

Consolidated Financial Results

For the First Quarter of the Fiscal Year Ending March 31, 2010



Jul. 31, 2009

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
 URL : <http://www.fhi.co.jp/english/ir/>
 Representative : Ikuo Mori, President and CEO
 Contact for Inquiries : Toshimasa Nakamura, General Manager of Administration Department Phone +81-3-3347-2005
 Scheduled date of submitting Quarterly Report : August 7, 2009

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

1. Consolidated Results for the First Quarter of Fiscal Year 2010(April 1, 2009 to June 30, 2009)

(1) Consolidated Results of Operations

(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 (loss)	Ordinary income (loss)	Net income (loss)
1st Quarter of FY2010	271,323 (20.5%)	(19,673) -	(19,472) -	(19,288) -
1st Quarter of FY2009	341,104 -	6,459 -	7,088 -	1,414 -

	Net income (loss) per share, basic (Yen)	Net income per share, diluted (Yen)
1st Quarter of FY2010	(24.75)	-
1st Quarter of FY2009	1.97	-

(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)
1st Quarter of FY2010	1,204,173	378,372	31.4%	484.68
FY2009	1,165,431	394,719	33.8%	505.59

Note: Shareholders' equity As of June 30, 2009: 377,651 million yen As of March 31, 2009: 393,946 million yen

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FY 2009	-	4.50	-	0.00	4.50
FY 2010	-	-	-	-	-
FY 2010 (Forecast)	-	0.00	-	-	-

Note: Revision of the forecasts in the first quarter of the fiscal year ending March 31, 2010 : No

Note: For the (projected) dividends of fiscal 2009, we are suspending the payment for the end of the second quarter (interim). A decision regarding the payment of dividends for the end of the term has not yet been made.

3. Projection of Consolidated Results for Fiscal Year 2010 (April 1, 2009 to March 31, 2010)

(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 loss	Ordinary loss	Net loss	Net loss per share, basic (Yen)
1st.half	624,000 (16.2%)	34,000 -	37,000 -	44,000 -	(56.47)
Full year	1,320,000 (8.7%)	35,000 -	40,000 -	55,000 -	(70.59)

Note: Revision of the forecasts at the timing of announcement of the results of first quarter of the fiscal year ending March 31, 2010 : No

4. Others

- (1) Changes of significant subsidiaries in the first quarter of fiscal year 2010 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of simple accounting as well as specific accounting for preparing the : Yes
quarterly consolidated financial statements

Note: Please refer to the section of “4. Others” of [Qualitative Information, Financial Statements etc.] on page 5.

- (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements (changes described in the section of "Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements")
- [1] Changes due to revisions of accounting standards : No
- [2] Changes due to other reasons : Yes

Note: Please refer to the section of “4. Others” of [Qualitative Information, Financial Statements etc.] on page 5.

(4) Number of outstanding shares (Common Stock)

[1] Number of outstanding shares (including treasury stock)	As of June 30,2009:	782,865,873 shares	As of March 31,2009:	782,865,873 shares
[2] Number of treasury stock	As of June 30,2009:	3,690,600 shares	As of March 31,2009:	3,682,316 shares
[3] Average number of shares (for three months period)	1st Quarter of FY2010:	779,179,082 shares	1st Quarter of FY2009:	718,167,674 shares

Proper use of forecasts of business results (disclaimer), and other special information

1. The above performance projections were made based on the information available as of the date when this document was released. Therefore, actual results may differ considerably due to various factors that might occur in the future.

For assumptions and other information on which the performance projections were based, please refer to “3. Qualitative Information on Projection for Fiscal 2010 (From April 1, 2009 to March 31, 2010)” on page 5 under [Qualitative Information, Financial Statements etc.].

2. For the (projected) dividends of fiscal 2009, we are suspending the payment for the end of the second quarter (interim). A decision regarding the payment of dividends for the end of the term has not yet been made. Regarding the dividends for the end of the term, we will make a decision based on a consideration of all factors, including performance and dividend payout ratio, and will promptly announce the estimated value as soon as possible.

