

Consolidated Financial Results

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



February 4, 2011

Company Name : **Fuji Heavy Industries Ltd.** (Tokyo Stock Exchange First Section, Code No.: 7270)
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 Scheduled date of submitting Quarterly Report : February 10, 2011
 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 Third Quarter of Fiscal Year 2011(April 1, 2010 to December 31, 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		Ordinary income		Net income (loss)	
3rd Quarter of FY2011	1,174,628	16.1%	73,482	—	74,777	—	58,407	—
3rd Quarter of FY2010	1,012,074	(8.6%)	3,880	(60.9%)	1,799	(80.0%)	(15,218)	—

	Net income (loss) per share, basic (Yen)	Net income per share, diluted (Yen)
3rd Quarter of FY2011	74.95	—
3rd Quarter of FY2010	(19.53)	—

(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)
3rd Quarter of FY2011	1,179,336	419,236	35.4%	536.02
FY2010	1,231,367	381,893	30.9%	488.58

Note: Shareholders' equity As of December 31, 2010: 417,932 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	—	4.50			
FY 2011 (Forecast)			—	4.50	9.00

Note: Revision of the forecasts in the third 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)	
Full year	1,600,000	12.0%	85,000	210.8%	84,000	275.7%	63,000	—	80.84

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

4. Others (For detail, please refer to "2. Others" on page 5)

- (1) Changes of significant subsidiaries in the third 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 December 31,2010: | 782,865,873 shares | As of March 31,2010: | 782,865,873 shares |
| [2] Number of treasury stock | As of December 31,2010: | 3,166,228 shares | As of March 31,2010: | 3,901,219 shares |
| [3] Average number of shares
(for nine month period) | 3rd Quarter of FY2011: | 779,322,263 shares | 3rd Quarter of FY2010: | 779,159,524 shares |

*The status of the implementation of the second quarterly review

The third 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 Consolidated Operating Results Forecast" on page 4.

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

(1) Qualitative Information on Consolidated Operating Performance

Consolidated net sales for the third quarter of the current fiscal year were up ¥162.6 billion (16.1%) over the same period of the previous fiscal year to ¥1,174.6 billion thanks mainly to favorable automobile sales in overseas markets, despite the foreign exchange loss from the strong yen.

Regarding the profit, reflecting the rise in net sales, operating income went up ¥69.6 billion to ¥73.5 billion, ordinary income up ¥73 billion to ¥74.8 billion, and net income up ¥73.6 billion to ¥58.4 billion over the same period of the previous fiscal year.

[Results by Business Segment]

Results for the current consolidated third quarter period (nine months) by business segment are as described below.

[1] Automobile Division

In Japan, main models were enhanced that the advanced driving assist system “EyeSight (ver. 2)” installed on the Legacy in May and a “New-generation boxer engine” introduced on the Forester in October alongside minor facelift on both models. Moreover, the product line-up was further widened in November with the launch of the Trezia, a new type of compact car. In spite of these efforts, however, with demand falling off after the end of eco-car subsidies, passenger car sales were down 4 hundred (0.8%) units over the same period of the previous fiscal year to 50 thousand units.

On the other hand, minicars sales were down 3 hundred (0.5%) units over the same period of the previous fiscal year to 68 thousand units, despite efforts at bolstering unit sales with the launch of the Lucra and Pleo in April.

As a result, total sales in Japan market were down 7 hundred (0.6%) units over the same period of the previous fiscal year to 118 thousand units.

Overseas, unit sales increased in all regions compared with the same period of the previous fiscal year thanks mainly to sales expansion of the Legacy.

By region, sales increased 48 thousand (27.1%) units over the same period of the previous fiscal year to 227 thousand units in North America market driven by favorable sales centered on the Legacy, reflecting sales growth ahead of overall demand growth.

The sales increased 10 thousand (30.0%) units over the same period of the previous fiscal year to 45 thousand units in China driven by robust sales of Legacy, amid continuing overall demand growth.

