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Presentation of business results for the term ended March 2011

Fuji Heavy Industries Ltd.

May 10, 2011

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

A Summary of Business Results

Full Year : Consolidated Automobile Sales

(Thousand Units)

		Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
	Passenger Car	75.1	68.1	-7.0
	Minicar	96.2	90.0	-6.2
Domestic Total		**171.3**	**158.1**	**-13.2**
	U.S.	227.0	279.0	+51.9
	Canada	22.8	28.1	+5.2
	Russia	1.6	11.3	+9.8
	Europe	37.3	48.2	+10.9
	Australia	35.0	41.2	+6.2
	China	48.9	62.4	+13.5
	Others	18.9	28.7	+9.8
Overseas Total		**391.6**	**498.9**	**+107.3**
Total		**562.8**	**657.0**	**+94.1**

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

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Total consolidated automobile sales for the fiscal year ended March 2011 was 657 thousand units, up 94.1 thousand units compared with the previous fiscal year. The consolidated sales volume, exceeding 600 thousand units, was a record high.

The total number of cars sold in the domestic market dipped 13.2 thousand units. Passenger car sales dropped 7 thousand units year on year due to the discontinuation of the eco-car subsidy program during the second half as well as the devastating earthquake that hit northeastern Japan in March. Minicar sales also fell 6.2 thousand units.

In overseas markets, sales increased across the board by 107.3 thousand units to offset the decreased domestic sales volume.

Full Year : Consolidated Statements of Income

(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Net Sales	**14,287**	**15,806**	+1,519
Domestic	5,208	4,673	-535
Overseas	9,079	11,132	+2,054
Operating Income	**274**	**841**	+568
Ordinary Income	**224**	**822**	+599
Income/Loss Before Income Taxes and Minority Interests	**-4**	**632**	+637
Net Income/Loss	**-165**	**503**	+668
FHI Exchange Rate	¥93/$	¥86/$	-¥7/$

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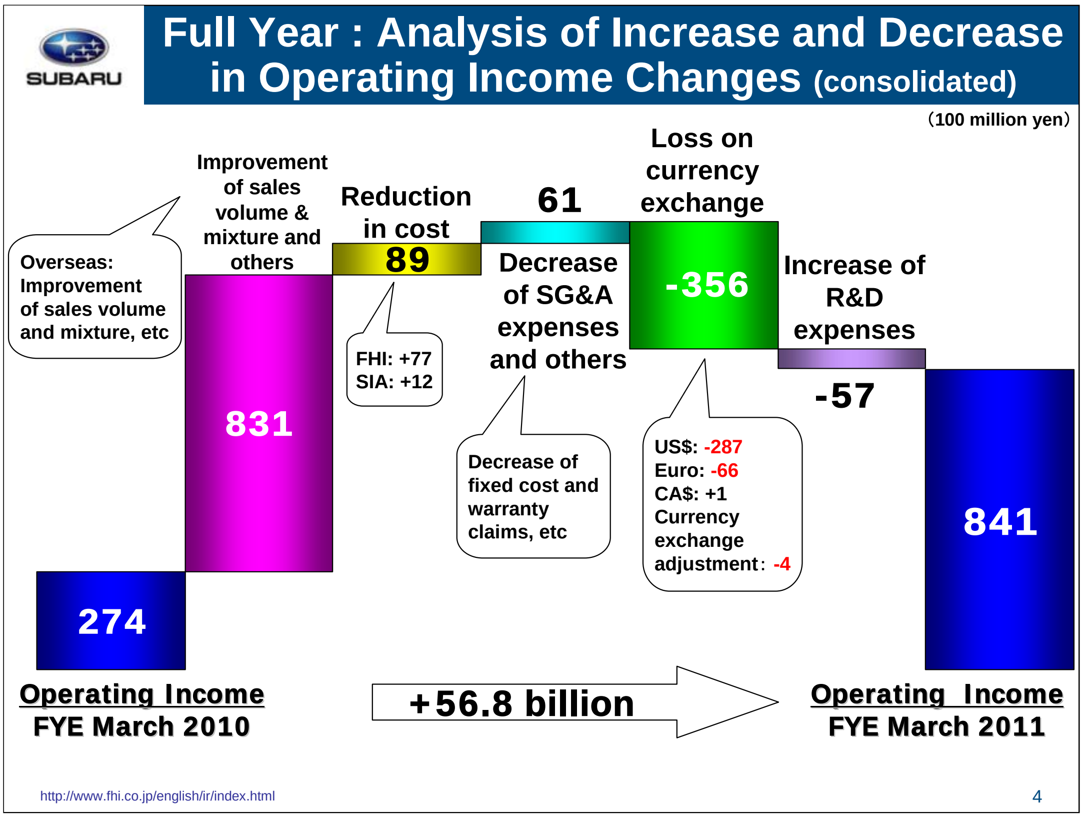
Net sales for the fiscal year ended March 2011 increased by 151.9 billion yen to total 1,580.6 billion yen. Major factors behind the increase included a gain of 218.6 billion yen due to the improvement of sales volume and mix in mainly overseas markets, which offset a loss of 1.8 billion yen from declining sales at three internal companies, etc.. and a loss on currency exchanges totaling 64.9 billion yen due to the appreciation of the yen against the US dollar and euro.

