

Consolidated Financial Results

For the Second Quarter of the Fiscal Year Ending March 31, 2012



November 1, 2011

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
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 Scheduled date of submitting Quarterly Report : November 10, 2011
 Scheduled date for dividend payment : December 5, 2011
 Quarterly earnings supplementary explanatory documents : Yes
 Holding of quarterly 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. Consolidated Results for the Second Quarter of Fiscal Year 2012(April 1, 2011 to September 30, 2011)

(1)Consolidated Results of Operations(for six month period)

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

	Net sales		Operating income		Ordinary income		Net income	
2nd Quarter of FY2012	655,023	(18.5%)	18,760	(67.3%)	21,563	(63.3%)	32,753	(26.5%)
2nd Quarter of FY2011	803,994	26.5%	57,349	—	58,825	—	44,566	—

Note: Comprehensive income 2nd Quarter of FY2012: 23,726 million yen ((13.4%)) 2nd Quarter of FY2011: 27,386 million yen (—%)

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)
2nd Quarter of FY2012	41.97	—
2nd Quarter of FY2011	57.20	—

(2) Consolidated Financial Position (Unit: Millions of yen, except for per share figures)

	Total assets	Net assets	Shareholders' equity to total assets (%)
2nd Quarter of FY2012	1,266,910	434,334	34.2%
FY2011	1,188,324	413,963	34.7%

Reference: Shareholders' equity As of September 30, 2011: 432,995 million yen As of March 31, 2011: 412,661 million yen

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FY 2011	—	4.50	—	4.50	9.00
FY 2012	—	4.50			
FY 2012 (Forecast)			—	4.50	9.00

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2012: No

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share, basic(Yen)
Full year	1,480,000	(6.4%)	30,000	(64.3%)	29,000	(64.7%)	36,000	(28.5%)	46.13

Note: Revision of the forecasts at the timing of announcement of the results of second quarter of the fiscal year ending March 31, 2012: Yes

4. Others

- (1) Changes of significant subsidiaries in the second quarter of fiscal year 2012 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated : Yes
financial statements
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements
- [1] Changes due to revisions of accounting standards : No
- [2] Changes due to other reasons : No
- [3] Changes of estimation due to accounting issues : No
- [4] Restatements : No

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares (including treasury stock)	As of September 30,2011:	782,865,873 shares	As of March 31,2011:	782,865,873 shares
[2] Number of treasury stock	As of September 30,2011:	2,404,874 shares	As of March 31,2011:	2,605,141 shares
[3] Average number of shares (for six month period)	2nd Quarter of FY2012:	780,346,923 shares	2nd Quarter of FY2011:	779,165,554 shares

*The status of the implementation of the second quarterly review

The second quarterly review is now conducted on the basis of the Financial Instruments and Exchange Act on the date for the release of this quarterly report.

*Proper use of projection of operating results, and other information

The above performance projections were made 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.

For assumptions and other information on which the performance projections were based, please refer to "(3) Qualitative Information on Consolidated Operating Results Projection" on page 4.

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1. Qualitative Information on Quarterly Financial Results

(1) Qualitative Information on Consolidated Operating Performance

Consolidated net sales for the first half of the current fiscal year were down ¥149.0 billion (18.5%) from the same period of the previous fiscal year to ¥655.0 billion. Main reasons for the decline were the Great East Japan Earthquake and exchange rate differences due to the stronger yen.

Regarding the profit, due to the drop in sales, operating income was down ¥38.6 billion (67.3%) from the same period of the previous fiscal year to ¥18.8 billion, and ordinary income was down ¥37.3 billion (63.3%) from the same period of the previous fiscal year to ¥21.6 billion. Net income was down ¥11.8 billion (26.5%) from the same period of the previous fiscal year to ¥32.8 billion despite ¥26.1 billion in extraordinary income from the sale of the Shinjuku Subaru Building in April 2011.

[Results by Business Segment]

Results for the current consolidated first half period by business segment are as described below.

[1] Automobile Division

Subaru sales developed as follows, amid a significant decline in automobile production due to the Great East Japan Earthquake.

