

Consolidated Financial Results

For the Second Quarter of the Fiscal Year Ending March 31, 2014 (Japan GAAP)



October 31, 2013

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
 URL : <http://www.fhi.co.jp/english/ir/>
 Representative : Yasuyuki Yoshinaga, President and CEO
 Contact for Inquiries : Kazunori Yamafuji, General Manager of Administration Department Phone +81-3-3347-2005
 Scheduled date of submitting Quarterly Report : November 8, 2013
 Scheduled date for dividend payment : December 4, 2013
 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 2014 (April 1, 2013 to September 30, 2013)

(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 FY2014	1,125,638	25.3%	150,702	248.4%	146,224	222.9%	99,811	146.8%
2nd Quarter of FY2013	898,020	37.1%	43,257	130.6%	45,287	110.0%	40,440	23.5%

Note: Comprehensive income 2nd Quarter of FY2014: 120,811 million yen (294.9%) 2nd Quarter of FY2013: 30,592 million yen (28.9%)

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)
2nd Quarter of FY2014	127.90	—
2nd Quarter of FY2013	51.82	—

(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 FY2014	1,719,257	711,248	41.2%
FY2013	1,577,454	596,813	37.7%

Reference: Shareholders' equity As of September 30, 2013: 708,194 million yen As of March 31, 2013: 595,365 million yen

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FY 2013	—	5.00	—	10.00	15.00
FY 2014	—	20.00			
FY 2014 (Forecast)			—	20.00	40.00

Note: Revision of the forecasts in the second quarter of the fiscal year ending March 31, 2014: Yes

3. Projection of Consolidated Results for Fiscal Year 2014 (April 1, 2013 to March 31, 2014)

(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	2,300,000	20.2%	278,000	130.9%	272,000	170.4%	178,000	48.8%	228.08

Note: Revision of the forecasts at the timing of announcement of the results of second quarter of the fiscal year ending March 31, 2014: Yes

4. Others

- (1) Changes of significant subsidiaries in the second quarter of fiscal year 2014 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements : Yes
- (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 30,2013:	782,865,873 shares	As of March 31,2013:	782,865,873 shares
[2] Number of treasury stock	As of September 30,2013:	2,471,807 shares	As of March 31,2013:	2,435,448 shares
[3] Average number of shares (for six month period)	2nd Quarter of FY2014:	780,411,630 shares	2nd Quarter of FY2013:	780,458,527 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) Explanation about Future Forecasts such as Projections for the Current Fiscal Year" on page 4.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation about Operating Performance

Consolidated net sales for the first half of the current fiscal year rose ¥227.6 billion (25.3%) from the same period of the previous fiscal year to ¥1,125.6 billion mainly due to higher automobile unit sales and aided by correction of the strong yen.

Regarding the profit, operating income increased ¥107.4 billion (248.4%) from the same period of the previous fiscal year to ¥150.7 billion and ordinary income increased ¥100.9 billion (222.9%) from the same period of the previous fiscal year to ¥146.2 billion, reflecting the higher sales. Net income for the period rose ¥59.4 billion (146.8%) from the same period of the previous fiscal year to ¥99.8 billion.

[Results by Business Segment]

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

[1] Automobile Division

Unit sales of Subaru passenger cars in Japan increased 16 thousand (36.1%) units compared with the same period of the previous fiscal year to 62 thousand units. Main factors were continued favorable sales of the Impreza and Forester. Additionally, the Subaru XV Hybrid launched in June contributed to higher unit sales.

On the other hand, minicars saw unit sales fall 1 thousand (3.8%) units compared with the same period of the previous fiscal year to 26 thousand units as weak sales of commercial-use minicars outpaced the steady sales of mini-passenger cars.

As a result, total unit sales in Japan increased 15 thousand (21.3%) units compared with the same period of the previous fiscal year to 87 thousand units.

Overseas total unit sales increased 29 thousand (10.4%) units compared with the same period of the previous fiscal year to 305 thousand units thanks to strong sales in North America—main markets of FHI—driven by the Impreza and Forester.

