

FY2016 Consolidated Financial Results

For the Year Ended March 31, 2016

(Japan GAAP)



May 12, 2016

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.7270)
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 Scheduled date of annual meeting of stockholders: June 28, 2016 Scheduled date for dividend payment: June 29, 2016
 Scheduled date of submitting Security Report : June 29, 2016
 Annual earnings supplementary explanatory documents : Yes
 Holding of annual financial results meeting : Yes (for investment analysts and institutional investors)

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

1. Performance in FY2016 (April 1, 2015 to March 31, 2016)

(1) Consolidated Results of Operations (for twelve-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 attributable to owners of parent	
FY2016	3,232,258	12.3%	565,589	33.7%	576,972	46.6%	436,654	66.7%
FY2015	2,877,913	19.5%	423,045	29.6%	393,648	25.2%	261,873	26.7%

Note: Comprehensive income FY2016: 405,703 million yen (31.2%) FY2015: 309,271 million yen (46.7%)

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)	Return on equity	Ratio of ordinary income (loss) to total assets	Ratio of operating income (loss) to sales
FY2016	559.54	—	36.9%	24.1%	17.5%
FY2015	335.57	—	29.3%	19.3%	14.7%

Reference: Equity income from affiliates FY2016: 739 million yen FY2015: 499 million yen

(2) Consolidated Financial Position

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

	Total assets	Net assets	Shareholders' equity to total assets (%)	Net assets per share (Yen)
FY2016	2,592,410	1,349,411	51.8%	1,721.90
FY2015	2,199,714	1,030,719	46.5%	1,310.15

Reference: Shareholders' equity FY2016: 1,343,732 million yen FY2015: 1,022,417 million yen

(3) Consolidated Cash Flows

(Unit: Millions of yen)

	Net cash provided by operating activities	Net cash provided by investment activities	Net cash provided by financing activities	Cash & cash equivalents at end of period
FY2016	614,256	(255,676)	(126,190)	829,461
FY2015	311,543	(172,780)	(110,546)	612,085

2. Dividends

	Cash dividends per share (yen)					Amount of dividends paid (Annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual			
FY 2015	—	31.00	—	37.00	68.00	53,093	20.3%	5.9%
FY 2016	—	72.00	—	72.00	144.00	112,432	25.7%	9.5%
FY 2017 (Forecast)	—	72.00	—	72.00	144.00		38.4%	

3. Projection of Consolidated Results for Fiscal Year 2017 (April 1, 2016 to March 31, 2017)

(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 attributable to owners of parent		Net income per share, basic (Yen)	
1st half	1,533,500	(4.2)%	210,000	(26.3)%	214,000	(24.9)%	148,000	(23.4)%	189.65	
Full year	3,170,000	(1.9)%	420,000	(25.7)%	420,000	(27.2)%	293,000	(32.9)%	375.46	

4. Others

- (1) Changes of significant subsidiaries in fiscal year 2016 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Changes in accounting policies, procedures and methods of presentation for preparing the consolidated financial statements
- [1] Changes due to revisions of accounting standards : Yes
[2] Changes due to other reasons : No
[3] Changes of estimation due to accounting issues : No
[4] Restatements : No
- (3) Number of outstanding shares (Common Stock)
- [1] Number of outstanding shares (including treasury stock) As of March 31,2016: 782,865,873 shares As of March 31,2015: 782,865,873 shares
[2] Number of treasury stock As of March 31,2016: 2,487,843 shares As of March 31,2015: 2,483,395 shares
[3] Average number of shares (for twelve-month period) FY2016: 780,380,153 shares FY2015: 780,385,747 shares

(Reference) Non-consolidated Financial Results Highlights

Performance in FY2016(April 1, 2015 to March 31, 2016)

(1) Non-consolidated Results of Operations (for twelve-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	
FY2016	2,083,464	9.0%	414,755	30.3%	438,639	39.3%	361,941	64.8%
FY2015	1,910,677	13.1%	318,390	28.2%	314,819	24.8%	219,684	26.9%

	Net income per share, basic (Yen)	Net income per share, diluted (Yen)
FY2016	463.56	—
FY2015	281.36	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders' equity to total assets (%)	Net assets per share (Yen)
FY2016	1,824,480	1,075,625	59.0%	1,377.63
FY2015	1,503,879	804,736	53.5%	1,030.68

Reference: Shareholders' equity FY2016: 1,075,625 million yen FY2015: 804,736 million yen

*The status of the implementation of the annual audit

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

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

The performance projections were based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future. Please refer to page 3 in the attachments for assumptions used for the performance projection and other notes.

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1. Analysis of Operating and Financial Results

(1) Analysis of Operating Results

1) Operating Results for the Current Period under Review

The Japanese economy continued on a gradual recovery path in the period under review, and despite weaker growth in emerging countries the global economy also showed signs of a gentle resurgence overall, especially in developed countries. However, factors including the sharp appreciation of the yen against the US dollar since January this year and the impact of changes in financial and capital markets have heightened uncertainty over the economic outlook.

Through initiatives set out in the Prominence 2020 mid-term management vision drawn up in 2014, which aims for Subaru to have a prominent presence in the minds of its customers, FHI has continued to commit itself to thorough and reliable automobile development and manufacturing, and keep offering its customers “Enjoyment and Peace of Mind.”

In the period under review, the key North American market continued to drive global sales, and our initiatives brought steady results, including record unit sales for Subaru.

The above efforts produced the following consolidated results for the period under review. Net sales increased by ¥354.3 billion (12.3%) from the previous fiscal year to ¥3,232.3 billion, thanks to higher automobile unit sales and higher sales revenues owing to foreign exchange rate fluctuations. Operating income rose by ¥142.5 billion (33.7%) year-on-year to ¥565.6 billion in conjunction with higher sales. Ordinary income increased by ¥183.3 billion (46.6%) from the previous fiscal year to ¥577.0 billion.

Net income attributable to owners of parent increased by ¥174.8 billion (66.7%) year-on-year to ¥436.7 billion, due to factors including an extraordinary gain of ¥48.2 billion associated with the binding judgment on the lawsuit concerning claims of initial investment expenses related to AH-64D combat helicopters supplied to the Ministry of Defense.

