

Consolidated Financial Results

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



February 4, 2014

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
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 Scheduled date of submitting Quarterly Report : February 13, 2014
 Scheduled date for dividend payment : -
 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 Third Quarter of Fiscal Year 2014(April 1, 2013 to December 31, 2013)

(1)Consolidated Results of Operations(for nine 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	
3rd Quarter of FY2014	1,708,522	24.6%	233,353	218.1%	221,424	249.1%	181,540	241.7%
3rd Quarter of FY2013	1,370,725	33.2%	73,368	163.4%	63,427	120.9%	53,136	44.6%

Note: Comprehensive income 3rd Quarter of FY2014: 189,461 million yen (192.6%) 3rd Quarter of FY2013: 64,747 million yen (130.7%)

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)
3rd Quarter of FY2014	232.62	—
3rd Quarter of FY2013	68.08	—

(2) Consolidated Financial Position

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

	Total assets	Net assets	Shareholders' equity to total assets (%)
3rd Quarter of FY2014	1,785,926	764,272	42.6%
FY2013	1,577,454	596,813	37.7%

Reference: Shareholders' equity As of December 31, 2013: 761,203 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 third quarter of the fiscal year ending March 31, 2014: No

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	2,380,000	24.4%	310,000	157.5%	294,000	192.2%	221,000	84.8%	283.19

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

4. Others

- (1) Changes of significant subsidiaries in the third 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 December 31,2013: | 782,865,873 shares | As of March 31,2013: | 782,865,873 shares |
| [2] Number of treasury stock | As of December 31,2013: | 2,475,401 shares | As of March 31,2013: | 2,435,448 shares |
| [3] Average number of shares (for nine month period) | 3rd Quarter of FY2014: | 780,405,768 shares | 3rd Quarter of FY2013: | 780,456,691 shares |

*The status of the implementation of the third quarterly review

The third 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 third quarter of the current fiscal year rose ¥337.8 billion (24.6%) from the same period of the previous fiscal year to ¥1,708.5 billion mainly due to higher automobile unit sales and aided by correction of the strong yen.

Regarding the profit, operating income increased ¥160.0 billion (218.1%) from the same period of the previous fiscal year to ¥233.4 billion and ordinary income increased ¥158.0 billion (249.1%) from the same period of the previous fiscal year to ¥221.4 billion, reflecting the higher sales. Net income for the period, which includes ¥47.1 billion in extraordinary income from the sale of the stock of Polaris Industries Inc., rose ¥128.4 billion (241.7%) from the same period of the previous fiscal year to ¥181.5 billion.

[Results by Business Segment]

Results for the current consolidated third quarter period by business segment are as described below.

[1] Automobile Division

Unit sales of Subaru passenger cars in Japan increased 10 thousand (13.0%) units compared with the same period of the previous fiscal year to 87 thousand units centered on models featuring the advanced driving assist system “EyeSight (ver. 2)” thanks to steady sales of the Impreza continuing from the previous year and contributions to unit sales from the Forester and Subaru XV Hybrid.

Moreover, unit sales of minicars increased 2 thousand (6.7%) units compared with the same period of the previous fiscal year to 37 thousand units, lifted by steady sales of the Stella and contributions to unit sales from the Pleo Plus, both mini-passenger cars.

As a result, total unit sales in Japan increased 12 thousand (11.0%) units compared with the same period of the previous fiscal year to 124 thousand units.

Overseas total unit sales increased 54 thousand (13.1%) units compared with the same period of the previous fiscal year to 470 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 71 thousand (24.9%) units from the same period of the previous fiscal year to 354 thousand units, sales in Europe including Russia decreased 15 thousand (31.5%) units from the same period of the previous fiscal year to 33 thousand units, sales in Australia increased 1 thousand (4.8%) units from the same period of the previous fiscal year to 30 thousand units, sales in China decreased 11 thousand (26.6%) units from the same period of the previous fiscal year to 30 thousand units, and sales in other regions increased 8 thousand (55.0%) units from the same period of the previous fiscal year to 24 thousand units.

As a result, combined unit sales in Japan and overseas markets amounted to 593 thousand units, an increase of 67 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 ¥324.5 billion (25.5%) from the same period of the previous fiscal year to ¥1,596.2 billion, and segment income increased ¥152.8 billion (226.6%) from the same period of the previous fiscal year to ¥220.3 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 ¥21.0 billion (33.0%) compared with the same period of the previous fiscal year to ¥84.6 billion. Segment income increased ¥6.8 billion (180.3%) compared with the same period of the previous fiscal year to ¥10.6 billion.