By region, sales in North America increased 47 thousand (26.0%) units from the same period of the previous fiscal year to 228 thousand units, sales in Europe including Russia decreased 14 thousand (39.3%) units from the same period of the previous fiscal year to 22 thousand units, sales in Australia decreased 1 thousand (3.5%) units from the same period of the previous fiscal year to 21 thousand units, sales in China decreased 8 thousand (28.8%) units from the same period of the previous fiscal year to 19 thousand units, and sales in other regions increased 5 thousand (43.9%) units from the same period of the previous fiscal year to 15 thousand units.

As a result, combined unit sales in Japan and overseas markets amounted to 393 thousand units, an increase of 44 thousand (12.7%) units from the same period of previous fiscal year.

Aided also by the correction of the strong yen, overall net sales increased ¥222.3 billion (26.8%) from the same period of the previous fiscal year to ¥1,052.7 billion, and segment income increased ¥102.6 billion (258.4%) from the same period of the previous fiscal year to ¥142.3 billion.

[2] Aerospace Division

Deliveries to the Japan Ministry of Defense saw higher sales compared with the same period of the previous fiscal year mainly due to increased deliveries of the attack helicopter AH-64D and transport aircraft C-2.

Sales to the commercial sector rose compared with the same period of the previous fiscal year due to higher sales of Boeing 777 and Boeing 787 aircraft and aided by the correction of the strong yen.

As a result, overall net sales increased ¥11.9 billion (28.4%) compared with the same period of the previous fiscal year to ¥53.5 billion. Segment income increased ¥5.0 billion (266.1%) compared with the same period of the previous fiscal year to ¥6.9 billion.

[3] Industrial Products Division

Net sales declined ¥0.6 billion (3.6%) compared with the same period of the previous fiscal year to ¥15.7 billion as a decline in sales of engines for leisure equipment to North America eclipsed increased sales of pump engines in Japan and higher sales to customers in Asia and Middle East. Segment income decreased ¥0.2 billion (57.5%) compared with the same period of the previous fiscal year to ¥0.2 billion.

[4] Other Businesses

Net sales decreased ¥5.9 billion (61.4%) compared with the same period of the previous fiscal year to ¥3.7 billion, mainly due to the discontinuation of Eco Technology Company business, previously included in “Other Businesses,” effective March 31, 2013. Segment income increased ¥0.1 billion (7.3%) compared with the same period of the previous fiscal year to ¥1.1 billion.

(2) Explanation about Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets at the end of the first half of the current fiscal year were ¥1,719.3 billion, reflecting an increase of ¥141.8 billion from the end of the previous fiscal year. This was mainly due to a ¥99.6 billion increase in combined funds on hand comprised of cash, deposits, and short-term investment securities for short-term fund management.

Total liabilities increased ¥27.4 billion compared with the end of the previous fiscal year to ¥1,008.0 billion. This was mainly due to a ¥36.3 billion rise in income taxes payable, in spite of a ¥13.4 billion decrease in short-term loans payable.

Net assets increased ¥114.4 billion compared with the end of the previous fiscal year to ¥711.2 billion. This was mainly due to a ¥92.0 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 ¥430.5 billion.

(Net cash provided by operating activities)

Net cash provided by operating activities was ¥157.9 billion (compared with ¥110.3 billion provided by operating activities in the same consolidated cumulative period of the previous fiscal year). Main factors were ¥145.3 billion in income before income taxes and minority interests and a ¥18.1 billion decrease in inventories.

(Net cash used in investment activities)

Net cash used in investing activities was ¥38.1 billion (compared with ¥32.4 billion used in investing activities in the same consolidated cumulative period of the previous fiscal year). Main factors included ¥36.9 billion in expenditures 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 ¥24.3 billion (compared with ¥32.7 billion used in financing activities in the same consolidated cumulative period of the previous fiscal year). Main factors included ¥13.1 billion decrease in short-term loans payable, ¥2.6 billion in repayment of long-term loans payable (net basis against proceeds from long-term loans payable), and ¥7.8 billion in expenditures for cash dividends paid.

(3) Explanation about Future Forecasts such as Projections for the Current Fiscal Year

FHI has revised upward the performance projection for the fiscal year ending March 31, 2014 which was released at the timing of consolidated financial results announcement on July 31, 2013 as stated below. Despite a rise in expenses such as SG&A, enhanced earnings are expected mainly due to foreign-exchange effects, higher automobile unit sales, and reduction in costs.

