

FINANCIAL STATEMENTS

2002



FUTABA INDUSTRIAL CO., LTD.

PROFILE

Since its establishment in 1945. Futaba Industrial Co.,LTD ., a manufacturer and supplier of automotive parts , has grown steadily , contributing to the development of the automotive industry in Japan.

To achieve this, we have vigorously introduced latest equipment and rationalized our facilities. And through the application of our comprehensive technological research and development organization , as well as our accumulated know-how and with the participation of all our employees in quality-control activities , we create quality with machines , technology and heart.

In the automobile parts field, where cooperative labor and management originated, we cultivate competitive spirit in the promotion of our unique single work-shift production system and in Futaba's basic posture of treating all employees equally.

As we expand into the next age as the world's number one parts maker centered around the manufacture of automobile mufflers, our watchwords are " Quality Products at Lower Cost " as we create human resources full of vitality and conduct our business placing importance in the trust of our customers.

Futaba has seven factories and one R&D facilities in Aichi Prefecture, and at our seven plants, we manufacture exhaust components, chassis, body automotive components.

We incorporate our outstanding welding and press-work techniques into the design and production of welding fixtures, specialized welding machines and tools & dies for stamping. Also, Futaba produces components for office equipment such as photo copiers and fax machines.

We have inspired confidence in our customers through supplying products which have been produced using the technology and experience found in all corners of Futaba's divisions.

For overall planning in the group, Futaba Imari Corporation in Saga Prefecture , Futaba Hiraizumi in Iwate Prefecture, FIC America Corporation in the State of Illinois in the U.S., Futaba Indiana of America in the State of Indiana in the U.S., Futaba-Tenneco UK in Lancashire England , Futaba Technology in Hong Kong, Tianjin Shuang Shye Mechanical Industrial Co.,Ltd. in China were established to carry out activities that reflect the needs of each region and they have obtained the patronage of a wide range of customers.

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CONSOLIDATED FIVE-YEAR FINANCIAL SUMMARY

FUTABA INDUSTRIAL CO.,LTD. Years ended March 31

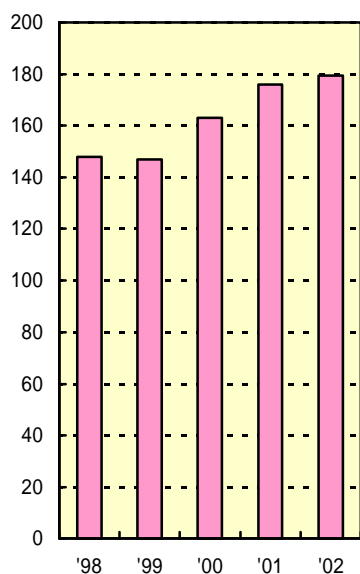
	Millions of yen					Thousands of U.S.dollars
	2002	2001	2000	1999	1998	2002
Net Sales	¥179,533	¥176,395	¥163,030	¥147,936	¥148,163	\$1,347,345
Operating Income	12,068	11,786	11,113	10,124	10,414	90,569
Income Before Income Taxes	12,362	7,357	12,000	10,879	11,055	92,772
Net Income	6,872	4,109	6,853	5,413	6,146	51,574
Shareholders' Equity	¥128,833	¥116,775	¥113,485	¥102,370	¥ 94,815	\$ 966,852
Total Assets	202,249	182,464	170,270	157,041	150,986	1,517,817

	yen					U.S.dollars
	2002	2001	2000	1999	1998	2002
Per Share (in yen and U.S.dollars)						
Shareholders' Equity	¥1,843.09	¥1,670.27	¥1,623.20	¥1,464.22	¥1,465.99	\$ 13.83
Net Income	98.30	58.77	98.02	79.62	96.45	0.74
Cash Dividends	14.00	14.00	13.00	12.00	12.00	0.11

- 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 balance sheet date, rate of ¥133.25=US\$1

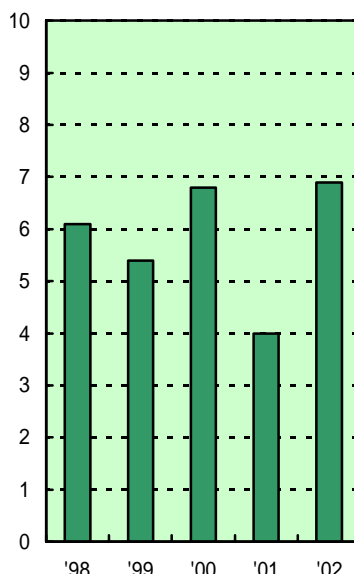
Net Sales

(Billions of yen)