Results by Business Segment

(Automobile Division)

As to industry total automobile demand in Japan, compared with the previous fiscal year, passenger cars remain unchanged and minicars decreased 16.6% mainly due to the effects of a rise in minicar tax combined with the continuing negative impact of the consumption tax rise in April 2014. As a result, overall automobile unit sales in Japan were 4.938 million units (a decrease of 6.8% from the previous fiscal year).

Although domestic sales of the Impreza, Forester, and Crossover 7 models remained strong amid this overall downtrend in demand, sales of the Levorg and the Legacy launched a year ago declined. As a result, sales of Subaru passenger cars in Japan decreased by 16 thousand units (12.7%) from the previous fiscal year to 112 thousand units. In the minicar segment, a decline in sales of the Stella launched a year ago led to unit sales falling by 1 thousand (3.4%) year-on-year to 34 thousand. As a result, total Subaru unit sales in Japan decreased by 17 thousand (10.7%) from the previous fiscal year to 145 thousand.

Overseas, sales of the Outback remained robust throughout the period under review. The Crosstrek (called the Subaru XV in Japan) remained strong in North America, and in Europe the Levorg, shipments of which began in the second half of the fiscal year, contributed to a rise in unit sales. As a result, total overseas sales increased by 65 thousand units (8.6%) year-on-year to 813 thousand units.

By region, sales in North America rose by 60 thousand units (10.6%) from the previous fiscal year to 630 thousand units, sales in Europe including Russia were steady year-on-year at 48 thousand units, sales in China decreased by 9 thousand units (17.5%) to 44 thousand units, sales in Australia increased by 6 thousand units (14.7%) to 45 thousand, and sales in other areas region by 8 thousand units (21.0%) to 46 thousand units.

Combined domestic and overseas unit sales thus increased by 47 thousand (5.2%) from the previous fiscal year to reach a new record of 958 thousand. Taking into account the impact of exchange rate fluctuations, the value of overall automotive business sales rose by ¥340.5 billion (12.6%) year-on-year to

¥3,039.4 billion. Segment income also increased by ¥142.7 billion (35.6%) from the previous fiscal year to ¥543.6 billion.

(Aerospace Division)

Sales of products to the Ministry of Defense decreased from the previous fiscal year due to lower sales of T-5 trainers and aerial target drones. However, commercial sector sales rose year-on-year due to higher sales revenues owing to exchange rate fluctuations and increased Boeing 777 production.

As a result, overall net sales increased by ¥10.0 billion (7.0%) from the previous fiscal year to ¥152.8 billion. However, segment income declined by ¥0.7 billion (3.8%) year-on-year to ¥18.2 billion.

(Industrial Products Division)

Net sales increased by ¥3.5 billion (12.2%) from the previous fiscal year to ¥32.6 billion, thanks to growth in North American sales of engines for leisure equipment. However, segment income decreased by ¥0.7 billion (89.5%) year-on-year to ¥0.1 billion, due to ¥0.9 billion in expenses incurred to address defects in engines for leisure equipment for the North American market.

(Other Businesses)

Net sales increased by ¥0.4 billion (5.2%) year-on-year to ¥7.5 billion. Segment income also increased by ¥1.0 billion (53.6%) to ¥2.9 billion.

2) Forecast for the FYE March 2017

In the fiscal year ending March 31, 2017, FHI plans to achieve sales growth in both the domestic and overseas markets, especially North America, spurring unit sales of automobiles to a new record high. Taking into account the impact of exchange rate fluctuations, consolidated net sales are projected to be ¥3,170.0 billion. Although higher unit sales of automobiles and reduced costs will boost consolidated income, the impact of exchange rate fluctuations, together with increases in experiment and research costs and other expenses such as SG&A, will have a dampening effect. As a result, income projections are ¥420.0 billion for operating income, ¥420.0 billion for ordinary income, and ¥293.0 billion for net income attributable to owners of parent.

Projections for full-year consolidated results are based on assumed foreign exchange rates of US\$1 = ¥105 (previously ¥121) and EUR1 = ¥120 (previously ¥133).

(Consolidated forecast for the full fiscal year)

Net sales	¥3,170.0 billion	(down 1.9% year-on-year)
Operating income	¥420.0 billion	(down 25.7% year-on-year)
Ordinary income	¥420.0 billion	(down 27.2% year-on-year)
Net income attributable to owners of parent	¥293.0 billion	(down 32.9% year-on-year)

(2) Analysis of Financial Results

1) Assets, Liabilities, and Net Assets

Total assets increased by ¥392.7 billion from the end of the previous fiscal year to ¥2,592.4 billion. Main factors included a ¥334.6 billion increase in combined funds on hand comprised of cash, deposits, and short-term investment securities, and a ¥57.9 billion increase in property, plant, and equipment.

Liabilities increased by ¥74.0 billion from the end of the previous fiscal year to ¥1,243.0 billion. Main factors included a ¥25.9 billion increase in trade accounts payable comprised of notes and accounts payable-trade and electronically recorded obligations, and a ¥45.3 billion increase in accrued income taxes.

Net assets increased by ¥318.7 billion from the end of the previous fiscal year to ¥1,349.4 billion. Main factors included a ¥351.6 billion increase in retained earnings from net income recognized for the current fiscal year.

2) Cash Flow

Cash and cash equivalents (hereinafter “cash”) at the end of the period under review totalled ¥829.5 billion.

(Net cash provided by operating activities)

Net cash provided by operating activities was ¥614.3 billion (compared with ¥311.5 billion in the previous fiscal year). Main factors included ¥619.0 billion in income before income taxes, a ¥22.8 billion decrease in notes and accounts receivable-trade, a ¥30.1 billion increase in notes and accounts payable-trade, receipt of ¥48.2 billion in compensation for damages, and ¥144.4 billion in income taxes paid.

(Net cash used in investment activities)

Net cash used in investment activities was ¥255.7 billion (compared with ¥172.8 billion in the previous fiscal year). Main factors included ¥125.8 billion in expenditures for the purchase of property, plant and equipment as well as intangible assets (net basis against the proceeds from sales of property, plant and equipment) and ¥21.8 billion in expenditures for the purchase of short-term investment securities (net basis against proceeds from sales of short-term investment securities).

