



Presentation of Business Results  
for the 3rd quarter of FYE 2012  
Fuji Heavy Industries Ltd.

February 3, 2012

<http://www.fhi.co.jp/english/ir/index.html>



## A Summary of Business Results



## 9 months : Consolidated Automobile Sales

(thousand units)

	<b>Actual Results</b> 9 months FYE March 2011	<b>Actual Results</b> 9 months FYE March 2012	<b>Increase/ Decrease</b>
Passenger Car	49.7	51.9	+2.1
Minicar	68.4	61.9	-6.5
<b>Domestic Total</b>	<b>118.2</b>	<b>113.8</b>	<b>-4.4</b>
U.S.	203.9	188.6	-15.3
Canada	22.9	18.8	-4.2
Russia	7.3	11.1	+3.8
Europe	36.0	24.3	-11.7
Australia	32.7	24.1	-8.6
China	45.2	37.6	-7.6
Others	21.8	13.6	-8.1
<b>Overseas Total</b>	<b>369.8</b>	<b>318.1</b>	<b>-51.7</b>
<b>Total</b>	<b>488.0</b>	<b>431.9</b>	<b>-56.1</b>

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Canada figures are consolidated on the calendar year basis from Jan. to Sep.

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Consolidated automobile sales for the first nine months of the fiscal year ending March 2012 totaled 431.9 thousand units, for a drop of 56.1 thousand units year on year. Although we tried to boost production and sales in the third quarter and make up for the low sales volume due to the March 2011 earthquake, we were unable to offset the drop in sales experienced during the first half.

Domestic sales decreased 4.4 thousand units to total 113.8 thousand units due mainly to declined minicar sales. Sales of passenger vehicles in the domestic market were up 2.1 thousand unit to total 51.9 thousand units. This upswing came thanks to the sales of the Trezia, which was launched at the end of 2010. Performance, buoyed by rising sales for the Impreza and the Forester, remained upbeat throughout the year.

Overseas market performance declined across the board, with the exception of Russia, due to the lingering effect of the earthquake. International sales totaled 318.1 thousand units, representing a decline of 51.7 thousand units.



## 9 months : Consolidated Statements of Income

(100 million yen)

	Actual Results 9 months FYE March 2011	Actual Results 9 months FYE March 2012	Increase/ Decrease
<b>Net Sales</b>	<b>11,746</b>	<b>10,294</b>	<b>-1,452</b>
Domestic	3,498	3,375	-123
Overseas	8,248	6,919	-1,329
<b>Operating Income</b>	<b>735</b>	<b>279</b>	<b>-456</b>
<b>Ordinary Income</b>	<b>748</b>	<b>287</b>	<b>-461</b>
<b>Income Before Income Taxes and Minority Interests</b>	<b>723</b>	<b>470</b>	<b>-252</b>
<b>Net Income</b>	<b>584</b>	<b>368</b>	<b>-217</b>
<b>FHI Exchange Rate</b>	<b>¥87/US\$</b>	<b>¥79/US\$</b>	<b>-¥8/US\$</b>

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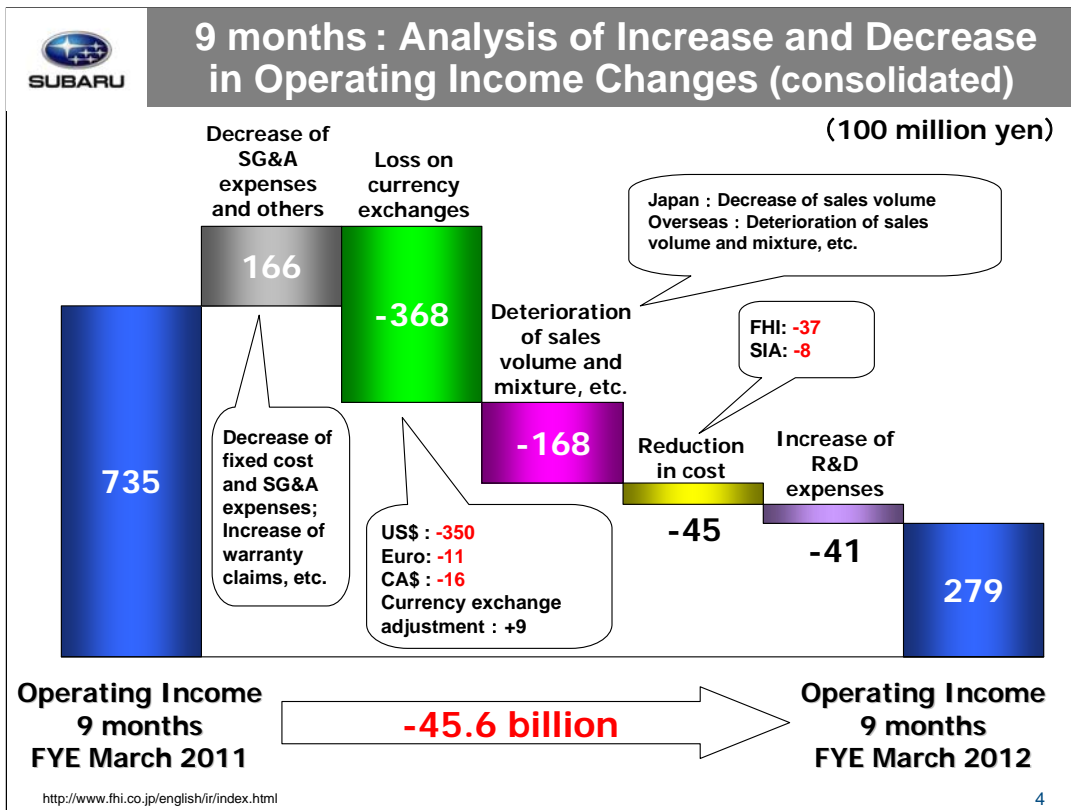
Net sales for the first nine months of the fiscal year ending March 2012 fell 145.2 billion yen, or 12.4%, year on year to total 1,029.4 billion yen. This decline includes a loss of 93.1 billion yen due to the poor sales mix variance associated with the earthquake and a foreign exchange loss of 57.3 billion yen due to the strong yen. These losses were unfortunately not offset by the revenue increases at our three internal companies which generated an overall gain of 5.2 billion yen.

Operating income, totaling 27.9 billion yen, dropped 45.6 billion yen, or 62.1%, year on year. Despite a boost from lower SG&A expenses, operating income fell due to an unfavorable sales mix variance, foreign exchange losses, increased R&D expenses, and hikes in material prices. These factors will be looked at in greater detail later on.

Ordinary income declined 46.1 billion yen, or 61.6%, to 28.7 billion yen due to a lower gain on equity method investments.

Income before income taxes and minority interests dropped 25.2 billion yen, or 34.9%, to total 47.0 billion yen. This was due to a decrease in ordinary income as well as an extraordinary loss due to the disaster resulting from the recent earthquake despite an extraordinary gain from the sale of the Subaru Building, which was posted during the first quarter.

This drop in income before income taxes and minority interests brought net income down 21.7 billion yen, or 37.1%, to 36.8 billion yen.



Now let's look at the factors behind the 45.6 billion yen year-on-year drop that saw operating income fall from 73.5 billion yen to 27.9 billion yen.

