FY2010 Consolidated Financial Results
For the Year Ended March 31, 2010

May 7, 2010

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 25, 2010
Scheduled date of submitting Securities Report : June 28, 2010

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

1. Performance in FY 2010 (April 1, 2009 to March 31, 2010)

(1) Consolidated Results of Operations

(In Japanese yen rounded to the nearest million, except for per share figures, percentage figures indicate the change from the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
FY2010	1,428,690	(1.2%)	27,350	—	22,361	—	(16,450)	—
FY2009	1,445,790	(8.0%)	(5,803)	—	(4,600)	—	(69,933)	—

	Net income (loss) 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
FY2010	(21.11)	—	(4.2%)	1.9%	1.9%
FY2009	(91.97)	—	(15.8%)	(0.4%)	(0.4%)

Note: Equity income from affiliates FY2010: 1,070 million yen FY2009: 926 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)
FY2010	1,231,367	381,893	30.9%	488.58
FY2009	1,165,431	394,719	33.8%	505.59

Note: Shareholders' equity FY2010: 380,587 million yen FY2009: 393,946 million yen

(3) Consolidated Cash Flows

	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
FY2010	176,734	(62,656)	(18,560)	191,466
FY2009	(26,892)	(72,385)	80,449	96,515

2. Dividends

	Cash dividends per share (yen)			Amount of dividends paid (Annual)	Dividend payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	2nd Quarter	Year-end	Annual			
FY 2009	4.50	0.00	4.50	3,508	—	0.8%
FY 2010	0.00	0.00	0.00	—	—	—
FY 2011 (Forecast)	4.50	4.50	9.00		—	

3. Projection of Consolidated Results for FY 2011 (April 1, 2010 to March 31, 2011)

(In Japanese yen rounded to the nearest million, except for per share figures, percentage figures indicate the change from the previous fiscal year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share, basic (yen)
1st.half	750,000	18.0%	25,000	—	23,000	—	14,000	—	17.97
Full year	1,470,000	2.9%	43,000	57.2%	38,000	69.9%	23,000	—	29.52

4. Others

(1) Changes of Significant Subsidiaries in FY 2010 : 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 : Yes

Note: Please refer to the section of "7. Change in the Basis for Preparation of Consolidated Financial Statements and Significant Accounting Policies] on page 19

(3) Number of Outstanding Shares **(Common Stock)**

[1] Number of outstanding shares (including treasury stock)	FY2010 :	782,865,873 shares	FY2009 :	782,865,873 shares
[2] Number of treasury stock	FY2010 :	3,901,219 shares	FY2009 :	3,682,316 shares

Note: For details on the number of shares as a basis of computing net income per share (consolidated), please refer to “Information per share” on page 28.

(Reference) Non-consolidated Financial Results Highlights

Performance in the FY 2010 (April 1, 2009 to March 31, 2010)

(1) Non-consolidated Results of Operations

(In Japanese yen rounded to the nearest million, except for per share figures, percentage figures indicate the change from the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
FY 2010	952,136	(1.8%)	(12,522)	—	(12,617)	—	(32,315)	—
FY 2009	969,209	(4.9%)	(24,546)	—	(24,840)	—	(83,404)	—

	Net income(loss) per share, basic (yen)	Net income per share, diluted (yen)
FY 2010	(41.46)	—
FY 2009	(109.63)	—

(2) Non-consolidated Financial Position

	Total assets	Net assets	Shareholders’ equity to total assets (%)	Net assets per share (yen)
FY 2010	926,531	354,519	38.3%	454.88
FY 2009	820,396	380,263	46.4%	487.78

Note: Shareholders’ equity FY 2010 : 354,519 million yen FY 2009 : 380,263 million yen

<u>Proper use of forecasts of business results (disclaimer), and other special information</u>

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 are based, please refer to page 5

1. Operating Results

1. Analysis of operating results

(1) Operating results for the current term under review

The economic circumstances surrounding FHI during the period under review started out under the seriously tough conditions due to the simultaneous worldwide recession that occurred in the previous year. However, a trend towards recovery emerged from the second quarter onwards as a result of the increasing tone of exports amidst the turnaround of the economy in U.S. and continued economic growth of emerging markets such as China, as well as the effect of the countermeasures to the recession implemented by governments around the world and similar factors.

Under these conditions, the FHI Group introduced a new product—a full-model changed Legacy, our flagship car—, based on philosophy in the mid-term management plan announced in February 2007 with the keywords “customers come first as a means to improve business performance at an early stage. In May 2009, new Legacy was launched in Japan, followed by the simultaneous initiation of production at plants in both Japan and North America, after then, sequential introduction throughout the world was made as a part of our efforts to expand sales globally.

In addition, FHI is continuing to implement emergency measures, initiated the previous fiscal year, to counter the sudden economic downturn, in the form of a variety of cost reductions, while also achieving corporate restructuring aimed at securing profits even under severe economic circumstances.

The implementation of these measures has resulted in the following consolidated results for the period under review.

Although sales of the Automobile and Aerospace Divisions increased due to, respectively, strong sales in the North American and Chinese markets, and a solid recovery of sales to Boeing, net sales were down ¥17.1 billion, or 1.2% from the previous fiscal year to ¥1,428.7 billion as a result of losses on currency exchange generated by a strong yen in comparison with the previous fiscal year and other factors.

In terms of the profit, even with the influence of the losses on currency exchange generated by a strong yen, operating income was up ¥33.2 billion over the previous fiscal year to ¥27.4 billion, and ordinary income was up ¥27 billion over the previous fiscal year to ¥22.4 billion, as a result of stronger sales trend, as well as the cost reduction including parts and SG&A and other expenses.. Additionally, in spite of recording an impairment loss of ¥10.5 billion in the Industrial Products division, net loss improved by ¥53.5 billion from the previous fiscal year to ¥16.5 billion as there was no reversal of deferred tax assets as occurred in the previous fiscal year.

<u>Results by Business Segment</u>

(Automobile Division)

In Japan, the total demands of domestic passenger cars was 4.88 million units for the first increase in four years, a 3.8% increase from the previous fiscal year, due to the efficacy of the eco-car tax reductions and purchase subsidy, both introduced in the beginning of the year.

Under these conditions, domestic sales of the Legacy, this underwent a full-model change in May of 2009, increased by 8 thousand units, or 41.4% from the previous fiscal year to 29 thousand units. This served to boost total vehicle sales together with the beneficial effects of the eco-car tax reduction and purchase subsidy resulting in total Subaru domestic sales of passenger vehicles of 75 thousand units for an increase of 5 thousand units, or 7.1%, over the previous fiscal year.

On the other hand, the number of domestic minicars sold was 96 thousand units, a decrease of 13 thousand, or 11.5% from the previous fiscal year, due to the slowdown in total demands, as well as factors such as reduced units sold of the Stella flagship model resulting from the prolonging of the current model, and the effects of the end of production of the Pleo Van in the middle of the year.

As a result, the sales in Japan were 171 thousand, a decrease of 8 thousand, or 4.2% from the previous fiscal year.

Overseas, contributing factors to increased unit sales included the strong sales in North America due to the effects of the scrap incentive programs (cash for clunkers) and the new Legacy model, and healthy sales in China, mainly of the Forester model. Additionally, in the second half of the year, the new Legacy model contributed to sales in all markets, and we started to see the signs of the recovery of sales in all markets in addition to the healthy sales in North America and China.

As a result, the sales overseas were 392 thousand, an increase of 15 thousand, or 4.0% over the previous fiscal year.

By region, sales continued strong in North America, up by 43 thousand (20.6%) over the previous fiscal year to 250 thousand, and in China, up by 23 thousand (86.9%) to 49 thousand. However, sales were down in Europe (including Russia) by 39 thousand (49.8%) to 39 thousand, down in Australia by 2 thousand (4.7%) to 35 thousand, and down in other regions by 10 thousand (35.0%) to 19 thousand.

As a result, the combined sales volume for Japan and overseas markets amounted to 563 thousand, an increase of 8 thousand, or 1.4% over the previous fiscal year, but overall net sales for the Automobile Division was down ¥21.9 billion, or 1.7% from the previous fiscal year to ¥1,294.5 billion due to the influence of the losses on currency exchange generated by a strong yen. Operating income was up ¥30.9 billion over the previous fiscal year to ¥21.7 billion due to the effects of a reduction of parts cost, SG&A and other expenses, and so on.

(Aerospace Division)

Net sales of products to the Japan Ministry of Defense were up over the previous fiscal year, due to increased sales of unmanned systems such as unmanned aerial vehicle system and “Forward Field Observation System.”

Additionally, net sales of civilian products were up over the previous fiscal year due to the recovery of sales of the Boeing 777, which had suffered from the effects of a strike at Boeing in the previous fiscal year, as well as the contribution of increased sales of mass production models of the Boeing 787.

As a result, overall net sales were up ¥12.3 billion, or 15.3% over the previous fiscal year to ¥93.2 billion, and operating income was up ¥3.2 billion, or 205.5% from the previous fiscal year to ¥4.8 billion.

(Industrial Products Division)

Although there was an increase in net sales due to the inclusion of two new subsidiaries in the scope of consolidation, net sales were down ¥11 billion, or 31.5% from the previous fiscal year to ¥23.9 billion, and operating loss was increased ¥0.8 billion from the previous fiscal year to ¥2.4 billion resulting from decreased engine sales, not only within Japan but also in Europe and the Middle East, due to sluggish demand following the financial crisis, as well as the losses on currency exchange generated by the strong yen.