(Net cash used in financing activities)

Net cash used in financing activities was ¥126.2 billion (compared with ¥110.5 billion in the previous fiscal year). Main factors included ¥33.0 billion in repayment of long-term loans payable (net basis against proceeds from long-term loans payable) and ¥84.9 billion in expenditures for cash dividends paid.

(3) Basic Policy Regarding the Distribution of Profits

FHI regards shareholder interests as a vital management issue and applies a results-linked approach that considers earnings, investment plans, and the business environment in each fiscal year while remaining committed to sustained dividend payments. Dividend payments for each fiscal year are determined after considering various circumstances and predicated on a 20–40% standard range for the consolidated dividend payout ratio.

It is proposed to distribute a year-end dividend of ¥72 per share, in line with the previous projection. Including the interim dividend of ¥72 per share already distributed, this raises the per-share dividend for the full fiscal year to ¥144, which is ¥76 higher than in the previous fiscal year.

Moreover, to improve shareholder value and capital efficiency, FHI resolved at its Board of Directors meeting held on May 12, 2016, matters relating to repurchase of its own shares. In accordance with this resolution, the company will repurchase up to 15 million shares of its common stock to a maximum value of ¥48.0 billion during the period from May 13 to September 30, 2016. All of shares repurchased are planned to be cancelled.

The per-share dividend for the FYE March 2017, is projected to the same amount of ¥144 (interim dividend ¥72, year-end dividend ¥72).

2. Management Policies

(1) Basic Management Policies

FHI adheres to the following corporate philosophy:

1. We will strive to create advanced technology on an ongoing basis and provide consumers with distinctive products with the highest level of quality and customer satisfaction.
2. We will aim to continuously promote harmony between people, society, and the environment while contributing to the prosperity of society.
3. We will look to the future with a global perspective and aim to foster a vibrant, progressive company.

Based on this corporate philosophy, our management ideal is to be “an appealing company with a strong presence.” We strive to build a highly profitable corporate structure with automotive business at its core and enhance corporate value. By providing distinctive Subaru quality, we aim to grow and advance with society and to be a company capable of earning the satisfaction and trust of its shareholders, customers, and all other stakeholders.

(2) Issues That Must Be Addressed

The FHI Group’s Prominence 2020 mid-term management vision sets the objective of being “Not big in size, but a high-quality company with distinctive strengths.” We aim to develop a strong brand acclaimed as “No. 1 for customer trust” and to be among the most profitable companies in the industry. To this end, we will focus on utilizing distinctive Subaru features to enhance the Subaru brand in the aim of practicing higher-added-value management and creating a strong business structure that is more capable of withstanding changes in the business environment and ensuring sustainable growth. To accelerate our efforts in this direction, we will devote our energies to addressing the following issues.

(Expanding the Range of Distinctive Subaru Products)

The next-generation Subaru Global Platform currently being developed will make its debut with the new Subaru Impreza to be launched in fiscal 2016, and will then be rolled out to other models as they undergo full model changes. In the aim of further expanding its customer base in the booming North American market, we will launch a new 3-row SUV in 2018.

On the safety front, we will further refine our EyeSight driver assist technology, introducing traffic jam assist functions for use on limited highway in 2017, autonomous driving for expressways by 2020.

In response to environmental regulations around the world, beginning in 2019 we will progressively launch new downsized turbo engines as our main internal combustion power units. To comply with US zero emission vehicle (ZEV) regulations, a plug-in hybrid and an electric vehicle are scheduled to launch in 2018 and 2021 respectively.

(Increase Development Resources in the Automotive Business)

In focusing on enhancing the Subaru brand and further accelerating our initiatives in this direction, we recognize that increase of development resources in the automotive business is one of the top priority issue. To address this issue, we will optimize company-wide allocation of management resources by restructuring the Industrial Products Company to be converted as a part of the Subaru Automobile Division. Manufacturing, sales and service of existing industrial products will continue for the time being, but development projects will cease, and we plan to gradually reassign management resources including development personnel to the Automobile Division.

(Further Enhancing and Promoting the Subaru Brand)

In addition to strengthening our products and technologies, we aim to take a customer-focused approach to improving all aspects of quality right through to sales and after-sales service. To further accelerate our efforts to enhance the Subaru brand and to grow Subaru as a global brand, we plan to change the company name to

SUBARU CORPORATION effective from April 1, 2017, subject to approval of amendment of the company's Articles of Incorporation by the 85th General Meeting of Shareholders scheduled for June 28, 2016.

(Boosting Production Capacity)

In a strong sales environment we continued to invest in capacity expansion, and combined domestic and overseas production capacity reached 854 thousand units (standard operation) as of March 31, 2016. We will cease consignment production of the Toyota Camry at Subaru of Indiana Automotive Inc. (SIA) by the end of May 2016 and switch this capacity over to Subaru production, boosting global production capacity to 1,030 thousand units (standard operation). By further expanding capacity in Japan and at SIA, we will raise global production capacity to 1,130 thousand units (standard operation) by the end of March 2019. Through this expansion we will make every effort to ensure that our products are delivered to customers around the world who are waiting for Subaru vehicles. In conjunction with the above initiatives we will raise the global sales for the fiscal year ending March 2021 target set in Prominence 2020 from 1.1 million-plus vehicles to 1.2 million-plus vehicles.

(Becoming a High-quality Company)

To fulfil our corporate social responsibilities so that we can earn the satisfaction and trust of all our stakeholders, we will improve the effectiveness of corporate governance, ensure compliance, pursue sustainable growth for the FHI Group, and enhance its corporate value over the medium to long term. We regard human resource development and reform of the organization and its corporate culture as essential for supporting sustained growth. Providing opportunities for female employees to flourish within the group is a key issue, and we are expanding promotion of women to management positions in the aim of creating a company where women can play even greater roles.