Projections of full-year consolidated business results of the current fiscal year are based on assumed foreign exchange rates of ¥97/US\$ (previously ¥92/US\$) and ¥127/EUR (previously ¥122/EUR). Exchange rate assumptions starting with the third quarter of the current fiscal year are ¥95/US\$ and ¥125/EUR.

Consolidated Results Forecast for the Fiscal Year Ending March 2014 (April 1, 2013 to March 31, 2014)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous projection (A)	¥ million 2,080,000	¥ million 198,000	¥ million 193,000	¥ million 121,000	Yen 155.04
Revised projection (B)	2,300,000	278,000	272,000	178,000	228.08
Change in amount (B-A)	220,000	80,000	79,000	57,000	
Percentage change (%)	10.6	40.4	40.9	47.1	
(Supplemental information) Actual results of the previous fiscal year (April 1, 2012 to March 31, 2013)	1,912,968	120,411	100,609	119,588	153.23

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)

	FY2013 (as of March 31, 2013)	2nd Quarter of FY2014 (as of September 30, 2013)
ASSETS		
I Current assets		
Cash and deposits	285,152	236,924
Notes and accounts receivable-trade	124,234	125,557
Lease investment assets	22,145	22,556
Short-term investment securities	66,370	214,175
Merchandise and finished goods	163,852	147,873
Work in process	50,498	54,092
Raw materials and supplies	35,217	33,906
Deferred tax assets	52,947	60,131
Short-term loans receivable	96,990	106,588
Other	47,579	50,328
Allowance for doubtful accounts	(951)	(999)
Total current assets	944,033	1,051,131
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	113,186	113,141
Machinery, equipment and vehicles, net	116,864	113,695
Land	173,012	174,011
Vehicles and equipment on operating leases, net	13,062	16,909
Construction in progress	14,232	21,166
Other, net	14,599	13,588
Total property, plant and equipment	444,955	452,510
2. Intangible assets		
Other	12,751	13,129
Total intangible assets	12,751	13,129
3. Investments and other assets		
Investment securities	93,054	116,282
Deferred tax assets	6,227	7,980
Other	80,425	82,186
Allowance for doubtful accounts	(3,991)	(3,961)
Total investments and other assets	175,715	202,487
Total noncurrent assets	633,421	668,126
Total assets	1,577,454	1,719,257

(Unit: Millions of yen)

	FY2013 (as of March 31, 2013)	2nd Quarter of FY2014 (as of September 30, 2013)
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	242,743	244,550
Electronically recorded obligations-operating	61,595	62,843
Short-term loans payable	60,867	47,496
Current portion of long-term loans payable	45,197	61,994
Current portion of bonds	10	4,010
Income taxes payable	7,828	44,139
Accrued expenses	83,032	78,813
Provision for bonuses	17,865	18,207
Provision for product warranties	34,740	36,068
Provision for loss on construction contracts	918	928
Provision for loss on transfer of business	2,550	2,331
Provision for loss on litigation	369	—
Other	99,317	92,466
Total current liabilities	657,031	693,845
II Noncurrent liabilities		
Bonds payable	14,060	10,055
Long-term loans payable	187,023	168,293
Deferred tax liabilities	19,139	25,979
Provision for retirement benefits	34,917	35,642
Provision for directors' retirement benefits	457	442
Other	68,014	73,753
Total noncurrent liabilities	323,610	314,164
Total liabilities	980,641	1,008,009
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	301,357	393,360
Treasury stock	(1,292)	(1,379)
Total shareholders' equity	613,931	705,847
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,882	39,903
Foreign currency translation adjustment	(46,448)	(37,556)
Total accumulated other comprehensive income	(18,566)	2,347
Minority interests	1,448	3,054
Total net assets	596,813	711,248
Total liabilities and net assets	1,577,454	1,719,257