Although sales outpaced overall demand, the sales of Subaru passenger cars in Japan declined 2 thousand (4.9%) from the same period of the previous fiscal year to 36 thousand units. The fall came despite solid performance of the Forester, which was equipped with a new engine and surpassed sales compared with the same period of the previous fiscal year, and despite additional unit sales contributions from the launch of the Trezia in November 2010.

Minicar sales also fell 14 thousand (27.7%) units from the same period of the previous fiscal year to 37 thousand units as a full model change of the Stella in May was not able to cover declines in other models.

As a result, a total of 73 thousand units were sold in Japan for a decrease of 16 thousand (18.0%) units from the same period of the previous fiscal year.

Overseas sales decreased across the board. Viewed by region, sales in North America were down 16 thousand (11.0%) units from the same period of the previous fiscal year to 128 thousand units, sales in Europe including Russia were down 9 thousand (31.3%) units to 20 thousand units, sales in Australia were down 5 thousand (23.7%) units to 16 thousand units, sales in China were down 13 thousand (40.9%) units to 19 thousand units, and sales in other regions were down 6 thousand (38.4%) units to 10 thousand units.

As a result, the sales in overseas markets were 193 thousand units, a decrease of 49 thousand (20.3%) units from the same period of the previous fiscal year.

The combined unit sales for Japan and overseas markets amounted to 266 thousand units, a decrease of 65 thousand (19.7%) units from the same period of previous fiscal year.

Overall net sales were down ¥147.7 billion (19.9%) from the same period of the previous fiscal year to ¥594.3 billion due to decreased sales and the impact of the stronger yen, and segment income was also down ¥38.4 billion (69.3%) from the same period of the previous fiscal year to ¥17.1 billion.

[2] Aerospace Division

Deliveries to the Japan Ministry of Defense saw higher sales of fixed-wing patrol aircraft P-1 and parts, but due to the drop in sales caused by the contract expiry for the fighter plane F-2, net sales were flat from the same period of the previous fiscal year.

Moreover, in the commercial sector, Boeing-777 related deliveries increased, but affected by the exchange rate differences due to the stronger yen, net sales were flat from the same period of the previous fiscal year.

As a result, overall net sales remained unchanged from the same period of the previous fiscal year at ¥37.4 billion, while segment income was up ¥0.5 billion (92.0%) over the same period of the previous fiscal year to ¥1.0 billion thanks to an enhanced sales structure.

[3] Industrial Products Division

In Japan, unit sales centered on power generators for the reconstruction effort after the Great East Japan Earthquake increased, leading to higher net sales over the same period of the previous fiscal year.

However, overseas sales declined from the same period of the previous fiscal year, despite robust engine shipments to Russia, Middle East, and Southeast Asia, due to depressed engine sales in North America and exchange rate effects from the stronger yen.

As a result, overall net sales were up ¥0.9 billion (5.5%) over the same period of the previous fiscal year to ¥17.3 billion. Segment income was up ¥0.2 billion (171.7%) over the same period of the previous fiscal year to ¥0.3 billion.

[4] Other Businesses

Net sales were down ¥2.1 billion (26.6%) from the same period of the previous fiscal year to ¥5.9 billion due to a drop in sales of wind-power generation systems. Segment income was down ¥0.9 billion (70.2%) from the same period of the previous fiscal year to ¥0.4 billion.

(2) Qualitative Information on Consolidated Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets at the end of the first half of the current fiscal year were ¥1,266.9 billion, up ¥78.6 billion compared with the end of the previous fiscal year. This was mainly due to a ¥92.8 billion rise in securities associated with higher working capital funded through bank loans.

Total liabilities increased ¥58.2 billion compared with the end of the previous fiscal year to ¥832.6 billion. This was mainly due to ¥20.0 billion in bond redemptions, and a ¥70.9 billion increase in bank long-term loans payable.

Net assets increased ¥20.4 billion compared with the end of the previous fiscal year to ¥434.3 billion. This was mainly due to a ¥29.3 billion increase in retained earnings as the same amount of net income for the period was posted.

[2] Cash Flows

Cash and cash equivalents at the end of the first half of the current fiscal year (hereinafter "Cash") totaled ¥279.3 billion.

