

Consolidated Financial Results

For the First Quarter of the Fiscal Year Ending March 31, 2011



July 30, 2010

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
 URL : <http://www.fhi.co.jp/english/ir/>
 Representative : Ikuo Mori, President and CEO
 Contact for Inquiries : Toshimasa Nakamura, General Manager of Administration Department Phone +81-3-3347-2005
 Scheduled date of submitting Quarterly Report : August 6, 2010
 Scheduled date for dividend payment : -
 Quarterly earnings supplementary explanatory documents : Yes
 Holding of quarterly financial results meeting : Yes (for investment analysts and institutional investors)

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

1. Consolidated Results for the First Quarter of Fiscal Year 2011 (April 1, 2010 to June 30, 2010)

(1) Consolidated Results of Operations

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

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
1st Quarter of FY2011	370,286	36.5%	22,629	—	24,229	—	19,140	—
1st Quarter of FY2010	271,323	(20.5%)	(19,673)	—	(19,472)	—	(19,288)	—

	Net income (loss) per share, basic (Yen)	Net income per share, diluted (Yen)
1st Quarter of FY2011	24.57	—
1st Quarter of FY2010	(24.75)	—

(2) Consolidated Financial Position

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

	Total assets	Net assets	Shareholders' equity to total assets (%)	Net assets per share (Yen)
1st Quarter of FY2011	1,225,056	392,599	31.9%	502.30
FY2010	1,231,367	381,893	30.9%	488.58

Note: Shareholders' equity As of June 30, 2010: 391,269 million yen As of March 31, 2010: 380,587 million yen

2. Dividends

	Cash dividends per share (yen)				
	1st Quarter	2nd Quarter	3rd Quarter	Year-end	Annual
FY 2010	—	0.00	—	0.00	0.0
FY 2011	—	—	—	—	—
FY 2011 (Forecast)	—	4.50	—	4.50	9.00

Note: Revision of the forecasts in the first quarter of the fiscal year ending March 31, 2011: No

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

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

	Net sales		Operating income		Ordinary income		Net income		Net income per share, basic (Yen)	
1st half	750,000	18.0%	35,000	—	33,000	—	23,000	—	29.53	
Full year	1,470,000	2.9%	43,000	57.2%	38,000	69.9%	23,000	—	29.53	

Note: Revision of the forecasts at the timing of announcement of the results of first quarter of the fiscal year ending March 31, 2011: Yes

4. Others (For detail, please refer to "2. Others" on page 4)

- (1) Changes of significant subsidiaries in the first quarter of fiscal year 2011 : No
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
- (2) Application of simple accounting as well as specific accounting for preparing the : Yes
quarterly consolidated financial statements
- (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly
consolidated financial statements (changes described in the section of "Changes in significant matters forming the
basis of preparing the quarterly consolidated financial statements")
- [1] Changes due to revisions of accounting standards : Yes
- [2] Changes due to other reasons : No
- (4) Number of outstanding shares (Common Stock)
- | | | | | |
|--|------------------------|--------------------|------------------------|--------------------|
| [1] Number of outstanding shares
(including treasury stock) | As of June 30,2010: | 782,865,873 shares | As of March 31,2010: | 782,865,873 shares |
| [2] Number of treasury stock | As of June 30,2010: | 3,912,114 shares | As of March 31,2010: | 3,901,219 shares |
| [3] Average number of shares
(for three month period) | 1st Quarter of FY2011: | 778,958,714 shares | 1st Quarter of FY2010: | 779,179,082 shares |

*The status of the implementation of the first quarterly review

The first quarterly review is now conducted on the basis of the Financial Instruments and Exchange Act on the date for the release of this quarterly report.

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

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

For assumptions and other information on which the performance projections were based, please refer to "(3) Qualitative Information on Projection for Current Fiscal Year" on page 3.

