FY2011 Consolidated Financial Results
For the Year Ended March 31, 2011

May 10, 2011

Company Name	:	**Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
URL	:	http://www.fhi.co.jp/english/ir/
Representative	:	Ikuo Mori, President and CEO
Contact for Inquiries	:	Toshimasa Nakamura, General Manager of Administration Department Phone +81-3-3347-2005

Scheduled date of annual meeting of stockholders : June 24, 2011 Scheduled date for dividend payment : June 27, 2011
Scheduled date of submitting Securities Report : June 27, 2011
Annual earnings supplementary explanatory documents : Yes
Holding of annual financial results meeting : Yes(for investment analysts and institutional investors)

(All amounts have been rounded off to the nearest million yen, unless otherwise specified)

1. Performance in FY 2011 (April 1, 2010 to March 31, 2011)

(1) Consolidated Results of Operations

(In Japanese yen rounded to the nearest million, except for per share figures, percentage figures indicate the change from the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
FY2011	1,580,563	10.6%	84,135	207.6%	82,225	267.7%	50,326	—
FY2010	1,428,690	(1.2%)	27,350	—	22,361	—	(16,450)	—

Note: Comprehensive income FY2011: 34,900 million yen (—%) FY2010: (13,416) million yen(—%)

	Net income (loss) per share, basic (yen)	Net income per share, diluted (yen)	Return on equity	Ratio of ordinary income (loss) to total assets	Ratio of operating income (loss) to sales
FY2011	64.56	—	12.7%	6.8%	5.3%
FY2010	(21.11)	—	(4.2%)	1.9%	1.9%

Reference: Equity income from affiliates FY2011: 2,619 million yen FY2010: 1,070 million yen

(2) Consolidated Financial Position

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

	Total assets	Net assets	Shareholders' equity to total assets (%)	Net assets per share (yen)
FY2011	1,188,324	413,963	34.7%	528.88
FY2010	1,231,367	381,893	30.9%	488.58

Reference: Shareholders' equity FY2011: 412,661 million yen FY2010: 380,587 million yen

(3) Consolidated Cash Flows

	Net cash provided by operating activities	Net cash provided by investment activities	Net cash provided by financing activities	Cash & cash equivalents at end of period
FY2011	138,208	(51,109)	(39,408)	227,704
FY2010	176,734	(62,656)	(18,560)	191,466

2. Dividends

	Cash dividends per share (yen)			Amount of dividends paid (Annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	2nd Quarter	Year-end	Annual			
FY 2010	0.00	0.00	0.00	—	—	—
FY 2011	4.50	4.50	9.00	7,023	13.9%	1.8%
FY 2012 (Forecast)	—	—	—		—	

Note: The Company does not determine the payent of dividends of the 2nd Quarter and Year-end in FY2012(Forecast) at this time.

3. Projection of Consolidated Results for FY 2012 (April 1, 2011 to March 31, 2012)

The Company has decided to refrain from publishing the projection of Consolidated Result for FY2012. For the reason, please refer to "1. Operation Results, (1) Analysis of operating results, 2) Forecast for fiscal 2012", on page 3

4. Others

(1) Changes of Significant Subsidiaries in FY 2011 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)

(2) Changes in Accounting Policies, Procedures and Methods of Presentation for Preparing the Consolidated Financial Statements
[1] Changes due to revisions of accounting standards : Yes
[2] Changes due to other reasons : No

(3) Number of Outstanding Shares **(Common Stock)**

[1] Number of outstanding shares (including treasury stock)	FY2011 :	782,865,873 shares	FY2010 :	782,865,873 shares
[2] Number of treasury stock	FY2011 :	2,605,141 shares	FY2010 :	3,901,219 shares
[3] Average number of shares	FY2011 :	779,503,619 shares	FY2010 :	779,119,239 shares

(Reference) Non-consolidated Financial Results Highlights

Performance in the FY 2011 (April 1, 2010 to March 31, 2011)

(1) Non-consolidated Results of Operations

(In Japanese yen rounded to the nearest million, except for per share figures, percentage figures indicate the change from the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
FY 2011	1,075,923	13.0%	48,160	—	48,732	—	33,877	—
FY 2010	952,136	(1.8%)	(12,522)	—	(12,617)	—	(32,315)	—

	Net income(loss) per share, basic (yen)	Net income per share, diluted (yen)
FY 2011	43.44	—
FY 2010	(41.46)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets (%)	Net assets per share (yen)
FY 2011	910,646	386,790	42.5%	495.47
FY 2010	926,531	354,519	38.3%	454.88

Note: Shareholders' equity FY 2011 : 386,790 million yen FY 2010 : 354,519 million yen

*Indication of audit procedure implementation status
This earnings report is exempt from audit procedure based upon of the Financial Instruments and Exchange Act. It is under the audit procedure process at the time of disclosure of this report.

*Proper use of forecasts of business results (disclaimer), and other special information
1. The performance projections were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.
2. Interim and year-end dividends (forecasts) for FY2012 have not yet been set. They will be set after comprehensively taking into consideration various factors including earnings performance and the dividend payout ratio and will be promptly announced as soon as possible.

Index of the attachments

1. Operating Results ········ 2

(1) Analysis of Operating Results ········ 2
(2) Analysis of Financial Results ········ 3
(3) Basic Policy Regarding the Distribution of Profits ········ 4

2. Management Policies ········ 5

(1) Basic Management Policies ········ 5
(2) Issues that must be Addressed ········ 5

3. Consolidated Financial Statements ········ 6

(1) Consolidated Balance Sheets ········ 6
(2) Consolidated Statements of (Comprehensive) Income ········ 8
Consolidated Statements of Income ········ 8
Consolidated Statements of Comprehensive Income ········ 9
(3) Consolidated Statements of Changes in Net Assets ········ 10
(4) Consolidated Statements of Cash Flows ········ 12
(5) Notes on Premise of Going Concern ········ 14
(6) Change in the Basis for Preparation of Consolidated Financial Statements and significant Accounting Policies ········ 14
(7) Notes for Consolidated Financial Statements ········ 14
(Consolidated Balance Sheet) ········ 14
(Consolidated Statements of Income) ········ 15
(Consolidated Statements of Comprehensive Income) ········ 17
(Segment Information) ········ 18
(Additional Information) ········ 20
(Per Share Information) ········ 21
(Subsequent Event) ········ 21

4. Non-consolidated Financial Statements ········ 22

(1) Non-consolidated Balance Sheet ········ 22
(2) Non-consolidated Statements of Income ········ 24
(3) Non-consolidated Statements of Changes in Net Assets ········ 25

1. Operating Results

(1)Analysis of Operating Results

1)Operating Results for the Current Period under Review

The economic circumstances surrounding the FHI Group during the period under review gradually improved as a result of the increasing tone of exports amidst the turnaround of the economy in U.S. and continued economic growth in China, as well as the effect of the countermeasures to the recession implemented by governments around the world and similar factors even though there were negative factors such as the strong yen and others.

Under these conditions, in order to achieve the goals set forth in its mid-term management plan with certainty, the FHI Group, particularly for its main Automobile Division strove to expand sales and transform its organizational structure both in Japan and overseas. The period under review was the final year of the management plan, which started from April 2007 and has been proceeded for four years centered on the idea of “customers come first” as its core.