(Net cash used in operating activities)

Net cash used in operating activities was ¥9.2 billion (compared with ¥90.5 billion provided by operating activities in the same period of the previous fiscal year). Main factors were ¥40.2 billion in income before income taxes and minority interests, a ¥23.7 billion increase in notes and accounts receivable-trade, and a ¥18.9 billion increase in inventories.

(Net cash provided by investment activities)

Net cash provided by investment activities was ¥14.0 billion (compared with ¥26.5 billion used in investment activities in the same period of the previous fiscal year). Main factor was ¥13.5 billion in the proceeds from sales of property, plant and equipment (net basis against purchase of property, plant and equipment).

(Net cash provided by financing activities)

Net cash provided by financing activities was ¥52.2 billion (compared with ¥29.2 billion used in financing activities in the same period of the previous fiscal year). Main factors were ¥20.0 billion in expenses for the redemption of bonds and ¥70.9 billion in the proceeds from long-term loans payable (net basis against repayment of long-term loans payable).

(3) Qualitative Information on Projection for Current Fiscal Year

Consolidated results for the first half of the fiscal year ending March 2012 surpassed the projections released on August 2, 2011, for operating income, ordinary income, and net income. The reason was cost reductions including lower SG&A expenses as well as sales proving higher than planned in Japan and overseas.

However, for the full-year consolidated results for the fiscal year ending March 2012, although unit sales projections have been upgraded by 13 thousand units over the previous projections to 645 thousand units and despite continuing operating cost reductions, in light of the ongoing appreciation of the yen, the previously announced projections are left unchanged at net sales of ¥1,480.0 billion and operating income of ¥30.0 billion.

Ordinary income is projected at ¥29.0 billion, helped by exchange forward contracts, with net income projected at ¥36.0 billion.

The projections of full-year consolidated results for the fiscal year ending March 2012 are based on assumed foreign exchange rates of ¥78/US\$ (previously ¥81/US\$) and ¥108/EUR (previously ¥115/EUR). Exchange rate assumptions for the second half of the current fiscal year are ¥77/US\$ and ¥105/EUR.

Consolidated Results Forecast for the Fiscal Year Ending March 2012 (April 1, 2011 to March 31, 2012)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous projection (A)	¥ million 1,480,000	¥ million 30,000	¥ million 25,000	¥ million 35,000	Yen 44.90
Revised projection (B)	1,480,000	30,000	29,000	36,000	46.13
Change in amount (B-A)	0	0	4,000	1,000	
Percentage change (%)	0	0	16.0	2.9	
(Supplemental information) Actual results of the previous fiscal year (April 1, 2010 to March 31, 2011)	1,580,563	84,135	82,225	50,326	64.56

2. Notes on Summary Information(Others)

Application of specific accounting for preparing the quarterly consolidated financial statements (Income taxes)

Income tax expense was calculated as multiplying income before income taxes and minority interests by reasonably estimated annual effective tax rate. This annual tax rate was reasonably estimated after applying the deferred tax accounting to the annual income before income taxes and minority interests.

"Income taxes-deferred" was included in "Total income taxes".

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheet

(Unit: Millions of yen)

	FY2011 (as of March 31, 2011)	2nd Quarter of FY2012 (as of September 30, 2011)
ASSETS		
I Current assets		
Cash and deposits	211,700	164,167
Notes and accounts receivable-trade	76,810	100,514
Lease investment assets	23,050	21,925
Short-term investment securities	21,063	113,835
Merchandise and finished goods	72,871	85,006
Work in process	56,567	57,966
Raw materials and supplies	36,974	37,466
Deferred tax assets	13,754	13,794
Short-term loans receivable	59,986	71,776
Other	39,396	43,735
Allowance for doubtful accounts	(1,851)	(1,935)
Total current assets	610,320	708,249
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	118,267	114,225
Machinery, equipment and vehicles, net	81,261	91,032
Land	177,697	171,224
Vehicles and equipment on operating leases, net	11,751	7,539
Construction in progress	21,391	15,395
Other, net	20,475	18,842
Total property, plant and equipment	430,842	418,257
2. Intangible assets		
Other	12,040	11,346
Total intangible assets	12,040	11,346
3. Investments and other assets		
Investment securities	68,052	65,379
Deferred tax assets	1,812	2,125
Other	69,269	65,523
Allowance for doubtful accounts	(4,011)	(3,969)
Total investments and other assets	135,122	129,058
Total noncurrent assets	578,004	558,661
Total assets	1,188,324	1,266,910