Although the sales environment came under pressure from the strong yen and the termination of government-sponsored scrapping incentives in some markets, sales in Europe including Russia were up 16 thousand (56.8%) units over the same period of the previous fiscal year to 43 thousand units with the signs of an overall demand recovery in Russia helped by the start of government incentives.

In Australia, sales were up 8 thousand (31.7%) units over the same period of the previous fiscal year to 33 thousand units driven by the strong sales of the Impreza and Forester.

In other regions, sales increased 9 thousand (71.8%) units over the same period of the previous fiscal year to 22 thousand units.

As a result, the sales in overseas markets were up 91 thousand (32.8%) units over the same period of the previous fiscal year to 370 thousand units.

The combined sales volume for Japan and overseas markets amounted to 488 thousand units, an increase of 91 thousand (22.8%) units over the same period of previous fiscal year, and overall net sales were up ¥164.5 billion (17.8%) over the same period of the previous fiscal year to ¥186.3 billion. Segment income was also up ¥70.6 billion over the same period of the previous fiscal year to ¥71.9 billion.

[2] Aerospace Division

Sales declined from the same period of the previous fiscal year, despite the sales launch of “P-1” fixed-wing patrol aircraft to Japan Ministry of Defense, mainly due to the end of contracts for prototyping “Forward Field Observation System”.

In the commercial sector, rising sales of the Boeing 787 were eclipsed by lower sales of existing models such as Boeing 777 and the impact of the stronger yen, and sales declined compared with the same period of the previous fiscal year.

As a result, overall net sales were down ¥9.4 billion (14.8%) over the same period of the previous fiscal year to ¥54.2 billion, with segment loss of ¥0.3 billion down ¥2.4 billion from operating income of the same

period of the previous fiscal year

[3] Industrial Products Division

With demand recovering steadily since the start of the year and market inventories at all-time lows, unit sales of engines increased centered on civil engineering and electrical machinery applications in the domestic market, and overseas unit sales of engines also substantially increased in the respective markets mainly in North America, Europe, Russia and Middle Eastern countries.

As a result, net sales were up ¥5.4 billion (31.0%) over the same period of the previous fiscal year to ¥22.9 billion, with segment income up ¥2.1 billion over the same period of the previous fiscal year to ¥0.1 billion.

[4] Other Businesses

Net sales were up ¥2 billion (22.5%) over the same period of the previous fiscal year to ¥11.1 billion because of the increased unit sales of wind power generation systems. Segment income was also up ¥0.1 billion (7.1%) over the same period of the previous fiscal year to ¥1.8 billion.

Note: “Segment income” and “Segment loss” in section [Results by Business Segment] correspond to “Operating income” and “Operating loss”, respectively, which were used until last fiscal year.

(2) Qualitative Information on Consolidated Financial Position

[1] Assets, Liabilities, and Net Assets

Total assets at the end of the third quarter consolidated accounting period of the current fiscal year was ¥1,179.3 billion, reflecting a ¥52 billion decline over the end of the previous fiscal year. This was mainly due to a ¥20.7 billion increase in inventories and a ¥21.1 billion decline in property, plant and equipment, as well as ¥22.5 billion lower notes and accounts receivable–trade and a ¥19.7 billion drop in cash and deposits.

Total liabilities were down ¥89.4 billion over the end of the previous fiscal year to ¥760.1 billion. This was mainly due to the redemption of ¥20 billion in bonds payable and a ¥52.1 billion fall in short-term loans payable.

Net assets were up ¥37.3 billion over the end of the previous fiscal year to ¥419.2 billion. This was mainly due to a ¥54.8 billion increase in retained earnings as the same amount of net income for the period posted despite a ¥18.8 billion drop in the foreign currency translation adjustment due to the stronger yen.

[2] Cash Flows

Cash and cash equivalents at the end of the third quarter consolidated cumulative period of the current fiscal year (hereinafter “Cash”) totaled ¥166.3 billion.

(Net cash provided by operating activities)

Net cash from operating activities was ¥77.9 billion (compared with ¥107.9 billion provided by operating activities in the same period of the previous fiscal year). Main factor was ¥72.3 billion in income before income taxes and minority interests.