However, FHI is facing difficult conditions as the business environment has dramatically changed because of the enormous damage caused by the Great East Japan Earthquake that hit in March 2011.

FHI’s production and sales in March, especially for Automotive Division, were affected by the suspension of delivery of parts from devastated suppliers and electric power supply shortages due to the troubles at the Fukushima Dai-ichi Nuclear Power Plant and so on.

In spite of these unforeseen changes of the business environment, the FHI Group was able to record the following consolidated results for the period under review.

Net sales were up ¥151.9 billion (10.6%) over the previous fiscal year to ¥1,580.6 billion despite the foreign exchange loss from the strong yen, on account of growth in sales for the Automobile Division, which recorded healthy sales particularly in North America and China, and the Industrial Products Division, which saw sales of engines increase driven by a recovery in demand,.

In terms of the profit, operating income was up ¥56.8 billion (207.6%) over the previous fiscal year to ¥84.1 billion and ordinary income was up ¥59.9 billion (267.7%) over the previous fiscal year to ¥82.2 billion as the Automobile Division recorded increased sales and the group-wide cost reduction effort took effect. Additionally, net income was up ¥66.8 billion over the previous fiscal year to ¥50.3 billion even though an extraordinary loss of ¥7.4 billion due to the damage from the earthquake was recorded.

Results by Business Segment

(Automobile Division)

In Japan, during the first half of the current fiscal year, the product lineup was enhanced by the advanced driving assist system “EyeSight (ver. 2)” installed on the Legacy and introducing the Lucra and Pleo into its lineup of minicars. In addition to this, eco-car subsidies also supported sales. As a result, car sales during the first half of the current fiscal year were firm surpassing sales of the same period of previous fiscal year.

On the other hand, sales were deteriorated during the second half of the current fiscal year compared with the same period of the previous fiscal year. Although the product lineup was further strengthened by incorporating the “New-generation boxer engine” into the Forester and introducing the new-model compact car Trezia, sales were negatively impacted by both the end of the eco-car subsidies and the damage of the Great East Japan Earthquake.

As a result, sales of passenger cars were down 7 thousand (9.3%) units over the previous fiscal year to 68 thousand units and sales of minicars were also down 6 thousand (6.5%) units to 90 thousand units, therefore, the total sales in Japan were down 13 thousand (7.7%) units to 158 thousand units.

Overseas, car sales increased during the first half of the fiscal year boosted by firm sales of the Legacy in all regions, such as North America and China. Even though impacted by the damage from the earthquake, sales also rose during the second half of the fiscal year as the Legacy continued to drive sales overseas, particularly in North America.

As a result, overseas sales were up 107 thousand (27.4%) units over the previous fiscal year to 499 thousand units.

By region, sales in North America were up 57 thousand (22.9%) units over the previous fiscal year to 307 thousand units, sales in China were up 13 thousand (27.5%) units to 62 thousand units, sales in Europe including Russia were up 21 thousand (53.1%) units to 60 thousand units, sales in Australia were up 6 thousand (17.6%) units to 41 thousand units, and sales in other areas were up 10 thousand (52.1%) units to 29 thousand units.

As a result, total car sales for both Japan and overseas increased 94 thousand (16.7%) units over the previous fiscal year to 657 thousand units. The net sales for the overall Automobile Division were up ¥157.8 billion (12.2%) over the previous fiscal year to ¥1,452.2 billion, and segment income was up ¥58.7 billion (270.2%) over the previous fiscal year to ¥80.4 billion.

(Aerospace Division)

Sales of products to the Ministry of Defense declined from the previous fiscal year because of such as the end of contracts for prototyping of "Forward Field Observation System". On the other hand, sales of commercial sector increased from the previous fiscal year in spite of the foreign exchange loss due to the strong yen as sales for the Boeing 787 rose although the sales of Boeing 777 were declined.

As a result, overall net sales were down ¥10.4 billion (11.2%) over the previous fiscal year to ¥82.8 billion, and segment income was down ¥2.6 billion (53.1%) over the previous fiscal year to ¥2.3 billion.

(Industrial Products Division)

In Japan, engine sales, particularly for both civil engineering and construction and electric machinery, rose as demand continued to recover since the beginning of the year and market inventories bottomed out. Furthermore, overseas engine sales grew rapidly, particularly in North America, Europe (including Russia), and the Middle Eastern countries.

As a result, net sales were up ¥6.1 billion (25.7%) over the previous fiscal year to ¥30.1 billion, and segment loss was ¥0.1 billion, which was ¥2.4 billion less than for the previous fiscal year.

(Other Businesses)

Net sales were down ¥1.6 billion (9.5%) over the previous fiscal year to ¥15.5 billion because sanitation truck sales fell and delivery of large-scale wind-power generation systems declined as overall weak demand, and segment income was down ¥1.1 billion (42.9%) over the previous fiscal year to ¥1.5 billion.

Note: "Segment income" and "Segment loss" in section [Results by Business Segment] correspond to "Operating income" and "Operating loss", respectively, which were used until last fiscal year.

2) Forecast for the Fiscal 2012

Consolidated performance projection for the fiscal 2012 has not yet been set since the impact of the Great East Japan Earthquake in March of this year is uncertain at this stage.

FHI will announce its forecasts as soon as they are available.

(2)Analysis of Financial Results

1) Assets, Liabilities, and Net Assets

Total assets were down ¥43.0 billion over the previous fiscal year to ¥1,188.3 billion. This was mainly because inventories fell ¥30.2 billion and notes and accounts receivable-trade declined ¥26.7 billion since production and sales decreased in March by the impact of the earthquake.

Liabilities were down ¥75.1 billion over the previous fiscal year to ¥774.4 billion. This was mainly the result of redemption of ¥20.0 billion in bonds payable and a decline of ¥40.2 billion in notes and accounts payable-trade due to a fall off in purchases in March on account of the earthquake.

Net assets were up ¥32.1 billion over the previous fiscal year to ¥414.0 billion. This was mainly because retained earnings raised ¥46.8 billion as the net income for the current period was recorded.

2) Cash Flow

Cash and cash equivalents (hereinafter "Cash") at the end of the period under review totaled ¥227.7 billion.

(Net cash provided by operating activities)

Net cash provided by operating activities was ¥138.2 billion (compared with ¥176.7 billion provided by operating activities in the previous fiscal year). This was mainly because ¥63.2 billion was posted in income before income taxes and minority interests, notes and accounts receivable-trade declined ¥25.2 billion, and inventories fell ¥18.7 billion.

(Net cash used in investment activities)

Net cash used in investment activities was ¥51.1 billion (compared with ¥62.7 billion used in investment activities in the previous fiscal year). This was mainly due to ¥42.8 billion used for the purchase of property, plant and equipment (net basis against proceeds from sales of property, plant and equipment).

(Net cash used in financing activities)

Net cash used in financing activities was ¥39.4 billion (compared with ¥18.6 billion used in financing activities in the previous fiscal year). This was mainly due to ¥20.0 billion used for the redemption of bonds and ¥43.0 billion net decrease in short-term loans payable, despite ¥28.1 billion in proceeds from long-term loans payable (net basis against repayment of long-term loans payable).