Index of the attachments

1. Qualitative Information on Quarterly Consolidated Operating Results, etc.
 - (1) Qualitative Information on Consolidated Operating Performance
 - (2) Qualitative Information on Consolidated Financial Position
 - (3) Qualitative Information on Projection for Current Fiscal Year
2. Others
 - (1) Changes of significant subsidiaries in the first quarter of fiscal year 2011
 - (2) Application of simple accounting as well as specific accounting for preparing the quarterly consolidated financial statements
 - (3) Changes in accounting policies, procedures and methods of presentation for preparing the quarterly consolidated financial statements
3. Quarterly Consolidated Financial Statements
 - (1) Quarterly Consolidated Balance Sheets
 - (2) Quarterly Consolidated Statements of Income
 - (3) Quarterly Consolidated Statements of Cash Flows
 - (4) Notes on Premise of Going Concern
 - (5) Segment Information
 - (6) Notes on Significant Changes in the Amount of Shareholders' Equity
 - (7) Significant Subsequent Event

1. Qualitative Information on Quarterly Consolidated Operating Results, etc.

(1) Qualitative Information on Consolidated Operating Performance

Consolidated net sales for the first quarter of the current fiscal year were up ¥99.0 billion (36.5%) over the same period of the previous fiscal year to ¥370.3 billion thanks mainly to favorable automobile sales in overseas markets, despite the stronger yen on a year-on-year basis.

Regarding the profit, reflecting the rise in net sales, with operating income up ¥42.3 billion to ¥22.6 billion, ordinary income up ¥43.7 billion to 24.2 billion, and net income up ¥38.4 billion to ¥19.1 billion over the same period of the previous fiscal year.

[Results by Business Segment]

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

[1] Automobile Division

Total passenger car sales in Japan were 13 thousand units, increased 1 thousand (5.4%) units compared with the same period of the previous fiscal year, because of the good sales of Exiga and Forester and thanks to the effects of the eco-car tax reduction and purchase subsidy.

On the other hand, minicars sales were 23 thousand, an increase of 2 thousand (9.2%) units compared with the same period of the previous fiscal year, fueled by the market launch of new car, Lucra, Pleo, and Pleo Van models in April in addition to the Samber series sales recovery owing to the effects of purchase subsidy for eco-car.

As a result, a total of 35 thousand units were sold in Japan for an increase of 3 thousand, (7.8%) over the same period of the previous fiscal year.

Overseas sales units in all markets increased over the same period of the previous fiscal year, amid continuing overall demand growth, in North America driven by favorable sales of the new Legacy and in China by robust sales of Forester and Legacy models.

By region, sales increased 21 thousand (47.2%) over the same period of the previous fiscal year to 67 thousand units in North America, 6 thousand (87.8%) to 13 thousand units in Europe including Russia, 5 thousand (81.6%) to 12 thousand units in Australia, 9 thousand (132.6%) to 17 thousand units in China, and 6 thousand (342.2%) to 7 thousand units in other regions.

As a result, the sales in overseas markets were 115 thousand, an increase of 48 thousand, (70.8%) units over the same period of the previous fiscal year.

The combined sales volume for Japan and overseas markets amounted to 150 thousand, an increase of 50 thousand, (50.1%) over the same period of previous fiscal year, and overall net sales were up ¥101.5 billion, (42.2%) over the same period of the previous fiscal year, to ¥342.1 billion. Segment income was also up ¥43.6 billion over the same period of the previous fiscal year to ¥21.9 billion

[2] Aerospace Division

Net sales declined over the same period of the previous fiscal year, despite increased deliveries of “P-1” fixed-wing patrol aircraft to Japan Ministry of Defense, mainly due to the end of development and test production of “Forward Field Observation System”.

In commercial sector, the mass production of Boeing 787 lifted sales compared with the same period of the previous fiscal year.

As a result, overall net sales were down ¥4.9 billion (22.0%) over the same period of the previous fiscal year to ¥17.5 billion, with segment income was down ¥1.6 billion (99.4%) over the same period of the previous fiscal year to ¥0.01 billion.