[3] Industrial Products Division

Net sales declined ¥0.3 billion (1.5%) compared with the same period of the previous fiscal year to ¥22.0 billion as increased sales of pump engines in Japan and general-purpose engines in North America and Asia could not offset the decline in sales of engines for leisure equipment to North America. Segment income decreased ¥0.1 billion (32.9%) compared with the same period of the previous fiscal year to ¥0.2 billion.

[4] Other Businesses

Net sales decreased ¥7.3 billion (56.6%) compared with the same period of the previous fiscal year to ¥5.6 billion, mainly due to the discontinuation of Eco Technology Company business, previously included in “Other Businesses,” effective March 31, 2013. Segment income increased ¥0.3 billion (23.5%) compared with the same period of the previous fiscal year to ¥1.8 billion.

(2) Explanation about Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets at the end of the third quarter of the current fiscal year were ¥1,785.9 billion, reflecting an increase of ¥208.5 billion from the end of the previous fiscal year. This was mainly due to a ¥172.0 billion increase in combined funds on hand comprised of cash, deposits, and short-term investment securities for short-term fund management.

Total liabilities increased ¥41.0 billion compared with the end of the previous fiscal year to ¥1,021.7 billion. This was mainly due to a ¥72.5 billion rise in income taxes payable, in spite of a ¥19.3 billion decrease in short-term loans payable.

Net assets increased ¥167.5 billion compared with the end of the previous fiscal year to ¥764.3 billion. This was mainly due to a ¥158.1 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 third quarter of the current fiscal year (hereinafter “Cash”) totaled ¥498.2 billion.

(Net cash provided by operating activities)

Net cash provided by operating activities was ¥221.5 billion (compared with ¥111.3 billion provided by operating activities in the same consolidated cumulative period of the previous fiscal year). Main factor was ¥267.1 billion in income before income taxes and minority interests.

(Net cash used in investment activities)

Net cash used in investing activities was ¥12.1 billion (compared with ¥46.7 billion used in investing activities in the same consolidated cumulative period of the previous fiscal year). Main factors included ¥40.5 billion in proceeds from sales of investment securities (net basis against expenditures for the purchase of investment securities) and ¥51.8 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 ¥54.7 billion (compared with ¥43.9 billion used in financing activities in the same consolidated cumulative period of the previous fiscal year). Main factors included ¥18.7 billion decrease in short-term loans payable, ¥12.9 billion in repayment of long-term loans payable (net basis against proceeds from long-term loans payable), and ¥23.6 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 November 13, 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 ¥99/US\$ (previously ¥97/US\$) and ¥133/EUR (previously ¥127/EUR). Exchange rate assumptions for the fourth quarter of the current fiscal year are ¥100/US\$ and ¥141/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 2,300,000	¥ million 278,000	¥ million 272,000	¥ million 207,000	Yen 265.24
Revised projection (B)	2,380,000	310,000	294,000	221,000	283.19
Change in amount (B-A)	80,000	32,000	22,000	14,000	
Percentage change (%)	3.5	11.5	8.1	6.8	
(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)	3rd Quarter of FY2014 (as of December 31, 2013)
ASSETS		
I Current assets		
Cash and deposits	285,152	234,898
Notes and accounts receivable-trade	124,234	107,227
Lease investment assets	22,145	22,277
Short-term investment securities	66,370	288,585
Merchandise and finished goods	163,852	184,173
Work in process	50,498	54,917
Raw materials and supplies	35,217	35,132
Deferred tax assets	52,947	65,420
Short-term loans receivable	96,990	114,432
Other	47,579	50,327
Allowance for doubtful accounts	(951)	(937)
Total current assets	944,033	1,156,451
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	113,186	115,283
Machinery, equipment and vehicles, net	116,864	110,873
Land	173,012	175,005
Vehicles and equipment on operating leases, net	13,062	8,371
Construction in progress	14,232	24,067
Other, net	14,599	14,071
Total property, plant and equipment	444,955	447,670
2. Intangible assets		
Other	12,751	13,536
Total intangible assets	12,751	13,536
3. Investments and other assets		
Investment securities	93,054	76,432
Deferred tax assets	6,227	8,671
Other	80,425	87,132
Allowance for doubtful accounts	(3,991)	(3,966)
Total investments and other assets	175,715	168,269
Total noncurrent assets	633,421	629,475
Total assets	1,577,454	1,785,926

(Unit: Millions of yen)