The primary reason for the increase in operating income was a gain of 16.6 billion yen from reductions in SG&A expenses. This gain can be broken down into the following three areas.

First, we see that a reduction in fixed manufacturing costs generated a gain of 9.1 billion yen, with a gain of 7.2 billion yen coming from FHI and another gain of 1.9 billion yen (22 million dollars) at SIA.

FHI yielded a gain of 6.1 billion yen due to cost cuts for suppliers' dies and a gain of 1.1 billion yen due to lower fixed processing costs.

SIA gained 0.1 billion yen due to cost cuts for suppliers' dies and 1.8 billion yen due to a reduction in fixed processing costs.

Next we see that a drop in SG&A expenses produced a gain totaling 9.7 billion yen. This includes a gain of 6.0 billion yen generated at FHI due to reduced SG&A expenses on top of a drop in transportation and packing costs accompanying the decreasing sales volume. Domestic dealers yielded a gain of 0.8 billion yen due to cuts in SG&A expenses.

SOA generated a gain of 4.5 billion yen (53 million dollars) due to a reduction in sales incentives. We also saw a gain of 0.2 billion yen at our Canadian subsidiary while our other subsidiaries saw combined losses of 1.8 billion yen. The gain generated by SOA includes a gain of 0.3 billion yen (4 million dollars) from reduced advertising expenses, etc. as well as a gain of 4.2 billion yen (49 million dollars) from a 250 dollar reduction in the per-unit cash-back rebate, bringing it down from 900 dollars for April-December 2010 to 650 dollars for April-December 2011.

The third and last factor includes an increase in costs associated with warranty claims that led to a loss of 2.2 billion yen. This loss comes from an allowance for recalls posted in the second and third quarters.

The major causes leading to the profit downturn included exchange rate fluctuations that generated a loss of 36.8 billion yen. This figure includes a loss of 35.0 billion yen due to an approximate 8 yen appreciation against the U.S. dollar, loss of 1.1 billion yen due to an approximate 5 yen appreciation against the euro, and a loss of 1.6 billion yen due to an approximate 6 yen appreciation against the Canadian dollar.

The 36.8 billion yen loss also includes a gain of 0.9 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

Among the factors that took a bite out of our operating income was an unfavorable sales mix variance that led to a loss of 16.8 billion yen. This loss can be broken down into the following three areas.

First we saw a loss of 1.8 billion yen in domestic operations.

Although the pace of production and sales recovery picked up in the third quarter, the first half's low sales volume in the wake of the 311 earthquake had a major impact on our operating results.

Next, our overseas operations generated a loss of 28.8 billion yen due to falling production and shipments in the first half that followed on the heels of the devastating earthquake.

Finally, among all these losses we did manage to realize a gain of 13.8 billion yen due to inventory adjustments.

Another factor behind the decrease in operating income was a loss of 4.5 billion yen related to material costs, with a loss of 3.7 billion yen generated by FHI and a loss of 0.8 billion yen (9 million dollars) coming from SIA.

While FHI generated a gain of 1.0 billion yen from reduced material costs, it experienced a loss of 4.7 billion yen due to hikes in material prices and an ailing market.

SIA also yielded a gain of 2.1 billion yen (24 million dollars) by cutting material costs but lost 2.9 billion yen (33 million dollars) due to adverse market conditions.

Increases in R&D expenses resulted in a loss of 4.1 billion yen.

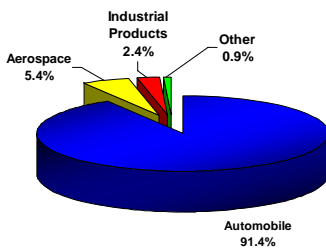
These factors combined brought operating income for the first nine months of this fiscal year down 45.6 billion yen to total 27.9 billion yen.



## 9 months : Net Sales by Business Segment (consolidated)

(100 million yen)

Percentage of total sales



	<u>Actual Results</u> 9 months FYE March 2011	<u>Actual Results</u> 9 months FYE March 2012	Increase/ Decrease
Automobile	10,863	9,404	-1,460
Aerospace	542	551	+9
Industrial Products	229	251	+22
Other	111	88	-24
<b>Total</b>	<b>11,746</b>	<b>10,294</b>	<b>-1,452</b>

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Looking at net sales by business segment,

we saw sales in the automobile business fall by 146.0 billion yen, or 13.4%, year on year to total 940.4 billion yen due to declining production and sales volumes in the wake of the earthquake as well as foreign exchange losses due to the strong yen.

Sales for the Aerospace Division were up 0.9 billion yen, or 1.6%, to reach 55.1 billion yen due to strong sales in the commercial aircraft sector despite a foreign exchange loss.

Industrial Products Division sales were up 2.2 billion yen, or 9.7%, to reach 25.1 billion yen due to increased sales of power generators used in reconstruction efforts following the March 11 earthquake.

Other segments saw sales decline by 2.4 billion yen, or 21.2%, to total 8.8 billion yen due to the drop in sales of wind power generators.



## 9 months : Operating Income by Business Segment (consolidated)

(100 million yen)

	<b>Actual Results</b> 9 months FYE March 2011	<b>Actual Results</b> 9 months FYE March 2012	<b>Increase/ Decrease</b>
<b>Automobile</b>	<b>719</b>	<b>252</b>	<b>-467</b>
<b>Aerospace</b>	<b>-3</b>	<b>15</b>	<b>+19</b>
<b>Industrial Products</b>	<b>1</b>	<b>5</b>	<b>+3</b>
<b>Other</b>	<b>18</b>	<b>7</b>	<b>-11</b>
<b>Elimination and Corporate</b>	<b>0</b>	<b>-1</b>	<b>-1</b>
<b>Total</b>	<b>735</b>	<b>279</b>	<b>-456</b>

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Looking at operating income by business segment, we see that the operating income for the automobile business totaled 25.2 billion yen, down 46.7 billion yen, or 64.9%, year on year. This decline was due mainly to an unfavorable sales mix variance as a result of the decline in production and sales volume as well as foreign exchange losses caused by the appreciation of the Japanese yen despite reductions in SG&A expenses.

Operating income for the Aerospace Division rose 1.9 billion yen to reach 1.5 billion yen thanks to an improved sales mix variance that offsets foreign exchange losses.

The Industrial Products Division also saw a 0.3 billion yen (310.8%) increase in operating income that brought the operating income total to 0.5 million yen. This increase was largely due to soaring sales of engines and power generators, which offset foreign exchange losses.

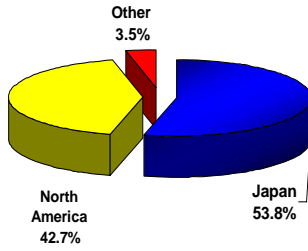
Operating income for other business segments decreased 1.1 billion yen, or 60.3%, to total 0.7 billion yen due to declining sales of wind power generators.