(Unit: Millions of yen)

	FY2011 (as of March 31, 2011)	2nd Quarter of FY2012 (as of September 30, 2011)
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	176,895	184,334
Short-term loans payable	99,072	104,146
Current portion of long-term loans payable	20,902	20,786
Current portion of bonds	20,010	20,010
Income taxes payable	2,089	5,392
Accrued expenses	60,876	51,901
Provision for bonuses	16,322	16,269
Provision for product warranties	27,172	26,661
Provision for loss on construction contracts	4,681	5,083
Other	52,684	57,432
Total current liabilities	480,703	492,014
II Noncurrent liabilities		
Bonds payable	24,080	4,075
Long-term loans payable	166,562	237,591
Deferred tax liabilities	14,002	13,604
Provision for retirement benefits	33,707	33,674
Provision for directors' retirement benefits	561	419
Other	54,746	51,199
Total noncurrent liabilities	293,658	340,562
Total liabilities	774,361	832,576
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	156,948	186,225
Treasury stock	(1,381)	(1,259)
Total shareholders' equity	469,433	498,832
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	11,567	10,653
Foreign currency translation adjustment	(68,339)	(76,490)
Total accumulated other comprehensive income	(56,772)	(65,837)
Minority interests	1,302	1,339
Total net assets	413,963	434,334
Total liabilities and net assets	1,188,324	1,266,910

(2) Quarterly Consolidated Statements of (Comprehensive) Income**Quarterly Consolidated Statements of Income(for six month period)**

(Unit: Millions of yen)

	FY2011 (April 1, 2010 to September 30, 2010)	FY2012 (April 1, 2011 to September 30, 2011)
I Net sales	803,994	655,023
II Cost of sales	620,231	523,544
Gross profit	183,763	131,479
III Selling, general and administrative expenses	126,414	112,719
Operating income	57,349	18,760
IV Non-operating income		
Interest income	554	531
Dividends income	358	382
Equity in earnings of affiliates	2,146	453
Real estate rent	260	263
Gain on valuation of derivatives	3,363	5,710
Other	1,181	1,212
Total non-operating income	7,862	8,551
V Non-operating expenses		
Interest expenses	2,593	1,921
Foreign exchange losses	1,962	1,341
Other	1,831	2,486
Total non-operating expenses	6,386	5,748
Ordinary income	58,825	21,563
VI Extraordinary income		
Gain on sales of noncurrent assets	58	26,455
Gain on sales of investment securities	358	526
Reversal of allowance for doubtful accounts	244	—
Gain on sale of loans receivable	324	—
Other	11	114
Total extraordinary income	995	27,095
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	503	638
Impairment loss	835	63
Loss on disaster	—	7,257
Loss on prior periods adjustment	1,347	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	372	—
Loss on reconstruction of office building	657	—
Other	407	513
Total extraordinary losses	4,121	8,471
Income before income taxes and minority interests	55,699	40,187
Total Income taxes	11,035	7,394
Income before minority interest	44,664	32,793
Minority interests in income	98	40
Net income	44,566	32,753

Quarterly Consolidated Statements of Comprehensive Income(for six month period)

(Unit: Millions of yen)

	FY2011 (April 1, 2010 to September 30, 2010)	FY2012 (April 1,2011 to September 30, 2011)
Income before minority interest	44,664	32,793
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,640)	(914)
Foreign currency translation adjustment	(15,493)	(8,224)
Share of other comprehensive income of associates accounted for using equity method	(145)	71
Total other comprehensive income	(17,278)	(9,067)
Comprehensive income	27,386	23,726
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	27,298	23,688
Comprehensive income attributable to minority interests	88	38

