Consolidated Financial Results for Fiscal 2007

April 27, 2007

For Immediate Release

Company Name	:	**Fuji Heavy Industries Ltd.**
Name of Stock Exchange	:	Tokyo Stock Exchange (First section)
Code No.	:	7270
URL	:	http://ir.fhi.co.jp/index.html
Representative	:	Mr. Ikuo Mori, President and CEO
Contact for Inquiries	:	Mr. Kazuto Sakamoto, General Manager of Administration Department Tel: (03) 3347-2005

Scheduled day to hold the annual shareholders' meeting: June 26, 2007

Scheduled day to submit the annual financial statement report: June 27, 2007

Scheduled day to begin the payment of dividends: June 27, 2007

1. Performance in Fiscal 2007 (from April 1, 2006 to March 31, 2007)

Note that all amounts have been rounded off to the nearest million yen, unless otherwise specified.

(1) Consolidated Results of Operations

(Unit: Millions of yen, except for per share figures)
(Percentage figures in parentheses indicate a change from the previous fiscal year)

	Net sales		Operating income		Ordinary income	
Fiscal 2007	¥ 1,494,817	(1.2 %)	¥ 47,906	(-17.9 %)	¥ 42,215	(-9.7 %)
Fiscal 2006	¥ 1,476,368	(2.1 %)	¥ 58,339	(38.8 %)	¥ 46,768	(7.3 %)

(Unit: Millions of yen, except for per share figures)

	Net income		Net income per share, basic (Yen)	Net income per share, diluted (Yen)
Fiscal 2007	¥ 31,899	(104.3 %)	¥ 44.46	¥ 44.44
Fiscal 2006	¥ 15,611	(-14.4 %)	¥ 20.66	¥ 20.66

(Unit: Percent)

	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
Fiscal 2007	6.6 %	3.2 %	3.2 %
Fiscal 2006	3.3 %	3.5 %	4.0 %

Note: Equity income from investments in affiliated companies : Fiscal 2007 : ¥ 1,549 million
Fiscal 2006 : ¥ 1,446 million

(2) Consolidated Financial Position

(Unit: Millions of yen, except for per share figures)

	Total assets	Net assets	Net assets to total assets	Net assets per share (Yen)
Fiscal 2007	¥ 1,316,041	¥ 495,703	37.5 %	¥ 687.81
Fiscal 2006	¥ 1,348,400	¥ 465,522	34.5 %	¥ 649.41

Note: Shareholders' equity : Fiscal 2007 : ¥ 494,004 million
: Fiscal 2006 : -

(3) Consolidated Cash Flows

(Unit: Millions of yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the year
Fiscal 2007	¥ 65,616	¥ (43,428)	¥ (36,209)	¥ 99,060
Fiscal 2006	¥ 137,485	¥ (75,775)	¥ (88,885)	¥ 112,366

2. Dividends

(Unit: Yen, except for per year figures)

	Cash dividends per share			Cash dividends per year (Millions of yen)	Dividend payout ratio (consolidated) (%)	Ratio of cash dividends per year to net assets (consolidated) (%)
	Semi-annual	Year-end	annual			
Fiscal 2006	¥ 4.50	¥ 4.50	¥ 9.00	¥ 6,734	43.6%	1.4 %
Fiscal 2007	¥ 4.50	¥ 4.50	¥ 9.00	¥ 6,461	20.2%	1.3 %
Fiscal 2008 (projection)	¥ 4.50	¥ 4.50	¥ 9.00		40.4%	

3. Projections (Consolidated) for Fiscal 2008 (from April 1, 2007 to March 31, 2008)

(Unit: Millions of yen, except for per share figures)
(Percentage figures in parentheses indicate a change from the previous fiscal year/period)

	Net sales	Operating income	Ordinary income	Net income	Net income per share, basic (Yen)
Half year	690,000 (-1.2%)	5,000 (-72.4%)	1,000 (-92,8%)	0 (-100.0%)	0.00
Full year	1,550,000 (3.7%)	35,000 (-26.9%)	30,000 (-28.9%)	16,000 (-49.8%)	22.28

4. Other

(1) Changes in significant subsidiaries during the year (Changes in subsidiaries resulting in changes in scope of consolidation) : No

(2) Changes in accounting principles, procedures and presentation etc. related to preparation of Consolidated Financial Statements

1. Changes due to adoption of new accounting standards: Yes
2. Changes except for (1) :Yes

Note: See “6. Changes in the Basis for Preparation of Consolidated Financial Statements” for more details (Page 19).

(3) Number of shares outstanding (common stock)

(Unit: Shares)

		Number of shares		Number of shares
(1)Number of shares outstanding at end of the year (including treasury stock)	Fiscal 2007	782,865,873 shares	Fiscal 2006	782,865,873 shares
(2)Number of treasury stock at end of the year	Fiscal 2007	64,639,092 shares	Fiscal 2006	66,193,286 shares

Note: See “Information per Share” (page 26) for the number of shares used as the basis for calculation of net income per share (consolidated).

(Reference) Non-consolidated Financial Results for Fiscal 2007

1. Performance in Fiscal 2007 (from April 1, 2006 to March 31, 2007)

(1) Non-consolidated Results of Operations

(Unit: Millions of yen, except for per share figures)
(Percentage figures in parentheses indicate a change from the previous fiscal year)

	Net sales		Operating income		Ordinary income	
Fiscal 2007	¥ 964,424	(-1.2 %)	¥ 33,507	(-35.7 %)	¥ 27,135	(-34.4 %)
Fiscal 2006	¥ 976,143	(2.8 %)	¥ 52,123	(47.1 %)	¥ 41,379	(32.2 %)

(Unit: Millions of yen, except for per share figures)

	Net income (loss)		Net income (loss) per share, basic (Yen)	Net income (loss) per share, diluted (Yen)
Fiscal 2007	¥ (6,391)	-	¥ (8.90)	¥ (8.90)
Fiscal 2006	¥ 10,274	(310.5 %)	¥ 13.60	¥ 13.60

(2) Non-consolidated Financial Position

(Unit: Millions of yen, except for per share figures)

	Total assets	Net assets	Net assets to total assets	Net assets per share (Yen)
Fiscal 2007	¥ 891,282	¥ 464,023	52.1 %	¥ 645.71
Fiscal 2006	¥ 905,010	¥ 474,631	52.4 %	¥ 661.91

Note: Shareholders' equity : Fiscal 2007 : ¥ 464,023 million
: Fiscal 2006 : -

The above projections are made based on available information and assumptions as of April 27, 2007, and are subject to the uncertainties of future operations. Therefore, actual results could differ materially from those anticipated. The assumptions used for the above projections are stated on page 6.

1. Operating Results

1. Analysis of operating results

(1) Operating results for the current term

As for the Automobile division, sales units for the period were lower than the previous year due to weaker passenger car sales, although sales volume for minicar increased thanks to the new "Stella" introduced in Japanese market. Meanwhile, sales units for overseas markets were up over the previous year thanks to the favorable sales in Europe, Australia and others areas. As for the Non-automobile division, net sales for the Aerospace division greatly improved over the previous year. As a result, taking into account the overseas subsidiaries' exchange rate conversion differences, consolidated net sales were up ¥18.4 billion or 1.2% over the previous fiscal year to ¥1,494.8 billion.