(3)Basic Policy Regarding the Distribution of Profits

FHI views the return of profits to shareholders as an important issue for management and follows a basic policy of maintaining stable long-term dividends while comprehensively taking into consideration factors including earnings performance and its dividend payout ratio. While efforts are made to improve its financial position, retained earnings are allocated to making investments for future growth and development, including strengthening the system for developing, manufacturing, and selling distinctive products.

FHI plans to pay, as initially projected, a year-end dividend of ¥4.50 per share which combined with the interim dividend of ¥4.50 amounts to ¥9.0 per share for the full fiscal year. Dividend forecasts for the fiscal 2012 have not been set since the impact of the Great East Japan Earthquake that hit in March of this year has not yet been ascertained. Forecasts will be released as soon as it is available.

2. Management Policies

(1)Basic Management Policies

FHI has adopted the following corporate philosophy:

1)We will strive to create advanced technology on an ongoing basis and provide consumers with distinctive products with the highest level of quality and customer satisfaction.

2)We will aim to continuously promote harmony between people, society and the environment while contributing to the prosperity of society.

3)We will look to the future with a global perspective and aim to foster a vibrant, progressive company.

Based on this corporate philosophy and with a vision of becoming a "compelling company with strong market presence", FHI will continue to strive to construct a highly profitable corporate structure and raise corporate value. In its various business fields, particularly automobiles, FHI is working to develop along with society by providing high-quality, distinctive products that only Subaru and FHI can provide, and to become one that meets the needs of and is trusted by all stakeholders, including shareholders and customers.

(2)Issues that must be addressed

FHI was able to achieve the ultimate goal given in the four-year mid-term management plan of recording ¥80.0 billion in operating income. The goal was set assuming an exchange rate of ¥110/US$, but FHI achieved it in a harsh earnings environment where the actual exchange rate was almost ¥24 appreciated than expected, which means income actually improved more than ¥100.0 billion. We view this as a proof that the strategy adopted, namely providing a distinctive Subaru experience for drivers and passengers, centered on the idea "customers come first", as its core and focusing on the important markets of the U.S. and China, was on the correct direction.

We originally expected to announce our new mid-term management plan and launch efforts based on the plan in order to expand on these results. However, the Great East Japan Earthquake that hit in March has had a major impact on business, and we have postponed releasing the new mid-term management plan since we are not sure how the situation will develop.

Even so, FHI has launched a new brand strategy as one part of the new mid-term management plan.

In November 2010, we established the new brand statement "Confidence in Motion", which embodies our ideas on and the direction of the Subaru brand. "Confidence" refers to the "Reliable car manufacturing" that FHI has been providing, which has made it possible to build trust worth relationship with our customers. "In Motion" refers to our innovative actions and desire to aggressively meet the expectation of customers by reading the trends of the time.

FHI will once again identify "Peace of mind and enjoyment" as the values that characterize Subaru and work to expand Subaru's fan base with the goal of achieving further growth of the Subaru brand and FHI.

The new-model Impreza for the U.S. market that was unveiled in April 2011 embodies this new brand strategy.

We are aware that in order to strengthen these efforts the highest priority issue is to recover from the earthquake as quickly as possible, and the whole FHI Group will spare no effort to do so.

First we will regain the footing we had before the earthquake, and then redevelop a future growth strategy and announce a new mid-term management plan.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	FY2010 (as of March 31, 2010)	FY2011 (as of March 31, 2011)
ASSETS		
I Current assets		
Cash and deposits	168,643	211,700
Notes and accounts receivable-trade	103,521	76,810
Lease investment assets	27,788	23,050
Short-term investment securities	12,458	21,063
Merchandise and finished goods	101,351	72,871
Work in process	59,596	56,567
Raw materials and supplies	35,672	36,974
Deferred tax assets	15,549	13,754
Short-term loans receivable	75,780	59,986
Other	40,216	39,396
Allowance for doubtful accounts	(1,686)	(1,851)
Total current assets	**638,888**	**610,320**
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	125,086	118,267
Machinery, equipment and vehicles, net	87,411	81,261
Land	179,512	177,697
Vehicles and equipment on operating leases, net	18,394	11,751
Construction in progress	12,672	21,391
Other, net	26,452	20,475
Total property, plant and equipment	**449,527**	**430,842**
2. Intangible assets		
Other	11,999	12,040
Total intangible assets	**11,999**	**12,040**
3. Investments and other assets		
Investment securities	67,783	68,052
Deferred tax assets	5,742	1,812
Other	62,602	69,269
Allowance for investment loss	(25)	—
Allowance for doubtful accounts	(5,149)	(4,011)
Total investments and other assets	**130,953**	**135,122**
Total noncurrent assets	**592,479**	**578,004**
Total assets	**1,231,367**	**1,188,324**

(Millions of yen)

	FY2010 (as of March 31, 2010)	FY2011 (as of March 31, 2011)
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	217,051	176,895
Short-term loans payable	142,121	99,072
Current portion of long-term loans payable	13,912	20,902
Current portion of bonds	20,010	20,010
Income taxes payable	2,873	2,089
Accrued expenses	56,244	60,876
Provision for bonuses	15,348	16,322
Provision for product warranties	19,999	27,172
Provision for loss on construction contracts	1,399	4,681
Other	66,104	52,684
Total current liabilities	**555,061**	**480,703**
II Noncurrent liabilities		
Bonds payable	44,090	24,080
Long-term loans payable	147,479	166,562
Deferred tax liabilities	13,541	14,002
Provision for retirement benefits	34,867	33,707
Provision for directors' retirement benefits	685	561
Other	53,751	54,746
Total noncurrent liabilities	**294,413**	**293,658**
Total liabilities	**849,474**	**774,361**
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	110,172	156,948
Treasury stock	(2,173)	(1,381)
Total shareholders' equity	**421,865**	**469,433**
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	10,309	11,567
Foreign currency translation adjustment	(51,587)	(68,339)
Total accumulated other comprehensive income	**(41,278)**	**(56,772)**
Minority interests	1,306	1,302
Total net assets	**381,893**	**413,963**
Total liabilities and net assets	**1,231,367**	**1,188,324**