(Other Businesses)

Although sales of the Fuji Mighty sanitation truck decreased, net sales were up ¥3.4 billion, or 24.9% over the previous fiscal year to ¥17.1 billion due to the delivery of large-scale wind-power systems which contributed to the increase in sales and the inclusion of one new subsidiary in the scope of consolidation. Operating income was down ¥0.6 billion, or 17.9% from the previous fiscal year to ¥2.6 billion.

Results by Geographic Region

(Japan)

Although there was an increase in export volume to China and North America by the Automotive Division, net sales were down ¥40.4 billion, or 4.7% from the previous fiscal year to ¥815.8 billion due to a reduction in exported units to Europe and losses on currency exchange generated by the strong yen. Operating income was up ¥17.7 billion over the previous fiscal year to ¥1.8 billion due to the effects of a reduction of parts cost, SG&A and other expenses and similar factors.

(North America)

Net sales were up ¥30.6 billion, or 5.6% over the previous fiscal year to ¥577.4 billion, and operating income also increased ¥34 billion to ¥32.1 billion, as a result of increased sales of the new Legacy and Forester at SOA (Subaru of America, Inc.), a wholly-owned subsidiary in the United States.

(Other Regions)

Net sales were down ¥7.3 billion, or 17.0% from the previous fiscal year to ¥35,5 billion, and operating income also decreased ¥1.8 billion, or 95.1% from the previous fiscal year to ¥0.1 billion, due to a decrease in sales at Subaru Europe N.V./S.A., a subsidiary in the European Union, and losses on currency exchange generated by the strong yen.

(2) Forecast for fiscal 2010

Given the fact that it is still not yet possible to state with certainty that we are witnessing a true economic recovery, as there are still factors such as unstable currency movements and soaring raw material costs, it is thought that the future economic environment will remain unclear.

Against this backdrop, the outlook for this fiscal year is as follows (based on a currency exchange of $1 = ¥90 and €1 = ¥120):

(Consolidated forecast for the whole fiscal year)

Net Sales	¥1,470 billion	(up 2.9% year-on-year)
Operating income	¥43 billion	(up 57.2% year-on-year)
Ordinary income	¥38 billion	(up 69.9% year-on-year)
Net income	¥23 billion	(- % year-on-year)

2. Analysis of Financial Results

(1) Assets, liabilities, and net assets

Total assets were ¥1,231.4 billion, which was an increase of ¥65.9 billion over the previous fiscal year. Main factors for this include reduced inventories due to strong automobile sales in North America resulting in a decline of inventory assets of ¥62.7 billion, and an increase of ¥90.5 billion in cash and deposits, together with increased sales of the Boeing 787 and other products resulting in an increase of notes and accounts receivable-trade of ¥21.2 billion.

Liabilities were ¥849.5 billion, which was an increase of ¥78.8 billion over the previous fiscal year. This was mainly due to increased automobile production resulting in an increase of notes and accounts payable-trade of ¥69 billion.

Net assets were ¥381.9 billion, which was a decrease of ¥12.8 billion from the previous fiscal year. This was mainly due to a decrease in retained earnings of ¥16.5 billion from recognizing net loss for the current term.

(2) Cash flow

Cash and cash equivalents (hereinafter cash) at the end of the fiscal year under review amounted to ¥191.5 billion.

(Net cash provided by operating activities)

Net cash provided by operating activities increased by ¥176.7 billion. This was mainly due to a decrease of inventory assets of ¥56.5 billion, and an increase of notes and accounts payable of ¥67.6 billion.

(Net cash provided by investing activities)

Net cash provided by investing activities decreased by ¥62.7 billion. This was mainly due to ¥50.7 billion used for the purchase of property, plant and equipment (net of revenue from sales) and ¥8.7 billion used for the purchase of investment securities (net figures with proceeds from purchase).

(Net cash provided by financing activities)

Net cash provided by investing activities decreased by ¥18.6 billion. This was mainly due to a net decrease of short-term borrowings of ¥81.9 billion and a decrease of commercial papers of ¥24 billion, even though proceeds from long-term loans payable (net figures with repayment of long-term loans payable) was ¥84.4 billion.

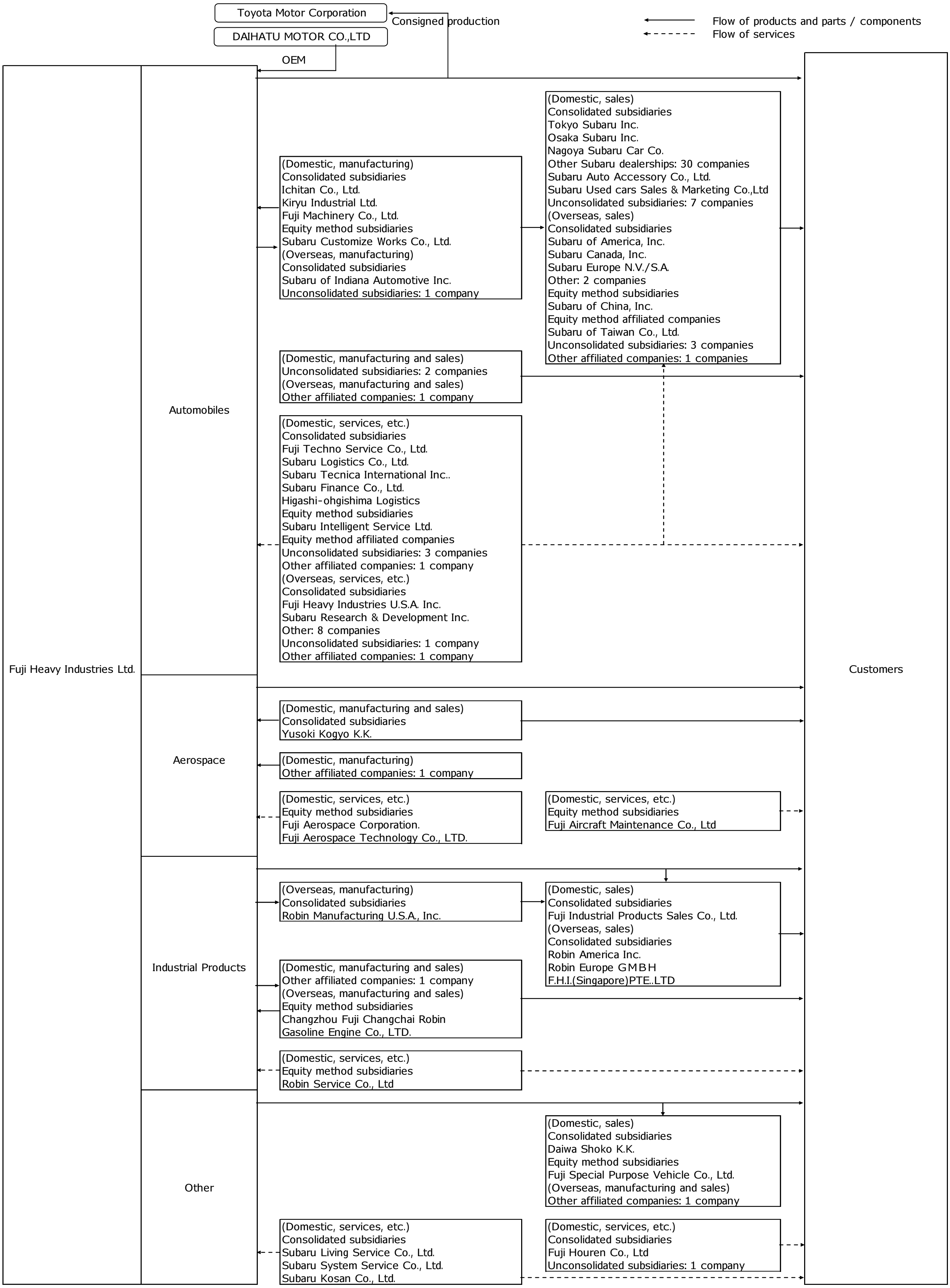
3. Basic Policy Regarding the Distribution of Profits

FHI views the return of profits to shareholders as an important issue for management and follows a basic policy of maintaining stable long-term dividends while taking comprehensive consideration of such factors as its earnings performance and its dividend payout ratio. Nonetheless, even though FHI is moving towards business recovery, there has been a net loss for this period, and due to this we are suspending the payment of dividends for this period.

For the following term, although the business environment remains unclear, we are expecting net income to recover such that FHI is planning to pay interim and end-of-term dividends at ¥4.50 per share respectively, for a total of ¥9.00 as annual dividends.

2. Condition of the FHI Group

As of March 31, 2010 this company and related companies (comprising this company, 97 subsidiaries and 8 affiliated companies) is mainly engaged in four operations related to the vehicle.



3. Management Policies

1. Basic management policies

As there has been no significant change from the details announced in the Consolidated Interim Financial Results for Fiscal year that ended March 2007 (released on October 31, 2006), the disclosure of this part is omitted.

The relevant consolidated interim financial results can be seen at the following URL.