Profits were down on a year-on year basis due to foreign exchange losses on a weak yen and deteriorated product sales and mix in the Automobile division, in spite of efforts to reduce material cost and SG&A and other expenses, pushing operating income down ¥10.4 billion, or 17.9% to ¥47.9 billion, and ordinary income down ¥4.6 billion or 9.7% to ¥42.2 billion compared to the previous fiscal year. Despite a decrease in gain on sale of investment securities, net income totaled ¥31.9 billion, a ¥16.3 billion or 104.3% jump over the previous fiscal year, mainly due to an increase in gain on sale of fixed assets as well as loss on termination of joint development projects and additional retirement payments not being listed, which were reported in the previous year as extraordinary losses.

Results by business segment

(Automobile division)

Although our flagship model Legacy underwent a major facelift in late May last year, its sales decreased by impact of a sluggish demand for passenger cars in Japan. Sales of the Impreza and the Forester also declined. As a result, the number of domestic passenger cars (excluding minicars) sold was 81 thousand, a 16 thousand or 16.9% decline from the previous fiscal year.

Minicar sales, on the other hand, increased by 9.9% or 13 thousand, to 146 thousand units due to a net increase in sales of the Stella, a new passenger minicar launched in June last year, making up for the sales loss on existing models.

As a result, sales in Japan were down 1.5% or 3thousand from the previous year at 227 thousand units.

In the North American market, sales of Impreza was up over the previous fiscal year but unable to cover the sales loss on other models. As a result, overall sales volume decreased by 1.6% or 3 thousand compared to the previous fiscal year, to 207thousand units.

In Europe, solid performance of the Forester and the Impreza continued and sales significantly increased especially in emerging markets including Russia. Also "B9 Tribeca" introduced from the 2^{nd} half of the year contributed to the sales growth, resulting overall sales volume rose by 10.3% or 7 thousand compared to the previous year, to 71 thousand units.

Sales in Australia also continued to be robust, with sales of all models exceeding last year's level and driving sales volume up 4.5% or 2 thousand to reach record-high 38 thousand.

As a result, total overseas sales rose by 2.9% or 10 thousand, to 351 thousand units.

The combined sales volume for Japan and overseas markets amounted to 578 thousand units, up 1.1% or 7 thousand, year on year, then, overall sales in the automotive business increased by ¥10.1 billion, or 0.8%, to ¥1,339.3 billion.

Operating income decreased by ¥13.7 billion, or 26.6%, to total ¥37.8 billion due to the deterioration of sales volume and mix, despite the foreign exchange gains from a weak yen in addition to our efforts to reduce material costs and SG&A expenses.

(Industrial Products Division)

Domestic sales were decreased compared to the previous fiscal year due to the struggling sales of generators, in spite of increased sales of engines for pumps and small engines for construction machineries.

As for overseas sales, in Europe, sales of the principal Robin "EX" engine series, which comprises four air-cooled models of 4-cycle, OHC gasoline engines for agricultural machinery, significantly increased compared to the previous fiscal year. Sales rose also in the Middle East where a favorable business condition continues thanks to the high-price of the crude oil.

However, in North American market, sales of engines for leisure products and power generator decreased due to a sluggish demand for them and this sales loss was not made up for by favorable sales in Europe and Middle East.

This all led to an overall sales decrease of 5.2% or ¥2.7 billion, totaling ¥49.7 billion. Operating income also decreased by ¥0.5 billion, or 26.0%, to ¥1.5 billion.

(Aerospace Division)

As for the sales to the Japan Ministry of Defense, sales of “AH-64D” combat helicopters that we started delivery from the last year and prototypes of next-generation Maritime Patrol Aircraft and Cargo transport Aircraft “PX/CX” were favorably increased. However, overall sales decreased compared to the previous year due to a drop in the units of “UH-1J” utility helicopters to be delivered and the completion of the delivery of unmanned surveillance systems.

In the commercial sector, the number of existing products delivered to Boeing such as the center-wing of the “Boeing 777” increased significantly as airline industry demand picks up worldwide. Also, thanks to the increase in sales of the new projects such as the center-wing of the “Boeing 787” that we started delivery from this year and the main wings for the “Eclipse 500” small business jet, sales were up over the previous year.

As a result, total sales increased by ¥12.2 billion, or 14.9%, to reach a record-high ¥94 billion for the second consecutive year. Operating income also increased by ¥2.9 billion, or 103.0%, to ¥5.7billion.

(Other Businesses)

In Eco Technologies division, the number of sales units rose from the previous year as a result of the launch of 2-ton and 3-ton sanitation trucks in the new refuse compacting Fuji Mighty 71 series in addition to the 4-ton trucks introduced previous year, completing the full line up of Fuji Mighty sanitation trucks. However, decrease in sales caused by withdrawal from an environmental facility business in fiscal year 2007 impacted overall sales. Also, the restructuring of domestic subsidiary Yusoki Koyo K.K. put a major dent in overall sales that fell by ¥1.2 billion, or 9.0%, to ¥11.8 billion, while operating income edged up ¥1 billion, or 83.3%, to ¥2.3 billion due to increased revenues at the Eco Technologies division and others.

<u>Results by Geographic Region</u>

(Japan)

Although the decrease of sales volume in the domestic market in the automotive business was covered by the increased units of export to Europe and Australia, deteriorated product and sales mix brought sales down ¥7 billion, or 0.8%, to ¥881.1billion. Also operating income decreased by ¥16.4 billion, or 28.7%, to ¥40.6 billion due to negative factors such as deteriorated product and sales mix, despite the foreign exchange gains from a weak yen in addition to our efforts to reduce material costs and other expenses.

(North America)

Despite a decrease in the overall sales volume in North American market, sales rose by ¥3.6 billion, or 0.6%, to ¥576.1billion thanks to the foreign exchange gains from a weak yen in addition to the increased export volume of “B9 Tribeca” at our overseas manufacturing subsidiary SIA (Subaru of Indiana Automotive Inc.) Operating income also rose ¥3.2 billion, or 162.5%, to 5.2 billion because of material cost reduction and other factors.

(Other regions)

Sales in Europe significantly increased by ¥21.8 billion, or 137.8%, to ¥37.7 billion compared to the previous year thanks to the contribution of sales volume of “B9 Tribeca”. Operating income also rose ¥0.5 billion, or 168.9%, to ¥0.8 billion.

(2) Forecast for the Fiscal 2007

Although the Japanese economy forecast appears to be strong due to capital expenditures and export, the business climate continues to be harsh in overall automotive industry, as factors like decrease in total sales volume of passenger cars continued for four years and the shift of consumers toward minicars. On the other hand, American economy also shows a sign of business recession, and the outlook for the future remains uncertain as factors like the increase of material price and future exchange rate make for an increasingly harsh business environment.

Against this backdrop, the outlook for this fiscal year is as follows:

(Consolidated Forecast)

Net sales: ¥1,550 billion (up 3.7% year-on-year)
Operating income: ¥35 billion (down 26.9% year-on-year)
Ordinary income: ¥30 billion (down 28.9% year-on-year)
Net income: ¥16 billion (down 49.8% year-on-year)

2. Analysis of financial results

(1) Assets, liabilities, net assets

Total assets were ¥1,316 billion which was a decrease of ¥32.4 billion compared to the previous year. This was mainly due to a decrease in current assets and property, plant, and equipment.

Liabilities decreased to ¥820.3 billion which was a decrease of ¥60.3 billion compared to the previous fiscal year. Squeezed interest bearing debt and a decrease in current assets are the main reason of this decrease.

Net assets including minority interest in consolidated subsidiary were ¥495.7 billion which was an increase of ¥27.9 billion compared to the previous fiscal year. The main cause of this was an increase in retained earning.