3. Basic policy about the adoption of Accounting standards

The consolidated financial statements of the group are prepared in accordance with Japanese GAAP. The Group will consider its future adoption of International Financial Reporting Standards (IFRS), observing the trend of the adoption among Japanese companies.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Unit: Millions of yen)

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
ASSETS		
I Current assets		
Cash and deposits	228,821	507,553
Notes and accounts receivable-trade	164,540	140,319
Lease investment assets	24,098	21,532
Short-term investment securities	444,737	500,572
Merchandise and finished goods	203,347	192,705
Work in process	52,734	50,666
Raw materials and supplies	39,569	34,996
Deferred tax assets	78,789	90,893
Short-term loans receivable	157,070	151,973
Other	80,796	93,509
Allowance for doubtful accounts	(1,233)	(625)
Total current assets	1,473,268	1,784,093
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	128,225	158,386
Machinery, equipment and vehicles, net	130,433	138,519
Land	177,075	182,531
Vehicles and equipment on operating leases, net	8,765	7,460
Construction in progress	28,611	46,951
Other, net	41,588	38,786
Total property, plant and equipment	514,697	572,633
2. Intangible assets		
Other	16,850	20,989
Total intangible assets	16,850	20,989
3. Investments and other assets		
Investment securities	111,558	109,804
Net defined benefit asset	3,659	1,774
Deferred tax assets	13,113	16,339
Other	99,648	90,205
Allowance for doubtful accounts	(33,079)	(3,427)
Total investments and other assets	194,899	214,695
Total noncurrent assets	726,446	808,317
Total assets	2,199,714	2,592,410

(Unit: Millions of yen)

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	317,801	326,625
Electronically recorded obligations-operating	74,420	91,476
Short-term loans payable	41,443	33,252
Current portion of long-term loans payable	44,329	33,692
Current portion of bonds	—	10,000
Income taxes payable	54,987	100,272
Accrued expenses	126,007	132,759
Provision for bonuses	21,668	23,554
Provision for product warranties	49,708	51,251
Provision for loss on construction contracts	0	645
Other	142,693	155,969
Total current liabilities	873,056	959,495
II Noncurrent liabilities		
Bonds payable	10,000	—
Long-term loans payable	115,420	93,030
Deferred tax liabilities	13,996	18,769
Provision for directors' retirement benefits	409	478
Net defined benefit liability	17,963	18,586
Other	138,151	152,641
Total noncurrent liabilities	295,939	283,504
Total liabilities	1,168,995	1,242,999
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	697,414	1,049,016
Treasury stock	(1,382)	(1,402)
Total shareholders' equity	1,009,898	1,361,480
II Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	17,986	11,344
Foreign currency translation adjustment	10,025	(13,415)
Remeasurements of defined benefit plans	(11,616)	(12,808)
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	(3,876)	(2,869)
Total accumulated other comprehensive income	12,519	(17,748)
Non-controlling interests	8,302	5,679
Total net assets	1,030,719	1,349,411
Total liabilities and net assets	2,199,714	2,592,410

(2) Consolidated Statements of (Comprehensive) Income
Consolidated Statements of Income (for twelve-month period)

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
I Net sales	2,877,913	3,232,258
II Cost of sales	2,017,490	2,187,136
Gross profit	860,423	1,045,122
III Selling, general and administrative expenses	437,378	479,533
Operating income	423,045	565,589
IV Non-operating income		
Interest income	2,320	3,253
Dividends income	1,807	1,937
Equity in earnings of affiliates	499	739
Gain on valuation of derivatives	—	9,883
Other	2,335	4,896
Total non-operating income	6,961	20,708
V Non-operating expenses		
Interest expenses	2,903	2,499
Foreign exchange losses	24,277	2,056
Loss on valuation of derivatives	2,003	—
Depreciation	985	981
Other	6,190	3,789
Total non-operating expenses	36,358	9,325
Ordinary income	393,648	576,972
VI Extraordinary income		
Gain on sales of noncurrent assets	638	282
Gain on sales of investment securities	1,052	2,732
Reversal of allowance for doubtful accounts	—	30,152
State subsidy	—	2,999
Other	2,188	19,656
Total extraordinary income	3,878	55,821
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,943	4,812
Loss on reduction of non-current assets	—	1,660
Loss on valuation of investment securities	—	5,387
Other	1,377	1,931
Total extraordinary losses	5,320	13,790
Income before income taxes and minority interests	392,206	619,003
Income taxes-current	133,256	191,168
Income taxes-deferred	(6,199)	(8,524)
Total income taxes	127,057	182,644
Net income	265,149	436,359
Net income (loss) attributable to non-controlling interests	3,276	(295)
Net income attributable to owners of parent	261,873	436,654

Consolidated Statements of Comprehensive Income (for twelve-month period)

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
Net income	265,149	436,359
Other comprehensive income		
Valuation difference on available-for-sale securities	7,357	(6,642)
Foreign currency translation adjustment	37,321	(23,777)
Remeasurements of defined benefit plans	2,270	(1,192)
Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	(2,957)	1,007
Share of other comprehensive income of associates accounted for using equity method	131	(52)
Total other comprehensive income	44,122	(30,656)
Comprehensive income	309,271	405,703
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	305,229	406,387
Comprehensive income attributable to non-controlling interests	4,042	(684)

(3) Consolidated Statements of Changes in Net Assets

FY 2015 (April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	153,795	160,071	483,910	(1,395)	796,381
Cumulative effects of changes in accounting policies	—	—	1,385	—	1,385
Restated balance	153,795	160,071	485,295	(1,395)	797,766
Changes of items during the period					
Dividends from surplus	—	—	(49,970)	—	(49,970)
Net income attributable to owners of parent	—	—	261,873	—	261,873
Purchase of treasury stock	—	—	—	(22)	(22)
Disposal of treasury stock	—	—	—	—	—
Other	—	—	216	35	251
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	—	212,119	13	212,132
Balance at the end of current period	153,795	160,071	697,414	(1,382)	1,009,898

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	Total accumulated other comprehensive income		
Balance at the beginning of current period	10,629	(26,661)	(13,886)	(919)	(30,837)	4,527	770,071
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	1,385
Restated balance	10,629	(26,661)	(13,886)	(919)	(30,837)	4,527	771,456
Changes of items during the period							
Dividends from surplus	—	—	—	—	—	—	(49,970)
Net income attributable to owners of parent	—	—	—	—	—	—	261,873
Purchase of treasury stock	—	—	—	—	—	—	(22)
Disposal of treasury stock	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	251
Net changes of items other than shareholders' equity	7,357	36,686	2,270	(2,957)	43,356	3,775	47,131
Total changes of items during the period	7,357	36,686	2,270	(2,957)	43,356	3,775	259,263
Balance at the end of current period	17,986	10,025	(11,616)	(3,876)	12,519	8,302	1,030,719