(Fuji Heavy Industries company website)

http://www.fhi.co.jp/english/ir/report/fr.html

(Tokyo Stock Exchange website (for the search of information on listed companies))

http://www.tse.or.jp/tseHpFront/HPLCDS0101E.do?method=init&callJorEFlg=1

2. Medium-to-long term management strategies

As there has been no significant change from the details announced in the Consolidated Financial Results for Fiscal year that ended March 2007 (released on April 27, 2007), the disclosure of this part is omitted.

The aforesaid Consolidated Financial Results for Fiscal 2006 are available on our website at the following URL.

(Fuji Heavy Industries company website)

http://www.fhi.co.jp/english/ir/report/fr.html

(Tokyo Stock Exchange website (for the search of information on listed companies))

http://www.tse.or.jp/tseHpFront/HPLCDS0101E.do?method=init&callJorEFlg=1

3. Issues that must be addressed

Although it is believed that the future of the economic environment in which FHI is situated will, for the meantime, continue to rely on an export-driven economic recovery corresponding to the growth of emerging markets such as that of China, we must also recognize that the present economic situation is the result of the economic measures taken by the governments of all countries, and that factors such as currency exchange rate fluctuation and soaring raw material costs make it currently unclear whether we will actually get on the road to an self-sustaining economic recovery.

Under these circumstances, FHI is planning to achieve profitability in terms of our net income and provide dividend payments for all shareholders in FY 2011.

In order to implement this plan, we shall continue to strive to expand our markets across the world while simultaneously move forward with restructuring to strengthen our corporate structure. We shall also continue the variety of cost reductions, initiated last year as emergency measures against business downturn, and also continue reduced compensation for directors, SVP and VP, and salary cuts for managers for the time being in FY 2011.

Additionally, FHI will also strengthen our sales network, review our production system, develop new products and implement similar measures as described below, in order to ensure the maintenance of steady profits as we move forward.

(Strengthening of sales network)

In order to restructure our organizational operation within the Japanese market, following the transition to the integrated system was performed, Subaru distributors shifted from 46-company structure (as of April 1, 2008) to a 22 –company structure (as of April 1, 2009). As a result, although improved earning are still forthcoming, we will seek to further extract the beneficial effects of the transition to the integrated system, connecting this with cost reductions while also simultaneously pursing business capabilities within the companies themselves.
For the U.S. market, we initiated a review, from January of 2010, of our sales system, including a reorganization of sales regions, and are implementing measures to create a more detailed support system for our dealerships in that market.
For emerging markets, we will create measures to upgrade our sales network in response to the steady growth of sales in China, and will continue to closely examine the market moving forward, including the possibility of future local production in the country.

(Increase productive capacity in accordance with steady sales)

As a dutiful response to the continuous strong sales of the Legacy in North America from last year, FHI is providing the minimal capital investment to increase productive capacity of Subaru of Indiana Automotive, Inc., our North American production base. We are also increasing productive capacity at plant in Japan in order to respond to the demands for engines, transmissions and other components in all markets including the steadily improving North American market.

These increased productive capacity makes it possible to aim at the further sales expansion.

(Develop new products corresponding to improved environmental friendliness and safety)

"To provide a distinctive Subaru experience for drivers and passengers" is one of the main tenets of FHI's mid-term management plan, and as a part of this, we have established an orientation consisting of a new kind of driving that integrates enjoyable and dependable driving with a global environmental awareness, and have been developing products that match that orientation.

The orientation of our future product development will not change as we are developing the next generation of products with a focus on further environmental friendliness and the improvement of safety.

(1) This year, FHI will develop a vehicle equipped with a new horizontally opposed engine. This engine will provide a further 10% more in improved fuel economy as compared to current models, and in the future even more improved fuel economy will be provided by combining with CVT and similar components. We also continue to search for ways to lighten the weight of car bodies, a necessity for improving fuel economy.
(2) Looking towards the next generation of automobiles, we will also introduce a hybrid vehicle in 2012 in addition to the Plug-In Stella electric automobile introduced to the market last year.
(3) FHI received a high acclaim on safety not only in Japan but in all countries including the U.S., Europe and Australia. We will continue maintain this high evaluation on creating vehicles with a high level of safety, as well as seeking to evolve safety functions such as EyeSight[*2], an advanced driving assist system that strengthens functions such as pre-crash safety[*1]

*1. Pre-crash safety is a system that senses other vehicles on the road and potentially hazardous objects in order to reduce collision damage.

*2. "EyeSight", a Subaru-only system, is an advanced driving assist system utilizing two stereo-camera's technology in order to sense a wide scope of driving environment as a means to provide accident avoidance support.

(Alliance with the Toyota Group)

Our alliance with Toyota Motor Corporation (hereinafter Toyota) and Daihatsu Motor Co., Ltd. (hereinafter Daihatsu) continues to provide positive collaborative efforts, and we are implementing the following measures in order to utilize the technological capabilities of each company to create a new product lineup.

(1) OEM supply from Daihatsu to FHI

On April 20 in 2010, FHI received a minicar OEM supply from Daihatsu, allowing us to launch a new product line-up consisting of the Subaru Lucra and Subaru Pleo. In the future, we will focus on expanding sales of these new products and strive to maximize the effectiveness of the alliance.

(2) OEM supply for compact cars from Toyota to FHI

Deliberations regarding OEM supply from Toyota are also proceeding as scheduled. This will allow us to reinforce our compact car lineup.

(3) Joint development of compact FR sporty car

Progress on the joint development with Toyota of compact FR sporty car is continuing along steadily. We are also moving forward on the renovation of existing plant in order to respond to increased production.

During FY 2011, through the measures described above, all company employees will match vectors under the key word of “Going Forward” as we strive towards the goal of even greater growth.

4. Consolidated Financial Statements

(1) Consolidated balance sheets

(Millions of yen)

	FY2009 (as of March 31, 2009) Amount	FY2010 (as of March 31, 2010) Amount
ASSETS		
I Current assets		
Cash and deposits	78,151	168,643
Notes and accounts receivable-trade	82,352	103,521
Lease investment assets	27,074	27,788
Short-term investment securities	11,439	12,458
Merchandise and finished goods	128,645	101,351
Work in process	96,425	59,596
Raw materials and supplies	34,249	35,672
Deferred tax assets	15,918	15,549
Short-term loans receivable	59,434	75,780
Other	53,845	40,216
Allowance for doubtful accounts	(1,509)	(1,686)
Total current assets	**586,023**	**638,888**
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	123,403	125,086
Machinery, equipment and vehicles, net	108,077	87,411
Land	183,741	179,512
Lease assets, net	20,765	—
Vehicles and equipment on operating leases, net	—	18,394
Construction in progress	12,287	12,672
Other, net	19,786	26,452
Total property, plant and equipment	**468,059**	**449,527**
2. Intangible assets		
Other	13,972	11,999
Total intangible assets	**13,972**	**11,999**
3. Investments and other assets		
Investment securities	51,838	67,783
Long-term loans receivable	3,334	—
Deferred tax assets	10,702	5,742
Other	37,428	62,602
Allowance for investment loss	—	(25)
Allowance for doubtful accounts	(5,925)	(5,149)
Total investments and other assets	**97,377**	**130,953**
Total noncurrent assets	**579,408**	**592,479**
Total assets	**1,165,431**	**1,231,367**

(Millions of yen)

	FY2009 (as of March 31, 2009) Amount	FY2010 (as of March 31, 2010) Amount
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	148,015	217,051
Short-term loans payable	225,149	142,121
Commercial papers	24,000	—
Current portion of long-term loans payable	21,956	13,912
Current portion of bonds	—	20,010
Income taxes payable	2,062	2,873
Accrued expenses	50,524	56,244
Provision for bonuses	14,141	15,348
Provision for product warranties	17,934	19,999
Provision for loss on construction contracts	760	1,399
Other	56,707	66,104
Total current liabilities	**561,248**	**555,061**
II Noncurrent liabilities		
Bonds payable	60,000	44,090
Long-term loans payable	50,583	147,479
Deferred tax liabilities	7,448	13,541
Provision for retirement benefits	36,997	34,867
Provision for directors' retirement benefits	702	685
Provision for loss on guarantees	745	—
Other	52,989	53,751
Total noncurrent liabilities	**209,464**	**294,413**
Total liabilities	**770,712**	**849,474**
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	126,593	110,172
Treasury stock	(2,086)	(2,173)
Total shareholders' equity	**438,373**	**421,865**
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	3,002	10,309
Foreign currency translation adjustment	(47,429)	(51,587)
Total valuation and translation adjustments	**(44,427)**	**(41,278)**
Minority interests	773	1,306
Total net assets	**394,719**	**381,893**
Total liabilities and net assets	**1,165,431**	**1,231,367**

(2) Consolidated statements of income

(Millions of yen)