	FY2013 (as of March 31, 2013)	3rd Quarter of FY2014 (as of December 31, 2013)
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	242,743	235,247
Electronically recorded obligations-operating	61,595	66,860
Short-term loans payable	60,867	41,542
Current portion of long-term loans payable	45,197	62,762
Current portion of bonds	10	4,010
Income taxes payable	7,828	80,314
Accrued expenses	83,032	81,462
Provision for bonuses	17,865	8,980
Provision for product warranties	34,740	40,169
Provision for loss on construction contracts	918	332
Provision for loss on transfer of business	2,550	2,306
Provision for loss on litigation	369	—
Other	99,317	100,278
Total current liabilities	657,031	724,262
II Noncurrent liabilities		
Bonds payable	14,060	10,055
Long-term loans payable	187,023	157,619
Deferred tax liabilities	19,139	10,923
Provision for retirement benefits	34,917	36,346
Provision for directors' retirement benefits	457	479
Other	68,014	81,970
Total noncurrent liabilities	323,610	297,392
Total liabilities	980,641	1,021,654
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	301,357	459,473
Treasury stock	(1,292)	(1,389)
Total shareholders' equity	613,931	771,950
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27,882	11,966
Foreign currency translation adjustment	(46,448)	(22,713)
Total accumulated other comprehensive income	(18,566)	(10,747)
Minority interests	1,448	3,069
Total net assets	596,813	764,272
Total liabilities and net assets	1,577,454	1,785,926

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

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to December 31, 2012)	FY2014 (April 1, 2013 to December 31, 2013)
I Net sales	1,370,725	1,708,522
II Cost of sales	1,091,449	1,227,547
Gross profit	279,276	480,975
III Selling, general and administrative expenses	205,908	247,622
Operating income	73,368	233,353
IV Non-operating income		
Interest income	1,032	1,222
Dividends income	779	842
Equity in earnings of affiliates	61	236
Real estate rent	450	401
Other	377	1,050
Total non-operating income	2,699	3,751
V Non-operating expenses		
Interest expenses	2,575	2,008
Foreign exchange losses	1,552	9,208
Loss on valuation of derivatives	6,382	1,558
Other	2,131	2,906
Total non-operating expenses	12,640	15,680
Ordinary income	63,427	221,424
VI Extraordinary income		
Gain on sales of noncurrent assets	465	200
Gain on sales of investment securities	479	47,248
State subsidy	1,725	—
Gain on sale of loans receivable	325	—
Other	826	166
Total extraordinary income	3,820	47,614
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,558	1,660
Impairment loss	36	35
Loss on reduction of noncurrent assets	1,725	—
Provision for loss on transfer of business	936	—
Other	1,250	243
Total extraordinary losses	5,505	1,938
Income before income taxes and minority interests	61,742	267,100
Total Income taxes	8,532	85,438
Income before minority interests	53,210	181,662
Minority interests in income	74	122
Net income	53,136	181,540

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

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to December 31, 2012)	FY2014 (April 1, 2013 to December 31, 2013)
Income before minority interests	53,210	181,662
Other comprehensive income		
Valuation difference on available-for-sale securities	3,431	(15,916)
Foreign currency translation adjustment	8,104	23,620
Share of other comprehensive income of associates accounted for using equity method	2	95
Total other comprehensive income	11,537	7,799
Comprehensive income	64,747	189,461
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	64,673	189,359
Comprehensive income attributable to minority interests	74	102

(3) Quarterly Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2013 (April 1, 2012 to December 31, 2012)	FY2014 (April 1, 2013 to December 31, 2013)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	61,742	267,100
Depreciation and amortization	43,207	44,601
Impairment loss	36	35
Increase (decrease) in provision for bonuses	(8,026)	(9,078)
Increase (decrease) in provision for product warranties	1,594	2,844
Increase (decrease) in provision for loss on construction contracts	(141)	(586)
Increase (decrease) in provision for retirement benefits	740	1,213
Interest and dividends income	(1,811)	(2,064)
Interest expenses	2,575	2,008
Loss (gain) on valuation of derivatives	6,382	1,558
Equity in (earnings) losses of affiliates	(61)	(236)
Loss (gain) on sales and retirement of noncurrent assets	1,093	1,460
Loss (gain) on sales and valuation of investment securities	(354)	(47,117)
Decrease (increase) in notes and accounts receivable-trade	20,885	20,658
Decrease (increase) in inventories	(19,753)	(9,040)
Increase (decrease) in notes and accounts payable-trade	3,468	(4,224)
Decrease (increase) in lease investment assets	580	(132)
Decrease (increase) in operating loans receivable	(6,769)	(17,117)
Decrease (increase) in vehicles and equipment on operating leases	524	3,601
Increase (decrease) in deposits received	2,272	(3,367)
Other, net	15,339	(6,431)
Subtotal	123,522	245,686
Interest and dividends income received	1,811	2,071
Interest expenses paid	(2,561)	(1,883)
Income taxes (paid) refund	(11,488)	(24,387)
Net cash provided by (used in) operating activities	111,284	221,487