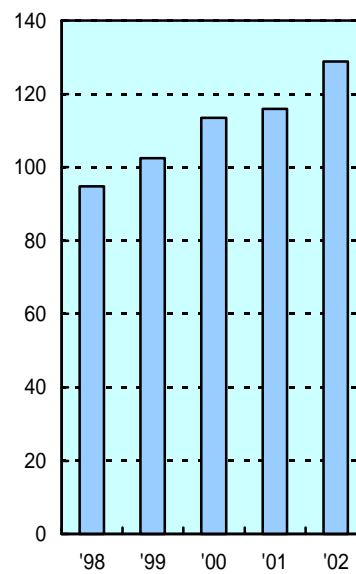
Net Income

(Billions of yen)



Shareholders' Equity

(Billions of yen)



CONSOLIDATED BALANCE SHEETS

FUTABA INDUSTRIAL CO.,LTD. March 31, 2002 and 2001

ASSETS	Millions of yen		Thousands of U.S.dollars (note 1)
	2002	2001	2002
Current Assets :			
Cash and Cash Equivalents	¥ 29,257	¥ 23,389	\$ 219,568
Marketable Securities (note 3)	6,549	11,640	49,146
Trade Notes and Accounts Receivable	34,797	30,384	261,139
Inventories	12,974	11,300	97,369
Deferred Income Taxes	861	795	6,458
Other Current Assets	4,694	2,132	35,228
Allowance for Doubtful Receivables	(70)	(103)	(529)
Total Current Assets	¥ 89,062	¥ 79,537	\$ 668,379
Investments and Other Assets :			
Investments in Securities (note 3)	¥ 39,527	¥ 31,718	\$ 296,639
Investments in Affiliates (note 4)	636	410	4,770
Deferred Income Taxes	4,208	7,160	31,581
Other Assets	1,222	1,246	9,173
Total Investments and Other Assets	¥ 45,593	¥ 40,534	\$ 342,163
Property, Plant and Equipment :			
Land	¥ 15,600	¥ 15,735	\$ 117,074
Buildings and Structures	30,599	29,616	229,635
Machinery and Equipment	134,482	121,934	1,009,249
Construction in Progress	2,795	1,223	20,975
Less Accumulated Depreciation	(115,882)	(106,115)	(869,658)
Net Property, Plant and Equipment	¥ 67,594	¥ 62,393	\$ 507,275
Total Assets	¥ 202,249	¥ 182,464	\$ 1,517,817

See Accompanying Notes To Consolidated Financial Statements.

LIABILITIES AND SHAREHOLDERS' EQUITY	Millions of yen		Thousands of U.S.dollars (note 1)
	2002	2001	2002
Current Liabilities :			
Short-term Borrowings	¥ 1,828	¥ 1,313	\$ 13,717
Trade Notes and Accounts Payable	26,711	21,786	200,454
Accrued Expenses	5,116	3,744	38,396
Accrued Income Taxes	3,304	3,151	24,795
Other Current Liabilities	4,472	4,826	33,563
Total Current Liabilities	¥ 41,431	¥ 34,820	\$ 310,925
Long-term Liabilities :			
Convertible Bonds (note 5)	¥ 14,926	¥ 14,926	\$ 112,015
Long-term Borrowings	445	547	3,342
Deferred Income Taxes	34	49	251
Retirement and Severance Benefits	14,695	13,618	110,281
Other Long-term Liabilities	5	4	41
Total Long-term Liabilities	¥ 30,105	¥ 29,144	\$ 225,930
Total Liabilities	¥ 71,536	¥ 63,964	\$ 536,855
Minority Interests	¥ 1,880	¥ 1,725	\$ 14,110
Shareholders' Equity :			
Common Stock, Per Value ¥50	¥ 11,681	¥ 11,681	\$ 87,664
Authorized 200,000,000 shares			
Issued 2002 69,916,743 shares			
Capital Surplus	¥ 13,181	¥ 13,181	\$ 98,923
Retained Earnings	97,454	91,658	731,359
Unrealized gain on valuation of marketable securities	4,974	-	37,329
Translation Adjustments	1,563	259	11,732
Treasury Stock	(20)	(4)	(155)
Total Shareholders' Equity	¥ 128,833	¥ 116,775	\$ 966,852
Total Liabilities and Shareholders' Equity	¥ 202,249	¥ 182,464	\$1,517,817