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2011 (April 1, 2010 to September 30, 2010)	FY2012 (April 1, 2011 to September 30, 2011)
I Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	55,699	40,187
Depreciation and amortization	27,566	27,810
Impairment loss	835	63
Increase (decrease) in provision for bonuses	(249)	(59)
Increase (decrease) in provision for product warranties	2,097	86
Increase (decrease) in provision for loss on construction contracts	1,164	402
Increase (decrease) in provision for retirement benefits	856	(179)
Interest and dividends income	(912)	(913)
Interest expenses	2,593	1,921
Loss (gain) on valuation of derivatives	(3,363)	(5,710)
Equity in (earnings) losses of affiliates	(2,146)	(453)
Loss (gain) on sales and retirement of noncurrent assets	445	(25,817)
Decrease (increase) in notes and accounts receivable-trade	13,366	(23,667)
Decrease (increase) in inventories	(4,420)	(18,877)
Increase (decrease) in notes and accounts payable-trade	(2,409)	9,393
Decrease (increase) in lease investment assets	3,782	1,125
Decrease (increase) in operating loans receivable	(2,162)	(5,906)
Decrease (increase) in vehicles and equipment on operating leases	(2,889)	3,148
Increase (decrease) in deposits received	1,010	(570)
Other, net	7,616	(3,833)
Subtotal	98,479	(1,849)
Interest and dividends income received	915	1,116
Interest expenses paid	(2,687)	(1,847)
Income taxes (paid) refund	(6,223)	(6,662)
Net cash provided by (used in) operating activities	90,484	(9,242)

	FY2011 (April 1, 2010 to September 30, 2010)	FY2012 (April 1, 2011 to September 30, 2011)
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(1,741)	(3,527)
Proceeds from sales of short-term investment securities	2,214	1,973
Purchase of property, plant and equipment	(23,539)	(20,632)
Proceeds from sales of property, plant and equipment	529	34,111
Purchase of intangible assets	(1,598)	(1,236)
Purchase of investment securities	(10,193)	(8,491)
Proceeds from sales of investment securities	9,053	7,432
Payments of loans receivable	(40,624)	(38,850)
Collection of loans receivable	42,025	41,578
Other, net	(2,650)	1,594
Net cash provided by (used in) investing activities	(26,524)	13,952
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(9,433)	5,074
Proceeds from long-term loans payable	13,370	77,020
Repayments of long-term loans payable	(12,584)	(6,146)
Redemption of bonds	(20,005)	(20,005)
Cash dividends paid	—	(3,512)
Other, net	(530)	(272)
Net cash provided by (used in) financing activities	(29,182)	52,159
IV Effect of exchange rate change on cash and cash equivalents	(12,083)	(5,302)
V Net increase (decrease) in cash and cash equivalents	22,695	51,567
VI Cash and cash equivalents at beginning of period	191,466	227,704
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	32
VIII Cash and cash equivalents at end of period	214,161	279,303

(4) Notes on Premise of Going Concern

FY2012 (April 1, 2011 to September 30, 2011)

Not Applicable

(5) Changes in the Scope of Consolidation and Application of the Equity Method

FY2012 (April 1, 2011 to September 30, 2011)

(Changes in the Scope of Application of the Equity Method)

Since the first quarter of fiscal year 2012, the number of equity-method companies decreased because Subaru Customize Works Co., Ltd. was merged into Kiryu Industrial Co., Ltd., wholly owned subsidiary of FHI, on April 1, 2011.

Since the second quarter of fiscal year 2012, Subaru of Hong Kong Limited was included into equity-method companies due to its increased significance.

(6) Additional information

FY2012 (April 1, 2011 to September 30, 2011)

(Application of Accounting Changes and Error Corrections)

Since the beginning of the first quarter of fiscal year 2012, "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24, December 4, 2009), and "the Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No. 24, December 4, 2009) have been applied.

(Application of Consolidated taxation system)

Since the first quarter of fiscal year 2012, Consolidated taxation system has been applied.

(7) Notes on Significant Changes in the Amount of Shareholders' Equity

FY2012 (April 1, 2011 to September 30, 2011)

Not Applicable

(8) Explanatory Note

(Quarterly Consolidated Statement of income)

FY2011 (April 1, 2010 to September 30, 2010)

(Extraordinary loss)

- 1) The Company recorded an impairment loss with regard to the following asset groups in the first half period of the fiscal 2011.