(2) Consolidated Statements of (Comprehensive) Income

Consolidated Statements of Income

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010	FY2011 (April 1, 2010 to March 31, 2011
I Net sales	1,428,690	1,580,563
II Cost of sales	1,152,763	1,241,427
Gross profit	275,927	339,136
III Selling, general and administrative expenses	248,577	255,001
Operating income (loss)	**27,350**	**84,135**
IV Non-operating income		
Interest income	964	1,094
Dividends income	755	851
Equity in earnings of affiliates	1,070	2,619
Real estate rent	573	558
Foreign exchange gains	98	—
Gain on valuation of derivatives	11	573
Other	1,081	1,684
Total non-operating income	4,552	7,379
V Non-operating expenses		
Interest expenses	4,947	4,522
Foreign exchange losses	—	1,010
Loss on valuation of derivatives	176	—
Depreciation	1,289	1,162
Other	3,129	2,595
Total non-operating expenses	9,541	9,289
Ordinary income (loss)	**22,361**	**82,225**
VI Extraordinary income		
Gain on sales of noncurrent assets	357	886
Gain on sales of investment securities	202	651
Reversal of allowance for doubtful accounts	283	412
Gain on sale of loans receivable	294	881
Other	57	12
Total extraordinary income	1,193	2,842
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,357	1,548
Impairment loss	17,906	1,457
Loss on disaster	—	7,352
Loss on sales of investment securities	182	191
Loss on valuation of investment securities	520	415
Loss on prior periods adjustment	—	6,110
Loss on abandonment of inventories	1,191	—
Loss on adjustment for changes of accounting standard for asset retirement obligation	—	372
Loss on reconstruction of office building	—	657
Other	841	3,751
Total extraordinary losses	23,997	21,853
Income (loss) before income taxes and minority interests	(443)	63,214
Income taxes-current	10,504	8,735
Income taxes-deferred	5,629	4,064
Total Income taxes	16,133	12,799
Income before minority interests	—	50,415
Minority interests in income (loss)	(126)	89
Net income (loss)	**(16,450)**	**50,326**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010	FY2011 (April 1, 2010 to March 31, 2011
Income (loss) before minority interests	—	50,415
Other comprehensive income		
Valuation difference on available-for-sale securities	—	1,254
Foreign currency translation adjustment	—	(16,397)
Share of other comprehensive income of associates accounted for using equity method	—	(372)
Total other comprehensive income	—	(15,515)
Comprehensive income	—	**34,900**
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	—	34,832
Comprehensive income attributable to minority interests	—	68

(3) Consolidated Statement of Changes in Net Assets

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010)	FY2011 (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	153,795	153,795
Balance at the end of current period	153,795	153,795
Capital surplus		
Balance at the end of previous period	160,071	160,071
Balance at the end of current period	160,071	160,071
Retained earnings		
Balance at the end of previous period	126,593	110,172
Changes of items during the period		
Dividends from surplus	—	(3,510)
Net income (loss)	(16,450)	50,326
Disposal of treasury stock	(3)	(109)
Other	32	69
Total changes of items during the period	(16,421)	46,776
Balance at the end of current period	110,172	156,948
Treasury stock		
Balance at the end of previous period	(2,086)	(2,173)
Changes of items during the period		
Purchase of treasury stock	(93)	(30)
Disposal of treasury stock	6	822
Total changes of items during the period	(87)	792
Balance at the end of current period	(2,173)	(1,381)
Total shareholders' equity		
Balance at the end of previous period	438,373	421,865
Changes of items during the period		
Dividends from surplus	—	(3,510)
Net income (loss)	(16,450)	50,326
Purchase of treasury stock	(93)	(30)
Disposal of treasury stock	3	713
Other	32	69
Total changes of items during the period	(16,508)	47,568
Balance at the end of current period	421,865	469,433

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010)	FY2011 (April 1, 2010 to March 31, 2011)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	3,002	10,309
Changes of items during the period		
Net changes of items other than shareholders' equity	7,307	1,258
Total changes of items during the period	7,307	1,258
Balance at the end of current period	10,309	11,567
Foreign currency translation adjustment		
Balance at the end of previous period	(47,429)	(51,587)
Changes of items during the period		
Net changes of items other than shareholders' equity	(4,158)	(16,752)
Total changes of items during the period	(4,158)	(16,752)
Balance at the end of current period	(51,587)	(68,339)
Total accumulated other comprehensive income		
Balance at the end of previous period	(44,427)	(41,278)
Changes of items during the period		
Net changes of items other than shareholders' equity	3,149	(15,494)
Total changes of items during the period	3,149	(15,494)
Balance at the end of current period	(41,278)	(56,772)
Minority interests		
Balance at the end of previous period	773	1,306
Changes of items during the period		
Net changes of items other than shareholders' equity	533	(4)
Total changes of items during the period	533	(4)
Balance at the end of current period	1,306	1,302
Total net assets		
Balance at the end of previous period	394,719	381,893
Changes of items during the period		
Dividends from surplus	—	(3,510)
Net income (loss)	(16,450)	50,326
Purchase of treasury stock	(93)	(30)
Disposal of treasury stock	3	713
Other	32	69
Net changes of items other than shareholders' equity	3,682	(15,498)
Total changes of items during the period	(12,826)	32,070
Balance at the end of current period	381,893	413,963

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010)	FY2011 (April 1, 2010 to March 31, 2011)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(443)	63,214
Depreciation and amortization	65,785	56,062
Impairment loss	17,906	1,457
Increase (decrease) in allowance for doubtful accounts	(630)	(972)
Increase (decrease) in provision for bonuses	1,168	974
Increase (decrease) in provision for product warranties	1,708	8,618
Increase (decrease) in provision for loss on construction contracts	639	3,282
Increase (decrease) in provision for retirement benefits	(2,292)	(1,284)
Interest and dividends income	(1,719)	(1,945)
Interest expenses	4,947	4,522
Loss (gain) on valuation of derivatives	165	(573)
Equity in (earnings) losses of affiliates	(1,070)	(2,619)
Loss (gain) on sales and retirement of noncurrent assets	3,000	662
Loss (gain) on sales and valuation of investment securities	500	(45)
Decrease (increase) in notes and accounts receivable-trade	(18,305)	25,208
Decrease (increase) in inventories	56,491	18,677
Increase (decrease) in notes and accounts payable-trade	67,557	(37,633)
Decrease (increase) in lease investment assets	(575)	4,447
Decrease (increase) in operating loans receivable	(12,154)	1,465
Decrease (increase) in vehicles and equipment on operating leases	(2,867)	2,750
Increase (decrease) in deposits received	3,293	(7,906)
Other, net	3,155	12,544
Subtotal	186,259	150,905
Interest and dividends income received	1,722	1,967
Interest expenses paid	(5,203)	(4,592)
Income taxes paid	(6,044)	(10,072)
Net cash provided by (used in) operating activities	176,734	138,208
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(703)	(4,237)
Proceeds from sales of short-term investment securities	1,055	4,460
Purchase of property, plant and equipment	(53,087)	(44,729)
Proceeds from sales of property, plant and equipment	2,390	1,880
Purchase of intangible assets	(2,894)	(3,078)
Purchase of investment securities	(15,050)	(20,719)
Proceeds from sales of investment securities	6,386	16,722
Payments of loans receivable	(59,057)	(84,517)
Collection of loans receivable	58,721	84,848
Other, net	(417)	(1,739)
Net cash provided by (used in) investing activities	(62,656)	(51,109)

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010)	FY2011 (April 1, 2010 to March 31, 2011)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(81,922)	(43,034)
Increase (decrease) in commercial papers	(24,000)	—
Proceeds from long-term loans payable	110,472	68,828
Repayments of long-term loans payable	(26,118)	(40,721)
Proceeds from issuance of bonds	4,100	—
Redemption of bonds	—	(20,010)
Cash dividends paid	—	(3,498)
Repayments of lease obligations	(960)	(1,302)
Other, net	(132)	329
Net cash provided by (used in) financing activities	(18,560)	(39,408)
IV Effect of exchange rate change on cash and cash equivalents	(816)	(11,453)
V Net increase (decrease) in cash and cash equivalents	94,702	36,238
VI Cash and cash equivalents at beginning of period	96,515	191,466
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	249	—
VIII Cash and cash equivalents at end of period	191,466	227,704

(5) Notes on Premise of Going Concern
Not Applicable

(6) Change in the Basis for Preparation of Consolidated Financial Statements and Significant Accounting Policies

[Changes in accounting policies]

Application of accounting standard for Asset Retirement Obligations

From the fiscal year 2011, the Company has adopted Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, March 31, 2008) and its Implementation Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008).

