dollars ( note 1 )
	2001	2000	2001
<b>Common Stock :</b>			
Balance at Beginning of Year	¥ 11,681	¥ 11,681	\$ 94,279
Conversion of Convertible bonds	-	-	-
Balance at End of Year	¥ 11,681	¥ 11,681	\$ 94,279
<b>Capital Surplus :</b>			
Balance at Beginning of Year	¥ 13,181	¥ 13,181	\$106,388
Conversion of Convertible bonds	-	-	-
Balance at End of Year	¥ 13,181	¥ 13,181	\$106,388
<b>Retained Earnings :</b>			
Balance at Beginning	¥ 88,625	¥ 77,511	\$715,295
Adjustment for Adopting of Tax-effect Accounting	-	5,193	-
Net Income	4,109	6,853	33,165
Cash Dividends	( 979)	( 839)	( 7,900)
Bonuses to Directors and Statutory Auditors	( 97)	( 93)	( 785)
Balance at End of Year	¥ 91,658	¥ 88,625	\$739,775
<b>Translation Adjustments</b>	<b>259</b>	-	<b>2,087</b>
<b>Treasury Stock</b>	<b>( 4)</b>	<b>( 2)</b>	<b>( 30)</b>
<b>Total Shareholders' Equity at End of Year</b>	<b>¥116,775</b>	<b>¥113,485</b>	<b>\$940,499</b>

See Accompanying Notes To Consolidated Financial Statements.

## CONSOLIDATED STATEMENTS OF CASH FLOWS

FUTABA INDUSTRIAL CO.,LTD. Years ended March 31, 2001 and 2000

	Millions of yen		Thousands of U.S.dollars ( note 1 )
	2001	2000	2001
<b>Cash Flows from Operating Activities :</b>			
Income Before Income Taxes	¥ 7,357	¥ 12,000	\$ 59,383
Adjustments to Reconcile Income Before Income Taxes to Net Cash Provided by Operating Activities :			
Depreciation and Amortization	12,513	11,580	100,994
Increase(Decrease) in Allowance for Doubtful Receivables , Net	6	( 19)	45
Increase in Provision for Retirement and Severance Benefits , Net Payment	5,832	161	47,072
Gain on Sale of Property , Plant and Equipment	( 112)	( 73)	( 909)
Loss on Disposal of Property , Plant and Equipment	59	113	475
Write Down of Investment Securities	27	84	217
Decrease(Increase)in Trade Receivables	( 710)	( 2,260)	( 5,728)
Decrease(Increase)in Inventories	( 2,835)	( 197)	( 22,887)
Increase(Decrease)in Trade Payables	( 779)	2,280	( 6,286)
Accrued Income Taxes	( 5,030)	( 5,238)	( 40,597)
Other , Net	121	( 132)	979
Bonuses to Directors and Statutory Auditors	( 97)	( 93)	( 785)
Net Cash Provided by Operating Activities	16,352	18,206	131,973
<b>Cash Flows from Investing Activities :</b>			
Acquisition of Property, Plant and Equipment	( 16,183)	( 13,972)	( 130,612)
Proceeds from Sale of Property, Plant and Equipment	86	118	697
Decrease in Marketable Securities	( 931)	108	( 7,517)
Increase in Investments in Securities	( 4,743)	( 7,003)	( 38,286)
Other, Net	329	73	2,654
Net Cash Used in Investing Activities	( 21,442)	( 20,676)	( 173,064)
<b>Cash Flows from Financing Activities :</b>			
Proceeds from Issuance of Public Offered Stock	-	-	-
(Decrease)Increase in Borrowing, Net	466	( 455)	3,763
Cash Dividends Paid	( 979)	( 839)	( 7,900)
Other, Net	( 3)	-	( 24)
Net Cash Provided By (Used in) Financing Activities	( 516)	( 1,294)	( 4,161)
<b>Translation Difference in Cash and Cash Equivalents</b>	<b>183</b>	<b>( 390)</b>	<b>1,479</b>
<b>Net Increase(Decrease)in Cash and Cash Equivalents</b>	<b>( 5,423)</b>	<b>( 4,154)</b>	<b>( 43,773)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>27,338</b>	<b>31,492</b>	<b>220,646</b>
<b>Increase in Cash and Cash Equivalents Due to Newly Consolidated Subsidiaries</b>	<b>1,474</b>	<b>-</b>	<b>11,902</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>¥ 23,389</b>	<b>¥27,338</b>	<b>\$188,775</b>

See Accompanying Notes To Consolidated Financial Statements.