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

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to September 30, 2012)	FY2014 (April 1, 2013 to September 30, 2013)
I Net sales	898,020	1,125,638
II Cost of sales	719,675	812,243
Gross profit	178,345	313,395
III Selling, general and administrative expenses	135,088	162,693
Operating income	43,257	150,702
IV Non-operating income		
Interest income	649	806
Dividends income	479	578
Equity in earnings of affiliates	71	121
Real estate rent	302	270
Gain on valuation of derivatives	8,510	10,906
Other	213	824
Total non-operating income	10,224	13,505
V Non-operating expenses		
Interest expenses	1,766	1,342
Foreign exchange losses	5,115	14,834
Other	1,313	1,807
Total non-operating expenses	8,194	17,983
Ordinary income	45,287	146,224
VI Extraordinary income		
Gain on sales of noncurrent assets	432	146
Gain on sales of investment securities	355	117
State subsidy	1,725	—
Gain on sale of loans receivable	325	—
Other	712	61
Total extraordinary income	3,549	324
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	768	1,010
Impairment loss	36	35
Loss on reduction of noncurrent assets	1,725	—
Other	417	201
Total extraordinary losses	2,946	1,246
Income before income taxes and minority interests	45,890	145,302
Total Income taxes	5,404	45,404
Income before minority interests	40,486	99,898
Minority interests in income	46	87
Net income	40,440	99,811

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

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to September 30, 2012)	FY2014 (April 1, 2013 to September 30, 2013)
Income before minority interests	40,486	99,898
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,253)	12,021
Foreign currency translation adjustment	(7,648)	8,798
Share of other comprehensive income of associates accounted for using equity method	7	94
Total other comprehensive income	(9,894)	20,913
Comprehensive income	30,592	120,811
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	30,546	120,724
Comprehensive income attributable to minority interests	46	87

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to September 30, 2012)	FY2014 (April 1, 2013 to September 30, 2013)
I Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	45,890	145,302
Depreciation and amortization	27,717	29,722
Impairment loss	36	35
Increase (decrease) in provision for bonuses	67	161
Increase (decrease) in provision for product warranties	535	496
Increase (decrease) in provision for loss on construction contracts	533	10
Increase (decrease) in provision for retirement benefits	94	484
Interest and dividends income	(1,128)	(1,384)
Interest expenses	1,766	1,342
Loss (gain) on valuation of derivatives	(8,510)	(10,906)
Equity in (earnings) losses of affiliates	(71)	(121)
Loss (gain) on sales and retirement of noncurrent assets	336	864
Decrease (increase) in notes and accounts receivable-trade	13,979	1,198
Decrease (increase) in inventories	5,974	18,080
Increase (decrease) in notes and accounts payable-trade	15,633	2,436
Decrease (increase) in lease investment assets	560	(411)
Decrease (increase) in operating loans receivable	1,806	(10,494)
Decrease (increase) in vehicles and equipment on operating leases	(6,282)	(5,755)
Increase (decrease) in deposits received	5,873	4,884
Other, net	13,600	(2,079)
Subtotal	118,408	173,864
Interest and dividends income received	1,148	1,409
Interest expenses paid	(1,867)	(1,003)
Income taxes (paid) refund	(7,413)	(16,331)
Net cash provided by (used in) operating activities	110,276	157,939

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to September 30, 2012)	FY2014 (April 1, 2013 to September 30, 2013)
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(4,409)	(5,889)
Proceeds from sales of short-term investment securities	1,712	10,966
Purchase of property, plant and equipment	(26,363)	(37,595)
Proceeds from sales of property, plant and equipment	1,520	681
Purchase of intangible assets	(2,196)	(1,991)
Purchase of investment securities	(7,047)	(15,644)
Proceeds from sales of investment securities	6,577	9,753
Payments of loans receivable	(45,481)	(30,869)
Collection of loans receivable	44,791	33,248
Other, net	(1,538)	(785)
Net cash provided by (used in) investing activities	(32,434)	(38,125)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(13,928)	(13,088)
Proceeds from long-term loans payable	893	2,652
Repayment of long-term loans payable	(5,665)	(5,292)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(20,005)	(5)
Cash dividends paid	(3,501)	(7,786)
Other, net	(457)	(733)
Net cash provided by (used in) financing activities	(32,663)	(24,252)
IV Effect of exchange rate change on cash and cash equivalents	(5,340)	5,884
V Net increase (decrease) in cash and cash equivalents	39,839	101,446
VI Cash and cash equivalents at beginning of period	258,084	328,947
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	21,320	122
VIII Cash and cash equivalents at end of period	319,243	430,515

(4) Note to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

FY2014 (April 1, 2013 to September 30, 2013)

Not Applicable

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

FY2014 (April 1, 2013 to September 30, 2013)

Not Applicable

(Explanatory Note)

(Quarterly Consolidated Statement of income)

FY2013 (April 1, 2012 to September 30, 2012)

(Extraordinary income)

680 million yen of other extraordinary income is mainly the reversal of extraordinary loss (loss on valuation of inventories) recorded in the prior period relating to the sale of inventories in aerospace business.

