



October 15, 2008

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Stock Code: 7241
Listed Exchanges: Tokyo and Nagoya First Sections
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Notice of Possible Restatement of Prior Years' Financial Results

At the end of September, 2008, Futaba Industrial Co., Ltd. (the "Company") was requested by KPMG AZSA & Co., its accounting auditor, to reexamine its accounting treatment of work in process and construction in progress as related to jigs and equipment and, if necessary, to restate its financial results for prior years. Upon the request, the Company promptly set up an internal investigation committee and conducted reinvestigation, and identified accounting treatments that may require retrospective restatement. While the internal investigation is still under way, we provide below information that became available to us so far including the cause and the estimated impact on our prior years' financial results. The Company will disclose further information in a timely and appropriate manner as soon as the final results of the investigation become available.

The Company sincerely apologizes for any concerns caused to its shareholders, investors, customers, market participants and other stakeholders.

1. Cause

The Company's main business is production and sales of automobile parts while it also engages in production of jigs and equipment for use by and sale to auto companies and its Group companies.

The level of production technology expected of the Company has become substantially higher as the auto industry rapidly expanded their scale of operation. The Company's jigs and equipment manufacturing division had made utmost efforts to meet its customers' ever increasing demand in terms of quality and quantity. However, as the volume of accounting transactions increased, irregularities occurred in the flow and checking of related information, causing delays and omissions in making transfer entries with respect to work in process and construction in progress, and resulting in accounting treatments that may require rectification.

2. Impact of Restatement

As the Company is currently in the process of confirming the items and amounts that are subject to restatement for prior years, exact amounts of impact are yet to be finalized subject to completion of the investigation. However, approximate amounts of the impact (estimated as of the date of this press release) are as follows:

Impact on Consolidated Ordinary Income	(In millions of yen)		
	Before restatement	After restatement	Change
Year ended March 31, 2006	19,400	14,400	(5,000)
Year ended March 31, 2007	23,400	16,400	(7,000)
Year ended March 31, 2008	24,800	12,300	(12,500)

The Company is currently making utmost efforts to finalize amounts to be ready for an announcement by the time of the release of its interim earnings for the year ending March 31, 2009, scheduled for mid November.

3. Forthcoming Actions

(1) Disclosure of restated financial results for prior years

The Company continues internal investigation and intends to disclose restated financial results promptly. The amounts of impact mentioned above are estimates as of the date of this press release, and, together with the accounting periods subject to restatement, may be revised as a result of further investigation and accounting audit.

(2) Measures to prevent recurrence

The Company has already started to implement certain measures designed to prevent recurrence. It will continue the process, and while seeking third party counsel, will promptly put in place a framework that will ensure prevention of recurrence of similar irregularities in future.

(3) Impact on financial results for the fiscal year ending March 31, 2009

The Company does not expect the restatement to have a material impact on its overall financial performance for the full year ending March 31, 2009.

As is already known, production cut by the auto industry is affecting the Group performance. The Company will announce a full year consolidated earnings forecast by the time of announcement of the second quarter financial results scheduled for mid November.