	FY2009 (April 1, 2008 to March 31, 2009) Amount	FY2010 (April 1, 2009 to March 31, 2010) Amount
I Net sales	1,445,790	1,428,690
II Cost of sales	1,164,564	1,152,763
Gross profit	281,226	275,927
III Selling, general and administrative expenses	287,029	248,577
Operating income (loss)	**(5,803)**	**27,350**
IV Non-operating income		
Interest income	2,663	964
Dividends income	1,080	755
Equity in earnings of affiliates	926	1,070
Real estate rent	586	573
Foreign exchange gains	7,769	98
Gain on valuation of derivatives	—	11
Other	1,779	1,081
Total non-operating income	14,803	4,552
V Non-operating expenses		
Interest expenses	3,315	4,947
Loss on valuation of derivatives	5,296	176
Depreciation	—	1,289
Other	4,989	3,129
Total non-operating expenses	13,600	9,541
Ordinary income (loss)	**(4,600)**	**22,361**
VI Extraordinary income		
Gain on sales of noncurrent assets	357	357
Gain on sales of investment securities	673	202
Reversal of allowance for doubtful accounts	—	283
Gain on revision of retirement benefit plan	845	—
Gain on sale of loans receivable	837	294
Other	1,156	57
Total extraordinary income	3,868	1,193
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	3,809	3,357
Impairment loss	1,045	17,906
Loss on sales of investment securities	468	182
Loss on valuation of investment securities	1,072	520
Provision of allowance for doubtful accounts	2,640	—
Provision for loss on construction contracts	2,901	—
Loss on abandonment of inventories	—	1,191
Other	8,850	841
Total extraordinary losses	20,785	23,997
Income (loss) before income taxes and minority interests	(21,517)	(443)
Income taxes-current	6,637	10,504
Income taxes-deferred	41,961	5,629
Total Income taxes	48,598	16,133
Minority interests in income (loss)	(182)	(126)
Net income (loss)	**(69,933)**	**(16,450)**

(3) Consolidated statement of changes in net assets

(Millions of yen)

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	153,795	153,795
Balance at the end of current period	153,795	153,795
Capital surplus		
Balance at the end of previous period	160,098	160,071
Changes of items during the period		
Disposal of treasury stock	(27)	―
Total changes of items during the period	(27)	―
Balance at the end of current period	160,071	160,071
Retained earnings		
Balance at the end of previous period	227,789	126,593
Effect of changes in accounting policies applied to foreign subsidiaries	(12,115)	―
Changes of items during the period		
Dividends from surplus	(6,742)	―
Net income (loss)	(69,933)	(16,450)
Disposal of treasury stock	(7,309)	(3)
Change of scope of consolidation	(43)	―
Change of scope of equity method	72	―
Other	(5,126)	32
Total changes of items during the period	(89,081)	(16,421)
Balance at the end of current period	126,593	110,172
Treasury stock		
Balance at the end of previous period	(40,538)	(2,086)
Changes of items during the period		
Purchase of treasury stock	(50)	(93)
Disposal of treasury stock	38,502	6
Total changes of items during the period	38,452	(87)
Balance at the end of current period	(2,086)	(2,173)
Total shareholders' equity		
Balance at the end of previous period	501,144	438,373
Effect of changes in accounting policies applied to foreign subsidiaries	(12,115)	―
Changes of items during the period		
Dividends from surplus	(6,742)	―
Net income (loss)	(69,933)	(16,450)
Purchase of treasury stock	(50)	(93)
Disposal of treasury stock	31,166	3
Change of scope of consolidation	(43)	―
Change of scope of equity method	72	―
Other	(5,126)	32
Total changes of items during the period	(50,656)	(16,508)
Balance at the end of current period	438,373	421,865

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
		(Millions of yen)
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	13,716	3,002
Changes of items during the period		
Net changes of items other than shareholders' equity	(10,714)	7,307
Total changes of items during the period	(10,714)	7,307
Balance at the end of current period	3,002	10,309
Foreign currency translation adjustment		
Balance at the end of previous period	(21,463)	(47,429)
Changes of items during the period		
Net changes of items other than shareholders' equity	(25,966)	(4,158)
Total changes of items during the period	(25,966)	(4,158)
Balance at the end of current period	(47,429)	(51,587)
Total valuation and translation adjustments		
Balance at the end of previous period	(7,747)	(44,427)
Changes of items during the period		
Net changes of items other than shareholders' equity	(36,680)	3,149
Total changes of items during the period	(36,680)	3,149
Balance at the end of current period	(44,427)	(41,278)
Minority interests		
Balance at the end of previous period	1,026	773
Changes of items during the period		
Net changes of items other than shareholders' equity	(253)	533
Total changes of items during the period	(253)	533
Balance at the end of current period	773	1,306
Total net assets		
Balance at the end of previous period	494,423	394,719
Effect of changes in accounting policies applied to foreign subsidiaries	(12,115)	—
Changes of items during the period		
Dividends from surplus	(6,742)	—
Net income (loss)	(69,933)	(16,450)
Purchase of treasury stock	(50)	(93)
Disposal of treasury stock	31,166	3
Change of scope of consolidation	(43)	—
Change of scope of equity method	72	—
Other	(5,126)	32
Net changes of items other than shareholders' equity	(36,933)	3,682
Total changes of items during the period	(87,589)	(12,826)
Balance at the end of current period	394,719	381,893

Note: The breakdown of “Other” in “ Retained earnings” is as follows.

	FY2009	FY2010
		(Millions of yen)
Comprehensive income of foreign subsidiaries	52	32
Impact of fiscal closing date changes of foreign subsidiaries	(5,178)	—

(4) Consolidated statements of cash flows

(Millions of yen)

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(21,517)	(443)
Depreciation and amortization	74,036	65,785
Impairment loss	1,045	17,906
Increase (decrease) in allowance for doubtful accounts	2,956	(630)
Increase (decrease) in provision for bonuses	(2,037)	1,168
Increase (decrease) in provision for product warranties	(533)	1,708
Increase (decrease) in provision for loss on construction contracts	760	639
Increase (decrease) in provision for retirement benefits	(5,053)	(2,292)
Interest and dividends income	(3,743)	(1,719)
Interest expenses	3,315	4,947
Loss (gain) on valuation of derivatives	5,296	165
Equity in (earnings) losses of affiliates	(926)	(1,070)
Loss (gain) on sales and retirement of noncurrent assets	3,452	3,000
Loss (gain) on sales and valuation of investment securities	867	500
Decrease (increase) in notes and accounts receivable-trade	5,938	(18,305)
Decrease (increase) in inventories	(18,717)	56,491
Increase (decrease) in notes and accounts payable-trade	(73,159)	67,557
Decrease (increase) in lease investment assets	(1,539)	(575)
Decrease (increase) in operating loans receivable	9,127	(12,154)
Decrease (increase) in leased assets	(417)	—
Decrease (increase) in vehicles and equipment on operating leases	—	(2,867)
Increase (decrease) in deposits received	(4,757)	3,293
Other, net	12,819	3,155
Subtotal	(12,787)	186,259
Interest and dividends income received	3,738	1,722
Interest expenses paid	(3,062)	(5,203)
Income taxes paid	(14,781)	(6,044)
Net cash provided by (used in) operating activities	(26,892)	176,734
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(2,265)	(703)
Proceeds from sales of short-term investment securities	5,326	1,055
Purchase of property, plant and equipment	(58,415)	(53,087)
Proceeds from sales of property, plant and equipment	830	2,390
Purchase of intangible assets	(2,713)	(2,894)
Purchase of investment securities	(20,433)	(15,050)
Proceeds from sales of investment securities	11,848	6,386
Payments for investments in capital	(1,548)	—
Payments of loans receivable	(64,188)	(59,057)
Collection of loans receivable	60,155	58,721
Other, net	(982)	(417)
Net cash provided by (used in) investing activities	(72,385)	(62,656)

(Millions of yen)

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	51,517	(81,922)
Increase (decrease) in commercial papers	18,000	(24,000)
Proceeds from long-term loans payable	37,063	110,472
Repayments of long-term loans payable	(20,500)	(26,118)
Proceeds from issuance of bonds	—	4,100
Redemption of bonds	(30,000)	—
Purchase of treasury stock	(50)	—
Proceeds from sales of treasury stock	31,166	—
Cash dividends paid	(6,744)	—
Repayments of lease obligations	—	(960)
Other, net	(3)	(132)
Net cash provided by (used in) financing activities	80,449	(18,560)
IV Effect of exchange rate change on cash and cash equivalents	(15,614)	(816)
V Net increase (decrease) in cash and cash equivalents	(34,442)	94,702
VI Cash and cash equivalents at beginning of period	114,649	96,515
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	2,045	249
Increase (Decrease) by change in accounting period of consolidated subsidiaries	14,263	—
VIII Cash and cash equivalents at end of period	96,515	191,466

(5) **Notes on Premise of Going Concern**

Not Applicable

6. Basis for Preparation of Consolidated Financial Statements and Significant Accounting Policies

(1) Scope of Consolidation

[1] Number of consolidated subsidiaries: 71

The names of the main consolidated subsidiaries have been omitted because they are described in "2. Condition of the FHI Group".

Since the beginning of fiscal 2010 , as a result of our reevaluation of their significance to the consolidated financial statements, newly scope of consolidation: Robin Europe Gmbh Industrial Engine and Equipment (old name : Robin Europe Gmbh) and 4 other companies.

Since the beginning of fiscal 2010 , one subsidiary, namely, Subaru of America, Inc. and one other company were excluded from the scope of consolidation as a result of their liquidation.

[2] Name of non-consolidated subsidiaries

The main non-consolidated subsidiary: Subaru of China LTD.

(2) Application of the Equity Method

Number of equity method non-consolidated subsidiaries: 8

The names of equity method non-consolidated subsidiaries have been omitted because they are described in "2. Condition of the FHI Group".

Since the beginning of fiscal 2010 , 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.