(Segment Information)

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

2nd Quarter of FY 2013 (April 1, 2012 to September 30, 2012)

(Unit: Millions 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	830,425	41,685	16,264	888,374	9,646	898,020	—	898,020
(2) Inter-segment	1,572	—	20	1,592	7,147	8,739	(8,739)	—
Total sales	831,997	41,685	16,284	889,966	16,793	906,759	(8,739)	898,020
Operating income(loss)	39,694	1,883	391	41,968	1,049	43,017	240	43,257

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 2014 (April 1, 2013 to September 30, 2013)

(Unit: Millions 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	1,052,692	53,536	15,685	1,121,913	3,725	1,125,638	—	1,125,638
(2) Inter-segment	1,630	—	303	1,933	6,476	8,409	(8,409)	—
Total sales	1,054,322	53,536	15,988	1,123,846	10,201	1,134,047	(8,409)	1,125,638
Operating income	142,272	6,894	166	149,332	1,126	150,458	244	150,702

Note: *1. Other means the category which is not included into any business segment reported. It consists of 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.

(Significant Subsequent Event)

Not Applicable

< Reference for the 1st Half of FY2014 Consolidated Financial Results >

(Yen in 100 Millions, Units in Thousands)

	RESULTS FY2013 1H 2012. 4-9	RESULTS FY2014 1st Half 2013.4.1-9.30			RESULTS FY2013 '12.4-'13.3	FORECASTS FY2014 Full Year 2013.4.1-2014.3.31			PREVIOUS FORECASTS FY2014 '13.4-'14.3
		Change		%		Change		%	
Net sales	8,980	11,256	2,276	25.3	19,130	23,000	3,870	20.2	20,800
Japan	3,098	3,306	208	6.7	6,718	6,437	(281)	(4.2)	6,081
Overseas	5,883	7,951	2,068	35.2	12,411	16,563	4,151	33.4	14,719
Operating income	433	1,507	1,074	248.4	1,204	2,780	1,576	130.9	1,980
Profit margin (%)	4.8	13.4			6.3	12.1			9.5
Ordinary income	453	1,462	1,009	222.9	1,006	2,720	1,714	170.4	1,930
Profit margin (%)	5.0	13.0			5.3	11.8			9.3
Net income	404	998	594	146.8	1,196	1,780	584	48.8	1,210
Profit margin (%)	4.5	8.9			6.3	7.7			5.8
Change Factors in Operating income									
			Gain on currency exchange	872			Gain on currency exchange	1,334	
			Improvements on model mix, etc	213			Improvements on model mix, etc	437	
			Cost reduction effort, etc	135			Cost reduction effort, etc	174	
			Increase in SG&A exp, etc	(96)			Increase in SG&A exp, etc	(260)	
			Increase in R&D exp	(50)			Increase in R&D exp	(109)	
Exchange rates	80/US\$ 103/EUR	98/US\$ 129/EUR			82/US\$ 106/EUR	97/US\$ 127/EUR			92/US\$ 122/EUR
Capital expenditures	339	273			702	720			670
Depreciation and amortization	247	260			559	550			550
R&D expenses	249	299			491	600			590
Interest bearing debts	3,301	2,918			3,072	2,700			2,800
Performance description			- Net Sales and all profits increased for 2nd straight yr. - Half-year record Unit Sales, Net Sales and Profits				- Net Sales and all profits to increase for 2nd straight yr. - Full-year record Unit Sales, Net Sales and Profits		
Unit sales (Japan)	72	87	15	21.3	163	170	7	4.1	156
Passenger Cars	45	62	16	36.1	113	116	4	3.1	102
Minicars	27	26	(1)	(3.8)	50	54	3	6.4	54
Unit sales (Overseas)	276	305	29	10.4	561	637	76	13.6	596
North America	181	228	47	26.0	390	471	80	20.6	420
Europe	36	22	(14)	(39.3)	61	50	(11)	(18.1)	54
China	27	19	(8)	(28.8)	50	44	(6)	(11.9)	51
Other	33	37	4	12.0	60	72	13	21.0	70
Unit sales total	348	393	44	12.7	724	807	83	11.4	752
Production units total	360	390	31	8.5	764	815	51	6.6	758
Japan	273	310	38	13.8	583	652	69	11.8	594
U.S.	87	80	(7)	(8.0)	181	163	(18)	(9.9)	164
Net sales by business segment									
Automobile	8,304	10,527	2,223	26.8	17,790				
Aerospace	417	535	119	28.4	891				
Industrial Products	163	157	(6)	(3.6)	301				
Other	96	37	(59)	(61.4)	147				
Operating income by business segment									
Automobile	397	1,423	1,026	258.4	1,110				
Aerospace	19	69	50	266.1	68				
Industrial Products	4	2	(2)	(57.5)	6				
Other	10	11	1	7.3	16				
Elimination & Corporate	2	2	0	1.7	4				