Use	Location	Category
Idle assets	Tokyo Metropolitan Government and 10 other locations	Buildings and structures, land, and other

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, net	79 million yen
Land	754 million yen
Other	2 million yen
Total	835 million yen

- 2) Loss on prior periods adjustment(1,347 million yen) is the adjustment of cost of sales in prior years.
- 3) In relation to the reconstruction of Ebisu Subaru Building, following extraordinary losses are recorded.

Contents	Amount
Estimation of dismantlement cost	334 million yen
Temporary depreciation cost	323 million yen
Total	657 million yen

FY2012 (April 1, 2011 to September 30, 2011)

(Extraordinary income)

Gain on sales of noncurrent assets includes 26,143 million yen, the profit related to the sale of 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.

(Extraordinary loss)

Loss on disaster was caused by Great East Japan Earthquake, and mainly consists of the fixed overhead corresponding to falling production, etc.

(9) Segment Information

Information on sales and income(loss) by business segment reported

2nd Quarter of FY 2011 (April 1, 2010 to September 30, 2010)

(Unit: Million of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
Net sales								
(1) Outside customers	742,042	37,433	16,438	795,913	8,081	803,994	—	803,994
(2) Inter-segment	1,239	—	3	1,242	6,326	7,568	(7,568)	—
Total sales	743,281	37,433	16,441	797,155	14,407	811,562	(7,568)	803,994
Operating income	55,498	528	92	56,118	1,237	57,355	(6)	57,349

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 refers to elimination of intersegment transaction.

*3. Operating income for segment is adjusted on operating income on the quarterly consolidated statements of income.

2nd Quarter of FY 2012 (April 1, 2011 to September 30, 2011)

(Unit: Million of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
Net sales								
(1) Outside customers	594,314	37,436	17,341	649,091	5,932	655,023	—	655,023
(2) Inter-segment	1,268	—	50	1,318	6,039	7,357	(7,357)	—
Total sales	595,582	37,436	17,391	650,409	11,971	662,380	(7,357)	655,023
Operating income	17,050	1,014	250	18,314	369	18,683	77	18,760

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 refers to elimination of intersegment transaction.

*3. Operating income for segment is adjusted on operating income on the quarterly consolidated statements of income.

<Reference for the First Half of FY2012 (Apr. 1, 2011 to Sep. 30, 2011) Consolidated Financial Results>

(in 100 millions of yen) (in thousands of units)	ACTUAL RESULTS		ACTUAL RESULTS		ACTUAL RESULTS	FORECAST			FORECAST
	1st HALF of FY2011		1st HALF of FY2012		FY2011	FY2012			FY2012
	Apr. 2010 to Sep. 2010		Apr. 2011 to Sep. 2011		Apr. 2010 to Mar. 2011	Apr. 2011 to Mar. 2012			(AUG. 2011)
			Difference	Ratio			Difference	Ratio	Apr. 2011 to Mar. 2012
Net Sales	8,040	6,550	(1,490)	(18.5)	15,806	14,800	(1,006)	(6.4)	14,800
Domestic	2,520	2,245	(275)	(10.9)	4,673	4,700	27	0.6	4,500
Overseas	5,520	4,305	(1,215)	(22.0)	11,132	10,100	(1,032)	(9.3)	10,300
Operating Income	573	188	(386)	(67.3)	841	300	(541)	(64.3)	300
Margin Percentage	7.1	2.9			5.3	2.0			2.0
Ordinary Income	588	216	(373)	(63.3)	822	290	(532)	(64.7)	250
Margin Percentage	7.3	3.3			5.2	2.0			1.7
Net Income	446	328	(118)	(26.5)	503	360	(143)	(28.5)	350
Margin Percentage	5.5	5.0			3.2	2.4			2.4
Change of operating income by factors									
		Decrease of SG&A expenses and others	224			Decrease of SG&A expenses and others	97		
		Improvement of sales volume & mixture and others	(322)			Loss on currency exchange	(456)		
		Loss on currency exchange	(210)			Reduction in cost	(105)		
		Reduction in cost	(52)			Increase of R&D expenses	(51)		
		Increase of R&D expenses	(26)			Improvement of sales volume & mixture and others	(27)		
Exchange rates	YEN/US\$	YEN90/US\$	YEN80/US\$		YEN86/US\$	YEN78/US\$			YEN81/US\$
	YEN/EURO	YEN116/EURO	YEN114/EURO		YEN114/EURO	YEN108/EURO			YEN115/EURO
Capital expenditures	220	276			431	600			600
Depreciation and amortization	240	254			498	550			550
R&D expenses	203	229			429	480			480
Interest bearing debts	3,367	3,866			3,306	3,500			3,700
Performance of operation		Net Sales to decrease				Net Sales to decrease			
		Net Income to decrease				Net Income to decrease			
Domestic sales	89	73	(16)	(18.0)	158	169	11	6.7	164
Passenger Cars	38	36	(2)	(4.9)	68	73	4	6.5	71
Minicars	51	37	(14)	(27.7)	90	96	6	6.8	93
Overseas sales	243	193	(49)	(20.3)	499	476	(23)	(4.6)	468
North America	144	128	(16)	(11.0)	307	309	2	0.6	302
Europe	29	20	(9)	(31.3)	60	52	(7)	(12.1)	51
China	32	19	(13)	(40.9)	62	55	(7)	(11.7)	55
Others	37	26	(11)	(30.0)	70	60	(10)	(14.7)	60
Total sales	331	266	(65)	(19.7)	657	645	(12)	(1.9)	632
Production Units Total	322	247	(76)	(23.5)	624	638	15	2.4	630
Domestic	245	178	(67)	(27.2)	459	468	9	2.0	463
U.S.	78	69	(9)	(11.8)	165	170	5	3.2	167
Net sales by business segment									
Automobile	7,420	5,943	(1,477)	(19.9)	14,522				
Aerospace	374	374	0	0.0	828				
Industrial Products	164	173	9	5.5	301				
Other	81	59	(21)	(26.6)	155				
Operating income by business segment									
Automobile	555	171	(384)	(69.3)	804				
Aerospace	5	10	5	92.0	23				
Industrial Products	1	3	2	171.7	(1)				
Other	12	4	(9)	(70.2)	15				
Elimination and Corporate	△0	1	1	-	1				