(Net cash used in investment activities)

Net cash used in investment activities was ¥38.3 billion (compared with ¥48.2 billion used in investment activities in the same period of the previous fiscal year). Main factor was ¥31 billion net outlay for property, plant and equipment purchases (net basis against proceeds from sales of property, plant and equipment).

(Net cash used in financing activities)

Net cash used in financing activities was ¥52.4 billion (compared with ¥2 billion provided by financing activities in the same period of the previous fiscal year). Main factors were ¥24.1 billion in proceeds from long-term loans payable (net basis against repayment of long-term loans payable), ¥20.0 billion in redemption of bonds, and ¥52.1 billion net decrease in short-term loans payable.

(3) Qualitative Information on Projection for Current Fiscal Year

The previous projection of fiscal year ending March 2011 is revised as described below. This revision takes into account our expectations for favorable automobile sales mostly in North America relative to previous estimates as well as expectations of an improved sales mix and operating cost reductions such as for SG&A expenses.

The revised projection of the current fiscal year is based on assumed foreign exchange rates of ¥86/US\$(unchanged from the previous announcement) and ¥114/EUR(¥113 at the previous announcement). Also, the outlook for the fourth quarter of the current fiscal year is based on assumed foreign exchange rates of ¥83/US\$ and ¥110/EUR.

(Full-Year of the Fiscal Year Ending March 2011)

	Net sales	Operating Income	Ordinary Income	Net Income	Net Income per Share
Previous projection (A)	¥ million 1,590,000	¥ million 70,000	¥ million 68,000	¥ million 50,000	¥ 64.15
Revised projection (B)	1,600,000	85,000	84,000	63,000	80.84
Change in amount (B-A)	10,000	15,000	16,000	13,000	
Percentage change (%)	0.6	21.4	23.5	26.0	
(Supplemental information) Actual results of the previous fiscal year (Fiscal Year Ended March 31, 2010)	1,428,690	27,350	22,361	(16,450)	(21.11)

2. Others

(1) Changes of significant subsidiaries in the third 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 third quarter period ended December 31, 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.

Application of accounting standard for Business Combinations and others

From the second quarter of fiscal year 2011, the Company has adopted Accounting Standard for Business Combinations (ASBJ Statement No.21, December 26, 2008), Accounting Standard for Consolidated Financial Statements (ASBJ Statement No.22, December 26, 2008), Partial amendments to Accounting Standard for Research and Development Costs (ASBJ Statement No.23, December 26, 2008), the Revised Accounting Standard for Business Divestitures (ASBJ Statement No.7, December 26, 2008), the Revised Accounting Standard for Equity Method of Accounting for Investments (ASBJ Statement No.16, December 26, 2008), and the Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No.10, December 26, 2008).

[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 third quarter of fiscal year 2011.

“Gain on sales of investment securities” was included in “Other” of “Extraordinary income” in the third quarter of fiscal 2010. However it is presented separately because of its increased materiality in the second quarter of fiscal 2011. In addition, “Gain on sales of investment securities” included in “Other” in the third quarter of fiscal 2010 was 123 million yen.

“Reversal of allowance for doubtful accounts” was included in “Other” of “Extraordinary income” in the third quarter of fiscal 2010. However it is presented separately because of its increased materiality from the first quarter of fiscal 2011. In addition, “Reversal of allowance for doubtful accounts” included in “Other” in the third quarter of fiscal 2010 was 95 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 third 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 third quarter of fiscal 2010 was overdrawn 784 million yen.

3. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Unit: Millions of yen)

	3rd Quarter of FY2011 (as of December 31, 2010)	FY2010 (as of March 31, 2010)
ASSETS		
I Current assets		
Cash and deposits	148,930	168,643
Notes and accounts receivable-trade	81,056	103,521
Lease investment assets	23,190	27,788
Short-term investment securities	8,175	12,458
Merchandise and finished goods	110,856	101,351
Work in process	62,478	59,596
Raw materials and supplies	43,976	35,672
Deferred tax assets	13,352	15,549
Short-term loans receivable	73,672	75,780
Other	44,427	40,216
Allowance for doubtful accounts	(1,670)	(1,686)
Total current assets	608,442	638,888
II Noncurrent assets		
1. Property, plant and equipment		
Buildings and structures, net	119,631	125,086
Machinery, equipment and vehicles, net	83,588	87,411
Land	178,313	179,512
Vehicles and equipment on operating leases, net	10,698	18,394
Construction in progress	14,577	12,672
Other, net	21,584	26,452
Total property, plant and equipment	428,391	449,527
2. Intangible assets		
Other	12,140	11,999
Total intangible assets	12,140	11,999
3. Investments and other assets		
Investment securities	67,450	67,783
Deferred tax assets	2,716	5,742
Other	64,649	62,602
Allowance for investment loss	(16)	(25)
Allowance for doubtful accounts	(4,436)	(5,149)
Total investments and other assets	130,363	130,953
Total noncurrent assets	570,894	592,479
Total assets	1,179,336	1,231,367

(Unit: Millions of yen)

3rd Quarter of FY2011
(as of December 31, 2010)

FY2010
(as of March 31, 2010)

LIABILITIES**I Current liabilities**

Notes and accounts payable-trade	206,926	217,051
Short-term loans payable	90,049	142,121
Current portion of long-term loans payable	15,273	13,912
Current portion of bonds	20,010	20,010
Income taxes payable	4,751	2,873
Accrued expenses	44,838	56,244
Provision for bonuses	8,049	15,348
Provision for product warranties	21,169	19,999
Provision for loss on construction contracts	3,353	1,399
Other	51,196	66,104

Total current liabilities	465,614	555,061
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II Noncurrent liabilities

Bonds payable	24,085	44,090
Long-term loans payable	168,518	147,479
Deferred tax liabilities	13,472	13,541
Provision for retirement benefits	34,955	34,867
Provision for directors' retirement benefits	540	685
Other	52,916	53,751

Total noncurrent liabilities	294,486	294,413
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Total liabilities	760,100	849,474
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NET ASSETS**I Shareholders' equity**

Capital stock	153,795	153,795
Capital surplus	160,071	160,071
Retained earnings	164,978	110,172
Treasury stock	(1,723)	(2,173)

Total shareholders' equity	477,121	421,865
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II Valuation and translation adjustments

Valuation difference on available-for-sale securities	11,174	10,309
Foreign currency translation adjustment	(70,363)	(51,587)

Total valuation and translation adjustments	(59,189)	(41,278)
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Minority interests	1,304	1,306
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Total net assets	419,236	381,893
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Total liabilities and net assets	1,179,336	1,231,367
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(2) Quarterly Consolidated Statements of Income

(Unit: Millions of yen)

	FY2010 (April 1, 2009 to December 31, 2009)	FY2011 (April 1, 2010 to December 31, 2010)
I Net sales	1,012,074	1,174,628
II Cost of sales	824,730	917,073
Gross profit	187,344	257,555
III Selling, general and administrative expenses	183,464	184,073
Operating income	3,880	73,482
IV Non-operating income		
Interest income	650	816
Dividends income	550	558
Equity in earnings of affiliates	1,224	2,570
Real estate rent	435	406
Foreign exchange gains	241	—
Gain on valuation of derivatives	17	4,048
Other	899	1,428
Total non-operating income	4,016	9,826
V Non-operating expenses		
Interest expenses	3,691	3,608
Foreign exchange losses	—	2,483
Other	2,406	2,440
Total non-operating expenses	6,097	8,531
Ordinary income	1,799	74,777
VI Extraordinary income		
Gain on sales of noncurrent assets	156	535
Gain on sales of investment securities	—	504
Reversal of allowance for doubtful accounts	—	313
Gain on sale of loans receivable	294	627
Other	218	11
Total extraordinary income	668	1,990
VII Extraordinary loss		
Loss on sales and retirement of noncurrent assets	2,007	839
Impairment loss	3,162	835
Loss on prior periods adjustment	—	1,347
Loss on abandonment of inventories	1,191	—
Loss on adjustment for changes of accounting standard for asset retirement obligation	—	372
Loss on reconstruction of office building	—	657
Other	471	441
Total extraordinary losses	6,831	4,491
Income (loss) before income taxes and minority interests	(4,364)	72,276
Total income taxes	10,912	13,781
Income before minority interests	—	58,495
Minority interests in income (loss)	(58)	88
Net income (loss)	(15,218)	58,407