(2) Cash flow

Cash and cash equivalents (hereinafter cash) at the end of the period under review amounted to ¥99.1 billion, a year-on-year decrease of ¥13.3 billion.

The factors accounting for cash flows during the period under review were as follows:

(Cash flows from operating activities)

Net cash provided by operating activities decreased to ¥65.6 billion, down ¥71.9 billion compared to the previous fiscal year, with the principle sources of cash being net income before income taxes totaling ¥45.6 billion, depreciation and amortization expenses amounting to ¥81.5 billion, ¥12.8 billion increase in inventories and ¥20.5 billion decrease in notes and accounts payable.

(Cash flows from investing activities)

Cash flow from investing activities decreased by ¥32.3 billion to ¥43.4 billion due to the ¥49.8 billion used for the purchase of property, plant and equipment (net figure with proceeds from the sales of property, plant and equipment) and ¥12 billion for the purchase of leased assets (net figure with proceeds from sales of leased assets) and ¥23.5 billion increase in revenue from the collection of loans receivable (net figures with disbursement of loans receivable).

(Cash flows from financing activities)

Cash flow from financing activities increased by ¥52.7 billion to ¥36.2 billion compared to the previous fiscal year, after deduction of ¥30.2 billion for the net decrease in short-term borrowings and ¥2.1 billion for repayment on long-term debts (net figure with proceeds from long term debts).

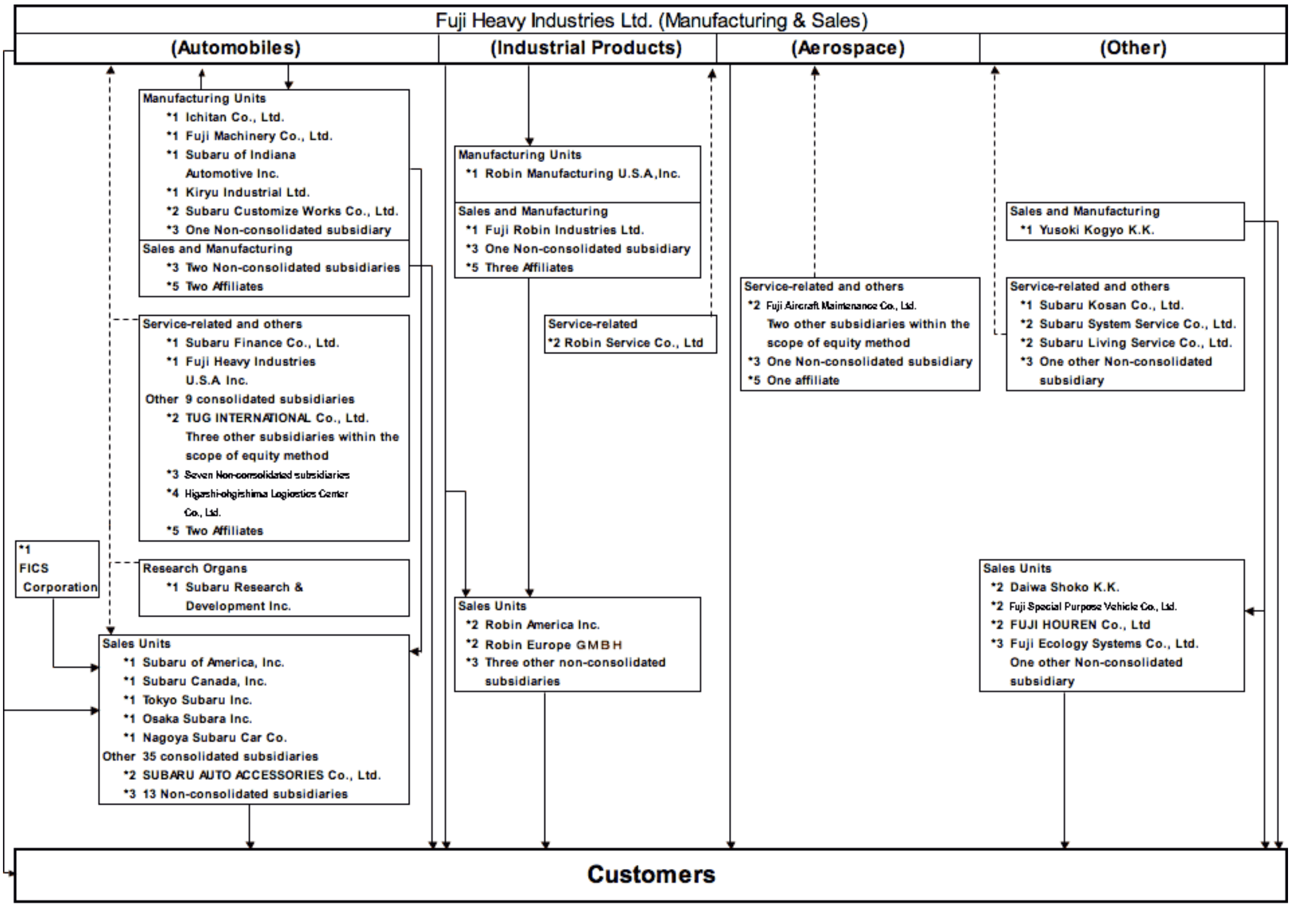
3. Basic Policy Regarding the Distribution of Profits

FHI views shareholders' return as a crucial managerial task and follows a basic policy of maintaining stable long-term dividends while taking comprehensive consideration of such factors as its earnings performance and its dividend payout ratio. FHI intends to use retained earnings to improve balance sheet as well as allocate these funds to the investment of its R&D for new product , production, and strengthening its sales network for the attainment of further future growth and development.

2. Condition of the FHI Group

As of March 31, 2007 the FHI Group consisted of Fuji Heavy Industries Ltd., 109 subsidiaries and 9 affiliated companies primarily engaged in four operations related to the Subaru automotive, industrial products, aerospace and other businesses, producing a wide range of products.

The flow chart below illustrates the relationship that each subsidiary and affiliate maintains with the parent company.



*1 : Consolidated subsidiaries
*2 : Subsidiaries within the scope of equity method
*3 : Non-consolidated subsidiaries
*4 : Affiliates within the scope of equity method
*5 : Other affiliates

3.Management Policies

1. Basic management policies

As there has been no significant change from the details announced in the Semi-annual Financial Results for the period ended March 2007 (released on October 31, 2006), this part is omitted.

The aforesaid Semi-annual Financial Results is available on our website of following URL.

(Fuji Heavy Industries company website)
http://ir.fhi.co.jp/english/finance/fr.html

Tokyo Stock Exchange website (for the search of information on listed companies)
http://www.tse.or.jp/listing/compsearch/index.html

2. Medium-to-long term management strategies

In February, FHI announced a new four-year mid-term management plan from fiscal 2008 to fiscal 2011. FHI's long-term management vision is to become "a compelling company with strong market presence," and the mid-term management plan places emphasis on developing fundamental corporate strengths to enable further growth and the plan also stipulates goals and measures to ensure long-term improvements in profitability.

With the philosophy of "customers come first" at its core, the plan addresses five major challenges. 1) To provide a distinctive Subaru experience for drivers and passengers, 2) To increase sales globally, 3) To strengthen competitiveness in quality and cost, 4) To also grow through the business alliance with Toyota, 5) And to grow the level of employees competence and so enhance the organization. Financial goals include maintaining an operating margin ratio at the level of 5% and a target ROA level of 7% by fiscal 2011 and all FHI group will work together to achieve the goal.