In addition, the number of equity-method companies decreased because Tug International Co., Ltd. was merged into Fuji Techno-Service Co., Ltd.(a consolidated company) on July 1, 2009.

(3**)** Accounting Policies

Basis of revenue and expense recognition

Change in accounting standard for construction revenue and cost

The percentage-of-completion method was applied to construction contracts that were started during the fiscal 2010, for which certain elements were determinable with certainty at the end of fiscal 2010. (Percentage of completion is estimated using the proportion-of-cost method). The completed-contract method was applied to other work.

Other than those items reported above, the disclosure of information is omitted because any change after submission of the Securities Report (June 25, 2009) is not significant.

7. Change in the Basis for Preparation of Consolidated Financial Statements and Significant Accounting Policies

(1) Changes in the Scope of Consolidation and Application of the Equity Method

As of the end of fiscal 2010, the number of consolidated subsidiaries and affiliated investees accounted for under the equity method was 71 and 9, respectively. As a result of our reevaluation of their significance to the consolidated financial statements, the following changes in the scope of consolidation and application of the equity method have been made during fiscal 2010.

Scope of Consolidation

Added

As a result of our reevaluation of their significance to the consolidated financial statements, the scope of consolidation newly includes Robin Europe Gmbh Industrial Engine and Equipment (old name: Robin Europe Gmbh) and 4 other companies.

Eliminated

One subsidiary company of Subaru of America, Inc. and one other company were excluded from the scope of consolidation as a result of their liquidation.

Application of the Equity Method

Added

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 4 other companies were transferred from equity method companies to consolidated subsidiaries.

Eliminated

The number of equity-method companies decreased because Tug International Co., Ltd. was merged into Fuji Techno-Service Co., Ltd.(a consolidated company)" on July 1, 2009.

(2) Accounting Policies

[1] Standards for recognition of reserves

Provision for retirement benefits

The Company has applied Partial Amendments to Accounting Standard for Retirement Benefits (Part3) (ASBJ Statement No.19, July 31, 2008) since the beginning of fiscal 2010.

Since accumulated actuarial loss is amortized from next fiscal year, this change resulted in no effect on operating income, ordinary income and loss before income taxes and minority interests.

Also, the amount of retirement benefit obligation which is accrued with this change is 1,447 million yen.

[2] Basis of revenue and expense recognition

Change in accounting standard for construction revenue and cost

The Company previously used the percentage-of-completion method for accounting revenues associated with construction contracts with a contract amount of five billion yen or more and a construction period of over one year, and other construction work was accounted for using the completed-contract method. However since the beginning of fiscal 2010, in conjunction with adoption of the Accounting Standard for Construction Contracts (ASBJ Statement No.15, December 27, 2007) and its accompanying Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No.18, December 27, 2007), the percentage-of-completion method has been applied to construction contracts that were started during the fiscal 2010, for which certain elements were determinable with certainty at the end of fiscal 2010. (The percentage of completion is estimated with the proportion-of-cost method). The completed-contract method was applied to other works.

This change resulted in an increase in net sales of 2,361 million yen, an increase in operating income and ordinary income of 215 million yen and a decrease in loss before income taxes and minority interests of 215 million yen in the year ended March 31, 2010.

(Changes in Presentation of Financial Statements)

[Consolidated balance sheets]
1. Vehicles and equipment on operating leases included in “Lease assets,net” in fiscal 2009 is presented in “Vehicles and equipment on operating leases, net” from the consolidated fiscal year under review. The value of “vehicles and equipment on operating leases” included in “Lease assets,net” in the end of fiscal 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.

2. “Long-term loans payable” which was presented separately in fiscal 2009 is included in “Other” in fiscal 2010 because of its decreased materiality.
The amount of “Long-term loans payable” included in “Other” in the end of fiscal 2010 was 2,727 million yen.

[Consolidated statements of income]
1. “Depreciation” was included in “Other” of “Total non-operating expenses” in fiscal 2009. However, “Depreciation” is presented separately because of its increased materiality in fiscal 2010. In addition, “Depreciation” included in “Other” in fiscal 2009 was 1,004 million yen.

2. “Reversal of allowance for doubtful accounts” was included in “Other” of “Total extraordinary income” in fiscal 2009. However, “Reversal of allowance for doubtful accounts” is presented separately because of its increased materiality in fiscal 2010. In addition, “Reversal of allowance for doubtful accounts” included in “Other” in fiscal 2009 was 112 million yen.

[Consolidated statements of cash flows]
1. “Payments for investments in capital” of “Net cash provided by (used in) investing activities” which was presented separately in fiscal 2009 is included in “Other” of “Net cash provided by (used in) investing activities” in fiscal 2010 because of its decreased materiality. In addition, “Payments for investments in capital” included in “Other” in fiscal 2010 was overdrawn 49 million yen.

2. “Purchase of treasury stock” and “Proceeds from sales of treasury stock” in “Net cash provided by (used in) financing activities” which was presented separately in fiscal 2009 is included in “Other” of “Net cash provided by (used in) financing activities” in fiscal 2010 because of its decreased materiality. In addition, “Purchase of treasury stock” included in “Other” in fiscal 2010 was overdrawn 93 million yen, and “Proceeds from sales of treasury stock” included in “Other” in fiscal 2010 was 3 million yen.

3.“Decrease (increase) in leased assets” in “Net cash provided by (used in) operating activities” in fiscal 2009 is presented in “Decrease (increase) in vehicles and equipment on operating leases” from the consolidated fiscal year under review.

8. Notes to Consolidated Financial Statements

(Consolidated Balance Sheets)

FY 2009	FY 2010
Accumulated depreciation on property, plant and equipment 739,586 million yen	Accumulated depreciation on property, plant and equipment 757,134 million yen

(Consolidated Statements of income)

<table>
<tr><th>FY 2009</th><th>FY 2010</th></tr>
<tr><td>1.Research and development cost included in general and administrative expenses and cost of sales

42,831 million yen

2. Extraordinary income and losses

(1)Other (Extraordinary income)

1,001 million yen of “Other” in “Extraordinary income” represents the impact of “Change in recognition of sales or interest revenue on credit” from the equal installment method to the seven-eight allocation method.

(2) Impairment loss

The Company recorded an impairment loss with regard to the following asset groups.

<table>
<tr><th>Use</th><th>Location</th><th>Category</th></tr>
<tr><td>Assets for dealership business</td><td>Nagano Prefecture and Shimane Prefecture</td><td>Buildings and land and other</td></tr>
<tr><td>Idle assets</td><td>Hokkaido and 3 other location</td><td>Buildings and structures, and land</td></tr>
</table>

The assets on which impairment was recognized are grouped as follows: The operating assets for dealership are grouped by each company, and the idle assets are grouped on a property-by-property basis.

The impairment loss by each category of property, plant and equipment was as follows:

<table>
<tr><th>Account</th><th>Amount</th></tr>
<tr><td>Buildings and structures</td><td>288 million yen</td></tr>
<tr><td>Land</td><td>706 million yen</td></tr>
<tr><td>Other</td><td>51 million yen</td></tr>
<tr><td>Total</td><td>1,045 million yen</td></tr>
</table>
</td>
<td>1.Research and development cost included in general and administrative expenses and cost of sales

37,175 million yen

2. Extraordinary income and losses

(1)

Not Applicable

(2) Impairment loss

The Company recorded impairment losses with regard to the following asset groups.

<table>
<tr><th>Use</th><th>Location</th><th>Category</th></tr>
<tr><td>Production facility</td><td>Saitama Prefecture and Gunma Prefecture</td><td>Buildings and structures, Machinery, equipment and vehicles, land and other</td></tr>
<tr><td>Assets for dealership business</td><td>Tokyo, Gifu Prefecture and 7 other location</td><td>Buildings and structures, land and other</td></tr>
<tr><td>Idle assets</td><td>Osaka Prefecture, Chiba Prefecture and 11 other location</td><td>Buildings and structures, land and other</td></tr>
</table>

The assets on which impairment was recognized are grouped as follows: The production facilities are grouped by each business line, The operating assets for dealership are grouped by each company, and the idle assets are grouped on a property-by-property basis.

The impairment loss by each category of property, plant and equipment was as follows:

<table>
<tr><th>Account</th><th>Amount</th></tr>
<tr><td>Buildings and structures</td><td>4,700 million yen</td></tr>
<tr><td>Machinery, equipment and vehicles</td><td>3,694 million yen</td></tr>
<tr><td>Land</td><td>9,435 million yen</td></tr>
<tr><td>Other</td><td>77 million yen</td></tr>
<tr><td>Total</td><td>17,906 million yen</td></tr>
</table>
</td></tr>
</table>

(3) Loss on valuation of investment securities and other Eclipse Aviation Corporation (“Eclipse”), a trading partner of FHI, had filed an application under Chapter 11 of the United States Bankruptcy Code on November 25, 2008. However, their creditors submitted a motion for an order converting the Chapter 11 Bankruptcy case to case under Chapter 7 on February 24, 2009, and this was granted with the selection of a trustee on March 5, 2009. Therefore, the Company has recorded an extraordinary loss (as follows) because the Company will incur uncollectible receivables or the delayed collection of receivables and damage for assets that the Company holds for or in Eclipse Aviation Corporation. Loss on valuation of investment securities 521 million yen Provision of allowance for doubtful accounts 2,640 million yen Other(Loss on valuation of inventories) 5,737 million yen	(3) Not Applicable
(4) Other The main breakdown of “Other,” 8,850 million yen, was as follows. [1] “Loss on valuation of inventories” that is noted in the above-mentioned (4). 5,737 million yen [2] Loss on the withdrawal from the FIA World Rally Championship (WRC) 3,030 million yen	(4) Not Applicable
(5) Not Applicable	(5) Loss on abandonment of inventories The Company conducted a business field review in the industrial products segment in fiscal 2010. As a result, the Company abandoned obsolete inventories and recorded an extraordinary loss of 1,191 million yen in fiscal 2010.
(6) Not Applicable	(6) Loss on sales and retirement of noncurrent assets and other After assessing the severe business environment for domestic distributors, such as the sluggish automobile market caused by a business slowdown, and the response to sophisticated and diversified customer needs, we have determined that it was necessary to quickly implement regional business activities while simultaneously establishing a rational management system. Therefore, the transition from Subaru distributors to the integrated system was performed sequentially from October, 2008. As a part of the rationalization,the Company is performing a gradual restructuring of the dealership network in Japan.