[Qualitative Information/Financial Statement]

1. Qualitative Information on Consolidated Operating Performance

(1) Business Performance

Net sales were down ¥69.8 billion year, or 20.5% over the same period of the previous fiscal year to ¥271.3 billion, as the current consolidated first quarter accounting period was marked by a significant decline in automobile sales caused by the across-the-board drop in demand due to the global recession as well as losses on currency exchange generated by the strong yen.

Regarding the profit, operating income was down ¥26.1 billion over the same period of the previous fiscal year resulting in an operating loss of ¥19.7 billion, and ordinary income was down ¥26.6 billion over the same period of the previous fiscal year resulting in ¥19.5 billion of ordinary loss. These losses were due to the effects of the significant decline in automobile sales, and in spite of increased profits resulting from reduction of material costs, and reduction of SG&A and other expenses. In addition, net income was down ¥20.7 billion over the same period of the previous fiscal year, resulting in a net loss of ¥19.3 billion.

(2) Results by Business Segment

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

[1] Automobile Division

Total car sales in Japan were 3 thousand units, or 17.9% less over the same period of the previous fiscal year to 12 thousand total units even though the Legacy, underwent a full-model change for the first time in six years, enjoying a good amount of popularity. However, the reduced sales were due to the fact that the new Legacy was not introduced until mid-May so the sales of other existing models dropped too much to offset the difference.

In addition, the number of minicars sold was 21 thousand, a decrease of 7 thousand or 25.8% less over the same period of the previous fiscal year due to the prolonging of current models and a slowdown in total demand.

As a result, a total of 33 thousand units were sold in Japan for a decrease of 10 thousand, or 23.1% over the same period of the previous fiscal year.

Overseas sales totaled 67 thousand units for a decrease of 18 thousand, or 21.1% over the same period of the previous fiscal year due to a very tough quarter resulting from a worsening economy and drop in total demand, notwithstanding the good sales in North America and China.

By region, sales in North America were up 5 thousand units, or 13.6% over the same period of the previous fiscal year to a total of 45 thousand units while sales in Europe (including Russia) were decrease of 17 thousand (71.4%) for a total of 7 thousand units, as well as falling by 4 thousand (39.2%) to 6 thousand units in Australia. Sales in China increased by 2 thousand, or 44.0% over the same period of the previous fiscal year for a total of 7 thousand units, while sales in all other regions dropped by 4 thousand (73.1%) to 2 thousand units.

As a result, the combined sales volume for Japan and overseas markets amounted to 100 thousand, a decrease of 28 thousand units, or 21.7% over the same period of the previous fiscal year, and overall net sales were down ¥69.9 billion, or 22.5% over the same period of the previous fiscal year, to ¥240.7 billion. Operating income was also down ¥26.6 billion over the same period of the previous fiscal year, resulting in an operating loss of ¥21.7 billion.

[2] Aerospace Division

Net sales to the Japan Ministry of Defense improved over the same period of the previous fiscal year due to increased sales of items such as the "UH-1J" multi-purpose helicopter and "Forward Field Observation System". In the commercial sector however, net sales were less than over the same period of the previous fiscal year due to the discontinued production of the "Eclipse 500" and losses on currency exchange generated by the strong yen.

As a result, overall net sales were up ¥4.2 billion, or 23.4% over the same period of the previous fiscal year to ¥22.4 billion, and operating income was up ¥0.9 billion or 117.1% over the same period of the previous fiscal year to ¥1.6 billion.

[3] Industrial Products Division

Even though sales increased due to the completed consolidation of two new subsidiaries, overall net sales were down ¥3.8 billion, or 39.4% over the same period of the previous fiscal year to ¥5.9 billion due to the worldwide expansion of sluggish demand resulting in declining engine sales and losses on currency exchange generated by the strong yen. Operating income was up ¥0.1 billion over the same period of the previous fiscal year, resulting in an operating loss of ¥0.3 billion.