Operating income rose 56.8 billion yen year on year to total 84.1 billion yen. This increase was mainly due to an improved sales volume and mix as well as reduction in materials costs and SG&A expenses, etc.. The gains offset currency losses from the appreciation of the yen and increased R&D expenses, which we'll look at in further detail later on.

Ordinary income also rose 59.9 billion yen year on year to bring it to a total of 82.2 billion yen. Further details about this will also be provided later on.

Extraordinary losses included a loss on disaster associated with the recent earthquake, a loss from adjustment of provision for product warranties in prior years, as well as the cost of retirement and dismantlement, etc. of facilities related to the termination of minicar production. Consequently, income before income taxes and minority interests totaled 63.2 billion yen, up 63.7 billion yen year on year.

Net income totaled 50.3 billion yen, a year-on-year increase of 66.8 billion yen, as the taxes paid by our US and domestic subsidiaries.



Now let's look at the reasons for the year-on-year increase in operating income that took from 27.4 billion yen to 84.1 billion yen.

One of the main factors leading to the increase in operating income included a gain of 83.1 billion yen due to an improvement of sales volume and mixture. This gain can be broken down into the following three areas. The first is a loss of 12.2 billion yen in the domestic market due to declining sales triggered by the discontinuation of the eco-car tax subsidy programs as well as the impact of the earthquake. Next, we see an overseas market gain of 79.9 billion yen thanks to across-the-board sales volume increases, most notably being outstanding sales of the Legacy. Finally, we had a gain of 15.4 billion yen due to inventory adjustments and others.

Reduction in cost generated a gain of 8.9 billion yen, including a gain of 7.7 billion yen at FHI and a gain of 1.2 billion yen (12 million dollars) at SIA. FHI generated a gain of 20.4 billion yen due to a reduction in cost with loss amounting to 12.7 billion yen due to increased material prices. SIA posted a gain of 5.4 billion yen (58 million dollars) due to a reduction in cost and a loss of 4.2 billion yen (46 million dollars) related to rising material prices.