	Furthermore, regarding dealerships that the Company had closed (or, had decided to close) by the end of fiscal 2010, it recorded an extraordinary loss in the fiscal year under review as follows: Loss on sales and retirement of noncurrent assets: 902 million yen Impairment loss: 3,639 million yen Other: 815 million yen Total: 5,356 million yen
(7) Income taxes-deferred A reversal of deferred tax assets of 39,408 million yen, which had been posted, was made, carefully considering their possible realization.	(7) Income taxes For companies that recorded a net loss before income taxes and minority interests in fiscal 2010, a reduction of income tax expenses via a valuation allowance were not applied. As a result, “Total income taxes” was larger than “Loss before income taxes and minority interests” for the period under review.

(Consolidated Statement of Changes in Net Assets)

FY 2010 **(**April 1, 2009 to March 31, 2010)

The disclosure of information is omitted because the need for such disclosure is not considered to be significant to the purpose of this release.

FY 2009 (April 1, 2008 to March 31, 2009)

1.Class of outstanding shares or total number of outstanding shares and class of treasury stock or number of treasury stock

	End of FY 2008 Number of shares	FY 2009 Number of incremental shares	FY 2009 Number of decreased shares	End of FY 2009 Number of shares
Outstanding shares				
Common shares	782,865,873	—	—	782,865,873
Total	782,865,873	—	—	782,865,873
Treasury stock				
Common shares	64,698,395	109,264	61,125,343	3,682,316
Total	64,698,395	109,264	61,125,343	3,682,316

Note: Number of decreased shares of treasury stock in fiscal 2009 includes 61 million shares of treasury stock transferred to Toyota Motor Corporation.

2.Dividends

Dividends paid

Resolution	Class of shares	Amount of dividends paid (millions of yen)	Cash dividends per share (yen)	Base date	Date of entry into force
Annual meeting of shareholders June 25, 2008	Common shares	3,234	4.5	March 31,2008	June 26, 2008
Annual meeting of shareholders October 31, 2008	Common shares	3,508	4.5	September 30,2008	December 1, 2008

3.Other

The Company transferred treasury stock to Toyota Motor Corporation on July 14, 2008.
(number of shares: 61 million shares; sales value: 31,110 million yen)
As a result, there was a 38,424 million yen decrease in treasury stock. The loss on the sale of treasury stock was divided into a 25 million yen decrease in capital surplus and 7,289 million yen decrease in retained earnings.

(Omission of Disclosures in This Release)

The disclosure of the following footnote information is omitted because the need for such disclosure is not considered to be significant for the purpose of this release:

Notes to Consolidated Statements of Cash Flows
Lease transactions
Financial instruments
Securities and investments
Derivative transactions
Accrued pension and severance benefits
Stock options, etc.
Income taxes
Fair value of investment and rental property
Transactions with related parties
Business Combination

(Segment Information)

(1) Business segment Information

FY 2009 (April 1, 2008 to March 31, 2009) (Millions of yen)

	Automobiles	Aerospace	Industrial products	Other	Total	Elimination and corporate	Consolidated total
I Sales and operating income							
Net sales							
(1) Outside customers	1,316,305	80,872	34,912	13,701	1,445,790	—	1,445,790
(2) Inter-segment	2,641	1	18	12,420	15,080	(15,080)	—
Total sales	1,318,946	80,873	34,930	26,121	1,460,870	(15,080)	1,445,790
Operating cost and expense	1,328,147	79,298	36,573	23,003	1,467,021	(15,428)	1,451,593
Operating income (loss)	(9,201)	1,575	(1,643)	3,118	(6,151)	348	(5,803)
II Assets, depreciation expense, impairment loss, and capital expenditure							
Assets	910,250	174,062	39,856	70,089	1,194,257	(28,826)	1,165,431
Depreciation expense	66,395	4,479	1,421	1,741	74,036	—	74,036
Impairment loss	1,045	—	—	—	1,045	—	1,045
Capital expenditure	90,723	1,787	1,187	1,480	95,177	(24)	95,153

FY 2010 (April 1, 2009 to March 31, 2010) (Millions of yen)

	Automobiles	Aerospace	Industrial products	Other	Total	Elimination and corporate	Consolidated total
I Sales and operating income							
Net sales							
(1) Outside customers	1,294,451	93,216	23,913	17,110	1,428,690	—	1,428,690
(2) Inter-segment	2,304	—	63	12,678	15,045	(15,045)	—
Total sales	1,296,755	93,216	23,976	29,788	1,443,735	(15,045)	1,428,690
Operating cost and expense	1,275,039	88,404	26,413	27,228	1,417,084	(15,744)	1,401,340
Operating income (loss)	21,716	4,812	(2,437)	2,560	26,651	699	27,350
II Assets, depreciation expense, impairment loss, and capital expenditure							
Assets	989,462	166,492	31,591	77,895	1,265,440	(34,073)	1,231,367
Depreciation expense	59,155	3,709	1,228	1,693	65,785	—	65,785
Impairment loss	7,389	—	10,517	—	17,906	—	17,906
Capital expenditure	84,085	1,347	433	3,212	89,077	—	89,077

Notes: 1.Definition of business segments: Business segments are defined based on product line and market.

2.Main products each business segment:

Business segment	Main products
Automobiles	LEGACY, IMPREZA, FORESTER, EXIGA, TRIBECA, STELLA, R1, R2, PLEO, SAMBER
Aerospace	Aircraft, parts of space-related devices
Industrial products	Robin engines, power generators, pumps
Other	Garbage collection vehicles, specialized vehicles, real estate lease

3.All operating costs and expenses are allocated to each business segment.

4.There are no corporate asset included in Corporate and elimination.

5.Change of accounting method

Change in accounting standard for construction revenue and cost

As described in (2)-[2] of "Changes in the Basis for Preparation of Consolidated Financial Statements and Significant Accounting Policies", since fiscal 2010, the Company and its domestic consolidated subsidiaries has applied "the Accounting Standard for Construction Contracts (ASBJ Statement No.15, December 27, 2007) " and "its accompanying Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No.18, December 27, 2007) ", the percentage-of-completion method was applied to construction contracts that were started during the fiscal 2010, for which certain elements were determinable with certainty at the end of fiscal 2010. (The percentage of completion is estimated with the proportion-of-cost method). The completed-contract method was applied to other works.

This change resulted in an increase in sales of 2,361 million yen in “Aerospace” and an increase in operating income of 215 million yen by the same amount for the 12-month period ended March 31, 2010 compared with the corresponding amounts which would have been recorded if the previous method had been followed.

(2) Geographic Segment Information

FY 2009 (April 1, 2008 to March 31, 2009) (Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated total
I Sales and operating income						
Net sales						
(1) Outside customers	856,188	546,859	42,743	1,445,790	—	1,445,790
(2) Inter-segment	280,623	15,380	622	296,625	(296,625)	—
Total sales	1,136,811	562,239	43,365	1,742,415	(296,625)	1,445,790
Operating cost and expense	1,152,651	564,203	41,432	1,758,286	(306,693)	1,451,593
Operating income (loss)	(15,840)	(1,964)	1,933	(15,871)	10,068	(5,803)
II Assets	872,342	297,801	13,116	1,183,259	(17,828)	1,165,431

FY 2010 (April 1, 2009 to March 31, 2010) (Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated total
I Sales and operating income						
Net sales						
(1) Outside customers	815,812	577,409	35,469	1,428,690	—	1,428,690
(2) Inter-segment	293,948	2,232	557	296,737	(296,737)	—
Total sales	1,109,760	579,641	36,026	1,725,427	(296,737)	1,428,690
Operating cost and expense	1,107,916	547,584	35,931	1,691,431	(290,091)	1,401,340
Operating income (loss)	1,844	32,057	95	33,996	(6,646)	27,350
II Assets	910,841	338,721	18,518	1,268,080	(36,713)	1,231,367

Notes: 1. Geographic areas are based on geographical proximity.