(To provide a distinctive Subaru experience for drivers and passengers)

While keeping Subaru's unique driving experience, FHI will incorporate more comfort and safety features into its high-performance vehicles so that both drivers and passengers feel the comfort and safety alike. Recognizing the car industry's environmental responsibility, FHI also plans to concentrate its R&D work on developing cleaner cars, including the development of the next generation of horizontally-opposed engine and chassis as well as fuel economy improvement. FHI aims to achieve the car industry's highest levels of environmental performance and to integrate the new driving of comfort and reliability with environmental responsibility at a high level.

(To increase sales globally)

FHI regards the United Stats as the strategically most important market. We aim at improving profitability and operational efficiency through integrated management of production and sales and continue to expand the sales network. In Europe, Australia and other emerging markets, FHI aims at reducing CO2 emissions and increase sales through introductions of diesel-powered cars and subcompact cars, bolstering sales by further implementing the Subaru Brand Strategy and further improving the brand offering.

In Japanese market, in addition to strengthen sales of passenger cars, we will enhance dealer networks in large cities like Tokyo and Osaka.

(To strengthen competitiveness in quality and cost)

FHI starts a new cost reduction activity TSR-VC (Total Cost Structure Revolution – to maximize Value for Competitiveness & Customers), aiming at establishing an in-process quality assurance system and a flexible allocation of the manufacturing cost to increase competitiveness, based on our philosophy of "Customer First".

(To grow through the business alliance with Toyota)

In the business alliance with Toyota Motor Corporation, SIA, FHI's overseas manufacturing subsidiary, successfully started the manufacturing of Toyota Camry.

Also in European market, FHI concluded OEM agreement to sell a subcompact car manufactured by Daihatsu Motor Co. Ltd. under Subaru brand. We will be pursuing synergies in various projects aiming at strengthening long-term mutual competitiveness and future growth.

(To grow the level of employees competence and so enhance the organization)
FHI aims at reforming its corporate culture by instilling the Customer First philosophy. We promote a new guideline, CCE (Customer-Company-Employee) in company-wide and also make effort in enhancing management effectiveness as well as in upgrading group-wide human resources policies and education/training programs.

4. Consolidated Financial Statements

1. Consolidated Balance Sheets

(Unit: Millions of yen)

	Fiscal 2006 (as of March 31, 2006)		Fiscal 2007 (as of March 31, 2007)		Changes Increase/ (Decrease)
	Amount	Component ratio (%)	Amount	Component ratio (%)	Amount
ASSETS					
Ⅰ Current assets:					
Cash and time deposits	65,524		52,406		(13,118)
Notes and accounts receivable, trade	104,972		99,290		(5,682)
Marketable securities	37,444		32,017		(5,427)
Inventories	216,396		224,919		8,523
Deferred tax assets	32,992		27,072		(5,920)
Short-term loans	118,414		101,184		(17,230)
Other	45,604		59,501		13,897
Allowance for doubtful accounts	(2,163)		(1,713)		450
Total current assets	**619,183**	**45.9**	**594,676**	**45.2**	**(24,507)**
Ⅱ Fixed assets					
1. Property, plant and equipment, net:					
Buildings and structures	128,727		129,280		553
Machinery, equipment and vehicles	184,582		122,828		(61,754)
Land	172,338		174,835		2,497
Construction in progress	7,396		18,335		10,939
Leased assets	-		59,896		59,896
Other	62,930		45,410		(17,520)
Total property, plant and equipment, net	**555,973**	**41.2**	**550,584**	**41.8**	**(5,389)**
2. Intangible assets:					
Goodwill	-		19,092		19,092
Other	38,211		16,100		(22,111)
Total intangible assets	**38,211**	**2.9**	**35,192**	**2.7**	**(3,019)**
3. Investments and other assets:					
Investment securities	80,316		85,819		5,503
Long-term loans	8,141		3,696		(4,445)
Deferred tax assets	23,612		20,825		(2,787)
Other	25,312		28,472		3,160
Allowance for doubtful accounts	(2,348)		(3,223)		(875)
Total investments and other assets	**135,033**	**10.0**	**135,589**	**10.3**	**556**
Total fixed assets	**729,217**	**54.1**	**721,365**	**54.8**	**(7,852)**
Total assets	**1,348,400**	**100.0**	**1,316,041**	**100.0**	**(32,359)**

(Unit: Millions of yen)

	Fiscal 2006 (as of March 31, 2006)		Fiscal 2007 (as of March 31, 2007)		Changes Increase/ (Decrease)
	Amount	Component ratio (%)	Amount	Component ratio (%)	Amount
LIABILITIES AND NET ASSETS					
Ⅰ **Current liabilities:**					
Notes and accounts payable, trade	211,412		190,394		(21,018)
Short-term borrowings	195,507		172,454		(23,053)
Commercial paper	8,000		11,000		3,000
Current portion of bonds	20,500		10,000		(10,500)
Accrued income taxes	11,472		4,572		(6,900)
Accrued expenses	61,744		55,789		(5,955)
Accrued bonus	15,427		15,247		(180)
Accrued warranty claims	23,496		23,934		438
Other	80,555		80,277		(278)
Total current liabilities	**628,113**	**46.6**	**563,667**	**42.8**	**(64,446)**
Ⅱ **Long-term liabilities:**					
Bonds	80,000		90,000		10,000
Long-term debt	70,072		60,400		(9,672)
Deferred tax liabilities on revaluation of land	703		703		-
Accrued pension and severance benefits	52,322		45,516		(6,806)
Accrued directors' severance and retirement benefits	971		987		16
Provision for loss on guarantees	-		745		745
Consolidation adjustments	2,995		-		(2,995)
Negative goodwill	-		821		821
Other	45,438		57,499		12,061
Total long-term liabilities	**252,501**	**18.7**	**256,671**	**19.5**	**4,170**
Total liabilities	**880,614**	**65.3**	**820,338**	**62.3**	**(60,276)**
Minority interest in consolidated subsidiaries	**2,264**	**0.2**	**-**	**-**	**-**

	Fiscal 2006 (as of March 31, 2006)		Fiscal 2007 (as of March 31, 2007)		Changes Increase/ (Decrease)
	Amount	Component ratio (%)	Amount	Component ratio (%)	Amount
Shareholders' equity:					
Ⅰ Common stock	**153,795**	**11.4**	**-**	**-**	**-**
Ⅱ Capital surplus	**160,071**	**11.9**	**-**	**-**	**-**
Ⅲ Retained earnings	**189,996**	**14.1**	**-**	**-**	**-**
Ⅳ Revaluation reserve for land	**290**	**0.0**	**-**	**-**	**-**
Ⅴ Net unrealized holding gains on securities	**21,145**	**1.6**	**-**	**-**	**-**
Ⅵ Translation adjustments	**(18,230)**	**(1.4)**	**-**	**-**	**-**
Ⅶ Less-treasury stock, at cost	**(41,545)**	**(3.1)**	**-**	**-**	**-**
Total shareholders' equity	**465,522**	**34.5**	**-**	**-**	**-**
Total liabilities and shareholders' equity	**1,348,400**	**100.0**	**-**	**-**	**-**
Net assets					
Ⅰ Shareholders' capital:					
Common stock	**-**	**-**	**153,795**	**11.7**	**-**
Capital surplus	**-**	**-**	**160,104**	**12.2**	**-**
Retained earnings	**-**	**-**	**214,831**	**16.3**	**-**
Less-treasury stock, at cost	**-**	**-**	**(40,511)**	**(3.1)**	**-**
Total shareholders' capital	**-**	**-**	**488,219**	**37.1**	**-**
Ⅱ Valuation, translation and other adjustments:					
Net unrealized holding gains on securities	**-**	**-**	**22,182**	**1.7**	**-**
Revaluation reserve for land	**-**	**-**	**290**	**0.0**	**-**
Translation adjustments	**-**	**-**	**(16,687)**	**(1.2)**	**-**
Total valuation, translation and other adjustments	**-**	**-**	**5,785**	**0.5**	**-**
Ⅲ Minority interest in consolidated subsidiaries	**-**	**-**	**1,699**	**0.1**	**-**
Total net assets	**-**	**-**	**495,703**	**37.7**	**-**
Total liabilities and net assets	**-**	**-**	**1,316,041**	**100.0**	**-**