(3) Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2010 (April 1, 2009 to December 31, 2009)	FY2011 (April 1, 2010 to December 31, 2010)
I Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(4,364)	72,276
Depreciation and amortization	49,889	41,676
Impairment loss	3,162	835
Increase (decrease) in provision for bonuses	(6,087)	(7,299)
Increase (decrease) in provision for product warranties	—	2,836
Increase (decrease) in provision for loss on construction contracts	1,159	1,954
Increase (decrease) in provision for retirement benefits	891	(57)
Interest and dividends income	(1,200)	(1,374)
Interest expenses	3,691	3,608
Loss (gain) on valuation of derivatives	(17)	(4,048)
Equity in (earnings) losses of affiliates	(1,224)	(2,570)
Loss (gain) on sales and retirement of noncurrent assets	1,851	304
Decrease (increase) in notes and accounts receivable-trade	(3,055)	20,996
Decrease (increase) in inventories	15,279	(33,357)
Increase (decrease) in notes and accounts payable-trade	51,266	(6,933)
Decrease (increase) in lease investment assets	141	4,307
Decrease (increase) in operating loans receivable	(5,740)	2,505
Decrease (increase) in vehicles and equipment on operating leases	(1,365)	3,787
Increase (decrease) in deposits received	2,093	(6,436)
Other, net	6,755	(4,342)
Subtotal	113,125	88,668
Interest and dividends income received	1,200	1,374
Interest expenses paid	(3,887)	(3,616)
Income taxes (paid) refund	(2,570)	(8,500)
Net cash provided by (used in) operating activities	107,868	77,926
II Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	(282)	(1,927)
Proceeds from sales of short-term investment securities	864	2,891
Purchase of property, plant and equipment	(43,764)	(32,151)
Proceeds from sales of property, plant and equipment	1,361	1,153
Purchase of intangible assets	(1,808)	(2,016)
Purchase of investment securities	(9,010)	(15,370)
Proceeds from sales of investment securities	3,977	12,277
Payments of loans receivable	(36,291)	(61,659)
Collection of loans receivable	37,368	61,226
Other, net	(590)	(2,687)
Net cash provided by (used in) investing activities	(48,175)	(38,263)

(Millions of yen)

	FY2010 (April 1, 2009 to December 31, 2009)	FY2011 (April 1, 2010 to December 31, 2010)
III Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(54,179)	(52,059)
Increase (decrease) in commercial papers	(24,000)	—
Proceeds from long-term loans payable	90,073	58,878
Repayments of long-term loans payable	(13,178)	(34,765)
Proceeds from issuance of bonds	4,000	—
Redemption of bonds	—	(20,005)
Cash dividends paid	—	(3,478)
Other, net	(763)	(979)
Net cash provided by (used in) financing activities	1,953	(52,408)
IV Effect of exchange rate change on cash and cash equivalents	(2,445)	(12,457)
V Net increase (decrease) in cash and cash equivalents	59,201	(25,202)
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	226	—
VIII Cash and cash equivalents at end of period	155,942	166,264

(4) Notes on Premise of Going Concern

Not Applicable

(5) Segment Information

[Business Segment Information]

3rd Quarter of FY 2010 (April 1, 2009 to December 31, 2009)

(Unit: Millions of yen)

	Automobiles	Aerospace	Industrial products	Other	Total	Elimination and corporate	Consolidated total
Net sales							
(1) Outside customers	921,827	63,675	17,482	9,090	1,012,074	—	1,012,074
(2) Inter-segment	1,712	—	49	8,802	10,563	(10,563)	—
Total sales	923,539	63,675	17,531	17,892	1,022,637	(10,563)	1,012,074
Operating income (loss)	1,320	2,080	(2,038)	1,683	3,045	835	3,880