We also saw a decrease in SG&A expenses, etc.. that led to a gain of 6.1 billion yen. This amount can be broken down into the following three areas. First, we see that a reduction in fixed manufacturing costs generated a gain of 9.5 billion yen, with a gain of 9.9 billion yen at FHI and a loss of 0.4 billion yen (4 million dollars) at SIA. FHI yielded a gain of 6.9 billion yen due to decrease of depreciation of suppliers' dies and a gain of 4.0 billion yen due to lower fixed processing cost. SIA gained 1.2 billion yen (13 million dollars) due to decrease of the depreciation of suppliers' dies and loss of 1.6 billion yen (17 million dollars) due to increased processing cost. Next, we saw an increase in SG&A expenses which yielded a loss of 5.0 billion yen. FHI generated a loss of 3.7 billion yen due to increased transportation and packing costs in tandem with an increasing sales volume. Domestic dealers also generated a gain of 3.8 billion yen due to ongoing efforts to lower SG&A expenses. SOA, on the other hand, saw a loss of 0.4 billion yen (4 million dollars), which included a gain of 2.7 billion yen (29 million dollars) due to reduced advertising expenses and a loss of 3.1 billion yen (33 million dollars) due to increased incentive cost. Although the per-unit incentive was cut by 100 dollars, down from 1,100 dollars for FY2010 to 1,000 dollars for FY2011, the total incentive cost was up due to the increased sales volume. Our Canadian subsidiary also experienced a loss of 1.0 billion yen due to an increased sales volume resulted in pushing up the incentive cost amounts while our other subsidiaries saw combined losses of 3.7 billion yen. Finally, the third factor includes a decrease in warranty claims costs that led to a gain of 1.6 billion yen.

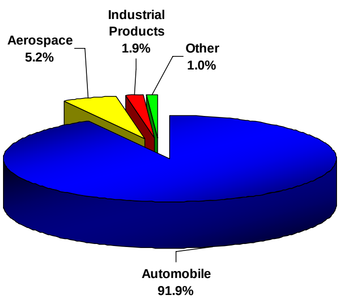
Major factors behind the profit downturn included exchange rate fluctuations generating a loss of 35.6 billion yen. This included a loss of 28.7 billion yen due to an approximate 7 yen appreciation against the U.S. dollar, a loss of 6.6 billion yen due to an approximate 18 yen appreciation against the euro, and a gain of 0.1 billion yen coming from the exchange rate for the Canadian dollar which remained flat. This figure also included a loss of 0.4 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

We saw a loss of 5.7 billion yen due to increased R&D expenses related to developing new models and more environmental friendly features.

These factors combined brought operating income up 56.8 billion yen.

Full Year : Net Sales by Business Segment (consolidated)

Percentage of Total Sales



(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Automobile	**12,945**	**14,522**	+1,578
Aerospace	**932**	**828**	-104
Industrial Products	**239**	**301**	+61
Other	**171**	**155**	-16
Total	**14,287**	**15,806**	**+1,519**

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Looking at net sales by business segment, we saw sales rise by157.8 billion yen year on year thanks to an improved sales volume and mix, which offset foreign exchange losses due to the strong yen.

Sales for the Aerospace Division were down 10.4 billion yen year on year due to declined revenue from unmanned aerial vehicle systems, etc..

Sales for the Industrial Products Division were up 6.1 billion yen due to increased exports to overseas markets, primarily North America.

Full Year : Operating Income by Business Segment (consolidated)

(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Automobile	**217**	**804**	+587
Aerospace	**48**	**23**	-26
Industrial Products	**-24**	**-1**	+24
Other	**26**	**15**	-11
Elimination and Corporate	**7**	**1**	-6
Total	**274**	**841**	**568**

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Looking at operating income by business segment, we see that the automobile business saw an increase of 58.7 billion yen in operating income. This uptick comes from a healthy sales volume and mix, reduction in materials costs, as well as decreased SG&A and other expenses, which offset foreign exchange losses and increases in R&D expenses.

Operating income for the Aerospace Division was down 2.6 billion yen due to declined revenue from unmanned aerial vehicle systems and foreign exchange losses.

The Industrial Products Division experienced an operating loss of 0.1 billion yen despite increased overseas exports mainly to the North American market that led to a gain of 2.4 billion yen but failed to offset foreign exchange losses.