[3] Industrial Products Division

With the recovering demand since the start of the year and market inventories were getting short, domestic and overseas unit sales of engines increased. As a result, net sales were up ¥2 billion (34.3%) over the same period of the previous fiscal year to ¥8 billion. Segment loss was improved by ¥0.2 billion over the same period of the previous fiscal year to ¥0.1 billion.

[4] Other Businesses

Net sales were up ¥0.4 billion (16.7%) over the same period of the previous fiscal year to ¥2.7 billion, because of the increased unit sales of Fuji Mighty sanitation trucks. Segment income was also up ¥0.3 billion

(82.4%) over the same period of the previous fiscal year to ¥0.6 billion.

Note: "Segment income" and "Segment loss" in section [Results by Segment] corresponds to "Operating income" and "Operating loss", respectively, which were used until last year.

(2) Qualitative Information on Consolidated Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets at the end of the first quarter of the current fiscal year was ¥1,225.1 billion, reflecting a ¥6.3 billion decline over the end of the previous fiscal year. This was mainly due to a ¥22.1 billion fall in trade notes and accounts receivable-trade, offsetting a ¥18.4 billion rise in inventories.

Total liabilities fell ¥17 billion over the end of the previous fiscal year to ¥832.5 billion. This was mainly due to the redemption of ¥20 billion in bond. .

Net assets increased ¥10.7 billion over the end of the previous fiscal year to ¥392.6 billion. This was mainly due to a ¥19.1 billion increase in retained earning as the same amount of net income for the period was posted.

[2] Cash Flows

Cash and cash equivalents at the end of the first quarter of the current fiscal year (hereinafter "Cash") totaled ¥192.3 billion.

(Net cash provided by operating activities)

Net cash from operating activities was ¥33.7 billion (compared with ¥39.8 billion provided by operating activities in the same period of the previous fiscal year). Main factors were ¥24.5 billion in income before income taxes and minority interests and a ¥21.4 billion reduction in notes and accounts receivable-trade.

(Net cash provided by investment activities)

Net cash used in investment activities was ¥9.1 billion (compared with ¥22.5 billion used in investment activities in the same period of the previous fiscal year). Main factor was a ¥9.7 billion net outlay for property, plant and equipment purchases (net of income from sales of property, plant and equipment).

(Net cash used in financing activities)

Net cash used in financing activities was ¥19.3 billion (compared with ¥42.6 billion provided by financing activities in the same period of the previous fiscal year). Main factor was ¥20 billion in redemption of bond.

(3) Qualitative Information on Projection for Current Fiscal Year

The previous projection of consolidated results for the first-half of the fiscal year ending March 2011 is revised as described above. This revision takes into account favorable Legacy sales mainly in overseas markets, with prospects that the sales mixture will be improved.

The revised projection of the consolidated results for the first half of the fiscal year ending March 2011 are based on assumed foreign exchange rates of ¥90/US (unchanged from the previous announcement) and ¥116/EUR (¥120 at the previous announcement).

The full-year consolidated results projection for the fiscal year ending March 2011 remains unchanged, considering recent trends of strong yen and the material price hike including steel.

However, the full-year consolidated results projection for the fiscal year ending March 2011 are based on assumed foreign exchange rates of ¥89/US\$1.0 (¥90 at the previous announcement) and ¥113/EUR1.0 (¥120 at the previous announcement).

(Consolidated Results Forecast for the First Half of the Fiscal Year Ending March 2011)

	Net sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous projection (A)	¥ million 750,000	¥ million 25,000	¥ million 23,000	¥ million 14,000	Yen 17.97
Revised projection (B)	750,000	35,000	33,000	23,000	29.53
Change in amount (B-A)	—	10,000	10,000	9,000	
Percentage change (%)	—	40.0	43.5	64.3	
(Supplemental information) Actual interim results of the previous fiscal year (April 1 to September 30, 2010)	635,550	(11,437)	(11,835)	(21,732)	(27.89)

2. Others

- (1) Changes of significant subsidiaries in the first quarter of fiscal year 2011
(Transfer of subsidiaries resulting in changes in the scope of consolidation)
Not Applicable

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

[Specific accounting for preparing the quarterly consolidated financial statements]

(Income taxes)

Income tax expense was calculated as multiplying income before income taxes and minority interests by reasonably estimated annual effective tax rate. This annual tax rate was reasonably estimated after applying the deferred tax accounting to the annual income before income taxes and minority interests which included the amounts of this first quarter period ended June 30, 2010.