## 9 months : Net sales by Geographic Area (consolidated) <Appendix>

(100 million yen)

Percentage of total sales



	<u>Actual Results</u> 9 months FYE March 2011	<u>Actual Results</u> 9 months FYE March 2012	Increase/ Decrease
Japan	6,226	5,542	-684
North America	5,090	4,393	-696
Other	430	358	-72
<b>Total</b>	<b>11,746</b>	<b>10,294</b>	<b>-1,452</b>





## 9 months : Operating Income by Geographic Area (consolidated) <Appendix>

(100 million yen)

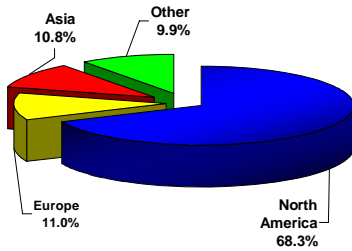
	<u>Actual Results</u> 9 months FYE March 2011	<u>Actual Results</u> 9 months FYE March 2012	Increase/ Decrease
Japan	517	62	-455
North America	295	179	-116
Other	4	6	+2
Elimination and Corporate	-82	32	+114
<b>Total</b>	<b>735</b>	<b>279</b>	<b>-456</b>



## 9 months : Overseas Net Sales <Appendix>

(100 million yen)

Percentage of total sales



	Actual Results 9 months FYE March 2011	Actual Results 9 months FYE March 2012	Increase/ Decrease
North America	5,394	4,723	-670
Europe	930	764	-166
Asia	969	748	-221
Other	955	683	-272
<b>Total</b>	<b>8,248</b>	<b>6,919</b>	<b>-1,329</b>

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## Operating Results of Subsidiaries in U.S.

(million US\$)

<b>SOA</b>	<b>Actual Results 9 months FYE March 2011</b>	<b>Actual Results 9 months FYE March 2012</b>	<b>Increase/ Decrease</b>
Net Sales	\$4,928	\$4,724	-204
Operating Income	183	132	-51
Net Income	110	86	-24
Retail Sales (thousand units)	205.4	199.0	-6.4

<b>SIA</b>	<b>Actual Results 9 months FYE March 2011</b>	<b>Actual Results 9 months FYE March 2012</b>	<b>Increase/ Decrease</b>
Net Sales	\$2,708	\$2,664	-44
Operating Income	105	32	-73
Net Income	64	21	-43
Subaru Production (thousand units)	120.6	117.6	-3.0

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## Non-Operating Income & Expenses

(100 million yen)

	<u>Actual Results</u> 9 months FYE March 2011	<u>Actual Results</u> 9 months FYE March 2012	Increase/ Decrease
<b>Non-Operating Income</b>	<b>98</b>	<b>70</b>	<b>-29</b>
Interest & dividends income	14	14	+0
Equity in earnings of affiliates	26	12	-14
<b>Non-Operating Expenses</b>	<b>85</b>	<b>61</b>	<b>-24</b>
Interest expenses	36	29	-7
<b>Net</b>	<b>13</b>	<b>9</b>	<b>-4</b>
<b>Financial Revenue and Expenditure</b>	<b>-22</b>	<b>-15</b>	<b>+8</b>
<b>FOREX Effects</b>	<b>16</b>	<b>25</b>	<b>+9</b>
Net of gain and loss on valuation of derivatives	40	15	-26
Net of FOREX gains and losses	-25	10	+35

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Net non-operating income and expenses fell 0.4 billion yen on a year-on-year basis while financial revenue and expenditures rose 0.8 billion yen.

Foreign exchange fluctuations had a significant impact on non-operating income and expenses mainly in the following two areas: (1) gains and losses on revaluation of derivatives, and (2) foreign exchange gains and losses.

Net gain on valuation of derivatives was down 2.6 billion yen year on year, falling from 4.0 billion yen to 1.5 billion yen.

Looking at foreign exchange gains and losses, we saw a gain of 4.4 billion yen due to the difference between market and hedge rates despite a 0.9 billion yen year-on-year increase in foreign exchange losses posted at overseas subsidiaries. These factors combined generated a gain of 3.5 billion yen, resulting in a net foreign exchange gain of 1.0 billion yen.



## Extraordinary Income & Expenses

(100 million yen)

	<u>Actual Results</u> 9 months FYE March 2011	<u>Actual Results</u> 9 months FYE March 2012	Increase/ Decrease
<b>Extraordinary Income</b>	<b>20</b>	<b>272</b>	<b>+252</b>
Gain on sales noncurrent assets	5	265	+259
Other	15	7	-7
<b>Extraordinary Loss</b>	<b>45</b>	<b>88</b>	<b>+44</b>
Loss on sales and retirement of noncurrent assets	8	9	+0
Impairment loss	8	1	-8
Loss on disaster	-	73	+73
Loss on prior periods adjustment	13	-	-13
Other	15	7	-8
<b>Net</b>	<b>-25</b>	<b>183</b>	<b>+208</b>

<http://www.fhi.co.jp/english/ir/index.html>

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Looking at net extraordinary income and loss, we see that net extraordinary income totaled 18.3 billion yen, with a 20.8 billion yen year-on-year increase.

The biggest extraordinary income gain was 26.1 billion yen from the sale of the Subaru Building posted in the first quarter. This gain brought extraordinary income up 25.2 billion yen year on year to total 27.2 billion yen.

Extraordinary losses increased 4.4 billion yen to reach 8.8 billion yen since a disaster loss totaling 7.3 billion yen was posted to cover fixed costs incurred from reduced operations in the wake of the 3-11 earthquake.



## Consolidated Balance Sheets

(100 million yen)

	As of March 31, 2011	As of December 31, 2011	Increase/ Decrease
<b>Total Assets</b>	<b>11,883</b>	<b>12,865</b>	+982
Current Assets	6,103	7,282	+1,178
Noncurrent Assets	5,780	5,584	-197
<b>Interest Bearing Debts</b>	<b>3,306</b>	<b>3,688</b>	+382
<b>Net Assets</b>	<b>4,140</b>	<b>4,352</b>	+212
Retained Earnings	1,569	1,867	+298
Shareholder's Equity	4,127	4,338	+212
Shareholder's Equity to Total Assets	<b>34.7%</b>	<b>33.7%</b>	-1.0%
D/E ratio	<b>0.80</b>	<b>0.85</b>	+0.05

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The balance sheet shows

total assets as of December 31, 2011 amounting to 1,286.5 billion yen, up 98.2 billion yen from the end of the last fiscal year, despite a loss of 21.7 billion yen due to the strong yen.

This jump includes an increase in cash and cash equivalents acquired for the purpose of providing post-quake support to our subsidiaries as well as a gain on the sale of the Subaru Building on top of an increase in inventory assets due to rebounding production in the third quarter.

Interest-bearing debts rose 38.2 billion yen to reach 368.8 billion yen. This surge is due to the increase in loans payable despite the redemption of corporate bonds amounting to 20.0 billion yen this past April.

We plan to bring debt down to 350.0 billion yen by the end of the fiscal year ending in March 2012.

Our debt-to-equity ratio dropped 0.05 points to reach 0.85 due to increased loans.

Net assets totaled 435.2 billion yen, up 21.2 billion yen, due primarily to a 29.8 billion yen increase in retained earnings.

The shareholders' equity to total assets ratio dropped 1.0 percentage points from the end of the previous fiscal year to reach 33.7%.