[4] Other Businesses

Even though sales increased due to the completed consolidation of one new subsidiary, net sales were down ¥0.3 billion, or 12.0% from over the same period of the previous fiscal year to ¥2.3 billion due to decreased sales of the "Fuji Mighty" sanitation truck. Operating income was down ¥0.8 billion, or 68.8% from the previous fiscal year to ¥0.3 billion.

(3) Results by Geographic Region

Results for the current consolidated first quarter accounting period by geographic region are as described below.

[1] Japan

Net sales in Japan were down ¥55.2 billion, or 26.3% over the same period of the previous fiscal year to ¥155.2 billion due to a significant decline in domestic and export automotive sales volume and losses on currency exchange generated by the strong yen. Operating income was down ¥18 billion over the same period of the previous fiscal year, resulting in an operating loss of ¥13 billion.

[2] North America

Even though automotive unit sales by Subaru of America, Inc. and other subsidiaries in the United States increased, net sales in North America were down ¥5.3 billion, or 4.6% from over the same period of the previous fiscal year to ¥109.8 billion due to losses on currency exchange generated by the strong yen. Operating income was down ¥1.6 billion over the same period of the previous fiscal year, resulting in an operating loss of ¥2.7 billion.

[3] Other Regions

Net sales were down ¥9.2 billion, or 59.2% over the same period of the previous fiscal year to ¥6.4 billion due to a decrease in sales at Subaru Europe, a subsidiary in the European Union, and losses on currency exchange generated by the strong yen. Operating income was down ¥0.4 billion, or 81.2% over the same

period of the previous fiscal year, resulting in an operating income of ¥0.1 billion.

2. Qualitative Information on Consolidated Financial Position

Total assets at the end of this first quarter were ¥1,204.2 billion, which was an increase of ¥38.7 billion over the end of the previous fiscal year.

Liabilities were ¥825.8 billion, which was an increase of ¥55.1 billion over the end of the previous fiscal year.

Net assets were ¥378.4 billion, which was a decrease of ¥16.3 billion over the end of the previous fiscal year.

3. Qualitative Information on Projection for Current Fiscal Year

There have been no revisions of the consolidated performance projection released on May 8, 2009.

4. Others

(1) Changes of significant subsidiaries in the first quarter of fiscal year 2010

(Transfer of subsidiaries resulting in changes in the scope of consolidation)

Not Applicable

(2) Application of simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements

[Application of simple accounting]

Not Applicable

[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 differed tax to the annual income before income taxes and minority interests which included the amounts of this first quarter period ended June 30, 2009.

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

(3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements

[Changes in the scope of consolidation]

Since the first quarter of the current consolidated fiscal year, as a result of our reevaluation of their significance to the consolidated financial statements, newly scope of consolidation includes "Robin Europe Gmbh Industrial Engine And Equipment (old name : Robin Europe Gmbh)" and 3 other companies. Since the first quarter of the current consolidated fiscal year, one subsidiary company of "Subaru of America,Inc." was excluded from scope of consolidation as a result of liquidation of the subsidiary.

[Changes in the application of the equity method]

Since the first quarter of the current consolidated fiscal year, as a result of our reevaluation of their significance to the consolidated financial statements, "Robin Europe Gmbh Industrial Engine And Equipment (old name : Robin Europe Gmbh)" and 3 other companies were transferred from equity method companies to consolidated subsidiaries.

5. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Million of yen)

	1st Quarter of FY2010 (as of June 30, 2009) Amount	FY2009 (as of March 31, 2009) Amount
ASSETS		
I Current assets		
Cash and deposits	128,880	78,151
Notes and accounts receivable-trade	69,168	82,352
Lease investment assets	27,151	27,074
Short-term investment securities	19,970	11,439
Merchandise and finished goods	114,361	128,645
Work in process	97,701	96,425
Raw materials and supplies	37,046	34,249
Deferred tax assets	16,313	15,918
Short-term loans receivable	62,007	59,434
Other	34,042	53,845
Allowance for doubtful accounts	(1,588)	(1,509)
Total current assets	605,051	586,023
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	123,806	123,403
Machinery, equipment and vehicles, net	106,750	108,077
Land	184,026	183,741
Lease assets, net	-	20,765
Vehicles and equipment on operating leases, net	26,724	-
Construction in progress	5,290	12,287
Other, net	34,365	19,786
Total property, plant and equipment	480,961	468,059
2. Intangible assets		
Other	12,937	13,972
Total intangible assets	12,937	13,972
3. Investments and other assets		
Investment securities	59,005	51,838
Long-term loans receivable	3,416	3,334
Deferred tax assets	10,990	10,702
Other	37,736	37,428
Allowance for doubtful accounts	(5,923)	(5,925)
Total investments and other assets	105,224	97,377
Total noncurrent assets	599,122	579,408
Total assets	1,204,173	1,165,431

(Unit: Million of yen)

	1st Quarter of FY2010 (as of June 30, 2009) Amount	FY2009 (as of March 31, 2009) Amount
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	146,634	148,015
Short-term loans payable	225,251	225,149
Commercial papers	25,000	24,000
Current portion of long-term loans payable	24,156	21,956
Current portion of bonds	20,000	-
Income taxes payable	1,130	2,062
Accrued expenses	45,059	50,524
Provision for bonuses	21,522	14,141
Provision for product warranties	17,894	17,934
Provision for loss on construction contracts	810	760
Other	65,555	56,707
Total current liabilities	593,011	561,248
II Noncurrent liabilities		
Bonds payable	40,000	60,000
Long-term loans payable	89,108	50,583
Deferred tax liabilities	10,426	7,448
Provision for retirement benefits	38,634	36,997
Provision for directors' retirement benefits	626	702
Provision for loss on guarantees	745	745
Other	53,251	52,989
Total noncurrent liabilities	232,790	209,464
Total liabilities	825,801	770,712
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	107,305	126,593
Treasury stock	(2,088)	(2,086)
Total shareholders' equity	419,083	438,373
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	7,601	3,002
Foreign currency translation adjustment	(49,033)	(47,429)
Total valuation and translation adjustments	(41,432)	(44,427)
Minority interests	721	773
Total net assets	378,372	394,719
Total liabilities and net assets	1,204,173	1,165,431

(2) Quarterly Consolidated Statements of Income

(Unit: Million of yen)

	FY2009 (April 1, 2008 to June 30, 2008) Amount	FY2010 (April 1, 2009 to June 30, 2009) Amount
I Net sales	341,104	271,323
II Cost of sales	264,647	228,660
Gross profit	76,457	42,663
III Selling, general and administrative expenses	69,998	62,336
Operating income (loss)	6,459	(19,673)
IV Non-operating income		
Interest income	867	192
Dividends income	380	288
Equity in earnings of affiliates	147	336
Real estate rent	139	142
Foreign exchange gains	6,141	-
Gain on valuation of derivatives	-	2,479
Other	791	449
Total non-operating income	8,465	3,886
V Non-operating expenses		
Interest expenses	888	1,143
Foreign exchange losses	-	1,871
Loss on valuation of derivatives	6,083	1
Other	865	670
Total non-operating expenses	7,836	3,685
Ordinary income (loss)	7,088	(19,472)
VI Extraordinary income		
Gain on sales of noncurrent assets	52	19
Gain on revision of retirement benefit plan	654	-
Other	1,123	93
Total extraordinary income	1,829	112
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	1,201	329
Provision for loss on construction contracts	2,901	-
Other	11	248
Total extraordinary losses	4,113	577
Income (loss) before income taxes and minority interests	4,804	(19,937)
Income taxes	3,373	(574)
Minority interests in income (loss)	17	(75)
Net income (loss)	1,414	(19,288)

Note: "Other" 1,123 million yen in VI Extraordinary income in the three months period ended June 30, 2008, includes 1,001 million yen, the impact of change in recognition of sales or interest revenue on credit from the equal installment method to the seven-eight allocation method.