FY 2016 (April 1, 2015 to March 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at the beginning of current period	153,795	160,071	697,414	(1,382)	1,009,898
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	153,795	160,071	697,414	(1,382)	1,009,898
Changes of items during the period					
Dividends from surplus	—	—	(85,105)	—	(85,105)
Net income attributable to owners of parent	—	—	436,654	—	436,654
Purchase of treasury stock	—	—	—	(20)	(20)
Disposal of treasury stock	—	0	(1)	0	(1)
Other	—	—	54	—	54
Net changes of items other than shareholders' equity	—	—	—	—	—
Total changes of items during the period	—	0	351,602	(20)	351,582
Balance at the end of current period	153,795	160,071	1,049,016	(1,402)	1,361,480

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Remeasurements of other postretirement benefits of foreign consolidated subsidiaries	Total accumulated other comprehensive income		
Balance at the beginning of current period	17,986	10,025	(11,616)	(3,876)	12,519	8,302	1,030,719
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—
Restated balance	17,986	10,025	(11,616)	(3,876)	12,519	8,302	1,030,719
Changes of items during the period							
Dividends from surplus	—	—	—	—	—	—	(85,105)
Net income attributable to owners of parent	—	—	—	—	—	—	436,654
Purchase of treasury stock	—	—	—	—	—	—	(20)
Disposal of treasury stock	—	—	—	—	—	—	(1)
Other	—	—	—	—	—	—	54
Net changes of items other than shareholders' equity	(6,642)	(23,440)	(1,192)	1,007	(30,267)	(2,623)	(32,890)
Total changes of items during the period	(6,642)	(23,440)	(1,192)	1,007	(30,267)	(2,623)	318,692
Balance at the end of current period	11,344	(13,415)	(12,808)	(2,869)	(17,748)	5,679	1,349,411

(4) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes	392,206	619,003
Depreciation and amortization	71,821	72,938
Increase (decrease) in allowance for doubtful accounts	(146)	(30,260)
Interest and dividends income	(4,127)	(5,190)
Interest expenses	2,903	2,499
Loss (gain) on sales and retirement of noncurrent assets	3,305	4,530
Loss (gain) on sales and valuation of investment securities	(953)	2,957
Decrease (increase) in operating loans receivable	(23,112)	(6,540)
Decrease (increase) in notes and accounts receivable-trade	19,283	22,791
Decrease (increase) in inventories	(27,180)	(1,342)
Increase (decrease) in notes and accounts payable-trade	38,223	30,082
Other extraordinary income	(833)	(19,656)
Other, net	31,753	15,538
Subtotal	503,143	707,350
Interest and dividends income received	4,361	5,668
Interest expenses paid	(2,839)	(2,528)
Proceeds from compensation for damage	—	48,184
Income taxes paid	(193,122)	(144,418)
Net cash provided by (used in) operating activities	311,543	614,256
II Net cash provided by (used in) investing activities		
Net decrease (increase) in time deposits	(11,944)	(101,631)
Purchase of short-term investment securities	(43,424)	(48,845)
Proceeds from sales of short-term investment securities	17,905	47,032
Purchase of non-current assets	(115,173)	(126,732)
Proceeds from sales of non-current assets	1,540	975
Purchase of investment securities	(47,031)	(47,005)
Proceeds from sales of investment securities	26,364	25,240
Payments of loans receivable	(104,891)	(106,117)
Collection of loans receivable	108,065	108,636
Other, net	(4,191)	(7,229)
Net cash provided by (used in) investing activities	(172,780)	(255,676)

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(18,811)	(7,822)
Proceeds from long-term loans payable	6,190	11,760
Repayments of long-term loans payable	(42,858)	(44,797)
Redemption of bonds	(4,060)	—
Cash dividends paid	(49,887)	(84,938)
Other, net	(1,120)	(393)
Net cash provided by (used in) financing activities	(110,546)	(126,190)
IV Effect of exchange rate change on cash and cash equivalents	25,998	(14,887)
V Net increase (decrease) in cash and cash equivalents	54,215	217,503
VI Cash and cash equivalents at beginning of period	557,870	612,085
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(127)
VIII Cash and cash equivalents at end of period	612,085	829,461

(5) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not Applicable

(Accounting Change)

The Accounting Standard for Business Combinations (ASBJ Statement No.21, September 13, 2013) and Consolidated Financial Statements (ASBJ Statement No.22, September 13, 2013) and Business Divestitures (ASBJ Statement No.7, September 13, 2013) were applied from the period of the first quarter of fiscal year 2016.

The presentation method of net income was amended and the reference to "minority interests" was changed to "non-controlling interests". To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

(Consolidated Balance Sheet)

Accumulated depreciation on property, plant and equipment

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
Accumulated depreciation on property, plant and equipment	882,752million yen	886,905million yen

(Consolidated Statements of Income)

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

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
Research and development cost	83,535million yen	102,373million yen

- 2 Extraordinary income

FY2016 (April 1, 2015 to March 31, 2016)

Reversal of allowance for doubtful accounts

Reversal of allowance for doubtful account includes 29,624 million yen of the allowance for receivables of the initial investment fees associated with the AH-64D combat helicopter for the Japan Ministry of Defense was released because the lawsuit against the Government of Japan over the claims of the initial investment fees was concluded.

Other extraordinary income

Other extraordinary income includes 18,561 million yen of accrued delay damages receivable recognized due to the conclusion of the lawsuit against the Government of Japan over the claims of the initial investment fees associated with the AH-64D combat helicopter for the Japan Ministry of Defense.

(Segment Information)

1. Outline of business segment

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

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

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

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

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

Segment income by business segment reported is calculated based on operating income.