	FY2013 (April 1, 2012 to December 31, 2012)	FY2014 (April 1, 2013 to December 31 2013)
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(5,844)	(9,765)
Proceeds from sales of short-term investment securities	3,617	15,036
Purchase of property, plant and equipment	(37,946)	(52,565)
Proceeds from sales of property, plant and equipment	813	762
Purchase of intangible assets	(3,373)	(3,640)
Purchase of investment securities	(10,580)	(20,215)
Proceeds from sales of investment securities	8,672	60,676
Payments of loans receivable	(68,654)	(58,793)
Collection of loans receivable	67,510	60,568
Other, net	(893)	(4,198)
Net cash provided by (used in) investing activities	(46,678)	(12,134)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(17,514)	(18,657)
Proceeds from long-term loans payable	4,868	3,295
Repayment of long-term loans payable	(13,177)	(16,195)
Proceeds from issuance of bonds	10,000	—
Redemption of bonds	(20,005)	(5)
Cash dividends paid	(7,362)	(23,580)
Proceeds from stock issuance to minority shareholders	—	1,280
Other, net	(723)	(858)
Net cash provided by (used in) financing activities	(43,913)	(54,720)
IV Effect of exchange rate change on cash and cash equivalents	4,547	14,454
V Net increase (decrease) in cash and cash equivalents	25,240	169,087
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	304,644	498,156

(4) Note to Quarterly Consolidated Financial Statements

(Notes on Premise of Going Concern)

FY2014 (April 1, 2013 to December 31, 2013)

Not Applicable

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

FY2014 (April 1, 2013 to December 31, 2013)

Not Applicable

(Explanatory Note)

(Quarterly Consolidated Statement of income)

FY2013 (April 1, 2012 to December 31, 2012)

(Extraordinary income)

775 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.

(Extraordinary loss)

1,099 million yen of other extraordinary loss is the return of funds received for commissioned research and subsidies in the clean robot business in the prior period.

FY2014 (April 1, 2013 to December 31, 2013)

(Extraordinary income)

Gain on sales of investment securities includes 47,118 million yen, the profit related to the sales of stock of Polaris Industries Inc. owned by FHI.

(Segment Information)

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

3rd Quarter of FY 2013 (April 1, 2012 to December 31, 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	1,271,731	63,641	22,376	1,357,748	12,977	1,370,725	—	1,370,725
(2) Inter-segment	2,362	—	21	2,383	10,727	13,110	(13,110)	—
Total sales	1,274,093	63,641	22,397	1,360,131	23,704	1,383,835	(13,110)	1,370,725
Operating income	67,445	3,790	286	71,521	1,484	73,005	363	73,368

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.

3rd Quarter of FY 2014 (April 1, 2013 to December 31, 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	1,596,232	84,611	22,044	1,702,887	5,635	1,708,522	—	1,708,522
(2) Inter-segment	2,318	—	409	2,727	9,952	12,679	(12,679)	—
Total sales	1,598,550	84,611	22,453	1,705,614	15,587	1,721,201	(12,679)	1,708,522
Operating income	220,290	10,624	192	231,106	1,832	232,938	415	233,353

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 First 9 Months of FY2014 Consolidated Financial Results >

(Yen in 100 Millions, Units in Thousands)