Full Year : Net Sales by Geographic Area (consolidated) <Appendix>

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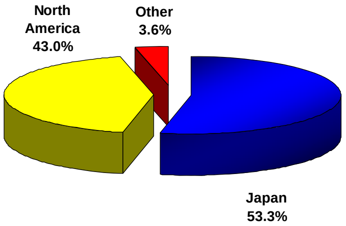
Percentage of Total Sales



(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Japan	8,158	8,426	+268
North America	5,774	6,803	+1,028
Other	355	577	+222
Total	14,287	15,806	+1,519

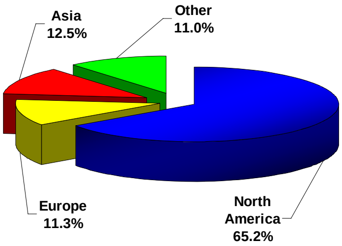
Full Year : Operating Income by Geographic Area (consolidated) <Appendix>

（100 million yen）

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Japan	**18**	**654**	+635
North America	**321**	**231**	-90
Other	**1**	**5**	+4
Elimination and Corporate	**-66**	**-49**	+18
Total	**274**	**841**	**+568**

Full Year : Overseas Net Sales <Appendix>

Percentage of Total Sales



(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
North America	6,221	7,258	+1,036
Europe	845	1,263	+418
Asia	1,015	1,389	+374
Other	998	1,223	+225
Total	9,079	11,132	+2,054

Operating Results of Subsidiaries in U.S.

(million US$)

SOA	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase / Decrease
Net Sales	**$5,319**	**$6,758**	+1,439
Operating Income	**219**	**116**	-103
Net Income	**133**	**83**	-50
Retail Sales (Thousand units)	**231.4**	**272.5**	+41.1

SIA	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase / Decrease
Net Sales	**$2,262**	**$3,748**	+1,486
Operating Income	**100**	**94**	-6
Net Income	**56**	**57**	+1
Subaru Production (Thousand units)	**104.3**	**164.8**	+60.5

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Non-Operating Income and Expenses

(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Non-Operating Income	**46**	**74**	**+28**
Interest and dividends income	17	19	+2
Equity in earnings of affiliates	11	26	+15
Non-Operating Expenses	**95**	**93**	**-3**
Interest expenses	49	45	-4
Net	**-50**	**-19**	**+31**
Financial Revenue and Expenditure	**-32**	**-26**	**+7**
FOREX Effects	**-1**	**-4**	**-3**
Net of gain and loss on valuation of derivatives	-2	6	+7
Net of FOREX gains and losses	1	-10	-11

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Net non-operating income and expenses increased 3.1 billion yen on a year-on-year basis.

Financial revenue and expenditure rose 0.7 billion yen above the previous year's balance.

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

Net gains and losses on valuation of derivatives were up 0.7 billion yen year on year from negative 0.2 billion yen to 0.6 billion yen.

Net foreign exchange gains decreased 1.1 billion yen year on year. This figure included a year-on-year drop of 1.5 billion yen due to the difference between market and hedge rates (market rate: 86 / hedge rate: 86) as well as a year-on-year increase of 0.4 billion yen due to the foreign exchange adjustments between FHI and overseas subsidiaries

Extraordinary Income and Loss

(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Extraordinary Income	**12**	**28**	**+16**
Extraordinary Loss	**240**	**219**	**-21**
Loss on sales and retirement of noncurrent assets	34	15	-18
Impairment loss	179	15	-164
Loss on disaster	-	74	+74
Loss on sales of investment securities	2	2	+0
Loss on valuation of investment securities	5	4	-1
Loss on prior periods adjustment	-	61	+61
Loss on abandonment of inventories	12	-	-12
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	4	+4
Loss on reconstruction of office building	-	7	+7
Other	8	38	+29
Net	**-228**	**-190**	**+38**

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Net extraordinary income and loss was totaled 19.0 billion yen.