2. Consolidated Statements of Income

(Unit: Millions of yen)

	Fiscal 2006 (ended March 31, 2006)		Fiscal 2007 (ended March 31, 2007)		Changes Increase/ (Decrease)
	Amount	Ratio of net sales (%)	Amount	Ratio of net sales (%)	Amount
Ⅰ **Net sales**	1,476,368	100.0	1,494,817	100.0	18,449
Ⅱ **Cost of sales**	1,125,293	76.2	1,142,674	76.4	17,381
Gross profit	351,075	23.8	352,143	23.6	1,068
Ⅲ **Selling, general and administrative expenses**	292,736	19.8	304,237	20.4	11,501
Operating income	**58,339**	**4.0**	**47,906**	**3.2**	**(10,433)**
Ⅳ **Non-operating income:**					
Interest and dividend income	3,421		3,864		443
Amortization of negative goodwill	-		2,175		2,175
Amortization of consolidation adjustments	3,296		-		(3,296)
Gain on revaluation of derivatives	-		4,268		4,268
Equity income from affiliated companies	1,446		1,549		103
Other	4,193		5,949		1,756
Total non-operating income	12,356	0.8	17,805	1.2	5,449
Ⅴ **Non-operating expenses:**					
Interest expenses	3,181		4,017		836
Exchange loss	-		11,906		11,906
Loss on revaluation of derivatives	2,983		72		(2,911)
Other	17,763		7,501		(10,262)
Total non-operating expenses	23,927	1.6	23,496	1.6	(431)
Ordinary income	**46,768**	**3.2**	**42,215**	**2.8**	**(4,553)**
Ⅵ **Extraordinary gains:**					
Gain on sale of property, plant and equipment	3,872		6,673		2,801
Gain on sale of investment securities	5,274		58		(5,216)
Prior period adjustment	-		1,451		1,451
Gain on transfer of the substitutional portion of the employee’s pension fund	-		2,423		2,423
Other	107		104		(3)
Total extraordinary gains	9,253	0.6	10,709	0.7	1,456

	Fiscal 2006 (ended March 31, 2006)		Fiscal 2007 (ended March 31, 2007)		Changes Increase/ (Decrease)
	Amount	Ratio of net sales (%)	Amount	Ratio of net sales (%)	Amount
ⅦExtraordinary losses:					
Loss on sale and disposal of property, plant and equipment	4,273		4,774		501
Loss on sale of investment securities	2,253		18		(2,235)
Loss on devaluation of investment securities	-		335		335
Impairment loss on property, plant and equipment	4,064		550		(3,514)
Allowance for losses on guarantees	-		745		745
Loss on liquidation of affiliated companies	-		913		913
Additional retirement payments	7,991		-		(7,991)
Loss on termination of joint development projects	7,094		-		(7,094)
Other	1,672		-		(1,672)
Total extraordinary losses	27,347	1.9	7,335	0.5	(20,012)
Income before income taxes and minority interest	28,674	1.9	45,589	3.0	16,915
Income taxes-current	13,231	0.8	7,231	0.5	(6,000)
Income taxes-deferred	(303)	(0.0)	6,411	0.4	6,714
Minority interest in income of consolidated subsidiaries	(135)	(0.0)	(48)	(0.0)	(87)
Net income	**15,611**	**1.1**	**31,899**	**2.1**	**16,288**

3. Consolidated Statement of Net Assets

Fiscal 2007 (from April 1, 2006 to March 31, 2007) (Unit: Millions of yen)

	Shareholders' capital				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total
Balance, March 31, 2006	153,795	160,071	189,996	(41,545)	462,317
Increase (decrease) during the year:					
Dividends paid	-	-	(6,452)	-	(6,452)
Payment of bonus to directors and statutory auditors	-	-	(107)	-	(107)
Net income	-	-	31,899	-	31,899
Purchase of treasury stock	-	-	-	(71)	(71)
Disposal of treasury stock	-	33	-	1,105	1,138
Increase in the number of companies accounted for by the equity method	-	-	1,038	-	1,038
Other comprehensive income of foreign subsidiaries	-	-	(1,513)	-	(1,513)
Other changes in shareholders' capital	-	-	(30)	-	(30)
Changes (other than shareholders' capital), net	-	-	-	-	-
Total	-	33	24,835	1,034	25,902
Balance, March 31, 2007	153,795	160,104	214,831	(40,511)	488,219

	Valuation, translation and other adjustments				Minority interest in consolidated subsidiaries	Total net assets
	Net unrealized holding gains on securities	Revaluation reserve for land	Translation adjustments	Total		
Balance, March 31, 2006	21,145	290	(18,230)	3,205	2,264	467,786
Increase (decrease) during the year:						
Dividends paid	-	-	-	-	-	(6,452)
Payment of bonus to directors and statutory auditors	-	-	-	-	-	(107)
Net income	-	-	-	-	-	31,899
Purchase of treasury stock	-	-	-	-	-	(71)
Disposal of treasury stock	-	-	-	-	-	1,138
Increase in the number of companies accounted for by the equity method	-	-	(18)	(18)	-	1,020
Other comprehensive income of foreign subsidiaries	-	-	-	-	-	(1,513)
Other changes in shareholder's capital	-	-	-	-	-	(30)
Changes (other than shareholders' capital), net	1,037	-	1,561	2,598	(565)	2,033
Total	1,037	-	1,543	2,580	(565)	27,917
Balance, March 31, 2007	22,182	290	(16,687)	5,785	1,699	495,703

(Reference) Consolidated Statement of Retained Earnings

(Unit: Millions of yen)

	Fiscal 2006 (ended March 31, 2006)	
(Capital surplus)		
Ⅰ Balance at beginning of the year		160,071
Ⅱ Balance at end of the year		160,071
(Retained earnings)		
I Balance at beginning of the year		178,022
II Increase:		
Increase in the number of companies accounted for by the equity method	3,466	
Net income	15,611	
Other	31	19,108
III Decrease:		
Dividends	7,015	
Bonus to directors and statutory auditors	111	
Loss on disposal of treasury stock	8	7,134
IV Balance at end of the year		189,996

4. Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Fiscal 2006 (ended March 31, 2006)	Fiscal 2007 (ended March 31, 2007)	Changes Increase/ (Decrease)
Ⅰ.Cash flows from operating activities:			
Income before income taxes and minority interest	28,674	45,589	16,915
Depreciation and amortization expenses	80,073	81,454	1,381
Increase in allowance for doubtful accounts	542	425	(117)
Increase in accrued warranty claims	1,040	284	(756)
Decrease in accrued pension and severance liability	(6,859)	(6,790)	69
Increase in allowance for losses on guarantees	-	745	745
Interest and dividends income	(3,421)	(3,864)	(443)
Amortization of negative goodwill	-	(2,175)	(2,175)
Amortization of consolidation adjustments (non-operating income)	(3,296)	-	3,296
Gain on revaluation of derivatives	-	(4,268)	(4,268)
Equity income from affiliated companies	(1,446)	(1,549)	(103)
Interest expenses	3,181	4,017	836
Loss on revaluation of derivatives	2,983	72	(2,911)
Gain on sale of property, plant and equipment	(3,872)	(6,673)	(2,801)
Gain on sale of investment securities	(5,274)	(58)	5,216
Loss on sale and disposal of property, plant and equipment	4,273	4,774	501
Loss on sale of investment securities	2,253	18	(2,235)
Loss on devaluation of investment securities	-	335	335
Impairment loss on property, plant and equipment	4,064	550	(3,514)
Additional retirement payments	7,991	-	(7,991)
Loss on termination of the joint development projects	7,094	-	(7,094)
Decrease in notes and accounts receivable, trade	13,893	6,392	(7,501)
Decrease in inventories	(9,944)	(12,787)	(2,843)
Increase (decrease) in notes and accounts payable, trade	16,555	(20,520)	(37,075)
Increase (decrease) in deposits received	23,964	(825)	(24,789)
Other, net	(7,884)	(4,257)	3,627
Sub total	154,584	80,889	(73,695)
Interest and dividends received	3,126	4,334	1,208
Interest paid	(2,920)	(3,945)	(1,025)
Additional retirement payments	(7,991)	-	7,991
Income taxes paid	(9,201)	(15,555)	(6,354)
Bonus paid to directors and statutory auditors	(113)	(107)	6
Net cash provided by operating activities	137,485	65,616	(71,869)

(Unit: Millions of yen)

	Fiscal 2006 (ended March 31, 2006)	Fiscal 2007 (ended March 31, 2007)	Changes Increase/ (Decrease)
Ⅱ.Cash flows from investing activities:			
Purchase of marketable securities	(9,489)	(3,517)	5,972
Proceeds from sale of marketable securities	21,908	8,472	(13,436)
Purchase of property, plant and equipment	(120,875)	(57,388)	63,487
Proceeds from sale of property, plant and equipment	38,115	7,571	(30,544)
Purchase of leased assets	-	(64,100)	(64,100)
Proceeds from sale of leased assets	-	52,112	52,112
Purchase of intangible assets	(5,127)	(3,100)	2,027
Purchase of investment securities	(9,063)	(16,599)	(7,536)
Proceeds from sale of investment securities	13,092	11,430	(1,662)
Disbursement of loans receivable	(124,989)	(114,761)	10,228
Collection of loans receivable	127,450	138,280	10,830
Price adjustment on investments in subsidiaries	(7,087)	-	7,087
Other, net	290	(1,828)	(2,118)
Net cash used in investing activities	(75,775)	(43,428)	32,347

Ⅲ.Cash flows from financing activities:			
Net decrease in short-term borrowings	(4,538)	(30,169)	(25,631)
Net decrease in commercial paper	(14,000)	3,000	17,000
Proceeds from long-term debts	15,301	1,700	(13,601)
Repayment on long-term debts	(28,996)	(3,848)	25,148
Issuance of bonds	-	20,000	20,000
Redemption of bonds	(10,300)	(20,500)	(10,200)
Purchase of treasury stock	(39,352)	(62)	39,290
Proceeds from disposal of treasury stock	30	224	194
Dividends paid	(7,015)	(6,452)	563
Other, net	(15)	(102)	(87)
Net cash used in financing activities	(88,885)	(36,209)	52,676

Ⅳ.Effect of exchange rate changes on cash and cash equivalents	**7,856**	**756**	**(7,100)**
Ⅴ.Net decrease in cash and cash equivalents	**(19,319)**	**(13,265)**	**6,054**
Ⅵ.Cash and cash equivalents at beginning of the year	**131,685**	**112,366**	**(19,319)**
Ⅶ.Net decrease related to the change of scope of consolidation	**-**	**(41)**	**(41)**
Ⅷ.Cash and cash equivalents at end of the year	**112,366**	**99,060**	**(13,306)**

5. Basis for Preparation of Consolidated Financial Statements

Accounting standard for director's bonus

(Fiscal 2007)
Directors' bonus is recognized as expenses for the period in which it is incurred.

The disclosure of significant accounting policies used in preparation of consolidated financial statements except for "Accounting standard for director's bonus" above has been omitted because there were no significant changes from those disclosed in our latest annual financial statement report (submitted on June 28, 2006).

6. Changes in the Basis for Preparation of Consolidated Financial Statements

Accounting standard for director's bonus

(Fiscal 2007)
In previous fiscal years, director's bonus was accounted for as a direct distribution from unappropriated retained earnings. Effective this fiscal year it is recognized in earnings as incurred. This change in accounting standard had no material effect on income.

Accounting standard for business combination

(Fiscal 2007)
Effective this fiscal year, the Company and consolidated subsidiaries adopted the provisions of "Accounting Standard for Business Combination" (Business Accounting Deliberation Council, October 31, 2003), "Accounting Standard for Business Separation" (Business Accounting Standard Committee, December 27, 2005, Business Accounting Standard No. 7), and the related "Implementation guidance for the accounting standard for business combination and the accounting standard for business separation" (Business Accounting Standard Committee, December 27, 2005, Business Accounting Standard Implementation Guidance No. 10).
The adoption of these standards had no effect on income.

〔Consolidated balance sheets〕
Effective this fiscal year, the Company has presented "consolidation adjustment (credit side)" as "negative goodwill".

〔Consolidated statements of income〕 and 〔Consolidated statements of cash flows〕
Effective this fiscal year, the Company has presented "amortization of consolidation adjustment (non-operating income)" as "amortization of negative goodwill".

Accounting standard for presentation of net assets in the balance sheet

(Fiscal 2007)
Effective this fiscal year, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Business Accounting Standard Committee, December 9, 2005, Business Accounting Standard No. 5) and the related "Implementation guidance for the accounting standard for presentation of net assets in the balance sheet" (Business Accounting Standard Committee, December 9, 2005, Business Accounting Standard Implementation Guidance No. 8).
The adoption of this standard has no effect on income.

Changes in presentation of financial statements

(Consolidated balance sheets)
Due to its increased significance, in Fiscal 2007, the amount of "Leased assets" in property, plant and equipment, net has been presented as a separate line item, whereas in Fiscal 2006, such balances of ¥56,766 million and ¥7,485 million are included in "Machinery, equipment and vehicles" of ¥184,582 million and "Other" of ¥62,930 million, respectively.
In Fiscal 2007, the amount of "Goodwill" in intangible assets has been presented as a separate line item, whereas in Fiscal 2006, such balance was ¥18,873 million.

(Consolidated statements of income)
In Fiscal 2007, the amount of "Gain on revaluation of derivatives" in non-operating income has been presented as a separate line item, whereas in Fiscal 2006, such gain of ¥513 million was included in "Other" non-operating income of ¥4,193 million.
In Fiscal 2007, the amount of "Exchange loss" in non-operating expenses has been presented as a separate line item, whereas in Fiscal 2006, such loss of ¥10,597 million is included in "Other" non-operating expenses of ¥17,763 million.
In Fiscal 2007, the amount of "Loss on devaluation of investment securities" in extraordinary losses has been presented as a separate line item, whereas in Fiscal 2006, such loss of ¥16 million is included in "Other" extraordinary losses of ¥1,672 million.