This impact of this adoption on profit and loss was insignificant.

Application of accounting standard for Business Combinations and others

From the fiscal year 2011, the Company has adopted Accounting Standard for Business Combinations (ASBJ Statement No.21, December 26, 2008), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, December 26, 2008), Partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23, December 26, 2008), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, December 26, 2008).

[Changes in Presentation of Financial Statements]

(Consolidated Statements of Income)

On the basis of "Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26, 2008)", the Company has adopted "Cabinet Office Ordinance Parcially Revising Regulation on Terminology, Forms and Presentation of Financial Statements (Cabinet Office Ordinance No.5, March 24, 2009)". Therefore "Income before minority interests" is included in the Consolidated Statements of income for the fiscal year 2011.

[**Additional information**]

(Presentation of copmprehensive income)

From the fiscal 2011, the Company has adopted "Accounting Standard for Presentation of Comprehensive Income" (ASBJ Statement No.25, June 30, 2010). The amounts of "accumulated other comprehensive income" and "total accumulated other comprehensive income" of the previous fiscal year states in the amounts of "valuation and translasion adjustments" and "total valuation and translation adjustments".

(7) Notes for Consolidated Financial Statements

(Consolidated Balance Sheets)

FY 2010	FY 2011
Accumulated depreciation on property, plant and equipment 757,134 million yen	Accumulated depreciation on property, plant and equipment 765,211 million yen

(Consolidated Statements of income)

FY 2010	FY 2011
1.Research and development cost included in general and administrative expenses and cost of sales 37,175 million yen 2. Extraordinary income and losses (1) Impairment loss The Company recorded impairment losses with regard to the following asset groups. Use / Location / Category: Production facility / Saitama Prefecture and Gunma Prefecture / Buildings and structures, Machinery, equipment and vehicles, land and other Assets for dealership business / Tokyo, Gifu Prefecture and 7 other location / Buildings and structures, land and other Idle assets / Osaka Prefecture, Chiba Prefecture and 11 other location / Buildings and structures, land and other The assets on which impairment was recognized are grouped as follows: The production facilities are grouped by each business line, The operating assets for dealership are grouped by each company, and the idle assets are grouped on a property-by-property basis. The impairment loss by each category of property, plant and equipment was as follows: Account / Amount: Buildings and structures / 4,700 million yen Machinery, equipment and vehicles / 3,694 million yen Land / 9,435 million yen Other / 77 million yen Total / 17,906 million yen	1.Research and development cost included in general and administrative expenses and cost of sales 42,907 million yen 2. Extraordinary income and losses (1) Impairment loss The Company recorded impairment losses with regard to the following asset groups. Use / Location / Category: Idle assets, etc. / Tokyo Prefecture, Aichi Prefecture and 14 other locations / Buildings and structures, land and other The idle assets, etc. are grouped on a property-by-property basis. The impairment loss by each category of property, plant and equipment was as follows: Account / Amount: Buildings and structures / 215 million yen Land / 1,209 million yen Other / 33 million yen Total / 1,457 million yen

<table>
<tr><th>FY 2010</th><th>FY 2011</th></tr>
<tr><td>(2)

Not Applicable</td><td>(2) Loss on diaster
The loss was caused by Great East Japan Earthquake. The main contents are as follows;

<table><tr><td>Fixed overhead by temporary suspension of production, etc</td><td>4,669 million yen</td></tr><tr><td>Cost to restore damaged facilities</td><td>966 million yen</td></tr><tr><td>Loss on the damage of inventory and fixed assets</td><td>883 million yen</td></tr><tr><td>Bad debts expenses for suppliers, etc.</td><td>313 million yen</td></tr><tr><td>Other</td><td>521 million yen</td></tr><tr><td>Total</td><td>7,352 million yen</td></tr></table></td></tr>
<tr><td>(3)

Not Applicable</td><td>(3) Loss on prior periods adjustment
The main contents are as follows. The adjustment of provision for product warranties in prior years was recognised with the review of product warranty cost.

<table><tr><td>The adjustment of provision for product warranties in prior years</td><td>4,763 million yen</td></tr><tr><td>The adjustment of cost of sales in prior years</td><td>1,347 million yen</td></tr><tr><td>Total</td><td>6,110 million yen</td></tr></table></td></tr>
<tr><td>(4) Loss on abandonment of inventories

The Company conducted a business field review in the industrial products segment in fiscal 2010. As a result, the Company abandoned obsolete inventories and recorded an extraordinary loss of 1,191 million yen in fiscal 2010.</td><td>(4)

Not Applicable</td></tr>
<tr><td>(5) Loss on sales and retirement of noncurrent assets and other

After assessing the severe business environment for domestic distributors, such as the sluggish automobile market caused by a business slowdown, and the response to sophisticated and diversified customer needs, we have determined that it was necessary to quickly implement regional business activities while simultaneously establishing a rational management system. Therefore, the transition from Subaru distributors to the integrated system was performed sequentially from October, 2008. As a part of the rationalization,the Company is performing a gradual restructuring of the dealership network in Japan. Furthermore, regarding dealerships that the Company had closed (or, had decided to close) by the end of fiscal 2010, it recorded an extraordinary loss in the fiscal year under review as follows:</td><td>(5)

Not Applicable</td></tr>
</table>

FY 2010	FY 2011
Loss on sales and retirement of noncurrent assets 902 million yen Impairment loss 3,639 million yen Other 815 million yen Total 5,356 million yen	
(6) Not Applicable	(6) Loss on reconstruction of office building In relation to the reconstruction of Ebisu Subaru Building, following extraordinary losses are recorded. Estimation of dismantlement cost 334 million yen Temporay depreciation cost 323 million yen Total 657 million yen
(7) Not Applicable	(7) Extraordinary loss - Other The Company is going to terminate the production of minicar in FY2012. Extraordinary loss- Other includes 2,422 million yen, the cost of retirement and dismantlement, etc. of facilities related to the termination.
(8) Income taxes For companies that recorded a net loss before income taxes and minority interests in fiscal 2010, a reduction of income tax expenses via a valuation allowance were not applied. As a result, "Total income taxes" was larger than "Loss before income taxes and minority interests" for the period under review.	(8) Not Applicable

(Consolidated Statements of Comprehensive Income)

FY2011 (April 1, 2010 to March 31, 2011)

1. Comprehensive income for FY2010(April 1, 2009 to March 31, 2010)

Comprehensive income attributable to parent company	(13,301) million yen
Comprehensive income attributable to minority interests	(115) million yen
Total	(13,416) million yen

2. Other comprehensive income for FY2010(April 1, 2009 to March 31, 2010)

Valuation difference on available-for-sale securities	7,314 million yen
Foreign currency translation adjustment	(4,163) million yen
Share of other comprehensive income of associates accounted for using equity method	9 million yen
Total	3,160 million yen

(Segment Information)

(1) Business Segment Information

FY 2010 (April 1, 2009 to March 31, 2010) (Millions of yen)