CONSOLIDATED STATEMENTS OF INCOME

FUTABA INDUSTRIAL CO.,LTD. Years ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S.dollars (note 1)
	2002	2001	2002
Net Sales	¥ 179,533	¥ 176,395	\$1,347,345
Cost of Sales	156,924	154,964	1,177,669
Gross Profit	22,609	21,431	169,676
Selling, General and Administrative Expenses	10,541	9,645	79,107
Operating Income	¥ 12,068	¥ 11,786	\$ 90,569
Other Income (Expenses):			
Interest and Dividend Income	¥ 653	¥ 648	\$ 4,898
Interest Expense	(208)	(184)	(1,565)
Other, Net	(151)	(4,893)	(1,130)
Income Before Income Taxes	¥ 12,362	¥ 7,357	\$ 92,772
Income Taxes :			
Current	¥ 6,340	¥ 5,771	\$ 47,579
Deferred	(620)	(2,519)	(4,655)
Minority Interests in Consolidated Subsidiaries	230	4	1,726
Net Income	¥ 6,872	¥ 4,109	\$ 51,574
			U.S.dollars (note 1)
Per Share	yen		2002
Net Income	¥ 98.30	¥ 58.77	\$ 0.74
Cash Dividends	¥ 14.00	¥ 14.00	\$ 0.11
Average Number of Shares (in thousands)	69,909	69,913	

See Accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

FUTABA INDUSTRIAL CO.,LTD. March 31, 2002 and 2001

	Millions of yen		Thousands of U.S.dollars (note 1)
	2002	2001	2002
Common Stock :			
Balance at Beginning of Year	¥ 11,681	¥ 11,681	\$ 87,664
Conversion of Convertible bonds	-	-	-
Balance at End of Year	¥ 11,681	¥ 11,681	\$ 87,664
Capital Surplus :			
Balance at Beginning of Year	¥ 13,181	¥ 13,181	\$ 98,923
Conversion of Convertible bonds	-	-	-
Balance at End of Year	¥ 13,181	¥ 13,181	\$ 98,923
Retained Earnings :			
Balance at Beginning	¥ 91,658	¥ 88,625	\$ 687,865
Net Income	6,872	4,109	51,574
Cash Dividends	(978)	(979)	(7,346)
Bonuses to Directors and Statutory Auditors	(98)	(97)	(734)
Balance at End of Year	¥ 97,454	¥ 91,658	\$ 731,359
Unrealized gain on valuation of marketable securities	4,974	-	37,329
Translation Adjustments	1,563	259	11,732
Treasury Stock	(20)	(4)	(155)
Total Shareholders' Equity at End of Year	¥ 128,833	¥ 116,775	\$ 966,852

See Accompanying Notes To Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

FUTABA INDUSTRIAL CO.,LTD. Years ended March 31, 2002 and 2001

	Millions of yen		Thousands of U.S.dollars (note 1)
	2002	2001	2002
Cash Flows from Operating Activities :			
Income Before Income Taxes	¥ 12,362	¥ 7,357	\$ 92,772
Adjustments to Reconcile Income Before Income Taxes to Net Cash Provided by Operating Activities :			
Depreciation and Amortization	12,222	12,513	91,719
Increase(Decrease) in Allowance for Doubtful Receivables , Net (23)	6	(171)
Increase in Provision for Retirement and Severance Benefits , Net Payment	1,082	5,832	8,127
Gain on Sale of Property , Plant and Equipment	28	(112)	213
Loss on Disposal of Property , Plant and Equipment	88	59	657
Write Down of Investment Securities	347	27	2,675
Decrease(Increase)in Trade Receivables	(4,212)	(710)	(31,609)
Decrease(Increase)in Inventories	(2,040)	(2,835)	(15,311)
Increase(Decrease)in Trade Payables	5,293	(779)	39,721
Accrued Income Taxes	(6,187)	(5,030)	(46,432)
Other , Net	(336)	121	(2,569)
Bonuses to Directors and Statutory Auditors	(98)	(97)	(734)
Net Cash Provided by Operating Activities	¥ 18,529	¥ 16,352	\$ 139,058
Cash Flows from Investing Activities :			
Payment for Purchases of Property, Plant and Equipment	(17,098)	(16,183)	(128,315)
Proceeds from Sale of Property, Plant and Equipment	462	86	3,466
Decrease in Marketable Securities	7,945	(931)	59,629
Increase in Investments in Securities	(2,741)	(4,743)	(20,574)
Other, Net	(865)	329	(6,494)
Net Cash Used in Investing Activities	(12,297)	(21,442)	(92,288)
Cash Flows from Financing Activities :			
(Decrease)Increase in Borrowing, Net	158	466	1,184
Cash Dividends Paid	(979)	(979)	(7,345)
Other, Net	184	(3)	1,384
Net Cash Provided By (Used in) Financing Activities	(637)	(516)	(4,777)
Translation Difference in Cash and Cash Equivalents	273	183	2,046
Net Increase(Decrease)in Cash and Cash Equivalents	5,868	(5,423)	44,039
Cash and Cash Equivalents at Beginning of Year	23,389	27,338	175,529
Increase in Cash and Cash Equivalents Due to Newly Consolidated Subsidiaries	0	1,474	0
Cash and Cash Equivalents at End of Year	¥ 29,257	¥ 23,389	\$ 219,568