## 9 months : Consolidated Statement of Cash Flows

(100 million yen)

	<b>Actual Results</b> 9 months FYE March 2011	<b>Actual Results</b> 9 months FYE March 2012	Increase/ Decrease
<b>Net Cash Provided by (used in) Operating Activities</b>	<b>779</b>	<b>-5</b>	<b>-784</b>
<b>Net Cash Provided by (used in ) Investing Activities</b>	<b>-383</b>	<b>-37</b>	<b>+346</b>
<b>Free Cash Flows</b>	<b>397</b>	<b>-42</b>	<b>-438</b>
<b>Net Cash Provided by (used in) Financing Activities</b>	<b>-524</b>	<b>307</b>	<b>+831</b>
Effect of Exchange Rate Change on Cash and Cash Equivalents	-125	-62	+62
Net Increase (Decrease) in Cash and Cash Equivalents	-252	203	+455
<b>Cash and Cash equivalents at End of Period</b>	<b>1,663</b>	<b>2,480</b>	<b>+818</b>

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Moving on to cash flows, we see that net cash provided by operating activities declined 78.4 billion yen year on year to total a negative 0.5 billion yen. Factors behind this drop include increased trade accounts receivable and inventory assets due to a higher production volume, compared to what it was immediately after the March 11 earthquake, on top of a decline in overall profitability.

Net cash used in investment activities rose 34.6 billion yen year on year to a negative 3.7 billion yen due to a gain on the sale of the Subaru Building.

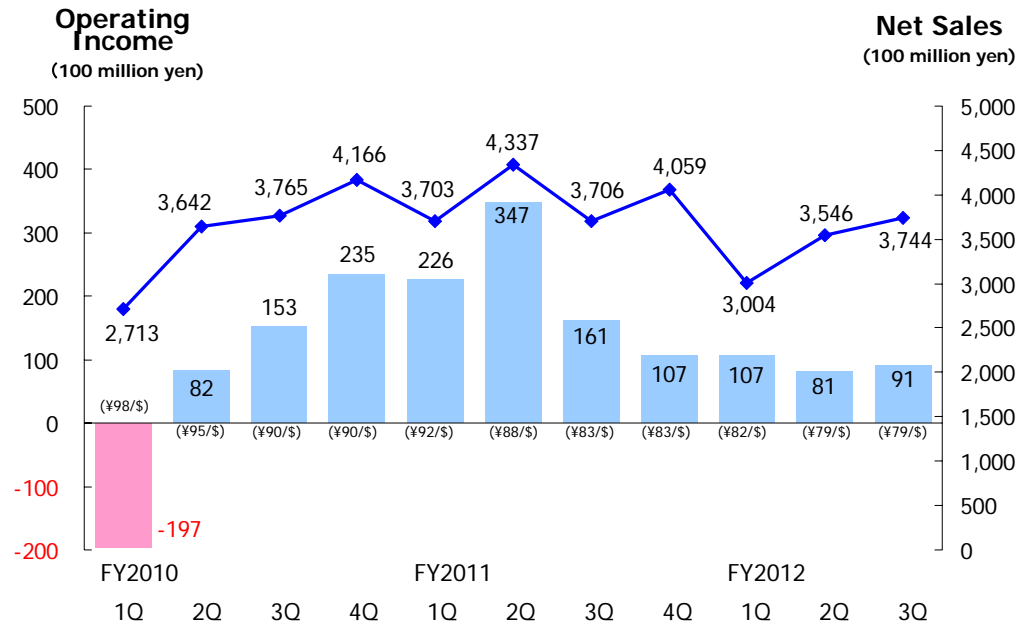
Free cash flows decreased by 43.8 billion yen to reach a negative 4.2 billion yen.

Net cash used in financing activities increased 83.1 billion yen to total 30.7 billion yen as a result of an increase in loans payable.

Cash and cash equivalents increased 81.8 billion to total 248.0 billion yen.