	Automobiles	Aerospace	Industrial products	Other	Total	Elimination and corporate	Consolidated total
I Sales and operating income							
Net sales							
(1) Outside customers	1,294,451	93,216	23,913	17,110	1,428,690	—	1,428,690
(2) Inter-segment	2,304	—	63	12,678	15,045	(15,045)	—
Total sales	1,296,755	93,216	23,976	29,788	1,443,735	(15,045)	1,428,690
Operating cost and expense	1,275,039	88,404	26,413	27,228	1,417,084	(15,744)	1,401,340
Operating income (loss)	21,716	4,812	(2,437)	2,560	26,651	699	27,350
II Assets, depreciation expense, impairment loss, and capital expenditure							
Assets	989,462	166,492	31,591	77,895	1,265,440	(34,073)	1,231,367
Depreciation expense	59,155	3,709	1,228	1,693	65,785	—	65,785
Impairment loss	7,389	—	10,517	—	17,906	—	17,906
Capital expenditure	84,085	1,347	433	3,212	89,077	—	89,077

Notes: 1.Definition of business segments: Business segments are defined based on product line and market.

2.Main products each business segment:

Business segment	Main products
Automobiles	LEGACY, IMPREZA, FORESTER, EXIGA, TRIBECA, STELLA, R1, R2, PLEO, SAMBER
Aerospace	Aircraft, parts of space-related devices
Industrial products	Robin engines, power generators, pumps
Other	Garbage collection vehicles, specialized vehicles, real estate lease

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

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

(2) Geographic Segment Information

FY 2010 (April 1, 2009 to March 31, 2010) (Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated total
I Sales and operating income						
Net sales						
(1) Outside customers	815,812	577,409	35,469	1,428,690	—	1,428,690
(2) Inter-segment	293,948	2,232	557	296,737	(296,737)	—
Total sales	1,109,760	579,641	36,026	1,725,427	(296,737)	1,428,690
Operating cost and expense	1,107,916	547,584	35,931	1,691,431	(290,091)	1,401,340
Operating income (loss)	1,844	32,057	95	33,996	(6,646)	27,350
II Assets	910,841	338,721	18,518	1,268,080	(36,713)	1,231,367

Notes: 1. Geographic areas are based on geographical proximity.
2. Principal countries or districts 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 are no corporate asset included in Corporate and elimination.

(3) Overseas Net Sales

FY 2010 (April 1, 2009 to March 31, 2010) (Millions of yen)

	North America	Europe	Asia	Other	Total
Overseas net sales	622,126	84,474	101,470	99,784	907,854
Consolidated net sales					1,428,690
Overseas net sales as a percentage of consolidated net sales	43.5%	5.9%	7.1%	7.0%	63.5%

Notes: 1. Geographic areas are based on geographical proximity.
2. Principal countries or districts in each geographic area:
North America: United States and Canada
Europe: Germany, Switzerland, United Kingdom and Russia
Asia: China
Other: Australia
3. Overseas sales are sales outside of Japan by the Company and consolidated subsidiaries.

(Additional Information)

From the fiscal 2011, the Company has adopted "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009) and Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, March 21, 2008).

1.Outline of business segment

The business segments the Company reports are the business units for which the Company is able to obtain respective financial information separately in order for the Board of Directors to conduct periodic investigation to determine distribution of management resources and evaluate their business result.

The Company places Automobile at the center of the whole businesses, and introduces an internal company system into Aerospace, Industrial Products and Eco technology divisions. This framework makes clearer the responsibility of each division and accelerates business execution. The Company manages the subsidiaries on the basis of this classification. Therefore the business segments consist of Automobile, Aerospace, Industrial products, Eco technology, and Other which does not belong to any division.

As for Eco technology division, the Company includes it into "Other" because it does not satisfy the quantitative standard for the business segments reported. As a result, business segments reported are Automobile, Aerospace, and Industrial products.

Automobile segment manufactures and sells vehicles and related products. Aerospace segment manufactures aircrafts, parts of space-related devices. Industrial products segment manufactures and sells Robin engines and related products.

2.Method of calculating sales and income(loss), identifiable assets, and other items by business segment reported

Accounting method for business segment reported is almost the same as the accounting method to prepare for consolidated financial statements.

Segment income(loss) by business segment reported are calculated based on operating income.

Net sales - Inter-segment are calculated based on current market prices.

3.Information on sales and income(loss), identifiable assets, and other items by business segment reported

FY 2011 (April 1, 2010 to March 31, 2011) (Unit: Millions of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub-Total				
I . Net sales								
(1) Outside customers	1,452,207	82,817	30,061	1,565,085	15,478	1,580,563	—	1,580,563
(2) Inter-segment	2,520	—	39	2,559	13,207	15,766	(15,766)	—
Total sales	1,454,727	82,817	30,100	1,567,644	28,685	1,596,329	(15,766)	1,580,563
Segment income (loss)	80,387	2,256	(52)	82,591	1,463	84,054	81	84,135
Identifiable assets by business segment	944,046	162,704	41,515	1,148,265	71,562	1,219,827	(31,503)	1,188,324
II. Other items								
Depreciation	51,004	2,380	660	54,044	2,018	56,062	—	56,062
Investment to equity-method affiliates	4,849	230	890	5,969	394	6,363	—	6,363
Increase of property, plant and equipment and intangible assets	64,591	1,918	215	66,724	654	67,378	—	67,378

Note: *1. Other means the category which is not included into any business segment reported. It consists of garbage collection vehicles, specialized vehicles, real estate lease, etc.

*2. Adjustment of segment income (loss) refers to elimination of intersegment transaction.

*3 Segment income (loss) is adjusted on operating income on the consolidated statements of income.

(Per Share Information)

	FY 2010	FY 2011
Net assets per share (yen)	488.58	528.88
Net income (loss) per share, basic (yen)	(21.11)	64.56
Net income per share, diluted (yen)	Not given as the Company reports a net loss per share although there are some latent shares.	Not given as the Company has no potential shares with dilution effect.

(Subsequent Event)

(Sellout of noncurrent asset)

FHI resolved, at the representative meeting of the Board of Directors held on August 30, 2010, to sell Shinjuku Subaru Building(building and land) co-owned by FHI and Subaru Kosan Co., Ltd., wholly owned subsidiary of FHI, to Odakyu Electric Railway Co., Ltd. and entered into the sales agreement for the pourpose of reorganizing and enhancing its function of headquarter and utilizing its assets effectively.

The transfer of ownership of Shinjuku Subaru Building was completed on April 28, 2011.