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

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

FY 2015 (April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial Products	Sub- Total				
I . Net sales								
(1) Outside customers	2,698,974	142,801	29,029	2,870,804	7,109	2,877,913	—	2,877,913
(2) Inter-segment	4,236	—	207	4,443	15,744	20,187	(20,187)	—
Total sales	2,703,210	142,801	29,236	2,875,247	22,853	2,898,100	(20,187)	2,877,913
Segment income	400,874	18,912	779	420,565	1,884	422,449	596	423,045
Identifiable assets by business segment	1,944,178	186,292	32,926	2,163,396	59,735	2,223,131	(23,417)	2,199,714
II . Other items								
Depreciation	65,342	4,583	429	70,354	1,467	71,821	—	71,821
Investment to equity- method affiliates	589	—	775	1,364	—	1,364	—	1,364
Increase of property, plant and equipment and intangible assets	122,689	4,509	985	128,183	7,163	135,346	—	135,346

Notes: *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. Segment income is adjusted on the operating income of the consolidated statements of income.

FY 2016 (April 1, 2015 to March 31, 2016)

(Unit: Millions of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
I . Net sales								
(1) Outside customers	3,039,424	152,786	32,570	3,224,780	7,478	3,232,258	—	3,232,258
(2) Inter-segment	4,752	—	185	4,937	17,889	22,826	(22,826)	—
Total sales	3,044,176	152,786	32,755	3,229,717	25,367	3,255,084	(22,826)	3,232,258
Segment income	543,609	18,201	82	561,892	2,894	564,786	803	565,589
Identifiable assets by business segment	2,298,942	220,786	35,961	2,555,689	61,445	2,617,134	(24,724)	2,592,410
II . Other items								
Depreciation	67,229	3,668	507	71,404	1,534	72,938	—	72,938
Investment to equity- method affiliates	711	—	768	1,479	—	1,479	—	1,479
Increase of property, plant and equipment and intangible assets	160,048	6,902	726	167,676	662	168,338	—	168,338

Notes: *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. Segment income is adjusted on the operating income of the consolidated statements of income.

(Per Share Information)

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
Net assets per share (yen)	1,310.15	1,721.90
Net income per share, basic (yen)	335.57	559.54

Notes: 1. Since there are no dilutive potential securities, diluted information is not presented.

2. The following shows the basis of calculating net income per share.

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
Net assets per share		
Net income attributable to owners of parent (millions of yen)	261,873	436,654
Monetary value not related to common shareholders (millions of yen)	—	—
Net income attributable to owners of parent related to common stock (millions of yen)	261,873	436,654
Number of weighted average common shares outstanding during the fiscal year (Thousands of shares)	780,386	780,380

3. The following shows the basis of calculating net assets per share.

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
Total amount of net assets (millions of yen)	1,030,719	1,349,411
The amount deducted from total amount of net assets (millions of yen)	8,302	5,679
(Held by Non-controlling interests)	(8,302)	(5,679)
Net assets related to common stock (millions of yen)	1,022,417	1,343,732
Number of common stock used in the calculation of net assets per share (Thousands of share)	780,382	780,378

(Subsequent Event)

Fuji Heavy Industries Ltd. (FHI) resolved at its Board of Directors meeting held on May 12, 2016 to repurchase of its own shares pursuant to the provisions of Article 156 of the Companies Act that are applied by the reading of terms under the provisions of Article 165, Paragraph 3 of that Act.

1 Reason for the repurchase of its own shares

FHI will repurchase its own shares to improve shareholder value and capital efficiency.

2 Details of the repurchase

(1) Class of shares to be repurchased: Common stock issued by FHI

(2) Total number of shares to be repurchased: Up to 15,000,000 shares

Proportion of the total number of shares issued and outstanding, excluding treasury stock: 1.92%

(3) Total value of shares to be repurchased: Up to 48.0 billion yen

(4) Period of repurchase: From May 13 to September 30, 2016

(5) Other: All of shares repurchased are planned to be cancelled.

5. Non-consolidated Financial Statements

(1) Non-consolidated Balance Sheet

(Unit: Millions of yen)

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
ASSETS		
I Current assets		
Cash and deposits	76,241	363,284
Accounts receivable-trade	235,503	224,663
Short-term investment securities	344,982	352,896
Merchandise and finished goods	33,418	38,512
Work in process	47,428	45,275
Raw materials and supplies	19,845	16,499
Advance payments-trade	3,693	2,547
Prepaid expenses	1,851	5,147
Deferred tax assets	22,098	32,192
Short-term loans receivable to subsidiaries and affiliates	99,164	86,461
Current portion of long-term loans receivable from subsidiaries and affiliates	6,700	13,500
Deposits paid	23,740	26,444
Accounts receivable-other	36,547	33,801
Other	27,034	26,097
Allowance for doubtful accounts	(565)	(10)
Total current assets	977,679	1,267,308
II Noncurrent assets		
1. Property, plant and equipment		
Buildings, net	48,329	61,097
Structures, net	5,222	6,731
Machinery and equipment, net	90,645	82,827
Vehicles, net	1,462	1,603
Tools, furniture and fixtures, net	6,812	6,994
Land	80,235	79,972
Construction in progress	6,255	16,532
Other	990	1,161
Total property, plant and equipment	239,950	256,917
2. Intangible assets		
Software	9,871	12,361
Other	2,023	4,044
Total intangible assets	11,894	16,405
3. Investments and other assets		
Investment securities	39,055	28,764
Stocks of subsidiaries and affiliates	145,890	145,692
Investments in capital of subsidiaries and affiliates	1,498	1,498
Long-term loans receivable	905	805
Long-term loans receivable from subsidiaries and affiliates	64,354	72,635
Claims provable in bankruptcy, claims provable in rehabilitation and other	2,692	2,674
Prepaid pension cost	19,159	17,646
Deferred tax assets	—	3,401
Other	36,489	16,279
Allowance for investment loss	(84)	—
Allowance for doubtful accounts	(35,602)	(5,544)
Total investments and other assets	274,356	283,850
Total noncurrent assets	526,200	557,172
Total assets	1,503,879	1,824,480

(Unit: Millions of yen)