# Net Sales & Operating Income <Appendix>

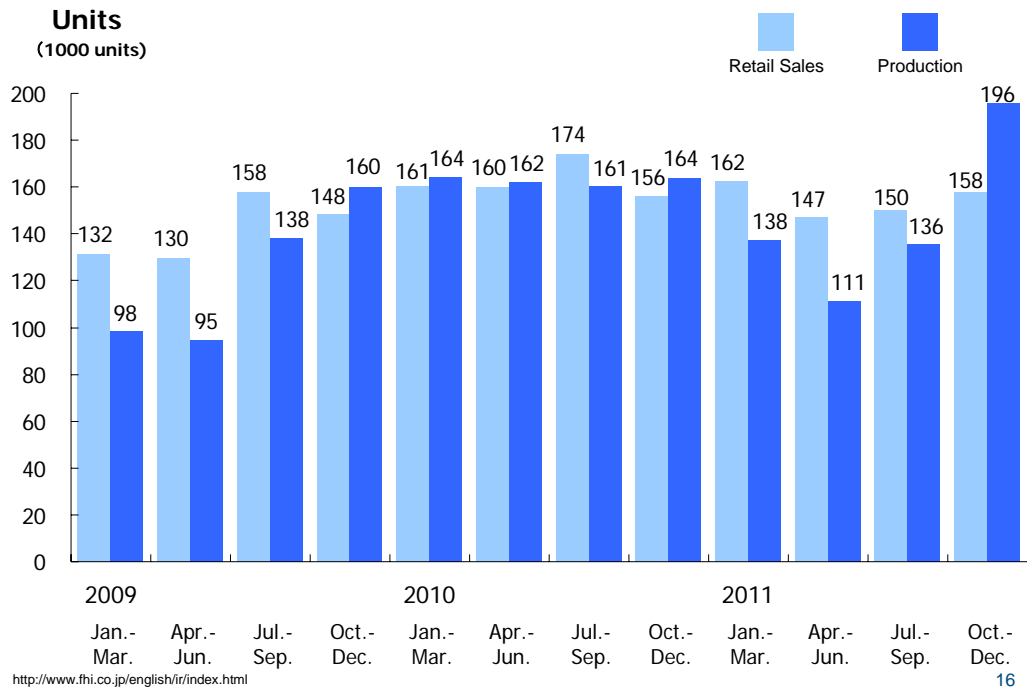


<http://www.fhi.co.jp/english/ir/index.html>





## Retail Sales & Complete Cars Production <Appendix>

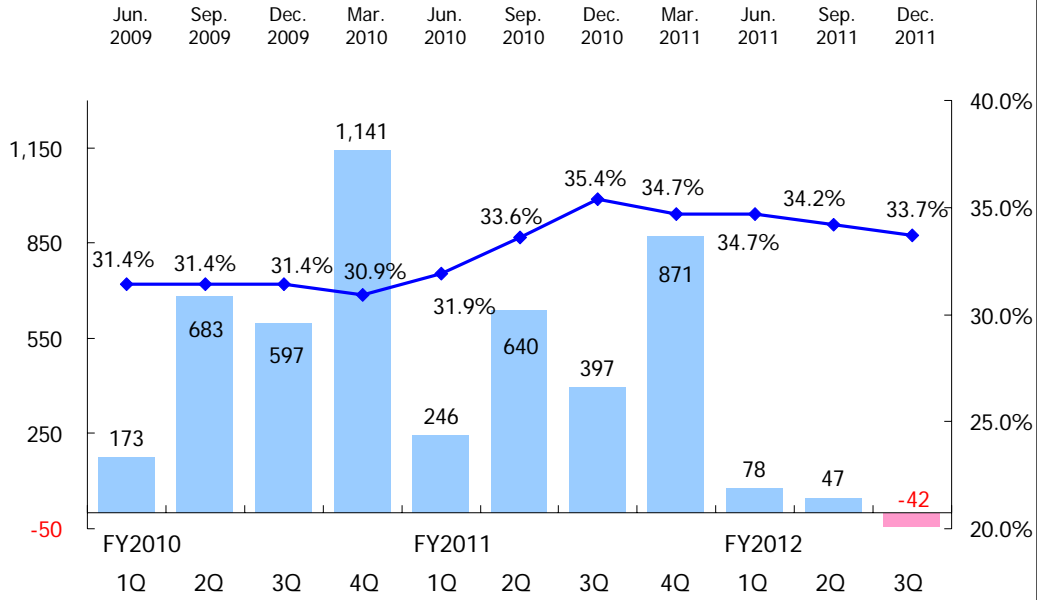




## Free Cash Flows & Shareholders' Equity to Total Assets <Appendix>

**FCF in bar graph**  
(100 million yen)

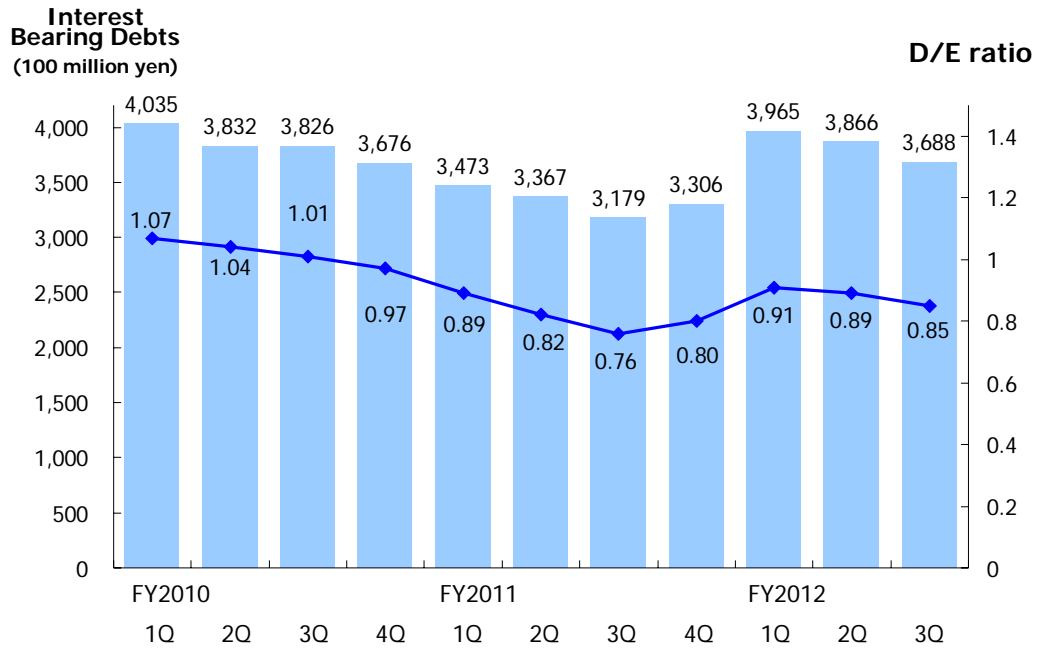
**Shareholders' Equity to Total Assets in line graph**



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## Interest Bearing Debts & D/E Ratio <Appendix>



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## 9 months : Non- Consolidated Automobile Sales

<Appendix>

(thousand units)

	<u>Actual Results</u> 9 months FYE March 2011	<u>Actual Results</u> 9 months FYE March 2012	Increase/ Decrease
<b>Domestic Production</b>	<b>365.3</b>	<b>325.1</b>	<b>-40.2</b>
<b>Domestic Sales</b>	<b>125.1</b>	<b>125.9</b>	<b>+0.8</b>
Passenger Car	53.9	57.4	+3.5
Minicar	71.2	68.5	-2.7
<b>Number of Vehicles Exported</b>	<b>251.3</b>	<b>219.6</b>	<b>-31.7</b>
<b>Components for Overseas Production</b>	<b>127.2</b>	<b>126.2</b>	<b>-1.1</b>
<b>Total</b>	<b>503.6</b>	<b>471.7</b>	<b>-32.0</b>

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## 3rd Quarter : Consolidated Automobile Sales

<Appendix>

(thousand units)

	<b>Actual Results</b> 3Q FYE March 2011	<b>Actual Results</b> 3Q FYE March 2012	<b>Increase/ Decrease</b>
Passenger Car	12.0	16.0	+4.0
Minicar	17.6	25.2	+7.5
<b>Domestic Total</b>	<b>29.7</b>	<b>41.2</b>	<b>+11.5</b>
U.S.	74.8	75.1	+0.3
Canada	8.0	4.1	-3.9
Russia	2.6	5.5	+2.9
Europe	11.4	9.7	-1.6
Australia	11.2	7.7	-3.5
China	13.2	18.7	+5.5
Others	6.0	3.9	-2.1
<b>Overseas Total</b>	<b>127.2</b>	<b>124.8</b>	<b>-2.4</b>
<b>Total</b>	<b>156.8</b>	<b>166.0</b>	<b>+9.2</b>

<http://www.fhi.co.jp/english/ir/index.html> Canada figures are consolidated on the calendar year basis from Jul. to Sep.

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### 3rd Quarter : Consolidated Operating <Appendix>

(100 million yen)

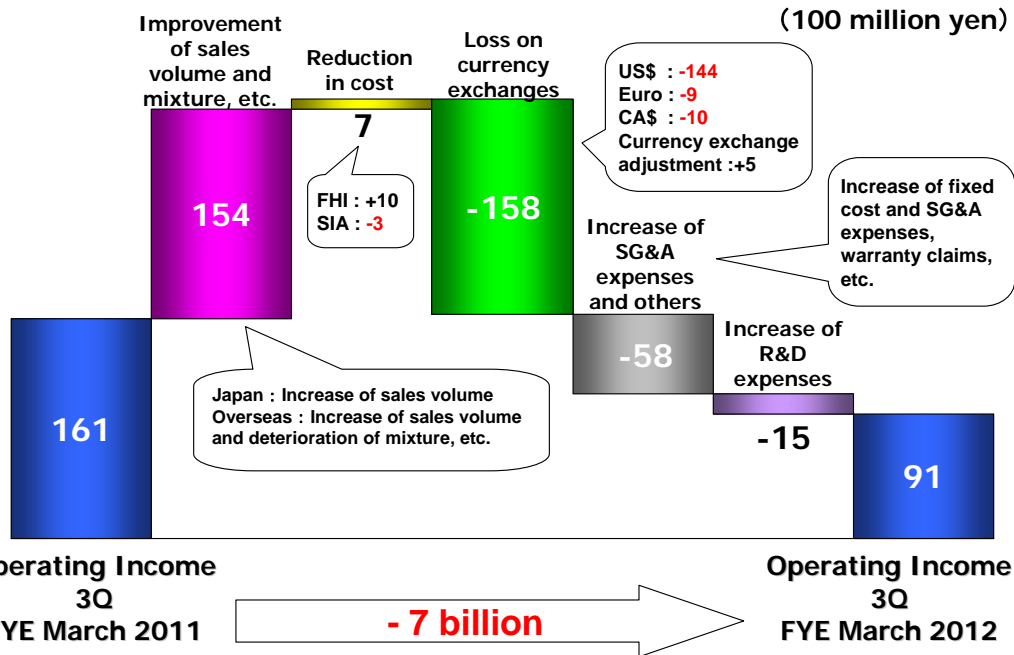
	<b>Actual Results</b> 3Q FYE March 2011	<b>Actual Results</b> 3Q FYE March 2012	<b>Increase/ Decrease</b>
<b>Net Sales</b>	<b>3,706</b>	<b>3,744</b>	+38
Domestic	979	1,130	+151
Overseas	2,728	2,614	-114
<b>Operating Income</b>	<b>161</b>	<b>91</b>	-70
<b>Ordinary Income</b>	<b>160</b>	<b>72</b>	-88
<b>Income Before Income Taxes and Minority Interests</b>	<b>166</b>	<b>69</b>	-97
<b>Net Income</b>	<b>138</b>	<b>40</b>	-98
<b>FHI Exchange Rate</b>	¥83/US\$	¥77/US\$	-¥6/US\$