See Accompanying Notes To Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 133.25=US\$1, the approximate rate of exchange on the Tokyo Foreign Exchange Market on March 31, 2002. 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 nine subsidiaries.

Domestic

Futaba Imari Corp.

Futaba Hiraizumi Corp.

APICS Corp.

Overseas

FIC America Corp.

Futaba-Tenneco UK Limited.

Futaba Technology Limited

Futaba Indiana of America Corp.

Tianjin Shuang Shye Mechanical Industrial Co, Limited

FIO Automotive Canada Corp.

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

Marketable securities are stated at their market value based on quoted market prices as of balance sheet dates.

Securities which have no readily available market 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.

(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 Financial Accounting Deliberation Council issued, "Opinion on the Accounting for Financial Instruments", on January 22, 1999. The Company adopted this new accounting Standard for marketable securities included in Marketable Securities and Investments in Securities.

The effect of adopting the new standard was to record an increase in value of such marketable securities by ¥ 8,464 million (\$ 63,520 thousands), resulting in an unrealized gain on valuation of marketable securities of ¥ 4,974 million (\$ 37,328 thousands), net of related income tax effect of ¥ 3,490 million (\$ 26,192 thousands) at March 31 , 2002.

4. Affiliates

Investments in affiliates at March 31, 2002 and 2001 are as follows :

	Equity Owner ship Percentage	Millions of yen		Thousands of U.S.dollars (note 1)
		2002	2001	2002
Sankei Industry Co.,Ltd.	31.2	¥ 15	¥ 15	\$ 113
Shye Shyang Mechanical Industry Co.,Ltd.	25.0	621	395	4,657
		¥ 636	¥ 410	\$ 4,770

5. Convertible Bonds

Convertible bonds at March 31, 2002 and 2001 are as follows :

	Millions of yen		Thousands of U.S.dollars (note 1)
	2002	2001	2002
0.3% Convertible Unsecured Bonds In Yen Due 2003	¥ 14,926	¥ 14,926	\$ 112,015
	¥ 14,926	¥ 14,926	\$ 112,015

GROUP COMPANIES “ ALL FUTABA “

Company Name	Business Activities	Location
Consolidated subsidiary companies 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
Tianjin Shuang Shye Mechanical Industrial Co.,Ltd.	Manufacture and sale of automotive parts	Xiali Cun Chaing Yingjian Zhilu Zhongbei Zhen Xiging Dist,Tianjin
Futaba Indiana of America Corp. (In January 2003, operating start schedule)	Manufacture and sale of automotive parts.	3320 South Keller Road Vincennes,In ,47591, USA
FIO Automotive Canada Corp. (In September 2003, operating start schedule)	Manufacture and sale of automotive parts	220 Dunn Road Stratford Ontario,Canada
Affiliate companies Sankei Industry Co.,Ltd.	Manufacture and sale of automotive parts.	105 Ijirino, Soja-City, Okayama-Prefecture
Shye Shyang Mechanical Industry 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 31,2002)

Outline of the Company

Company Name : FUTABA INDUSTRIAL CO.,LTD.
Established : November, 1945
No. of Employees : 2,530
Paid-in Capital : ¥11,681,178,838
No. of Shares Issued : 69,916,743
No. of Shareholders : 4,420
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-gun
(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 27,2002)

President

Itsuo Kozuka

Senior Managing Director

Tadaaki Sagawa

Managing Director

Motoharu Asakawa

Shunro Ito

Norihide Sato

Drector

Yukio Tamura

Tsunehisa Tajima

Osamu Kosaka

Takehisa Terada

Katsuyuki Takeuchi

Koichi Nakamura

Masao Tomita

Tetsuo Hanai

Akira Ohama

Senior Corporate Auditor

Minoru Imaeda

Corporate Auditor

Kosuke Shiramizu

Shinobu Nishimura

Tetsuo Watanabe