	FY2015 (as of March 31, 2015)	FY2016 (as of March 31, 2016)
LIABILITIES		
I Current liabilities		
Notes payable-trade	2,687	3,163
Accounts payable-trade	258,788	250,020
Electronically recorded obligations-operating	73,760	90,703
Current portion of long-term loans payable	41,028	29,900
Current portion of bonds	—	10,000
Lease obligations	730	592
Accounts payable-other	12,519	26,108
Accrued expenses	57,383	62,337
Income taxes payable	51,831	98,481
Advances received	30,700	35,954
Deposits received	1,198	1,233
Provision for bonuses	14,414	16,004
Provision for product warranties	15,650	19,509
Provision for loss on construction contracts	0	645
Other	10,824	9,633
Total current liabilities	571,512	654,282
II Noncurrent liabilities		
Bonds payable	10,000	—
Long-term loans payable	107,700	87,200
Lease obligations	684	914
Deferred tax liabilities	1,473	—
Provision for retirement benefits	775	389
Deferred tax liabilities	33	32
Other	6,966	6,038
Total noncurrent liabilities	127,631	94,573
Total liabilities	699,143	748,855
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus		
Legal capital surplus	160,071	160,071
Other capital surplus	0	0
Total capital surplus	160,071	160,071
Retained earnings		
Legal retained earnings	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land	968	990
General reserve	35,335	35,335
Retained earnings brought forward	432,524	709,337
Total retained earnings	476,728	753,563
Treasury stock	(1,382)	(1,402)
Total shareholders' equity	789,212	1,066,027
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	15,524	9,598
Total valuation and translation adjustments	15,524	9,598
Total net assets	804,736	1,075,625
Total liabilities and net assets	1,503,879	1,824,480

(2) Non-consolidated Statements of Income (for twelve-month period)

(Unit: Millions of yen)

	FY2015 (April 1, 2014 to March 31, 2015)	FY2016 (April 1, 2015 to March 31, 2016)
I Net sales	1,910,677	2,083,464
II Cost of sales	1,405,108	1,467,477
Gross profit	505,570	615,987
III Selling, general and administrative expenses	187,180	201,232
Operating income	318,390	414,755
IV Non-operating income		
Interest income	810	919
Interest on securities	338	394
Dividends income	11,262	17,051
Real estate rent	2,968	2,814
Gain on valuation of derivatives	—	9,883
Other	1,993	5,001
Total non-operating income	17,371	36,062
V Non-operating expenses		
Interest expenses	1,428	977
Depreciation	938	937
Foreign exchange losses	10,306	6,567
Loss on valuation of derivatives	2,003	—
Other	6,267	3,697
Total non-operating expenses	20,942	12,178
Ordinary income	314,819	438,639
VI Extraordinary income		
Gain on sales of noncurrent assets	282	143
Gain on sales of investment securities	22	2,449
Reversal of allowance for doubtful accounts	770	30,574
State subsidy	—	2,999
Other	833	19,386
Total extraordinary income	1,907	55,551
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,844	3,311
Loss on reduction of noncurrent assets	—	1,660
Provision of allowance for doubtful accounts	171	—
Other	931	1,539
Total extraordinary losses	2,946	6,510
Income before income taxes	313,780	487,680
Income taxes-current	95,538	137,580
Income taxes-deferred	(1,443)	(11,841)
Total income taxes	94,095	125,739
Net income	219,684	361,941

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

FY 2015 (April 1, 2014 to March 31, 2015)

(Unit: Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Other retained earnings			
					Reserve for reduction entry of land	General reserve	Retained earnings brought forward		
Balance at the beginning of current period	153,795	160,071	0	160,071	7,901	921	35,335	262,438	306,595
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	372	372
Restated balance	153,795	160,071	0	160,071	7,901	921	35,335	262,810	306,967
Changes of items during the period									
Provision of reserve for reduction entry of land	—	—	—	—	—	47	—	—	47
Dividends from surplus	—	—	—	—	—	—	—	(49,970)	(49,970)
Net income	—	—	—	—	—	—	—	219,684	219,684
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	—	—	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	—	—	—	47	—	169,714	169,761
Balance at the end of current period	153,795	160,071	0	160,071	7,901	968	35,335	432,524	476,728

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(1,360)	619,101	8,920	8,920	628,021
Cumulative effects of changes in accounting policies	—	372	—	—	372
Restated balance	(1,360)	619,473	8,920	8,920	628,393
Changes of items during the period					
Provision of reserve for reduction entry of land	—	47	—	—	47
Dividends from surplus	—	(49,970)	—	—	(49,970)
Net income	—	219,684	—	—	219,684
Purchase of treasury stock	(22)	(22)	—	—	(22)
Disposal of treasury stock	—	—	—	—	—
Net changes of items other than shareholders' equity	—	—	6,604	6,604	6,604
Total changes of items during the period	(22)	169,739	6,604	6,604	176,343
Balance at the end of current period	(1,382)	789,212	15,524	15,524	804,736

FY 2016 (April 1, 2015 to March 31, 2016)

(Unit: Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus			Legal retained earnings	Retained earnings			Total retained earnings
		Capital reserve	Other capital surplus	Total capital surplus		Reserve for reduction entry of land	General reserve	Retained earnings brought forward	
Balance at the beginning of current period	153,795	160,071	0	160,071	7,901	968	35,335	432,524	476,728
Cumulative effects of changes in accounting policies	—	—	—	—	—	—	—	—	—
Restated balance	153,795	160,071	0	160,071	7,901	968	35,335	432,524	476,728
Changes of items during the period									
Provision of reserve for reduction entry of land	—	—	—	—	—	22	—	(22)	—
Dividends from surplus	—	—	—	—	—	—	—	(85,105)	(85,105)
Net income	—	—	—	—	—	—	—	361,941	361,941
Purchase of treasury stock	—	—	—	—	—	—	—	—	—
Disposal of treasury stock	—	—	0	0	—	—	—	(1)	(1)
Net changes of items other than shareholders' equity	—	—	—	—	—	—	—	—	—
Total changes of items during the period	—	—	0	0	—	22	—	276,813	276,835
Balance at the end of current period	153,795	160,071	0	160,071	7,901	990	35,335	709,337	753,563

	Shareholders' equity		Valuation and translation adjustments		Total net assets
	Treasury stock	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments	
Balance at the beginning of current period	(1,382)	789,212	15,524	15,524	804,736
Cumulative effects of changes in accounting policies	—	—	—	—	—
Restated balance	(1,382)	789,212	15,524	15,524	804,736
Changes of items during the period					
Provision of reserve for reduction entry of land	—	—	—	—	—
Dividends from surplus	—	(85,105)	—	—	(85,105)
Net income	—	361,941	—	—	361,941
Purchase of treasury stock	(20)	(20)	—	—	(20)
Disposal of treasury stock	0	(1)	—	—	(1)
Net changes of items other than shareholders' equity	—	—	(5,926)	(5,926)	(5,926)
Total changes of items during the period	(20)	276,815	(5,926)	(5,926)	270,889
Balance at the end of current period	(1,402)	1,066,027	9,598	9,598	1,075,625