“Income taxes-deferred” was included in “Total income taxes”.

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

[Changes in significant matters forming the basis of preparing the quarterly consolidated financial statements]

(Changes in accounting policies)

Application of accounting standard for Asset Retirement Obligations

From the first quarter of fiscal year 2011, the Company has adopted Accounting Standard for Asset Retirement Obligations (ASBJ Statement No.18, March 31, 2008) and its Implementation Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No.21, March 31, 2008).

This impact of this adoption on profit and loss was insignificant.

[Changes in Presentation of Financial Statements]

(Quarterly Consolidated Statements of Income)

On the basis of "Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, December 26)", the Company has adopted "Cabinet Office Ordinance Partially Revising Regulation on Terminology, Forms and Presentation of Financial Statements (Cabinet Office Ordinance No.5, March 24)". Therefore "Income before minority interests" is included in the quarterly Consolidated Statements of income for the first quarter of fiscal year 2011.

“Reversal of allowance for doubtful accounts” was included in “Other” of “Extraordinary income” in the first quarter of fiscal 2010. However it is presented separately because of its increased materiality in the first quarter of fiscal 2011. In addition, “Reversal of allowance for doubtful accounts” included in “Other” in the first quarter of fiscal 2010 was 66 million yen.

(Quarterly Consolidated Statements of cash flows)

“Increase (Decrease) in provision for product warranties” was included in “Other” of “Net cash provided by (used in) operating activities” in the first quarter of fiscal 2010. However it is presented separately because of its increased materiality in the first quarter of fiscal 2011. In addition, “Increase (Decrease) in provision for product warranties” included in “Other” in the first quarter of fiscal 2010 was overdrawn 33 million yen.

“Proceeds from sales of short-term investment securities” was included in “Other” of “Net cash provided by (used in) investing activities” in the first quarter of fiscal 2010. However it is presented separately because of its increased materiality in the first quarter of fiscal 2011. In addition, “Proceeds from sales of short-term investment securities” included in “Other” in the first quarter of fiscal 2010 was 571 million yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Million of yen)

	1st Quarter of FY2011 (as of June 30, 2010) Amount	FY2010 (as of March 31, 2010) Amount
ASSETS		
I Current assets		
Cash and deposits	166,236	168,643
Notes and accounts receivable-trade	81,462	103,521
Lease investment assets	27,410	27,788
Short-term investment securities	14,952	12,458
Merchandise and finished goods	114,978	101,351
Work in process	62,787	59,596
Raw materials and supplies	37,246	35,672
Deferred tax assets	15,129	15,549
Short-term loans receivable	70,459	75,780
Other	46,802	40,216
Allowance for doubtful accounts	(1,588)	(1,686)
Total current assets	635,873	638,888
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	123,135	125,086
Machinery, equipment and vehicles, net	91,626	87,411
Land	179,387	179,512
Vehicles and equipment on operating leases, net	25,029	18,394
Construction in progress	6,990	12,672
Other, net	25,460	26,452
Total property, plant and equipment	451,627	449,527
2. Intangible assets		
Other	12,290	11,999
Total intangible assets	12,290	11,999
3. Investments and other assets		
Investment securities	62,341	67,783
Deferred tax assets	4,271	5,742
Other	64,075	62,602
Allowance for doubtful accounts	(5,394)	(5,149)
Allowance for investment loss	(27)	(25)
Total investments and other assets	125,266	130,953
Total noncurrent assets	589,183	592,479
Total assets	1,225,056	1,231,367

(Unit: Million of yen)