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

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### **1. Basis of Presenting Consolidated Financial Statements**

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in the Japanese Consolidated Financial Statement Regulations and in conformity with generally accepted accounting principles in Japan from accounts and records maintained by Futaba Industrial Co.,Ltd. (the "Company") and its subsidiaries.

Relevant notes have been added and certain reclassifications of the accounts in the basic consolidated financial statements disclosed in Japan have been made for presentation in a form which is more familiar to readers outside Japan.

These reclassifications do not affect the values of total assets, shareholders' equity, net sales or net income.

The Company and its consolidated subsidiaries in Japan maintain their books of account in yen. The U.S.dollar amounts included in the accompanying consolidated financial statements and the notes represent the arithmetic results of translating yen into dollars at 123.90=US\$1, the approximate rate of exchange on the Tokyo Foreign Exchange Market on March 31, 2001. The U.S.dollar amounts are presented solely for the convenience of the reader and the translation is not intended to imply that the assets and liabilities which originated in yen have been or could be converted realized or settled in U.S.dollars at the above or any other rate.

### **2. Summary of Significant Accounting Policies**

#### **(a) Principles of Consolidation**

The accompanying consolidated financial statements include the accounts of the Company and the following four subsidiaries.

FUTABA IMARI Corp. FIC America Corp. FUTABA HIRAIZUMI Corp. APICS Corp.  
FUTABA-TENNECO UK Limited. FUTABA TECHNOLOGY Limited.

All of the Company's subsidiaries are consolidated.

#### **(b) Affiliated Companies**

The equity method of accounting has not been applied to the two affiliated companies due to their immaterial impact on the consolidated net income and retained earnings.

**(c) Securities**

Securities are stated at cost, as determined by the moving average method.

**(d) Inventories**

Finished Products, raw materials, work in process and supplies are principally stated at cost determined by the periodic average method.

**(e) Depreciation and amortization**

Depreciation of property, plant and equipment is computed on the declining-balance method. However, buildings newly acquired since April 1, 1998 have been computed on the straight-line method.

Amortization of intangible assets is computed on the straight-line method.

**(f) Allowance for doubtful accounts**

Estimated losses from bad loans are covered by reserve. Amount of loss has been generally anticipated and appropriated based on the proportion of past bad loan results, and in addition uncollectable amount has been specifically assessed and appropriated covering each of anticipated bad loans.

**(g) Retirement and severance benefits**

We reviewed severance liability and pension asset positioned at the end of the consolidated financial year, and due amount recognized as accrued liability at the end of the year has been appropriated for severance indemnity. Variance (Yen 7,539 mill.) accrued at the time of accounting standards change and Yen 2,520 mill. for the establishment of retirement benefits trust have been all together amortized.

Severance liability accrued in the past employment has been settled to amortize by straight line method over a certain period (12 years period), which shall be within the average residual period of employment at the time when the liability accrued.

As to the arithmetic variance, proportionally divided amount has been settled since the financial year where it occurred, over a certain period (12 years), which shall be within the average residual period of employment at the time when the variance occurred.

**(h) Lease transaction**

Finance leases other than those that are deemed to transfer the ownership of the leased assets to lessees are mainly accounted for by the method similar to that applicable to ordinary operating leases.

**(i) Consumption tax**

Consumption tax is imposed at the flat rate of 5% on all domestic consumption of goods and services with certain exceptions. The consumption tax withheld by the Company upon sales and paid by the Company on its purchases of goods and services are not included in the relevant accounts but is recorded as an asset or a liability.

The consumption tax withheld and paid by the Company is offset, and the net balance is included in "Other Current Liabilities" .

**(j) Consolidated Statements of Retained Earnings**

The accompanying consolidated statements of retained earnings are presented based on the dividends and appropriations occurred during the fiscal year.

**(k) Amounts per share**

The computation of net income per share is based on the average number of shares outstanding during each period.

### 3. Marketable Securities

The book and market value of securities included in marketable securities and investments in securities at March 31, 2001 and 2000 are as follows :

	Millions of yen		Thousands of U.S.dollars ( note 1 )
	2001	2000	2001
Book Value	¥ 43,052	¥ 17,265	\$347,472
Market Value	53,541	34,876	432,133
Unrealized Gains ( Loss )	¥ 10,489	¥ 17,611	\$ 84,661

### 4. Affiliates

Investments in and advances to affiliates at March 31, 2001 and 2000 are as follows :

	Equity Owner ship Percentage	Millions of yen		Thousands of U.S.dollars ( note 1 )
		2001	2000	2001
SANKEI INDUSTRY CO.,LTD.	31.2	¥ 15	¥ 15	\$ 121
SHYE SHYANG MECHANICAL INDUSTRIAL CO.,LTD.	25.0	395	395	3,189
		¥ 410	¥ 410	\$ 3,310