Major extraordinary loss include a 7.4 billion yen loss on disaster related to the devastating earthquake that hit northeastern Japan this past March, a loss of 4.7 billion yen due to adjustment of provision for product warranties in prior years at SOA, a loss of 1.3 billion yen due to adjustment of cost of sales in prior years by the Eco Technology Company, and a loss of 2.4 billion yen from cost of retirement and dismantlement, etc. of facilities related to the termination of minicar production.

Consolidated Balance Sheets

(100 million yen)

	As of March 31, 2010	As of March 31, 2011	Increase /Decrease
Total Assets	**12,314**	**11,883**	-430
Current Assets	6,389	6,103	-286
Noncurrent Assets	5,925	5,780	-145
Interest Bearing Debts	**3,676**	**3,306**	-370
Net Assets	**3,819**	**4,140**	+321
Retained Earnings	1,102	1,569	+468
Shareholder's Equity	3,806	4,127	+321
Shareholders' Equity to Total Assets	**30.9%**	**34.7%**	+3.8%
D/E ratio	**0.97**	**0.80**	-0.17

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The balance sheet showed total assets declining by 43.0 billion yen year on year to total 1,188.3 billion yen. This included a loss of approximately 36.0 billion yen due to the strong yen.

At the end of March 2011 we saw a marked decline in notes and accounts receivable - trade, inventories, and notes and accounts payable - trade due to the impact of the earthquake as well as an increase in cash and deposits acquired through long-term loans payable to secure sufficient cash on hand.

Interest-bearing debts dropped by 37.0 billion yen year on year to reach 330.6 billion yen. This decrease comes as a result of rolling over short-term loans payable into long-term loans payable and the redemption of corporate bonds. Our debt-to-equity ratio was 0.80.

Net assets totaled 414.0 billion yen, up 32.1 billion yen due to an increase in retained earnings.

The shareholders' equity to total assets ratio came to 34.7%, indicating that we have maintained a solid financial footing.

Full Year : Consolidated Statements of Cash Flows

(100 million yen)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Net Cash Provided by (used in) Operating Activities	1,767	1,382	-385
Net Cash Provided by (used in) Investing Activities	-627	-511	+115
Free Cash Flows	1,141	871	-270
Net Cash Provided by (used in) Financing Activities	-186	-394	-208
Effect of exchange rate change on cash and cash equivalents	-8	-115	-106
Net increase (decrease) in cash and cash equivalents	947	362	-585
Increase (Decrease) in cash and cash equivalents resulting from change of scope of consolidation	2	-	-2
Cash and Cash Equivalents at End of Period	1,915	2,277	+362

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Moving on to cash flows, we see that net cash provided by operating activities remained in the black and totaled 138.2 billion yen for a drop of 38.5 billion yen year on year, due to increased pre-tax net income while there were no major fluctuations in working capital.