(Consolidated Statements of Cash Flows)
In Fiscal 2007, the amounts of "Gain on revaluation of derivatives" and "Loss on devaluation of investment securities" in cash flows from operating activities have been presented as separate line items, whereas in Fiscal 2006, they are both included in "Other, net" of ¥-7,884 million in operating cash flows.
Due to their increased significance, in Fiscal 2007, the amounts of "Purchase of leased assets" and "Proceeds from sale of leased assets" in cash flows from investing activities have been presented as separate line items, whereas in Fiscal 2006, they are included in "Purchase of property, plant and equipment" of ¥-120,875 million and "Proceeds from sale of property, plant and equipment" of ¥38,115 million, respectively.

7. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

Accumulated depreciation for property, plant and equipment (Unit: Millions of yen)

Fiscal 2006	Fiscal 2007
¥ 686,418	¥ 730,424

(Consolidated Statements of Income)

1. Research and development cost included in general and administrative expenses and cost of sales

(Unit: Millions of yen)

Fiscal 2006	Fiscal 2007
¥ 46,893	¥ 50,709

2. Extraordinary gains and losses

(Fiscal 2007)

(1) Prior period adjustment
Prior period adjustment represents a gain on reversal, as a result of the final settlement, of a portion of “Loss on termination of joint development projects (joint development projects for new model vehicles)” which was recorded as an extraordinary loss in prior year.

(2) Loss on liquidation of affiliated companies
Loss on liquidation represents a loss of ¥913 million upon liquidation of Fuji AT Ltd, which was a joint venture with JATCO Ltd.

(Fiscal 2006)

(1) Impairment loss

The Company recorded an impairment loss with regard to the following asset groups.

Use	Location	Category
Manufacturing facility	United States	Structures, and machinery and equipment
Assets for dealership business	Wakayama prefecture and 3 other locations	Buildings and structures, machinery and equipment, and land
Real estate for lease business	Gunma prefecture	Buildings
Unused real estate	Hokkaido prefecture and 3 other locations	Land, Buildings and structures and other

The operating properties for dealers are grouped by each company, and the leased property and unused property are grouped on a property by property basis, while the operating property of the subsidiary in the United States is grouped by product line.

The impairment loss by each category of property, plant and equipment was as follows;

(Unit: Millions of yen)

Buildings and structures	¥ 1,672
Machinery and equipments	¥ 782
Land	¥ 1,610
Total	¥ 4,064

(2) Loss on termination of joint development projects
“Loss on termination of joint development projects” consisted of the following two components:

(1)Joint development project for new model vehicles
In light of the termination of the Strategic Alliance between the Company and General Motors (GM), the Company and GM agreed to terminate a joint development project for cross over vehicles with SAAB Automobile AB. As a result, the Company has recorded an extraordinary loss of ¥3,633 million on the joint project costs already incurred. As the Company has since identified certain project assets to be used for another model development, the loss has been reduced by ¥1,980 million compared to the amount recorded in the consolidated financial statements for the semi-annual period of 2006.

(2)New software system development project

The Company started to develop a software operating system which was expected to support its business processes from order entry to delivery. However, the Company has concluded that the new system would not be as cost effective as it was originally planned. As a result, the Company terminated the development project and has recorded an extraordinary loss of ¥3,461 million from the termination.

(3) Other

Included in "Other" of ¥1,672 million in "Extraordinary losses" is a loss of ¥1,656 million for the environmental remediation cost related to soil improvement that has been accrued as a result of decision by Yusoki Kogyo K.K., a consolidated subsidiary, to close a part of its plant.

(Business Combination)

The Company has integrated certain Subaru dealer subsidiaries for the purpose of enhancement of their sales force and improvement of their profitability.

Those integrated companies are consolidated subsidiaries included in the automobiles segment, and the integration has been accounted for as a reorganization of entities under common control.

(1) April 1, 2006, merger by surviving companies

Area	Integrated companies	New companies
Hokkaido	ASAHIKAWA SUBARU, Inc.	HOKKAIDO SUBARU, Inc.
	HOKKAIDO SUBARU, Inc. *	
Chubu	Hokuriku Subaru, Inc. *	Hokuriku Subaru, Inc.
	FUKUI SUBARU, CO., LTD	
Shikoku	Kagawa Subaru, Inc. *	HIGASHISHIKOKU SUBARU, Inc.
	TOKUSHIMA SUBARU, INC	
Kita-Kyushu	SAGA SUBARU, INC	NISHIKYUSHU SUBARU, Inc.
	NAGASAKI Subaru, Inc. *	
Minami-Kyushu	Miyazaki Subaru, Inc.	MINAMIKYUSHU SUBARU, Inc.
	Kagoshima Subaru, Inc *	

* Surviving companies

(2) October 1, 2006, sale of automobile dealership business to a surviving company.

Area	Integrated companies	New company
Kinki	WAKAYAMA SUBARU MOTORS INC.	OSAKA SUBARU, INC.
	OSAKA SUBARU, INC. *	

* Surviving company

In addition, the number of consolidated subsidiaries decreased because SUBARU YARD OPERATIONS, INC (subsidiary of SUBARU OF AMERICA, INC.) was merged into SUBARU OF AMERICA, INC (Sales company in America).

(Omission of Disclosures in This Release)

The disclosure of the following footnote information is omitted because the need of such disclosures is not considered to be significant for the purpose of this release:

- Notes to Consolidated Statement of Net Assets
- Notes to Consolidated Statements of Cash Flows
- Lease transactions
- Transactions with related parties
- Income taxes
- Securities and investments
- Derivative transactions
- Accrued pension and severance benefits
- Stock options, etc.

(Segment Information)

(1) Information by business segment

Fiscal 2007 (from April 1, 2006 to March 31, 2007) (Unit: Millions of yen)

	Automobiles	Industrial products	Aerospace	Other	Total	Corporate and elimination	Consolidated total
Ⅰ. Sales and operating income							
Sales:							
(1) Outside customer	1,339,291	49,699	94,012	11,815	1,494,817	-	1,494,817
(2) Inter-segment	3,050	20	16	2,575	5,661	(5,661)	-
Total sales	1,342,341	49,719	94,028	14,390	1,500,478	(5,661)	1,494,817
Operating cost and expense	1,304,510	48,211	88,354	12,133	1,453,208	(6,297)	1,446,911
Operating income	37,831	1,508	5,674	2,257	47,270	636	47,906
Ⅱ. Assets, depreciation expense, impairment loss, and capital expenditure							
Assets	1,058,957	55,450	165,177	64,915	1,344,499	(28,458)	1,316,041
Depreciation expense	73,899	1,618	4,236	1,701	81,454	-	81,454
Impairment loss	530	-	-	20	550	-	550
Capital expenditure	120,079	1,620	4,120	669	126,488	(159)	126,329

Fiscal 2006 (from April 1, 2005 to March 31, 2006) (Unit: Millions of yen)

	Automobiles	Industrial products	Aerospace	Other	Total	Corporate and elimination	Consolidated total
Ⅰ. Sales and operating income							
Sales:							
(1) Outside customer	1,329,161	52,436	81,787	12,984	1,476,368	-	1,476,368
(2) Inter-segment	3,688	116	35	2,518	6,357	(6,357)	-
Total sales	1,332,849	52,552	81,822	15,502	1,482,725	(6,357)	1,476,368
Operating cost and expense	1,281,290	50,514	79,027	14,271	1,425,102	(7,073)	1,418,029
Operating income	51,559	2,038	2,795	1,231	57,623	716	58,339
Ⅱ. Assets, depreciation expense, impairment loss, and capital expenditure							
Assets	1,110,445	56,621	147,557	68,435	1,383,058	(34,658)	1,348,400
Depreciation expense	74,431	1,795	1,941	1,906	80,073	-	80,073
Impairment loss	3,968	-	-	96	4,064	-	4,064
Capital expenditure	109,955	1,195	7,605	534	119,289	-	119,289

Notes: 1. Definition of business segments

Business segments are defined based on product line and market.