### 5. Convertible Bonds

Convertible bonds at March 31, 2001 and 2000 are as follows :

	Millions of yen		Thousands of U.S.dollars ( note 1 )
	2001	2000	2001
0.3% Convertible Unsecured Bonds In Yen Due 2003	¥ 14,926	¥14,926	\$120,468
	¥ 14,926	¥14,926	\$120,468

## **GROUP COMPANIES “ ALL FUTABA “**

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Company Name	Business Activities	Location
<b>Consolidated subsidiary companies</b>		
FUTABA IMARI CORPORATION	Manufacture and sale of automotive parts.	5515 Kawabaru, Okawa-cho, Imari-City, Saga-Prefecture
FIC America Corporation	Manufacture and sale of automotive parts.	485, East Lies Road, Carol Stream, IL, 60188, USA
FUTABA HIRAIZUMI CORPORATION	Manufacture and sale of automotive parts.	65 Kamitokusawa, Hiraizumi, Hiraizumi-cho, Nisi Iwai-gun, Iwate-Prefecture
APICS CORPORATION	Manufacture and sale of automotive parts.	55-1 Hiromi, Anjo-cho, Anjo-city, Aichi-Prefecture
FUTABA-TENNECO UK Limited	Manufacture and sale of automotive parts.	Liverpool Road, Rosegrove, Burnley, Lancashire BB126HJ, England
FUTABA TECHNOLOGY Limited.	Manufacture and sale of office equipment parts.	United Centre, 95 Queensway, Hong Kong
<b>Affiliate companies</b>		
SANKEI INDUSTRY CO.,LTD	Manufacture and sale of automotive parts.	105 Ijirino, Soja-City, Okayama-Prefecture
SHYE SHYANG MECHANICAL INDUSTRIAL CO.,LTD	Manufacture and sale of automotive parts.	NO.2, Kuang Fu N.Road. Hu Kou Hsiang Hsin Chu Hsien. Taiwan. R.O.C.

## **CORPORATE DATA** (As of March 31,2001)

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### **Outline of the Company**

**Company Name :** FUTABA INDUSTRIAL CO.,LTD.  
**Established :** November, 1945  
**No. of Employees :** 2,506  
**Paid-in Capital :** ¥11,681,178,838  
**No. of Shares Issued :** 69,916,743  
**No. of Shareholders :** 4,495  
**Stock Listing :** Tokyo Stock Exchange, 1st section  
Nagoya Stock Exchange, 1st section

### **Main Business**

Manufacturing and sales of following products:

#### **Automotive parts**

Exhaust muffler, Exhaust manifold, Intake manifold,  
Fender sealed, Body pillar reinforcement,  
Instrument panel reinforcement, Control arms,  
Bumper beams, Suspension, Pedal bracket,  
Rear axle housing

#### **Office equipment parts, Welding machine,**

#### **Tools & dies for stamping**

### **Offices and Plants**

**Head office:** 1, Ochaya, Hashime-cho, Okazaki-city,  
Aichi-prefecture

**Plants:** Okazaki Plant : Okazaki-city  
Midori Plant : Toyota-city  
Nagoya Plant : Nagoya-city  
Kota Plant : Kota-city  
Mutsumi Plant : Okazaki-city  
Takahashi Plant :  
Tahara Plant : Tahara-cho, Atsumi-bun  
( All plant located in Aichi-prefecture )

### **Major Customers**

TOYOTA MOTOR CORPORATION  
MITSUBISHI MOTORS CORPORATION  
HONDA MOTOR CO.,LTD.  
SUZUKI MORTOR CORPORATION  
DAIHATSU MOTOR CO.,LTD.  
FUJI XEROX CO.,LTD.  
MATSUSHITA ELECTRIC INDUSTRIAL  
CO.,LTD.

### **Directors and Auditors**

( As of June 28,2001)

#### **Chairman**

Masahiko Umemura

#### **President**

Itsuo Kozuka

#### **Vice President**

Masaharu Ito

#### **Senior Managing Director**

Mitsuyoshi Ibuki  
Tadaaki Sagawa

#### **Managing Director**

Motoharu Asakawa  
Shunro Ito  
Norihide Sato

#### **Drector**

Yukio Tamura  
Tsunehisa Tajima  
Osamu Kohsaka  
Takehisa Terada  
Katsuyuki Takeuchi  
Tadahisa Wada  
Kouichi Nakamura

#### **Senior Corporate Auditor**

" Minoru Imaeda

#### **Corporate Auditor**

Iwao Isomura  
Shinobu Nishimura  
Tetsuo Watanabe