* Exchange Rates are the rates used for FHI's non-consolidated sales recording.

* Unit Sales include retail sales of Japanese consolidated dealers, wholesale sales of overseas consolidated distributors, and deliveries from FHI to non-consolidated distributors/dealers.

* Domestic Production includes production of the 86/FR-S models for Toyota.

< Forward-looking statements in this document are based on the information available at the time of the announcement and are subject to various risks and uncertainties that could cause actual results to vary materially. >



FHI Announces First Half Financial Results for FY2014

Tokyo, October 31, 2013 - Fuji Heavy Industries Ltd. (FHI), the maker of Subaru automobiles, today announced its consolidated financial results for the first half of fiscal year ending March 31, 2014.

< 1st Half Results: Consolidated Net Sales >

Strong demand for the Forester and the Impreza series pushed Subaru's overseas vehicle sales to rise 10.4% from a year ago to 305,000 units, driven by the U.S. growth of 27.1% to 209,000 units. Japan sales also increased 21.3% to 87,000 units. In total, Subaru's global vehicle sales rose 12.7% from the previous year to 393,000 units.

Due to the unit sales growth, correction of yen appreciation and other factors, FHI's consolidated net sales grew 25.3% to 1,125.6 billion yen.

< 1st Half Results: Consolidated Profit and Loss >

As a result of the correction of yen appreciation, unit sales mix improvements, cost reduction progress and other factors, operating income surged 248.4% to 150.7 billion yen while ordinary income jumped 222.9% to 146.2 billion yen and net income rose 146.8% to 99.8 billion yen.

FHI achieved all-time records for a fiscal half-year period on global, overseas and the U.S. vehicle sales as well as net sales and all profits.*1

< FY2014 Full-Year Forecasts >

Unit sales outlook for full year is raised from the previous forecast by 55,000 units to 807,000 units. Reflecting the changes including currency rate assumption change and unit sales mix improvements, the full-year projections are revised upward to Net sales at 2,300 billion yen, Operating income at 278 billion yen, Ordinary income at 272 billion yen and Net income at 178 billion yen. Global unit sales, net sales and all profit figures are to each hit an all-time high in FHI's history.*2

Currency rate assumptions: 97 yen/US\$, 127 yen/euro

Based on the consolidated financial results for the first half and the consolidated financial forecasts for the full year, FHI will raise the interim dividend and year-end dividend forecast both by 10 yen from the previous announcement to 20 yen. Accordingly, the projected dividend per share for fiscal 2014 will be up by 20 yen over the previous year to 40 yen.

Previous Forecasts for FY2014 (Announced on July 31, 2013)

Net sales: 2,080 billion yen

Operating income: 198 billion yen

Ordinary income: 193 billion yen

Net income: 121 billion yen

Currency rate assumptions: 92 yen/US\$, 122 yen/euro

*1: Since fiscal year ended March 2001 - the year FHI started half-year consolidated financial reporting.

*2: Since fiscal year ended March 1986 - the year FHI started full-year consolidated financial reporting.

Forward-looking statements in this document including the earnings forecasts are based on the information available at the time of the announcement and are subject to various risks and uncertainties that could cause actual results to vary materially.