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### 3rd Quarter : Analysis of Increase and Decrease in Operating Income Changes (consolidated) <Appendix>



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## Outlook for the term Ending March 2012





## Full Year : Consolidated Automobile Sales Plan

(thousand units)

	<b>Actual Results</b> FYE March 2011	<b>Plan</b> FYE March 2012	<b>Increase/ Decrease</b>
Passenger Car	68.1	74.1	+6.0
Minicar	90.0	92.9	+3.0
<b>Domestic Total</b>	<b>158.1</b>	<b>167.0</b>	<b>+8.9</b>
U.S.	279.0	280.6	+1.6
Canada	28.1	28.2	+0.2
Russia	11.3	16.1	+4.8
Europe	48.2	38.0	-10.2
Australia	41.2	37.2	-3.9
China	62.4	55.2	-7.2
Others	28.7	18.5	-10.2
<b>Overseas Total</b>	<b>498.9</b>	<b>473.9</b>	<b>-25.0</b>
<b>Total</b>	<b>657.0</b>	<b>640.9</b>	<b>-16.1</b>

<http://www.fhi.co.jp/english/ir/index.html> Canada figures are consolidated on the calendar year basis from Jan. to Dec.

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Consolidated domestic and overseas automobile sales for the fiscal year ending March 2012 is projected to fall by 16.1 thousand units year on year to total 64.9 thousand units.

Domestic passenger car sales are expected to jump 6 thousand units to reach 74.1 thousand units. The increase will be driven by the all new Impreza which was released in December last year. Domestic minicar sales will rise by 3 thousand units to 92.9 thousand units since we expect to see demand for the Sambar increase due to the model's discontinuation. These figures combined will bring domestic automobile sales up 8.9 thousand units to total 167 thousand units.

Overseas sales, on the other hand, are expected to be lower than they were last year since the earthquake put a major dent in exports during the first half of the fiscal year. We do, however, expect to see sales pick up in the U.S. and some other markets thanks to the new Impreza as well as recovery in production during the second half of this fiscal year. Overall, sales are expected to fall 25 thousand units before totaling out at 473.9 thousand units.



## Full Year : Consolidated Operating Plan

(100 million yen)

	<b>Actual Results</b> FYE March 2011	<b>Plan</b> FYE March 2012	<b>Increase/ Decrease</b>
<b>Net Sales</b>	<b>15,806</b>	<b>15,000</b>	<b>-806</b>
Domestic	4,673	4,750	+77
Overseas	11,132	10,250	-882
<b>Operating Income</b>	<b>841</b>	<b>380</b>	<b>-461</b>
<b>Ordinary Income</b>	<b>822</b>	<b>370</b>	<b>-452</b>
<b>Income Before Income Taxes and Minority Interests</b>	<b>632</b>	<b>530</b>	<b>-102</b>
<b>Net Income</b>	<b>503</b>	<b>410</b>	<b>-93</b>
<b>FHI Exchange Rate</b>	<b>¥86/US\$</b>	<b>¥78/US\$</b>	<b>-¥8/US\$</b>

<http://www.fhi.co.jp/english/ir/index.html>

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We made upward revisions to our sales and income forecast for the fiscal year ending March 2012, which we announced on November 1 last year.

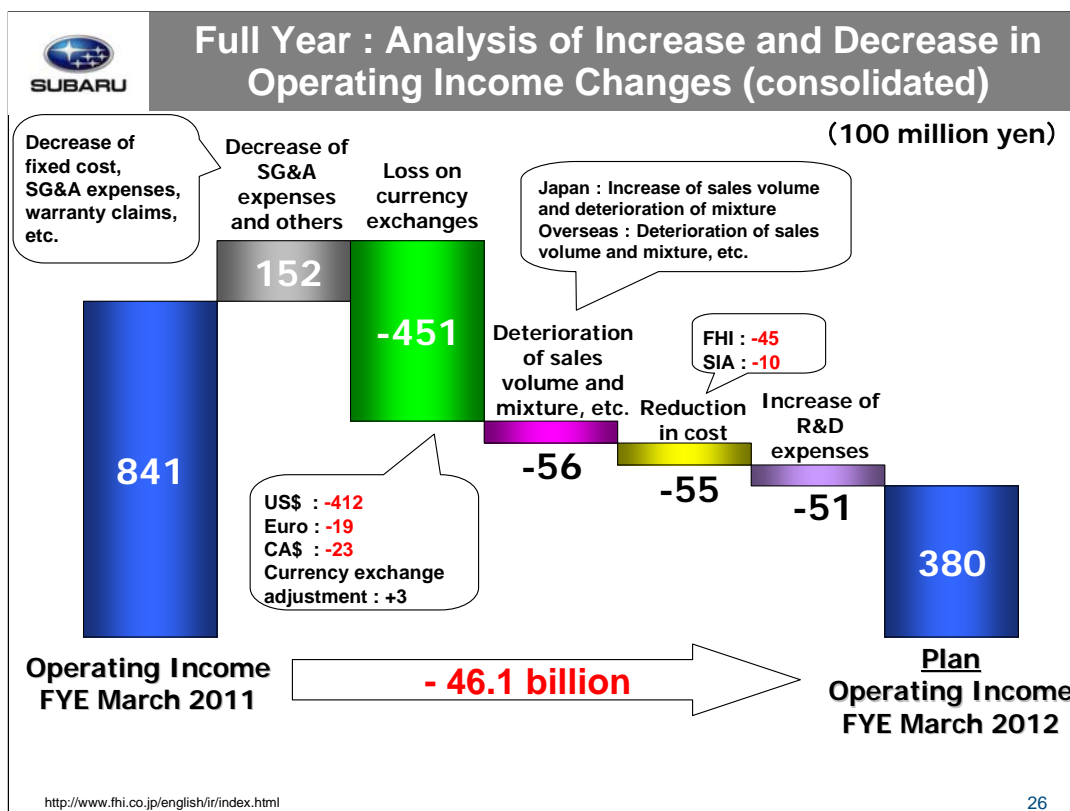
Net sales are expected to fall 80.6 billion yen, or 5.1%, year on year to total 1.5 trillion yen. Although we project a 5.8 billion yen year-on-year revenue increase coming from the Industrial Products Division, etc., we will see foreign exchange losses totaling 79.7 billion yen due to the strong yen as well as a loss of 6.7 billion yen resulting from the sales mix variance.