< Reference for FYE2016 Consolidated Financial Results >

	RESULTS FYE2015 2014.4 - 2015.3		RESULTS FYE2016 2015.4 - 2016.3			FORECASTS FYE2017 2016.4 - 2017.3		
			Change	%			Change	%
Net sales		28,779	32,323	3,543	12.3	31,700	(623)	(1.9)
	Japan	6,529	6,054	(475)	(7.3)	6,103	49	0.8
	Overseas	22,250	26,269	4,018	18.1	25,597	(672)	(2.6)
Operating income		4,230	5,656	1,425	33.7	4,200	(1,456)	(25.7)
	Profit margin (%)	14.7	17.5			13.2		
Ordinary income		3,936	5,770	1,833	46.6	4,200	(1,570)	(27.2)
	Profit margin (%)	13.7	17.9			13.2		
Net income attributable to owners of parent		2,619	4,367	1,748	66.7	2,930	(1,437)	(32.9)
	Profit margin (%)	9.1	13.5			9.2		
Change factors in operating income								
			Gain on currency exchange	1,084		Improvements on unit sales volume/mix, etc	999	
			Improvements on unit sales volume/mix, etc	588		Cost reduction effort, etc	320	
			Cost reduction effort, etc	331		Loss on currency exchange	(1,686)	
			Increase in SG&A exp, etc	(390)		Increase in SG&A exp, etc	(913)	
			Increase in R&D exp	(188)		Increase in R&D exp	(176)	
Exchange rates	JPY/US\$	108/US\$	121/US\$			105/US\$		
	JPY/EUR	140/EUR	133/EUR			120/EUR		
Capital expenditures		1,107	1,357			1,600		
Depreciation and amortization		648	650			800		
R&D expenses		835	1,024			1,200		
Interest bearing debts		2,112	1,700			1,650		
Performance description								
			- 4th consecutive year of increases in net sales and all profits			- Net sales and profit to decrease for the first time in 5 years.		
			- Fiscal year records for consolidated unit sales, net sales and all profits.			- Consolidated unit sales to post a fiscal year record.		
Consolidated unit sales (Japan)		163	145	(17)	(10.7)	156	11	7.6
	Passenger Cars	128	112	(16)	(12.7)	119	7	6.7
	Minicars	35	34	(1)	(3.4)	37	4	10.6
Consolidated unit sales (Overseas)		748	813	65	8.6	893	81	9.9
	North America	570	630	60	10.6	696	65	10.4
	Europe	47	48	0	0.4	50	2	4.6
	China	54	44	(9)	(17.5)	49	4	9.3
	Other	77	90	14	17.8	99	9	10.0
Consolidated unit sales total		911	958	47	5.2	1,050	92	9.6
Production units total		914	951	37	4.0	1,051	100	10.5
	Japan	708	715	7	1.0	710	(5)	(0.7)
	U.S.	207	236	29	14.2	341	105	44.6
Net sales by business segment								
	Automobile	26,990	30,394	3,405	12.6			
	Aerospace	1,428	1,528	100	7.0			
	Industrial Products	290	326	35	12.2			
	Other	71	75	4	5.2			
Operating income by business segment								
	Automobile	4,009	5,436	1,427	35.6			
	Aerospace	189	182	(7)	(3.8)			
	Industrial Products	8	1	(7)	(89.5)			
	Other	19	29	10	53.6			
	Elimination & Corporate	6	8	2	34.7			

*1 Starting FYE2016 reporting, figures previously reported as "Net Income" are stated as "Net Income Attributable to Owners of Parent".

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

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

*4 Production in Japan includes production of the 86 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 FYE2016

Tokyo, May 12, 2016 - Fuji Heavy Industries Ltd. (FHI), the manufacturer of Subaru automobiles, today announced its consolidated financial results for the fiscal year ended March 31, 2016.

< FYE2016 Results: Consolidated Net Sales >

Subaru's consolidated global unit sales rose 5.2% to 958,000 units. Unit sales in Japan fell 10.7% to 145,000 units, as passenger car sales decreased due to a decline in new model launch momentum. Overseas unit sales grew 8.6% to 813,000 units, driven by strong sales of the Impreza and the Crosstrek^{*1} in North America as well as high demand for the Legacy and the Outback throughout the year.

Consolidated net sales rose 12.3% to 3,232.3 billion yen due to exchange rate gains, unit sales growth and other factors.

< FYE2016 Results: Consolidated Profit and Loss >

Operating income rose 33.7% to 565.6 billion yen, as increases in SG&A and R&D expenses were offset by exchange rate gains, unit sales growth, cost reduction progress and other factors. Ordinary income grew 46.6% to 577.0 billion yen and net income attributable to owners of parent increased 66.7% to 436.7 billion yen.

Consolidated unit sales in North America marked an all-time record^{*2} for the 7th consecutive year. Consolidated global unit sales, consolidated overseas unit sales, net sales and all profit figures posted all-time records^{*2} for the 4th consecutive year.

< FYE2017 Forecasts >

In prospect of further growth in North America and other regions, Subaru's consolidated global unit sales are projected to increase 9.6% to 1,050,000 units, surpassing the 1-million milestone for the first time in the company's history.

Unit sales growth and cost reduction progress are expected to offset increases in SG&A and R&D expenses; but on the assumption of a stronger yen, FHI forecasts net sales of 3,170 billion yen (down 1.9%), operating income of 420 billion yen (down 25.7%), ordinary income of 420 billion yen (down 27.2%) and net income attributable to owners of parent of 293 billion yen (down 32.9%).

Consolidated unit sales in North America are projected to mark an all-time record^{*2} for the 8th consecutive year. Consolidated global unit sales, consolidated overseas unit sales are projected to post all-time records^{*2} for the 5th consecutive year.

Currency rate assumptions: 105 yen/US\$, 120 yen/euro

*1: "Subaru XV" outside North America.

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

Forward-looking statements in this document including financial and other 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.