	1st Quarter of FY2011 (as of June 30, 2010) Amount	FY2010 (as of March 31, 2010) Amount
LIABILITIES		
I Current liabilities		
Notes and accounts payable-trade	214,960	217,051
Short-term loans payable	132,463	142,121
Current portion of long-term loans payable	14,926	13,912
Current portion of bonds	20,010	20,010
Income taxes payable	3,230	2,873
Accrued expenses	49,003	56,244
Provision for bonuses	23,223	15,348
Provision for product warranties	21,034	19,999
Provision for loss on construction contracts	1,737	1,399
Other	71,072	66,104
Total current liabilities	551,658	555,061
II Noncurrent liabilities		
Bonds payable	24,090	44,090
Long-term loans payable	155,800	147,479
Deferred tax liabilities	11,733	13,541
Provision for retirement benefits	35,527	34,867
Provision for directors' retirement benefits	618	685
Other	53,031	53,751
Total noncurrent liabilities	280,799	294,413
Total liabilities	832,457	849,474
NET ASSETS		
I Shareholders' equity		
Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	129,315	110,172
Treasury stock	(2,178)	(2,173)
Total shareholders' equity	441,003	421,865
II Valuation and translation adjustments		
Valuation difference on available-for-sale securities	8,025	10,309
Foreign currency translation adjustment	(57,759)	(51,587)
Total valuation and translation adjustments	(49,734)	(41,278)
Minority interests	1,330	1,306
Total net assets	392,599	381,893
Total liabilities and net assets	1,225,056	1,231,367

(2) Quarterly Consolidated Statements of Income

(Unit: Million of yen)

	FY2010 (April 1, 2009 to June 30, 2009) Amount	FY2011 (April 1, 2010 to June 30, 2010) Amount
I Net sales	271,323	370,286
II Cost of sales	228,660	285,892
Gross profit	42,663	84,394
III Selling, general and administrative expenses	62,336	61,765
Operating income (loss)	(19,673)	22,629
IV Non-operating income		
Interest income	192	274
Dividends income	288	283
Equity in earnings of affiliates	336	1,149
Real estate rent	142	125
Gain on valuation of derivatives	2,479	5,421
Other	449	698
Total non-operating income	3,886	7,950
V Non-operating expenses		
Interest expenses	1,143	1,299
Foreign exchange losses	1,871	3,973
Loss on valuation of derivatives	1	—
Other	670	1,078
Total non-operating expenses	3,685	6,350
Ordinary income (loss)	(19,472)	24,229
VI Extraordinary income		
Gain on sales of noncurrent assets	19	36
Reversal of allowance for doubtful accounts	—	330
Gain on sales of loans receivable	—	324
Other	93	188
Total extraordinary income	112	878
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	329	159
Loss on adjustment for changes of accounting standard for asset retirement obligation	—	372
Other	248	59
Total extraordinary losses	577	590
Income (loss) before income taxes and minority interests	(19,937)	24,517
Income taxes	(574)	5,348
Income before minority interests	—	19,169
Minority interests in income (loss)	(75)	29
Net income (loss)	(19,288)	19,140

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2010 (April 1, 2009 to June 30, 2009)	FY2011 (April 1, 2010 to June 30, 2010)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(19,937)	24,517
Depreciation and amortization	16,973	13,244
Increase (decrease) in provision for bonuses	7,346	7,875
Increase (decrease) in provision for product warranties	—	1,222
Increase (decrease) in provision for loss on construction contracts	50	338
Increase (decrease) in provision for retirement benefits	1,434	593
Interest and dividends income	(480)	(557)
Interest expenses	1,143	1,299
Loss (gain) on valuation of derivatives	(2,478)	(5,421)
Equity in (earnings) losses of affiliates	(336)	(1,149)
Loss (gain) on sales and retirement of noncurrent assets	310	123
Decrease (increase) in notes and accounts receivable-trade	15,287	21,387
Decrease (increase) in inventories	8,481	(22,895)
Increase (decrease) in notes and accounts payable-trade	(2,022)	(914)
Decrease (increase) in lease investment assets	(77)	87
Decrease (increase) in operating loans receivable	(3,784)	4,930
Decrease (increase) in vehicles and equipment on operating leases	(9,109)	(8,562)
Increase (decrease) in deposits received	9,847	8,057
Other, net	19,523	(5,969)
Subtotal	42,171	38,205
Interest and dividends income received	479	557
Interest expenses paid	(1,057)	(1,285)
Income taxes paid	(1,780)	(3,780)
Net cash provided by (used in) operating activities	39,813	33,697
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(228)	(939)
Proceeds from sales of short-term investment securities	—	1,066
Purchase of property, plant and equipment	(22,120)	(9,881)
Proceeds from sales of property, plant and equipment	656	159
Purchase of intangible assets	(314)	(396)
Purchase of investment securities	(3,846)	(4,974)
Proceeds from sales of investment securities	2,156	4,803
Payments of loans receivable	(16,277)	(19,845)
Collection of loans receivable	17,233	21,990
Other, net	250	(1,096)
Net cash provided by (used in) investing activities	(22,490)	(9,113)