FHI is planning to recognise 25 billion yen of gain on sales of noncurrent assets as extraordinary gain in FY2012

4. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheets

(Millions of yen)

	FY2010 (as of March 31, 2010)	FY2011 (as of March 31, 2011)
ASSETS		
I Current assets		
Cash and deposits	70,961	130,593
Notes receivable-trade	1,045	988
Accounts receivable-trade	130,434	88,323
Merchandise and finished goods	28,968	13,747
Work in process	55,989	53,284
Raw materials and supplies	27,252	24,487
Advance payments-trade	1,307	1,224
Prepaid expenses	1,374	1,369
Short-term loans receivable from subsidiaries and affiliates	141,898	121,341
Current portion of long-term loans receivable from subsidiaries and affiliates	2,000	2,000
Accounts receivable-other	18,700	15,390
Consumption taxes receivable	4,323	3,619
Other	4,644	5,664
Allowance for doubtful accounts	(12,630)	(10,279)
Total current assets	**476,265**	**451,750**
II Noncurrent assets		
1. Property, plant and equipment		
Buildings, net	53,991	51,054
Structures, net	6,161	5,654
Machinery and equipment, net	53,824	52,334
Aircraft, net	2	2
Vehicles, net	1,163	1,111
Tools, furniture and fixtures, net	4,128	3,617
Land	82,881	81,574
Lease assets, net	766	699
Construction in progress	9,935	17,732
Total property, plant and equipment	**212,851**	**213,777**
2. Intangible assets		
Patent right	48	33
Leasehold right	11	11
Right of trademark	3	2
Software	5,320	6,199
Other	1,864	651
Total intangible assets	**7,246**	**6,896**
3. Investments and other assets		
Investment securities	35,017	36,844
Stocks of subsidiaries and affiliates	142,955	143,340
Investments in capital	9	9
Investments in capital of subsidiaries and affiliates	2,022	2,022
Long-term loans receivable	5	5
Long-term loans receivable from employees	53	41
Long-term loans receivable from subsidiaries and affiliates	25,330	25,330
Claims provable in bankruptcy, claims provable in rehabilitation and other	3,776	2,764
Long-term prepaid expenses	1,423	1,035
Long-term accounts receivable-other	24,290	23,956
Other	1,688	7,412
Allowance for investment loss	(313)	—
Allowance for doubtful accounts	(6,086)	(4,535)
Total investments and other assets	**230,169**	**238,223**
Total noncurrent assets	**450,266**	**458,896**
Total assets	**926,531**	**910,646**

(Millions of yen)

	FY2010 (as of March 31, 2010)	FY2011 (as of March 31, 2011)
LIABILITIES		
I Current liabilities		
Notes payable-trade	2,511	2,113
Accounts payable-trade	203,951	160,856
Short-term loans payable	82,350	35,300
Current portion of long-term loans payable	9,188	16,590
Current portion of bonds	20,000	20,000
Lease obligations	1,117	427
Accounts payable-other	17,156	12,182
Accrued expenses	23,202	29,060
Income taxes payable	487	604
Advances received	5,566	6,432
Deposits received	992	832
Unearned revenue	207	208
Provision for bonuses	9,875	10,685
Provision for product warranties	5,661	11,232
Provision for loss on construction contracts	1,399	4,681
Asset retirement obligations	—	2
Other	2,829	2,146
Total current liabilities	**386,491**	**313,350**
II Noncurrent liabilities		
Bonds payable	44,000	24,000
Long-term loans payable	105,391	150,801
Lease obligations	498	561
Deferred tax liabilities	7,057	7,888
Provision for retirement benefits	17,493	17,230
Long-term accounts payable-other	9,939	8,671
Asset retirement obligations	—	133
Other	1,143	1,222
Total noncurrent liabilities	**185,521**	**210,506**
Total liabilities	**572,012**	**523,856**
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus		
Legal capital surplus	160,071	160,071
Total capital surpluses	160,071	160,071
Retained earnings		
Legal retained earnings	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land	749	749
General reserve	85,335	85,335
Retained earnings brought forward	(60,812)	(30,554)
Total retained earnings	33,173	63,431
Treasury stock	(2,138)	(1,346)
Total shareholders' equity	**344,901**	**375,951**
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	9,618	10,839
Total valuation and translation adjustments	**9,618**	**10,839**
Total net assets	**354,519**	**386,790**
Total liabilities and net assets	**926,531**	**910,646**

(2) Non-consolidated Statements of Income

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010)	FY2011 (April 1, 2010 to March 31, 2011)
I Net sales	952,136	1,075,923
II Cost of sales	845,342	899,290
Gross profit	106,794	176,633
III Selling, general and administrative expenses	119,316	128,473
Operating income (loss)	**(12,522)**	**48,160**
IV Non-operating income		
Interest income	1,300	1,483
Interest on securities	19	42
Dividends income	1,518	1,882
Real estate rent	2,838	2,970
Foreign exchange gains	239	—
Other	2,060	2,141
Total non-operating income	7,974	8,518
V Non-operating expenses		
Interest expenses	2,644	2,580
Interest on bonds	847	758
Depreciation	1,275	1,140
Foreign exchange losses	—	1,251
Other	3,303	2,217
Total non-operating expenses	8,069	7,946
Ordinary income (loss)	**(12,617)**	**48,732**
VI Extraordinary income		
Gain on sales of noncurrent assets	217	647
Gain on sales of investment securities	0	—
Reversal of allowance for doubtful accounts	1,335	2,681
Other	57	455
Total extraordinary income	1,609	3,783
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,778	1,040
Impairment loss	14,385	1,191
Loss on disaster	—	5,751
Loss on valuation of investment securities	541	623
Provision of allowance for doubtful accounts	3,194	—
Provision of allowance for investment loss	54	—
Loss on prior periods adjustment	—	6,110
Loss on abandonment of inventories	1,191	—
Other	1	4,011
Total extraordinary losses	21,144	18,726
Income (loss) before income taxes	(32,152)	33,789
Income taxes-current	163	(88)
Total income taxes	163	(88)
Net income (loss)	**(32,315)**	**33,877**

(3) Non-consolidated Statement of Changes in Net Assets

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010)	FY2011 (April 1, 2010 to March 31, 2011)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	153,795	153,795
Balance at the end of current period	153,795	153,795
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	160,071	160,071
Balance at the end of current period	160,071	160,071
Other capital surplus		
Balance at the end of current period	—	—
Total capital surplus		
Balance at the end of previous period	160,071	160,071
Balance at the end of current period	160,071	160,071
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	7,901	7,901
Balance at the end of current period	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land		
Balance at the end of previous period	749	749
Balance at the end of current period	749	749
General reserve		
Balance at the end of previous period	85,335	85,335
Balance at the end of current period	85,335	85,335
Retained earnings brought forward		
Balance at the end of previous period	(28,495)	(60,812)
Changes of items during the period		
Dividends from surplus	—	(3,510)
Net income (loss)	(32,315)	33,877
Disposal of treasury stock	(2)	(109)
Total changes of items during the period	(32,317)	30,258
Balance at the end of current period	(60,812)	(30,554)
Total retained earnings		
Balance at the end of previous period	65,490	33,173
Changes of items during the period		
Dividends from surplus	—	(3,510)
Net income (loss)	(32,315)	33,877
Disposal of treasury stock	(2)	(109)
Total changes of items during the period	(32,317)	30,258
Balance at the end of current period	33,173	63,431

(Millions of yen)