(Changes in Presentation of Quarterly Financial Statements)

[Quarterly consolidated balance sheets]

Vehicles and equipment on operating leases included in “Lease assets,net” in fiscal 2009 is presented in “Vehicles and equipment on operating leases, net” since the first quarter of the current consolidated fiscal year.The amount of vehicles and equipment on operating leases included in “Lease assets,net” in fiscal year 2009 was 20,421 million yen.

In addition, other lease assets (lease assets obtained by finance lease transactions) is included in “Other, net” because of its materiality.

(3)Notes on Premise of Going Concern

Not Applicable

(4) Segment Information

[Business Segment Information]

1st Quarter of FY 2009 (April 1, 2008 to June 30, 2008)

(Unit: Million of yen)

	Automobiles	Aerospace	Industrial products	Other	Total	Elimination and corporate	Consolidated total
Net sales							
(1) Outside customers	310,528	18,163	9,766	2,647	341,104	-	341,104
(2) Inter-segment	1,012	-	3	3,313	4,328	(4,328)	-
Total sales	311,540	18,163	9,769	5,960	345,432	(4,328)	341,104
Operating income (loss)	4,887	755	(356)	1,091	6,377	82	6,459

1st Quarter of FY 2010 (April 1, 2009 to June 30, 2009)

(Unit: Million of yen)

	Automobiles	Aerospace	Industrial products	Other	Total	Elimination and corporate	Consolidated total
Net sales							
(1) Outside customers	240,669	22,406	5,918	2,330	271,323	-	271,323
(2) Inter-segment	539	-	12	2,576	3,127	(3,127)	-
Total sales	241,208	22,406	5,930	4,906	274,450	(3,127)	271,323
Operating income (loss)	(21,679)	1,639	(292)	340	(19,992)	319	(19,673)

[Geographic Segment Information]

1st Quarter of FY 2009 (April 1, 2008 to June 30, 2008)

(Unit: Million of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated total
Net sales						
(1) Outside customers	210,387	115,123	15,594	341,104	-	341,104
(2) Inter-segment	72,514	6,623	172	79,309	(79,309)	-
Total sales	282,901	121,746	15,766	420,413	(79,309)	341,104
Operating income (loss)	5,000	(1,135)	516	4,381	2,078	6,459

1st Quarter of FY 2010 (April 1, 2009 to June 30, 2009)

(Unit: Million of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated total
Net sales						
(1) Outside customers	155,152	109,814	6,357	271,323	-	271,323
(2) Inter-segment	51,083	799	111	51,993	(51,993)	-
Total sales	206,235	110,613	6,468	323,316	(51,993)	271,323
Operating income (loss)	(13,037)	(2,745)	97	(15,685)	(3,988)	(19,673)

[Overseas Net Sales]

1st Quarter of FY 2009 (April 1, 2008 to June 30, 2008)

(Unit: Million of yen)

	North America	Europe	Other	Total
Overseas net sales	123,665	54,287	46,042	223,994
Consolidated net sales				341,104
Percentage of overseas net sales over consolidated sales	36.3%	15.9%	13.5%	65.7%

1st Quarter of FY 2010 (April 1, 2009 to June 30, 2009)

(Unit: Million of yen)

	North America	Europe	Other	Total
Overseas net sales	117,288	14,509	30,400	162,197
Consolidated net sales				271,323
Percentage of overseas net sales over consolidated sales	43.2%	5.4 %	11.2%	59.8%

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

Not Applicable