(Millions of yen)

	FY2010 (April 1, 2009 to June 30, 2009)	FY2011 (April 1, 2010 to June 30, 2010)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	432	(9,655)
Increase (decrease) in commercial papers	1,000	—
Proceeds from long-term loans payable	44,871	12,519
Repayments of long-term loans payable	(3,735)	(1,912)
Redemption of bonds	—	(20,000)
Other, net	(1)	(227)
Net cash provided by (used in) financing activities	42,567	(19,275)
IV Effect of exchange rate change on cash and cash equivalents	(1,009)	(4,512)
V Net increase (decrease) in cash and cash equivalents	58,881	797
VI Cash and cash equivalents at beginning of period	96,515	191,466
VII Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	209	—
VIII Cash and cash equivalents at end of period	155,605	192,263

(4) Notes on Premise of Going Concern

Not Applicable

(5) Segment Information

[Business Segment Information]

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

(Unit: Million of yen)

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

[Geographic Segment Information]

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

(Unit: Million of yen)

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

[Overseas Net Sales]

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

(Unit: Million of yen)

	North America	Europe	Other	Total
Overseas net sales	118,925	14,509	30,400	163,834
Consolidated net sales				271,323
Percentage of overseas net sales over consolidated sales	43.8%	5.4%	11.2%	60.4%

(Additional information)

From the first quarter of fiscal 2011, the Company has adopted "Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No.17, March 27, 2009) and Implementation Guidance on Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No.20, March 21, 2009).

1.Outline of business segment

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

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

As for Eco technology division, the Company includes it into "Other" because it does not satisfy the quantitative standard for the business segments reported. As a result, business segments reported are Automobile, Aerospace, and Industrial products.

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

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

1st Quarter of FY 2011 (April 1, 2010 to June 30, 2010)

(Unit: Million of yen)

	Business segment reported				Other *1	Total	Adjustment *2	Consolidated Statement of income *3
	Automobiles	Aerospace	Industrial products	Sub- Total				
Net sales								
(1) Outside customers	342,144	17,473	7,950	367,567	2,719	370,286	—	370,286
(2) Inter-segment	607	—	3	610	3,120	3,730	(3,730)	—
Total sales	342,751	17,473	7,953	368,177	5,839	374,016	(3,730)	370,286
Operating income (loss)	21,935	10	(53)	21,892	620	22,512	117	22,629

Note: *1. Other means the category which is not included into any business segment reported. It consists of garbage collection vehicles, specialized vehicles, real estate lease, etc.

*2. Adjustment of segment income (loss) refers to elimination of intersegment transaction.

*3 Operating income (loss) for segment is adjusted on operating income on the quarterly consolidated statements of income.

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

Not Applicable

(7) Significant Subsequent Event

(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 of the Share Exchange (the "Effective Date") is scheduled to be August 1, 2010, after Ichitan obtains approval for the Share Exchange Agreement at the ordinary general meeting of its shareholders 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" 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 were delisted from Osaka Securities Exchange Co., Ltd. on July 28, 2010 (the final day on which the shares of common stock of Ichitan were traded on Osaka Securities Exchange Co., Ltd. was July 27, 2010).