2. Main products by each business segment

Business segment	Main products
Automobiles	Legacy, Impreza, Forester, B9 Tribeca, Stella, R1, R2, Pleo, Samber
Industrial products	Robin engine, power generators, pumps
Aerospace	Aircraft, parts of space-related devices
Other	Garbage collection vehicles, specialized vehicles, real estate leasing

3. All operating costs and expenses are allocated to each business segment.
4. There is no corporate asset included in Corporate and elimination.
5. Change of accounting policy

The adoption of the accounting standard for director’s bonus had no material effect on segment results.

(2) Information by geographic area

Fiscal 2007 (from April 1, 2006 to March 31, 2007) (Unit: Millions of yen)

	Japan	North America	Other	Total	Corporate and elimination	Consolidated total
Ⅰ.Sales and operating income						
Sales:						
(1) Outside customer	881,102	576,053	37,662	1,494,817	-	1,494,817
(2) Inter-segment	244,896	14,222	283	259,401	(259,401)	-
Total sales	1,125,998	590,275	37,945	1,754,218	(259,401)	1,494,817
Operating cost and expense	1,085,376	585,104	37,114	1,707,594	(260,683)	1,446,911
Operating income	40,622	5,171	831	46,624	1,282	47,906
Ⅱ. Assets						
Assets	985,335	347,770	8,063	1,341,168	(25,127)	1,316,041

Fiscal 2006 (from April 1, 2005 to March 31, 2006) (Unit: Millions of yen)

	Japan	North America	Other	Total	Corporate and elimination	Consolidated total
Ⅰ.Sales and operating income						
Sales:						
(1) Outside customer	888,117	572,412	15,839	1,476,368	-	1,476,368
(2) Inter-segment	257,456	2,298	313	260,067	(260,067)	-
Total sales	1,145,573	574,710	16,152	1,736,435	(260,067)	1,476,368
Operating cost and expense	1,088,584	572,740	15,843	1,677,167	(259,138)	1,418,029
Operating income	56,989	1,970	309	59,268	(929)	58,339
Ⅱ.Assets						
Assets	1,006,951	368,541	2,716	1,378,208	(29,808)	1,348,400

Notes: 1. Geographic areas are based on geographical proximity.

2. Principal countries or regions in each geographic area:
   North America: United States and Canada
   Other: Europe

3. All operating costs and expenses are allocated to each segment.

4. There is no corporate asset included in Corporate and elimination.

5. Change of accounting policy
   The adoption of the accounting standard for director’s bonus had no significant effect on geographic information.

(3) Overseas sales

Fiscal 2007 (from April 1, 2006 to March 31, 2007) (Unit: Millions of yen)

	North America	Europe	Other	Total
Overseas sales	622,149	152,458	143,994	918,601
Consolidated net sales				1,494,817
Percentage of overseas sales over consolidated sales (%)	41.6%	10.2%	9.7%	61.5%

Fiscal 2006 (from April 1, 2005 to March 31, 2006) (Unit: Millions of yen)

	North America	Europe	Other	Total
Overseas sales	616,437	128,777	127,016	872,230
Consolidated net sales				1,476,368
Percentage of overseas sales over consolidated sales (%)	41.8%	8.7%	8.6%	59.1%

Notes: 1. Geographic areas are based on geographical proximity.

2. Principal countries in each geographic area:
   North America: United States and Canada
   Europe: Germany, Switzerland and United Kingdom
   Other: Australia

3. Overseas sales are sales to outside of Japan by the Company and consolidated subsidiaries.

4. Change of accounting policy
   Not applicable.

(Information per share)

	Fiscal 2006	Fiscal 2007
Net assets per share (Yen)	¥649.41	¥687.81
Net income per share, basic (Yen)	¥20.66	¥44.46
Net income per share, diluted (Yen)	¥20.66	¥44.44
Weighted average number of common shares outstanding during the year (thousands)	750,332	717,410
Weighted average number of additional dilutive common shares due to stock options (thousands)	96	396

(Subsequent Event)

・Fiscal 2007

In response to a take-over bid for the shares of Fuji Robin Industries Ltd. (a consolidated subsidiary) by Makita Corporation, the Company has tendered all the shares (7,525 thousand shares) of Fuji Robin owned by the Company. As a result, the Company expects a gain of ¥1,380 million (sale proceeds: ¥1,950 million) from the sale of the shares in Fiscal 2008. The sale is scheduled on May 15, 2007.

SUBARU

<Reference for FY2007 Consolidated Financial Results>

(APR 27, 2007)

Fuji Heavy Industries Ltd.

(in 100 millions of yen) (in thousands of units)	RESULTS FY2006 Apr.2005 to Mar.2006	RESULTS FY2007 Apr.2006 to Mar.2007		FORECAST FY2008 Apr.2007 to Mar.2008	
Net Sales	14,764	14,948	1.2 %	15,500	3.7 %
Domestic	6,041	5,762	(4.6) %	5,600	(2.8) %
Overseas	8,722	9,186	5.3 %	9,900	7.8 %
Margin Percentage	4.0%	3.2%		2.3%	
Operating income	583	479	(17.9) %	350	(26.9) %
Margin Percentage	3.2%	2.8%		1.9%	
Ordinary income	468	422	(9.7) %	300	(28.9) %
Margin Percentage	1.1%	2.1%		1.0%	
Net income	156	319	104.3 %	160	(49.8) %
Change of operating income by factors		**Gain factors**		**Gain factors**	
		Foreign exchange	138	Reduction in costs	53
		Reduction in costs	86	Improvement of sales volume & mixture	5
		Decrease of expenses and others	19		
		Loss factors		**Loss factors**	
		Deterioration of sales volume & mixture	309	Increase of expenses and others	108
		Increase in R&D expenses	38	Foreign exchange	56
				Increase in R&D expenses	23
Exchange rate YEN/US$	112	117		115	
Capital investment	562	596		600	
Depreciation and amortization	575	589		640	
R&D expenses	469	507		530	
Interest bearing debt	3,741	3,439		3,290	
Performance of operation		Net sales to increase Net income to increase Best net sales		Net sales to increase Net income to decrease Best net sales	
Domestic sales	230	227	(1.5) %	218	(3.9) %
Small Cars	98	81	(16.9) %	89	10.0 %
Minicars	132	146	9.9 %	129	(11.7) %
Overseas sales	341	351	2.9 %	366	4.2 %
North America	210	207	(1.6) %	215	4.1 %
Europe	65	71	10.3 %	80	11.5 %
Other	67	73	10.0 %	71	(2.8) %
Total sales	571	578	1.1 %	584	1.0 %

* Figures of Total Sales are the sum of retail sales units of the Japanese subsidiary dealers, wholesale units of the overseas subsidiary distributors, and wholesale units of FHI to other distributors/dealers.
* Exchange rate is the non-consolidated sales rate of FHI.