	RESULTS		RESULTS		RESULTS	FORECASTS			PREVIOUS FORECASTS
	FY2013 First 9 months 2012. 4-12	FY2014 First 9 Months 2013. 4-12		FY2013 Full Year '12.4-'13.3		FY2014 Full Year 2013. 4 – 2014. 3		FY2014 Full Year '13.4-'14.3	
		Change	%			Change	%		
Net sales	13,707	17,085	3,378	24.6	19,130	23,800	4,670	24.4	23,000
Japan	4,823	4,788	(35)	(0.7)	6,718	6,495	(223)	(3.3)	6,437
Overseas	8,884	12,297	3,413	38.4	12,411	17,305	4,893	39.4	16,563
Operating income	734	2,334	1,600	218.1	1,204	3,100	1,896	157.5	2,780
Profit margin (%)	5.4	13.7			6.3	13.0			12.1
Ordinary income	634	2,214	1,580	249.1	1,006	2,940	1,934	192.2	2,720
Profit margin (%)	4.6	13.0			5.3	12.4			11.8
Net income	531	1,815	1,284	241.7	1,196	2,210	1,014	84.8	2,070
Profit margin (%)	3.9	10.6			6.3	9.3			9.0
Change factors in Operating income									
			Gain on currency exchange	1,428			Gain on currency exchange	1,620	
			Improvements on unit sales volume/mix, etc	195			Improvements on unit sales volume/mix, etc	484	
			Cost reduction effort, etc	194			Cost reduction effort, etc	210	
			Increase in SG&A exp, etc	(137)			Increase in SG&A exp, etc	(309)	
			Increase in R&D exp	(80)			Increase in R&D exp	(109)	
Exchange rates	JPY/US\$ 80/US\$	JPY/EUR 103/EUR	98/US\$ 131/EUR		82/US\$ 106/EUR	99/US\$ 133/EUR		97/US\$ 127/EUR	
Capital expenditures	484	412			702	720			720
Depreciation and amortization	389	394			559	550			550
R&D expenses	353	433			491	600			600
Interest bearing debts	3,236	2,760			3,072	2,700			2,700
Performance description			- Net Sales and all profits increased for 2nd straight yr. - 9-months records on Unit Sales, Net Sales and Profits			- Net Sales and all profits to increase for 2nd straight yr. - Full-year records to be posted on Unit Sales, Net Sales and Profits			
Unit sales (Japan)	112	124	12	11.0	163	189	26	15.7	170
Passenger Cars	77	87	10	13.0	113	135	22	19.8	116
Minicars	35	37	2	6.7	50	54	3	6.7	54
Unit sales (Overseas)	415	470	54	13.1	561	640	79	14.1	637
North America	283	354	71	24.9	390	476	86	21.9	471
Europe	48	33	(15)	(31.5)	61	47	(14)	(22.6)	50
China	40	30	(11)	(26.6)	50	45	(5)	(10.7)	44
Other	44	53	10	22.5	60	73	13	21.2	72
Unit sales total	527	593	67	12.7	724	829	105	14.5	807
Production units total	557	602	45	8.0	764	816	52	6.8	815
Japan	426	482	57	13.3	583	653	70	11.9	652
U.S.	132	120	(12)	(9.1)	181	163	(18)	(9.8)	163
Net sales by business segment	Automobile 12,717	15,962	3,245	25.5	17,790				
	Aerospace 636	846	210	33.0	891				
	Industrial Products 224	220	(3)	(1.5)	301				
	Other 130	56	(73)	(56.6)	147				
Operating income by business segment	Automobile 674	2,203	1,528	226.6	1,110				
	Aerospace 38	106	68	180.3	68				
	Industrial Products 3	2	(1)	(32.9)	6				
	Other 15	18	3	23.5	16				
	Elimination & Corporate 4	4	1	14.3	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 Consolidated Financial Results for the First 9 Months of FY2014

Tokyo, February 4, 2014 - Fuji Heavy Industries Ltd. (FHI), the manufacturer of Subaru automobiles, today announced its consolidated financial results for the first 9 months of the fiscal year ending March 31, 2014.

< Consolidated Net Sales for Apr-Dec 2013 >

With strong demand for the Forester and Impreza models, Subaru's overseas sales rose 13.1% to 470,000 units, led by the U.S. sales growth of 25.8% to 326,000 units. Japan sales posted an 11.0% rise to 124,000 units. In total, Subaru's global sales rose 12.7% to 593,000 units.

Due to the unit sales growth, correction of yen appreciation and other factors, FHI's consolidated net sales increased 24.6% to 1,708.5 billion yen.

< Consolidated Profit and Loss for Apr-Dec 2013 >

As a result of the correction of yen appreciation, unit sales growth, cost reduction progress and other factors, operating income grew 218.1% to 233.4 billion yen, while ordinary income rose 249.1% to 221.4 billion yen and net income increased 241.7% to 181.5 billion yen.

Global, overseas and U.S. unit sales as well as net sales and all profit figures each marked an all-time first 9-months record.*1

< FY2014 Full-Year Forecasts >

Unit sales outlook for full year is raised from the previous forecast by 22,000 units to 829,000 units. Reflecting the changes including the unit sales increase and currency rate assumptions, the full-year projections are revised upward with Net sales at 2,380 billion yen, Operating income at 310 billion yen, Ordinary income at 294 billion yen and Net income at 221 billion yen. Global unit sales, net sales and all profit figures are to reach all-time highs in FHI's history.*2

Currency rate assumptions: 99 yen/US\$, 133 yen/euro

Previous Forecasts for FY2014 (Announced on November 13, 2013)

Net sales: 2,300 billion yen

Operating income: 278 billion yen

Ordinary income: 272 billion yen

Net income: 207 billion yen

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

*1: Since fiscal year ended March 2004 - the year FHI started quarterly 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.