<Reference for the 1st Quarter of FY2011 Consolidated Financial Results>

(in 100 millions of yen) (in thousands of units)	ACTUAL RESULTS		ACTUAL RESULTS		FORECAST			FORECAST		
	1st Quarter of FY 2010 Apr.2009 to Jun.2009		1st Quarter of FY 2011 Apr.2010 to Jun.2010		1st Half of FY 2011 Apr.2010 to Sep.2010			FY2011 Apr.2010 to Mar.2011		
			Difference	Ratio		Difference	Ratio		Difference	Ratio
Net Sales	2,713	3,703	990	36.5	7,500	1,145	18.0	14,700	413	2.9
Domestic	1,075	1,045	(30)	(2.8)	2,320	(119)	(4.9)	4,490	(718)	(13.8)
Overseas	1,638	2,658	1,020	62.3	5,180	1,263	32.3	10,210	1,131	12.5
Operating Income/Loss	(197)	226	423	—	350	464	—	430	156	57.2
Margin Percentage	—	6.1			4.7			2.9		
Ordinary Income/Loss	(195)	242	437	—	330	448	—	380	156	69.9
Margin Percentage	—	6.5			4.4			2.6		
Net Income/Loss	(193)	191	384	—	230	447	—	230	395	—
Margin Percentage	—	5.2			3.1			1.6		
Change of operating income by factors										
		Improvement of sales volume & mixture and others	441		Improvement of sales volume & mixture and others	571		Improvement of sales volume & mixture and others	359	
		Reduction in cost	34		Reduction in cost	37		Reduction in cost	70	
		Decrease of SG&A expenses and others	1		Decrease of SG&A expenses and others	15		Decrease of SG&A expenses and others	17	
		Loss on currency exchange	(49)		Loss on currency exchange	(120)		Loss on currency exchange	(202)	
		Increase of R&D expenses	(4)		Increase of R&D expenses	(39)		Increase of R&D expenses	(88)	
Exchange rates	YEN/US\$ YEN/EURO	YEN98/US\$ YEN130/EURO	YEN92/US\$ YEN121/EURO		YEN90/US\$ YEN116/EURO			YEN89/US\$ YEN113/EURO		
Capital expenditures	215	82			260			560		
Depreciation and amortization	147	116			250			520		
R&D expenses	84	89			210			460		
Interest bearing debts	4,235	3,473			3,200			3,200		
Performance of operation			Net Sales to increase Net Income to increase		Net Sales to increase Net Income to increase			Net Sales to increase Net Income to increase		
Domestic sales	33	35	3	7.8	83	3	4.1	161	(10)	(5.8)
Passenger Cars	12	13	1	5.4	36	2	7.0	69	(6)	(8.1)
Minicars	21	23	2	9.2	47	1	2.1	92	(4)	(4.0)
Overseas sales	67	115	48	70.8	242	79	48.4	469	77	19.7
North America	45	67	21	47.2	140	32	29.9	270	20	8.2
Europe	7	13	6	87.8	29	13	84.9	60	21	54.8
China	7	17	9	132.6	33	16	96.0	60	11	22.6
Others	8	19	11	133.7	39	17	75.6	78	24	45.0
Total sales	100	150	50	50.1	325	82	33.9	630	67	11.9
Production Units Total	95	162	67	70.8	322	88	37.9	604	46	8.3
Japan	85	122	37	44.3	244	47	23.6	458	5	1.1
U.S.	10	40	30	288.8	78	42	116.7	146	41	39.6
Net sales by business segment										
Automobile	2,407	3,421	1,015	42.2						
Aerospace	224	175	(49)	(22.0)						
Industrial Products	59	80	20	34.3						
Other	23	27	4	16.7						
Operating income by business segment										
Automobile	(217)	219	436	—						
Aerospace	16	0	(16)	(99.4)						
Industrial Products	(3)	(1)	2	—						
Other	3	6	3	82.4						
Elimination and Corporate	3	1	(2)	(63.3)						

* 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 rates is the non-consolidated sales rate of FHI.