* 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 Second Quarter Financial Results for FY 2012

Tokyo, November 1, 2011 - Fuji Heavy Industries Ltd. (FHI), the maker of Subaru automobiles, today announced its financial results for the second quarter of fiscal year ending March 31, 2012.

<2nd Quarter Consolidated Results: Net Sales>

Due to drastically decreased production resulting from the major earthquake in northeastern Japan, in overseas market, Subaru vehicle sales were 193 thousand units, or down 20.3% compared to the same period in fiscal 2011, whereas sales in Japan were 73 thousand units, or down 18.0%. As a result, global vehicle sales for Subaru totaled 266 thousand units, or down 19.7% from a year ago, and overall net sales were down 18.5% compared to the same period in fiscal 2011 to 655 billion yen due to decreased vehicle sales and the influence of a strong yen on currency exchanges.

<2nd Quarter Consolidated Results: Operating Income>

Operating income decreased 67.3% to 18.8 billion yen over the previous year, mainly due to decreased sales affected by the major earthquake as well as the loss in currency exchange, although the company made an effort to reduce SG&A expenses and other costs. Ordinary income decreased 63.3% to 21.6 billion yen from the same period of the previous fiscal year and net profit decreased 26.5% to 32.8 billion yen despite 26.1 billion yen in extraordinary income from the sale of the FHI head-office building.

<Forecast for FY 2012>

For the full-year consolidated results for the fiscal year ending March 2012, although unit sales projections have been upgraded by 13 thousand units over the previous projections to 645 thousand units and despite continuing operating cost reductions, in light of the ongoing appreciation of the yen, the previously announced projections are left unchanged at net sales of 1,480 billion yen and operating income of 30 billion yen.* Ordinary income is projected at 29 billion yen, helped by exchange forward contracts, with net income projected at 36 billion yen.

The projections of full-year consolidated results for the fiscal year ending March 2012 are based on assumed foreign exchange rates of 78 yen per US dollar and 108 yen per EURO.

*Original forecast for consolidated results for fiscal year ending March 31, 2012 (announced August 2, 2011)

- Net sales: 1,480 billion yen
- Operating income: 30 billion yen
- Ordinary income: 25 billion yen
- Net income: 35 billion yen
- Foreign currency rate: 81 yen per US dollar, 115 yen per EURO