2. Principal countries or districts in each geographic area:
North America: United States and Canada
Other: Europe

3. All operating costs and expenses are allocated to each segment.

4. There are no corporate asset included in Corporate and elimination.

5. Change of accounting method

Change in accounting standard for construction revenue and cost

As described in (2)-[2] of “Changes in the Basis for Preparation of Consolidated Financial Statements and Significant Accounting Policies”, since fiscal 2010, the Company and its domestic consolidated subsidiaries have applied the “Accounting Standard for Construction Contracts (ASBJ Statement No.15, December 27, 2007)” and its accompanying “Guidance on Accounting Standard for Construction Contracts (ASBJ Guidance No.18, December 27, 2007)” therefore, the percentage-of-completion method was applied to construction contracts that were started during the fiscal 2010, for which certain elements were determinable with certainty at the end of fiscal 2010. (The percentage of completion is estimated with the proportion-of-cost method). The completed-contract method was applied to other work.

This change resulted in an increase in sales of 2,361 million yen in “Japan” and an increase in operating income of 215 million yen by the same amount for the 12-month period ended March 31, 2010 compared with the corresponding amounts which would have been recorded if the previous method had been followed.

(3) Overseas Net Sales

FY 2009 (April 1, 2008 to March 31, 2009) (Millions of yen)

	North America	Europe	Other	Total
Overseas net sales	582,979	168,520	186,777	938,276
Consolidated net sales				1,445,790
Overseas net sales as a percentage of consolidated net sales	40.3%	11.7%	12.9%	64.9%

FY 2010 (April 1, 2009 to March 31, 2010) (Millions of yen)

	North America	Europe	Asia	Other	Total
Overseas net sales	622,126	84,474	101,470	99,784	907,854
Consolidated net sales					1,428,690
Overseas net sales as a percentage of consolidated net sales	43.5%	5.9%	7.1%	7.0%	63.5%

Notes: 1. Geographic areas are based on geographical proximity.

2. Principal countries or districts in each geographic area:

North America: United States and Canada

Europe: Germany, Switzerland, United Kingdom and Russia

Asia: China

Other: Australia

Note; The overseas net sales of "Asia" was included in "Other" in fiscal 2009. However, the overseas net sales of "Asia" are presented separately because of increased materiality since fiscal 2010. In addition, the overseas net sales of "Asia" included in "Other" in fiscal 2009 was 66,465 million yen.

3. Overseas sales are sales outside of Japan by the Company and consolidated subsidiaries.

(Information per share)

	FY 2009	FY 2010
Net assets per share (yen)	505.59	488.58
Net income (loss) per share, basic (yen)	(91.97)	(21.11)
Net income per share, diluted (yen)	—	—
Weighted average number of common shares outstanding during the year (thousands)	760,413	779,119
Weighted average number of additional dilutive common shares due to stock options (thousands)	—	—

(Subsequent Event)

Not Applicable

(Additional information)

Notification with Respect to the Execution of an Agreement Regarding a Share Exchange through which Ichitan Co., Ltd. Will Become a Wholly Owned Subsidiary of FHI

FHI and Ichitan Co., Ltd. (“Ichitan”) resolved, at their respective meetings of the Board of Directors held on March 31, 2010, to conduct a share exchange (the “Share Exchange”) through which Ichitan will become a wholly owned subsidiary of FHI and entered into an agreement concerning the Share Exchange (the “Share Exchange Agreement”).

The effective date (the “Effective Date”) of the Share Exchange is scheduled to be August 1, 2010, after Ichitan obtains approval for the Share Exchange Agreement at the ordinary general meeting of its shareholders scheduled to be held on June 29, 2010. FHI will implement the Share Exchange without obtaining approval for the Share Exchange Agreement at a general meeting of its shareholders in accordance with “simplified share exchange” (kan-i kabushiki kokan) procedures pursuant to Article 796, Paragraph 3 of the Companies Act of Japan. In addition, prior to August 1, 2010, the scheduled Effective Date of the Share Exchange, the shares of common stock of Ichitan will be delisted from Jasdaq Securities Exchange, Inc. (“JASDAQ”) on July 28, 2010 (the final day on which the shares of common stock of Ichitan will be traded on JASDAQ is scheduled to be July 27, 2010).

5. Non-consolidated Financial Statements

(1) Non-consolidated balance sheets

(Millions of yen)

	FY2009 (as of March 31, 2009) Amount	FY2010 (as of March 31, 2010) Amount
ASSETS		
I Current assets		
Cash and deposits	24,857	70,961
Notes receivable-trade	1,202	1,045
Accounts receivable-trade	96,812	130,434
Merchandise and finished goods	23,090	28,968
Work in process	92,878	55,989
Raw materials and supplies	29,318	27,252
Advance payments-trade	1,569	1,307
Prepaid expenses	1,340	1,374
Short-term loans receivable to subsidiaries and affiliates	77,158	141,898
Current portion of long-term loans receivable from subsidiaries and affiliates	20,900	2,000
Accounts receivable-other	25,893	18,700
Consumption taxes receivable	14,073	4,323
Other	4,096	4,644
Allowance for doubtful accounts	(11,596)	(12,630)
Total current assets	**401,590**	**476,265**
II Noncurrent assets		
1. Property, plant and equipment		
Buildings, net	50,720	53,991
Structures, net	6,434	6,161
Machinery and equipment, net	71,104	53,824
Aircraft, net	9	2
Vehicles, net	1,216	1,163
Tools, furniture and fixtures, net	9,075	4,128
Land	91,446	82,881
Lease assets, net	248	766
Construction in progress	1,778	9,935
Total property, plant and equipment	**232,030**	**212,851**
2. Intangible assets		
Patent right	63	48
Leasehold right	11	11
Right of trademark	4	3
Software	7,783	5,320
Other	568	1,864
Total intangible assets	**8,429**	**7,246**
3. Investments and other assets		
Investment securities	23,934	35,017
Stocks of subsidiaries and affiliates	140,362	142,955
Investments in capital	8	9
Investments in capital of subsidiaries and affiliates	2,022	2,022
Long-term loans receivable	5	5
Long-term loans receivable from employees	114	53
Long-term loans receivable from subsidiaries and affiliates	8,130	25,330
Claims provable in bankruptcy, claims provable in rehabilitation and other	9,348	3,776
Long-term prepaid expenses	1,794	1,423
Long-term accounts receivable-other	—	24,290
Other	3,129	1,688
Allowance for investment loss	(259)	(313)
Allowance for doubtful accounts	(10,240)	(6,086)
Total investments and other assets	**178,347**	**230,169**
Total noncurrent assets	**418,806**	**450,266**
Total assets	**820,396**	**926,531**

(Millions of yen)

	FY2009 (as of March 31, 2009) Amount	FY2010 (as of March 31, 2010) Amount
LIABILITIES		
I Current liabilities		
Notes payable-trade	2,066	2,511
Accounts payable-trade	144,661	203,951
Short-term loans payable	62,750	82,350
Commercial papers	24,000	—
Current portion of long-term loans payable	13,869	9,188
Current portion of bonds	—	20,000
Lease obligations	68	1,117
Accounts payable-other	12,291	17,156
Accrued expenses	22,268	23,202
Income taxes payable	—	487
Advances received	4,348	5,566
Deposits received	873	992
Unearned revenue	195	207
Provision for bonuses	8,860	9,875
Provision for product warranties	5,388	5,661
Provision for loss on construction contracts	760	1,399
Other	2,677	2,829
Total current liabilities	**305,074**	**386,491**
II Noncurrent liabilities		
Bonds payable	60,000	44,000
Long-term loans payable	39,698	105,391
Lease obligations	193	498
Deferred tax liabilities	2,523	7,057
Provision for retirement benefits	19,662	17,493
Provision for loss on guarantees	745	—
Long-term accounts payable-other	11,091	9,939
Other	1,147	1,143
Total noncurrent liabilities	**135,059**	**185,521**
Total liabilities	**440,133**	**572,012**
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus		
Legal capital surplus	160,071	160,071
Total capital surpluses	160,071	160,071
Retained earnings		
Legal retained earnings	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land	749	749
General reserve	85,335	85,335
Retained earnings brought forward	(28,495)	(60,812)
Total retained earnings	65,490	33,173
Treasury stock	(2,051)	(2,138)
Total shareholders' equity	**377,305**	**344,901**
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	2,958	9,618
Total valuation and translation adjustments	**2,958**	**9,618**
Total net assets	**380,263**	**354,519**
Total liabilities and net assets	**820,396**	**926,531**

(2) Non-consolidated statements of income

(Millions of yen)

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
I Net sales	969,209	952,136
II Cost of sales	861,081	845,342
Gross profit	108,128	106,794
III Selling, general and administrative expenses	132,674	119,316
Operating income (loss)	**(24,546)**	**(12,522)**
IV Non-operating income		
Interest income	893	1,300
Interest on securities	41	19
Dividends income	1,618	1,518
Real estate rent	2,690	2,838
Foreign exchange gains	4,397	239
Other	2,709	2,060
Total non-operating income	12,348	7,974
V Non-operating expenses		
Interest expenses	917	2,644
Interest on bonds	983	847
Depreciation	—	1,275
Loss on valuation of derivatives	5,278	—
Other	5,464	3,303
Total non-operating expenses	12,642	8,069
Ordinary income (loss)	**(24,840)**	**(12,617)**
VI Extraordinary income		
Gain on sales of noncurrent assets	278	217
Gain on sales of investment securities	1,610	0
Gain on revision of retirement benefit plan	653	—
Reversal of allowance for doubtful accounts	—	1,335
Reversal of allowance for investment loss	1,271	—
Other	444	57
Total extraordinary income	4,256	1,609
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,493	1,778
Impairment loss	337	14,385
Loss on sales of investment securities	666	—
Loss on valuation of investment securities	3,253	541
Provision of allowance for doubtful accounts	5,874	3,194
Provision for loss on construction contracts	2,901	—
Provision of allowance for investment loss	259	54
Loss on abandonment of inventories	—	1,191
Other	8,834	1
Total extraordinary losses	24,617	21,144
Income (loss) before income taxes	(45,201)	(32,152)
Income taxes-current	612	163
Income taxes-deferred	37,591	—
Total income taxes	38,203	163
Net income (loss)	**(83,404)**	**(32,315)**