[Geographic Segment Information]

3rd Quarter of FY 2010 (April 1, 2009 to December 31, 2009)

(Unit: Millions of yen)

	Japan	North America	Other	Total	Elimination and corporate	Consolidated total
Net sales						
(1) Outside customers	571,108	416,589	24,377	1,012,074	—	1,012,074
(2) Inter-segment	211,779	1,738	433	213,950	(213,950)	—
Total sales	782,887	418,327	24,810	1,226,024	(213,950)	1,012,074
Operating income (loss)	(12,095)	22,537	162	10,604	(6,724)	3,880

[Overseas Net Sales]

3rd Quarter of FY 2010 (April 1, 2009 to December 31, 2009)

(Unit: Millions of yen)

	North America	Europe	Asia	Other	Total
Overseas net sales	448,453	60,782	71,168	69,318	649,721
Consolidated net sales	—	—	—	—	1,012,074
Percentage of overseas net sales over consolidated sales	44.3%	6.0%	7.0%	6.9%	64.2%

(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, 2008).

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

3rd Quarter of FY 2011 (April 1, 2010 to December 31, 2010)

(Unit: Millions 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	1,086,340	54,245	22,908	1,163,493	11,135	1,174,628	—	1,174,628
(2) Inter-segment	1,843	—	5	1,848	9,781	11,629	(11,629)	—
Total sales	1,088,183	54,245	22,913	1,165,341	20,916	1,186,257	(11,629)	1,174,628
Segment income (loss)	71,876	(327)	111	71,660	1,802	73,462	20	73,482

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 Segment income (loss) 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) Explanatory Note

(Consolidated Statement of income)

[3rd Quarter of FY 2010 (April 1, 2009 to December 31, 2009)]

(Extraordinary loss)

1) 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 to the integrated system was performed from Subaru distributors sequentially after October, 2008. As a part of the rationalization, the company is performing restructuring of dealership network in Japan gradually. And related to dealerships which the Company has closed (or, has decided to close) by the end of third quarter fiscal 2010, it recorded an extraordinary loss in this fiscal year as follows.

Loss on sales and retirement of noncurrent assets	233	million yen
Impairment loss	556	million yen
Other	200	million yen
Total	989	million yen

2) The Company recorded an impairment loss with regard to the following asset groups in the third quarter of the fiscal 2010. (Impairment loss related to restructuring of dealership network in Japan above-mentioned 1 is included)

Use	Location	Category
Assets for dealership business	Nagasaki Prefecture and 2 other location	Buildings and structures, land and other
Idle assets	Osaka Prefecture and 5 other location	Buildings and structures, and land

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:

Account	Amount
Buildings and structures, net	1,898 million yen
Machinery, equipment and vehicles, net	96 million yen
Land	1,143 million yen
Other	25 million yen
Total	3,162 million yen

3) Loss on abandonment of inventories

The Company conducted a review of business field in the industrial products segment in the third quarter of the fiscal 2010. As a result, the Company abandoned obsolete inventories and recorded an extraordinary loss of 1,191 million yen in the third quarter of the fiscal 2010.

(Income taxes)

For companies that recorded a net loss before income taxes and minority interests in the nine month period of the 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.

[3rd Quarter of FY 2011 (April 1, 2010 to December 31, 2010)]

(Extraordinary loss)

1) The Company recorded an impairment loss with regard to the following asset groups in the third quarter of the fiscal 2011.

Use	Location	Category
Idle assets	Tokyo Metropolitan Government and 10 other location	Buildings and structures, land, and other

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:

Account	Amount
Buildings and structures,net	79 million yen
Land	754 million yen
Other	2 million yen
Total	835 million yen

2) Loss on prior periods adjustment(1,347 million yen) is the adjustment of cost of sales in prior years.

3) In relation to the reconstruction of Ebisu Subaru Building, following extraordinary losses are recorded.