Operating income is projected to total 38.0 billion yen, down 46.1 billion yen, or 54.8%, year on year. Factors behind this decline include foreign exchange losses resulting from the strong yen, an unfavorable sales mix variance due to the negative impact of the devastating earthquake, hikes in material prices, and increased R&D expenses, which we won't be able to offset via gains from reductions in SG&A expenses. This will be examined in greater detail later on.

Ordinary income is expected to drop 45.2 billion yen, or 55.0%, to total 37.0 billion yen while income before income taxes and minority interests will total 53.0 billion yen, down 10.2 billion yen, or 16.2%, year on year.

We do not expect any major impact on our bottom line other than from the gain on the sale of the Subaru Building and loss due to disaster posted during the first half.

Net income will amount to 41.0 billion yen, a 9.3 billion yen or 18.5% drop, due to tax expenses related to our subsidiaries, etc.



Now let's look at the factors behind the projected year-on-year 46.1 billion yen decrease in operating income that will take us from 84.1 billion yen to 30.0 billion yen.

The primary reason for the increase in operating income will be a gain of 15.2 billion yen due to reduced SG&A expenses. This gain can be broken down into the following three areas.

First off there will be a gain of 1.4 billion yen in fixed manufacturing costs, including a gain of 0.7 billion yen at FHI and another gain of 0.7 billion yen (8 million dollars) at SIA.

FHI will generate a gain of 4.1 billion yen due to cost cuts for suppliers' dies and a loss of 3.4 billion yen due to higher fixed processing costs.

SIA will see a loss of 0.3 billion yen (3 million dollars) due to increased costs for suppliers' dies while reduced processing costs will generate a gain of 1.0 billion yen (11 million dollars).

Next we expect to see a gain of 10.6 billion yen from reductions in SG&A expenses. This gain will include a gain of 4.6 billion yen at FHI, a gain of 0.3 billion yen at domestic dealers, a gain of 2.1 billion yen (20 million yen) at SOA, a loss of 0.4 billion yen (5 million yen) at our Canadian subsidiaries, and a gain of 4.0 billion yen from other operations.

SOA will generate a gain of 2.8 billion yen (31 million dollars) due to an expected 200 dollar decrease in the per unit incentive. That reduction will bring last year's rebate figure of 1,000 dollars down to 800 dollars. On the downside we expect increases in advertising costs and SG&A expense to generate a loss of 0.7 billion yen (11 million dollars).

Finally, the third factor includes a decrease in costs associated with warranty claims that will lead to a gain of 3.2 billion yen.

The primary factor for the decline in operating income is the foreign exchange rate fluctuations projected to generate a loss of 45.1 billion yen. This includes a loss of 41.2 billion yen due to an approximate 8 yen appreciation against the U.S. dollar, a loss of 1.9 billion yen due to an approximate 7 yen appreciation against the euro, and a loss of 2.3 billion yen due to an approximate 6 yen appreciation against the Canadian dollar.

This figure also includes a gain of 0.3 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

Among the factors expected to bring profits down are sales mix variances, which will lead to a loss of 5.6 billion yen. This loss can be broken down into the following three areas.

First, we expect a gain of 3.3 billion yen in the domestic market due to increasing sales volumes.

Next, we will see a loss of 16.4 billion yen in overseas operations due to an unfavorable product mix resulting from declining sales volumes in the wake of the March 11 earthquake.

Finally, we expect a gain of 7.5 billion yen due to inventory adjustments.

Material costs will also have a negative impact on our operating income, generating an overall loss of 5.5 billion yen. This figure includes a loss of 4.5 billion yen coming from FHI and a loss of 1.0 billion yen (11 million dollars) at SIA.

FHI is expected to generate a gain of 1.0 billion yen through cost reduction efforts but will lose 5.5 billion yen due to increasing materials costs and other adverse market factors.

SIA will also generate a gain of 3.7 billion yen (44 million dollars) but will lose 4.7 billion yen (55 million dollars) due to hikes in raw material prices.

Finally, an increase in R&D expenses is expected to result in a loss of 5.1 billion yen.

These factors combined will bring operating income for the fiscal year ending March 2012 down 46.1 billion yen to total 38.0 billion yen.



## Operating Plans of Subsidiaries in U.S.

(million US\$)

<b>SOA</b>	<b>Actual Results FYE March 2011</b>	<b>Plan FYE March 2012</b>	<b>Increase/ Decrease</b>
Net Sales	\$6,758	\$6,938	+180
Operating Income	116	90	-26
Net Income	83	61	-22
Retail Sales (thousand units)	272.5	276.8	+4.3

<b>SIA</b>	<b>Actual Results FYE March 2011</b>	<b>Plan FYE March 2012</b>	<b>Increase/ Decrease</b>
Net Sales	\$3,748	\$3,841	+93
Operating Income	94	77	-17
Net Income	57	46	-11
Subaru Production (thousand units)	164.8	170.1	+5.3

<http://www.fhi.co.jp/english/ir/index.html>

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## Capex / Depreciation / R&D <Appendix>

(100 million yen)

	<b>Actual Results 9 months FYE 2011</b>	<b>Actual Results FYE 2011 (a)</b>	<b>Actual Results 9 months FYE 2012</b>	<b>Plan FYE 2012 (b)</b>	<b>Increase / Decrease (b) - (a)</b>
Capex	293	431	392	600	+169
Depreciation	366	498	389	550	+52
R&D	316	429	356	480	+51
Interest Bearing Debt	3,179	3,306	3,688	3,500	+194



## 2nd Half : Consolidated Automobile Sales Plan

<Appendix>

(thousand units)

	<u>Actual Results</u> 2nd Half FYE March 2011	<u>Plan</u> 2nd Half FYE March 2012	Increase/ Decrease
Passenger Car	30.4	38.2	+7.8
Minicar	39.2	56.2	+17.0
<b>Domestic Total</b>	<b>69.6</b>	<b>94.4</b>	<b>+24.8</b>
U.S.	149.8	167.1	+17.2
Canada	13.1	13.6	+0.5
Russia	6.6	10.5	+3.9
Europe	23.6	23.5	-0.2
Australia	19.7	20.9	+1.2
China	30.4	36.3	+5.9
Others	12.9	8.8	-4.2
<b>Overseas Total</b>	<b>256.2</b>	<b>280.5</b>	<b>+24.3</b>
<b>Total</b>	<b>325.8</b>	<b>374.9</b>	<b>+49.1</b>

<http://www.fhi.co.jp/english/ir/index.html>

Canada figures are consolidated on the calendar year basis from Jul. to Dec.