(3) Non-consolidated statement of changes in net assets

(Millions of yen)

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
Shareholders' equity		
Capital stock		
Balance at the end of previous period	153,795	153,795
Balance at the end of current period	153,795	153,795
Capital surplus		
Legal capital surplus		
Balance at the end of previous period	160,071	160,071
Balance at the end of current period	160,071	160,071
Other capital surplus		
Balance at the end of previous period	43	―
Changes of items during the period		
Disposal of treasury stock	(43)	―
Total changes of items during the period	(43)	―
Balance at the end of current period	―	―
Total capital surplus		
Balance at the end of previous period	160,114	160,071
Changes of items during the period		
Disposal of treasury stock	(43)	―
Total changes of items during the period	(43)	―
Balance at the end of current period	160,071	160,071
Retained earnings		
Legal retained earnings		
Balance at the end of previous period	7,901	7,901
Balance at the end of current period	7,901	7,901
Other retained earnings		
Reserve for reduction entry of land		
Balance at the end of previous period	749	749
Balance at the end of current period	749	749
General reserve		
Balance at the end of previous period	85,335	85,335
Balance at the end of current period	85,335	85,335
Retained earnings brought forward		
Balance at the end of previous period	68,944	(28,495)
Changes of items during the period		
Dividends from surplus	(6,742)	―
Net income (loss)	(83,404)	(32,315)
Disposal of treasury stock	(7,293)	(2)
Total changes of items during the period	(97,439)	(32,317)
Balance at the end of current period	(28,495)	(60,812)
Total retained earnings		
Balance at the end of previous period	162,929	65,490
Changes of items during the period		
Dividends from surplus	(6,742)	―
Net income (loss)	(83,404)	(32,315)
Disposal of treasury stock	(7,293)	(2)
Total changes of items during the period	(97,439)	(32,317)
Balance at the end of current period	65,490	33,173

	FY2009 (April 1, 2008 to March 31, 2009)	FY2010 (April 1, 2009 to March 31, 2010)
		(Millions of yen)
Treasury stock		
Balance at the end of previous period	(40,504)	(2,051)
Changes of items during the period		
Purchase of treasury stock	(50)	(93)
Disposal of treasury stock	38,503	6
Total changes of items during the period	38,453	(87)
Balance at the end of current period	(2,051)	(2,138)
Total shareholders' equity		
Balance at the end of previous period	436,334	377,305
Changes of items during the period		
Dividends from surplus	(6,742)	—
Net income (loss)	(83,404)	(32,315)
Purchase of treasury stock	(50)	(93)
Disposal of treasury stock	31,167	4
Total changes of items during the period	(59,029)	(32,404)
Balance at the end of current period	377,305	344,901
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	12,895	2,958
Changes of items during the period		
Net changes of items other than shareholders' equity	(9,937)	6,660
Total changes of items during the period	(9,937)	6,660
Balance at the end of current period	2,958	9,618
Total valuation and translation adjustments		
Balance at the end of previous period	12,895	2,958
Changes of items during the period		
Net changes of items other than shareholders' equity	(9,937)	6,660
Total changes of items during the period	(9,937)	6,660
Balance at the end of current period	2,958	9,618
Total net assets		
Balance at the end of previous period	449,229	380,263
Changes of items during the period		
Dividends from surplus	(6,742)	—
Net income (loss)	(83,404)	(32,315)
Purchase of treasury stock	(50)	(93)
Disposal of treasury stock	31,167	4
Net changes of items other than shareholders' equity	(9,937)	6,660
Total changes of items during the period	(68,966)	(25,744)
Balance at the end of current period	380,263	354,519

(4) Notes on Premise of Going Concern

Not Applicable

(Changes in Presentation of Non-consolidated Financial Statements)

[Non-consolidated Balance Sheets]

1. “Long-term accounts receivable-other” was included in “Other” of “Investments and other assets” in the preceding period. However, “Long-term accounts receivable-other” is presented separately because of its increased materiality in the current period. In addition, “Long-term accounts receivable-other” included in “Other” in the preceding period was 1,448 million yen.

[Non-consolidated Statements of Income]

1. “Depreciation” was included in “Other” of “Total non-operating expenses” in the preceding period. However, “Depreciation” is presented separately because of its increased materiality in the current period. In addition, “Depreciation” included in “Other” in preceding period was 1,002 million yen.

2. “Loss on valuation of derivatives” which was presented separately in the preceding period is included in “Other” in the current period because of its decreased materiality.
The amount of “Loss on valuation of derivatives” included in “Other” in the current period was 176 million yen.

3.“Reversal of allowance for doubtful accounts” was included in “Other” of “Total extraordinary income ” in the preceding period. However, “Reversal of allowance for doubtful accounts” is presented separately because of its increased materiality in the current period. In addition, “Reversal of allowance for doubtful accounts” included in “Other” in preceding period was 24 million yen.

SUBARU

<Reference for FY2010 Consolidated Financial Results>

(in 100 millions of yen) (in thousands of units)		ACTUAL RESULTS FY2009 Apr. 2008 to Mar. 2009	ACTUAL RESULTS FY2010 Apr. 2009 to Mar. 2010			FORECAST FY2011 Apr. 2010 to Mar. 2011		
				Difference	Ratio		Difference	Ratio
Net Sales		14,458	14,287	(171)	(1.2)	14,700	413	2.9
	Domestic	5,075	5,208	133	2.6	4,400	(808)	(15.5)
	Overseas	9,383	9,079	(304)	(3.2)	10,300	1,221	13.5
Operating Income/Loss		(58)	274	332	–	430	156	57.2
	Margin Percentage	–	1.9			2.9		
Ordinary Income/Loss		(46)	224	270	–	380	156	69.9
	Margin Percentage	–	1.6			2.6		
Net Income/Loss		(699)	(165)	535	–	230	395	–
	Margin Percentage	–	–			1.6		
Change of operating income by factors			Reduction in cost	260		Improvement of sales volume & mixture and others	209	
			Decrease of SG&A expenses and others	232		Reduction in cost	130	
			Improvement of sales volume & mixture and others	87		Decrease of SG&A expenses and others	32	
			Decrease of R&D expenses	57		Loss on currency exchange	(127)	
			Loss on currency exchange	(304)		Increase of R&D expenses	(88)	
Exchange rates	YEN/US$	YEN102/US$	YEN93/US$			YEN90/US$		
	YEN/EURO	YEN147/EURO	YEN132/EURO			YEN120/EURO		
Capital expenditures		580	561			560		
Depreciation and amortization		651	571			520		
R&D expenses		428	372			460		
Interest bearing debts		3,817	3,676			3,200		
Performance of operation			Net Sales to decrease Net Income to increase			Net Sales to increase Net Income to increase		
Domestic sales		179	171	(8)	(4.2)	161	(10)	(5.8)
	Passenger Cars	70	75	5	7.1	69	(6)	(8.1)
	Minicars	109	96	(13)	(11.5)	92	(4)	(4.0)
Overseas sales		377	392	15	4.0	469	77	19.7
	North America	207	250	43	20.6	270	20	8.2
	Europe	77	39	(39)	(49.8)	60	21	54.8
	China	26	49	23	86.9	60	11	22.6
	Others	66	54	(12)	(18.1)	78	24	45.0
Total sales		555	563	8	1.4	630	67	11.9
Production Units Total		566	557	(8)	(1.5)	591	34	6.1
	Japan	474	453	(21)	(4.5)	446	(6)	(1.4)
	U.S.	92	104	13	13.9	145	41	38.9
Net sales by business segment	Automobile	13,163	12,945	(219)	(1.7)			
	Aerospace	809	932	123	15.3			
	Industrial Products	349	239	(110)	(31.5)			
	Other	137	171	34	24.9			
Operating income by business segment	Automobile	(92)	217	309	–			
	Aerospace	16	48	32	205.5			
	Industrial Products	(16)	(24)	(8)	–			
	Other	31	26	(6)	(17.9)			
	Elimination and Corporate	3	7	4	–			
Net sales by geographic area	Japan	8,562	8,158	(404)	(4.7)			
	North America	5,469	5,774	306	5.6			
	Other	427	355	(73)	(17.0)			
Operating income by geographic area	Japan	(158)	18	177	–			
	North America	(20)	321	340	–			
	Other	19	1	(18)	(95.1)			
	Elimination and Corporate	101	(66)	(167)	–			

* Figures of Total Sales are the sum of retail sales units of the Japanese subsidiary dealers, wholesale units of the overseas subsidiary distributors, and wholesale units of FHI to other distributors/dealers
* Exchange rate is the non-consolidated sales rate of FHI.