	FY2010 (April 1, 2009 to March 31, 2010)	FY2011 (April 1, 2010 to March 31, 2011)
Treasury stock		
Balance at the end of previous period	(2,051)	(2,138)
Changes of items during the period		
Purchase of treasury stock	(93)	(30)
Disposal of treasury stock	6	822
Total changes of items during the period	(87)	792
Balance at the end of current period	(2,138)	(1,346)
Total shareholders' equity		
Balance at the end of previous period	377,305	344,901
Changes of items during the period		
Dividends from surplus	—	(3,510)
Net income (loss)	(32,315)	33,877
Purchase of treasury stock	(93)	(30)
Disposal of treasury stock	4	713
Total changes of items during the period	(32,404)	31,050
Balance at the end of current period	344,901	375,951
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	2,958	9,618
Changes of items during the period		
Net changes of items other than shareholders' equity	6,660	1,221
Total changes of items during the period	6,660	1,221
Balance at the end of current period	9,618	10,839
Total valuation and translation adjustments		
Balance at the end of previous period	2,958	9,618
Changes of items during the period		
Net changes of items other than shareholders' equity	6,660	1,221
Total changes of items during the period	6,660	1,221
Balance at the end of current period	9,618	10,839
Total net assets		
Balance at the end of previous period	380,263	354,519
Changes of items during the period		
Dividends from surplus	—	(3,510)
Net income (loss)	(32,315)	33,877
Purchase of treasury stock	(93)	(30)
Disposal of treasury stock	4	713
Net changes of items other than shareholders' equity	6,660	1,221
Total changes of items during the period	(25,744)	32,271
Balance at the end of current period	354,519	386,790

(MAY.10, 2011)
Fuji Heavy Industries Ltd.

<Reference for FY2011 Consolidated Financial Results>

(in 100 millions of yen) (in thousands of units)		ACTUAL RESULTS FY2010 Apr. 2009 to Mar. 2010	ACTUAL RESULTS FY2011 Apr. 2010 to Mar. 2011	Difference	Ratio
Net Sales		14,287	**15,806**	1,519	10.6
	Domestic	5,208	4,673	△ 535	△ 10.3
	Overseas	9,079	11,132	2,054	22.6
Operating Income		274	**841**	568	207.6
	Margin Percentage	1.9	5.3		
Ordinary Income		224	**822**	599	267.7
	Margin Percentage	1.6	5.2		
Net Income/Loss		△ 165	**503**	668	-
	Margin Percentage	–	3.2		
Change of operating income by factors			Improvement of sales volume & mixture and others		831
			Reduction in cost		89
			Decrease of SG&A expenses and others		61
			Increase of R&D expenses		△ 57
			Loss on currency exchange		△ 356
Exchange rates	YEN/US$	YEN93／US$	YEN86／US$		
	YEN/EURO	YEN132／EURO	YEN114／EURO		
Capital expenditures		561	431		
Depreciation and amortization		571	498		
R&D expenses		372	429		
Interest bearing debts		3,676	3,306		
Performance of operation			Net Sales to increase Net Income to increase Best Net Income		
Domestic sales		171	158	△ 13	△ 7.7
	Passenger Cars	75	68	△ 7	△ 9.3
	Minicars	96	90	△ 6	△ 6.5
Overseas sales		392	499	107	27.4
	North America	250	307	57	22.9
	Europe	39	60	21	53.1
	China	49	62	13	27.5
	Others	54	70	16	29.7
Total sales		563	657	94	16.7
Production Units Total		557	624	67	11.9
	Japan	453	459	6	1.3
	U.S.	104	165	61	57.9
Net sales by business segment	Automobile	12,945	14,522	1,578	12.2
	Aerospace	932	828	△ 104	△ 11.2
	Industrial Products	239	301	61	25.7
	Other	171	155	△ 16	△ 9.5
Operating income by business segment	Automobile	217	804	587	270.2
	Aerospace	48	23	△ 26	△ 53.1
	Industrial Products	△ 24	△ 1	24	-
	Other	26	15	△ 11	△ 42.9
	Elimination and Corporate	7	1	△ 6	△ 88.4

* 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.

FHI Announces Year-End Financial Results for FY 2011

- Record-Breaking Global Vehicle Sales, Net Sales and Net Income -

Tokyo, May 10, 2011 - Fuji Heavy Industries Ltd. (FHI), the maker of Subaru automobiles, today announced its financial results for the fiscal year ended March 31, 2011.

<FY 2011 Consolidated Results: Net Sales>

In Japan, Subaru vehicle sales were 158 thousand units, or 92.3% over the previous year, due to a decrease after the end of government “eco-car” support under subsidy system and the production suspension affected by the major earthquake in northeastern Japan, although the company performed better during the second quarter of this fiscal year with an enhanced product lineup and the efficacy of the “eco-car” program.

In overseas markets, strong sales of Legacy, Outback, Forester and Impreza contributed to increased overall vehicle sales. Of particular note were healthy sales in North America and China, resulting in 499 thousand units, or 127.4% over the previous year.

As a result, global vehicle sales for Subaru totaled 657 thousand units, or 116.7% from a year ago, and overall net sales were up 10.6% compared to the last fiscal year to 1,580.6 billion yen despite the influence of a strong yen on currency exchanges.

<FY 2011 Consolidated Results: Operating Income>

Operating income increased by 3.1 times to 84.1 billion yen over the previous fiscal year, mainly due to increased sales in overseas markets as well as the FHI group-wide cost reduction including SG&A and other expenses, which made up for the loss of currency exchange, increased R&D costs and production suspension following the major earthquake in northeastern Japan. Ordinary income increased by 3.7 times to 82.2 billion yen and net profit was up 66.8 billion yen to 50.3 billion yen over the previous fiscal year respectively.

The results of global vehicle sales, net sales and net income recorded the best results since FHI’s consolidated financial statements were first provided for the fiscal year 1999. On top of this, with its operating income of 84.1 billion as well as operating income ratio of 5.3%, FHI successfully achieved mid-term business plan targets. (The original targets were operating income of 80.0 billion yen and operating income ratio of 5.0% for the fiscal year ended March 31, 2011, which is the final fiscal year of the last mid-term business plan.)

<FY 2011 Consolidated Results: Others>

Free cash flow decreased by 27.0 billion yen to 87.1 billon yen compared to the last fiscal year. Interest bearing debts decreased by 37.0 billion yen to 330.6 billion yen. The shareholders’ equity to total assets ratio was 34.7%.

<Forecast for FY 2012>

FHI resumed production in all Subaru plants in Japan a short time after the major earthquake in northeastern Japan occurred on March 11, although the company experienced some very minor damages in production facilities and R & D equipments.

However, there are still uncertainties towards the future which include electric power supply issues and resumption of stable parts supply. Although FHI will continue to make best efforts to return to its normal operating status at the earliest possible time, it is difficult to provide forecasts for production and sales plans. FHI will announce its forecasts for the fiscal year ended March 31, 2012 as soon as they are available.

About Fuji Heavy Industries Ltd.

Fuji Heavy Industries Ltd. (FHI), the maker of Subaru automobiles, is a leading manufacturer in Japan with a long history of technological innovations that dates back to its origin as an aircraft company. While the automotive business is a main business pillar, FHI's Aerospace, Industrial Products and Eco Technologies divisions offer a diverse range of products from general-purpose engines, power generators, and sanitation trucks to small airplanes, crucial components for passenger aircrafts, and wind-powered electricity generating systems. Recognized internationally for its AWD (all-wheel drive) technology and Horizontally-Opposed engines in Subaru, FHI is also spearheading the development of environmentally friendly products and is committed to contributing to global environmental preservation

###