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## 2nd Half : Consolidated Operating Plan

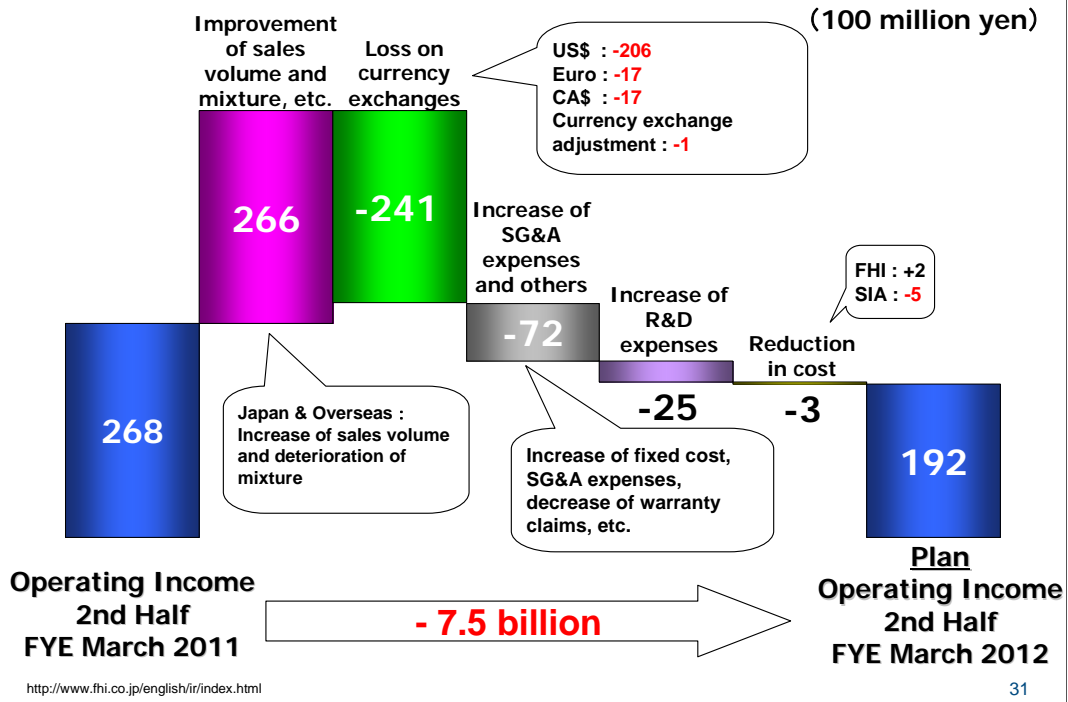
<Appendix>

(100 million yen)

	<u>Actual Results</u> 2nd Half FYE March 2011	<u>Plan</u> 2nd Half FYE March 2012	Increase/ Decrease
<b>Net Sales</b>	<b>7,766</b>	<b>8,450</b>	+684
Domestic	2,153	2,505	+351
Overseas	5,612	5,945	+333
<b>Operating Income</b>	<b>268</b>	<b>192</b>	<b>-75</b>
<b>Ordinary Income</b>	<b>234</b>	<b>154</b>	<b>-80</b>
Income Before Income Taxes and Minority Interests	<b>75</b>	<b>128</b>	+53
<b>Net Income</b>	<b>58</b>	<b>82</b>	+25
<b>FHI Exchange Rate</b>	¥83/US\$	¥77/US\$	<b>-¥6/US\$</b>



## 2nd Half : Analysis of Increase and Decrease in Operating Income Changes (consolidated) <Appendix>





<Appendix>

Difference from Previous Outlook within 2Q



## Full Year : Consolidated Automobile Sales Plan vs. Actual Results <Appendix>

(thousand units)

	Previous Plan FYE March 2012	Revised Plan FYE March 2012	Increase/ Decrease
Passenger Car	72.6	74.1	+1.5
Minicar	96.1	92.9	-3.2
<b>Domestic Total</b>	<b>168.7</b>	<b>167.0</b>	<b>-1.7</b>
U.S.	281.6	280.6	-1.0
Canada	27.2	28.2	+1.0
Russia	15.0	16.1	+1.2
Europe	37.4	38.0	+0.7
Australia	36.5	37.2	+0.7
China	55.1	55.2	+0.0
Others	23.1	18.5	-4.6
<b>Overseas Total</b>	<b>475.8</b>	<b>473.9</b>	<b>-2.0</b>
<b>Total</b>	<b>644.5</b>	<b>640.9</b>	<b>-3.7</b>

<http://www.fhi.co.jp/english/ir/index.html>

Canada figures are consolidated on the calendar year basis from Jan. to Dec.

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## Full Year : Consolidated Statement of Income Previous Plan vs. Revised Plan <Appendix>

(100 million yen)

	<u>Previous Plan</u> FYE March 2012	<u>Revised Results</u> FYE March 2012	Increase/ Decrease
<b>Net Sales</b>	<b>14,800</b>	<b>15,000</b>	+200
Domestic	4,700	4,750	+50
Overseas	10,100	10,250	+150
<b>Operating Income</b>	<b>300</b>	<b>380</b>	+80
<b>Ordinary Income</b>	<b>290</b>	<b>370</b>	+80
<b>Income Before Income Taxes and Minority Interests</b>	<b>460</b>	<b>530</b>	+70
<b>Net Income</b>	<b>360</b>	<b>410</b>	+50
<b>FHI Exchange Rate</b>	¥78/US\$	¥78/US\$	±¥0/US\$

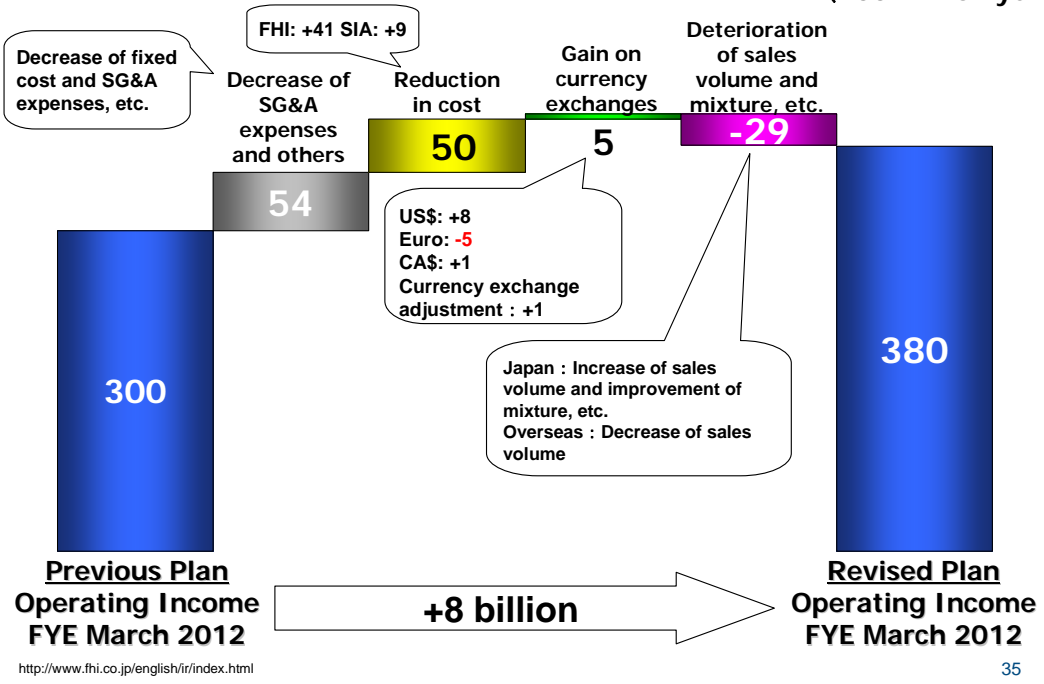
<http://www.fhi.co.jp/english/ir/index.html>

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Full Year : Analysis of Increase and Decrease in Operating Income Changes Previous Plan vs. Revised Plan <Appendix>

(100 million yen)





*Thank you !*