Contents	Amount
Estimation of dismantlement cost	334 million yen
Temporary depreciation cost	323 million yen
Total	657 million yen

<Reference for the 3rd Quarter of FY2011 (Apr. 1, 2010 to Dec. 31, 2010) Consolidated Financial Results>

(in 100 millions of yen) (in thousands of units)	ACTUAL RESULTS		ACTUAL RESULTS		ACTUAL RESULTS	FORECAST			FORECAST
	3rd Quarter of FY2010		3rd Quarter of FY2011		FY2010	FY2011			FY2011
	Apr. 2009 to Dec. 2009		Apr. 2010 to Dec. 2010		Apr. 2009 to Mar. 2010	Apr. 2010 to Mar. 2011			(Nov. 2010)
			Difference	Ratio			Difference	Ratio	Apr. 2010 to Mar. 2011
Net Sales	10,121	11,746	1,626	16.1	14,287	16,000	1,713	12.0	15,900
Domestic	3,624	3,498	(125)	(3.5)	5,208	4,800	(408)	(7.8)	4,800
Overseas	6,497	8,248	1,751	26.9	9,079	11,200	2,121	23.4	11,100
Operating Income	39	735	696	1,793.9	274	850	577	210.8	700
Margin Percentage	0.4	6.3			1.9	5.3			4.4
Ordinary Income	18	748	730	4,056.6	224	840	616	275.7	680
Margin Percentage	0.2	6.4			1.6	5.3			4.3
Net Income/Loss	(152)	584	736	—	(165)	630	795	—	500
Margin Percentage	—	5.0			—	3.9			3.1
Change of operating income by factors									
			Improvement of sales volume & mixture and others	810			Improvement of sales volume & mixture and others	851	
			Decrease of SG&A expenses and others	126			Reduction in cost	88	
			Reduction in cost	71			Decrease of SG&A expenses and others	81	
			Loss on currency exchange	(263)			Loss on currency exchange	(384)	
			Increase of R&D expenses	(48)			Increase of R&D expenses	(59)	
Exchange rates	YEN/US\$ YEN/EURO	YEN94/US\$ YEN133/EURO	YEN87/US\$ YEN115/EURO		YEN93/US\$ YEN132/EURO	YEN86/US\$ YEN114/EURO		YEN86/US\$ YEN113/EURO	
Capital expenditures	440	293			561	560			560
Depreciation and amortization	430	366			571	520			520
R&D expenses	268	316			372	431			433
Interest bearing debts	3,826	3,179			3,676	3,200			3,200
Performance of operation			Net Sales to increase Net Income to increase			Net Sales to increase Net Income to increase			
Domestic sales	119	118	(1)	(0.6)	171	161	(11)	(6.2)	162
Passenger Cars	50	50	(0)	(0.8)	75	70	(5)	(6.5)	68
Minicars	69	68	(0)	(0.5)	96	90	(6)	(6.0)	94
Overseas sales	278	370	91	32.8	392	503	111	28.4	497
North America	179	227	48	27.1	250	307	57	22.8	302
Europe	28	43	16	56.8	39	61	22	56.1	59
China	35	45	10	30.0	49	64	15	29.9	63
Others	38	54	17	45.3	54	72	18	33.0	74
Total sales	397	488	91	22.8	563	663	101	17.9	659
Production Units Total	393	486	93	23.6	557	654	97	17.4	644
Domestic	326	365	39	12.0	453	487	34	7.5	478
U.S.	67	121	54	80.2	104	167	63	60.2	166
Net sales by business segment									
Automobile	9,218	10,863	1,645	17.8	12,945				
Aerospace	637	542	(94)	(14.8)	932				
Industrial Products	175	229	54	31.0	239				
Other	91	111	20	22.5	171				
Operating income by business segment									
Automobile	13	719	706	5,345.2	217				
Aerospace	21	(3)	(24)	—	48				
Industrial Products	(20)	1	21	—	(24)				
Other	17	18	1	7.1	26				
Elimination and Corporate	8	0	(8)	(97.6)	7				

* 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.