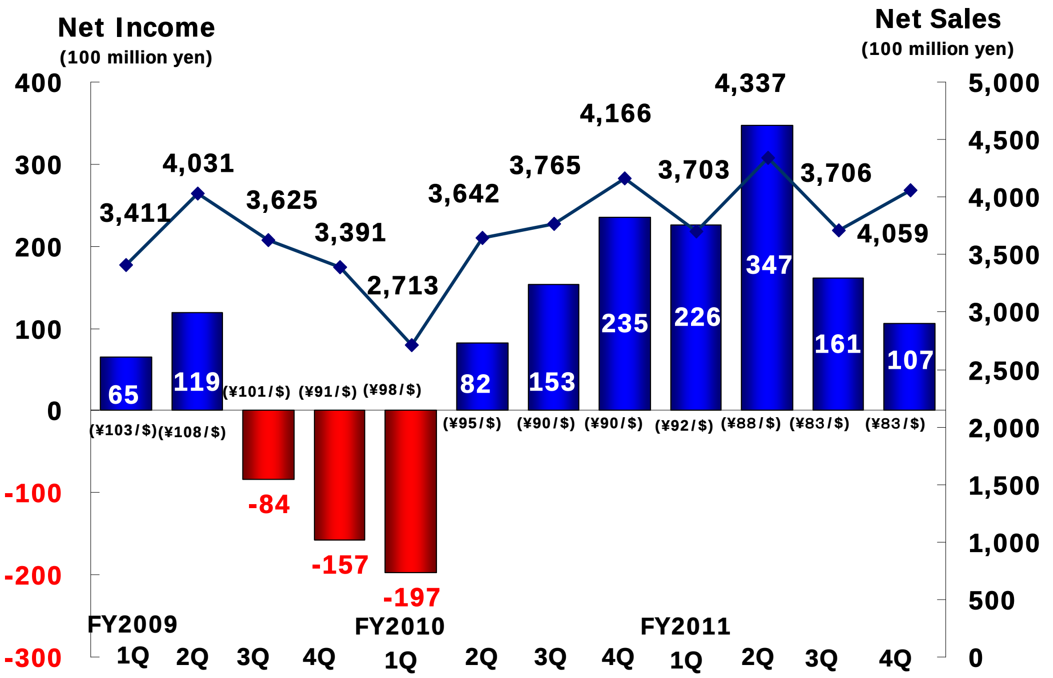
Net cash used in investment activities decreased 11.5 billion yen year on year to total a negative 51.1 billion yen due to slightly reduced investments.

Free cash flows decreased by 27.0 billion yen year on year to reach 87.1 billion yen.

Net cash used in financing activities increased 20.8 billion yen year on year to reach negative 39.4 billion yen as a result of a decline in interest bearing debts.

Cash and cash equivalents increased 36.2 billion yen year on year to total 227.7 billion yen.

Net Sales & Operating Income <Appendix>



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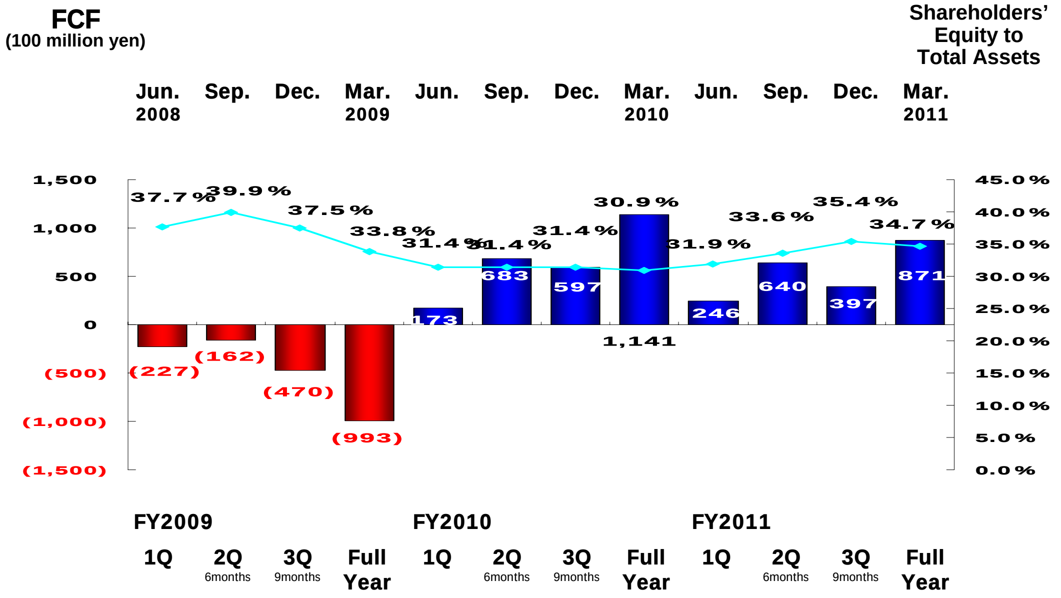
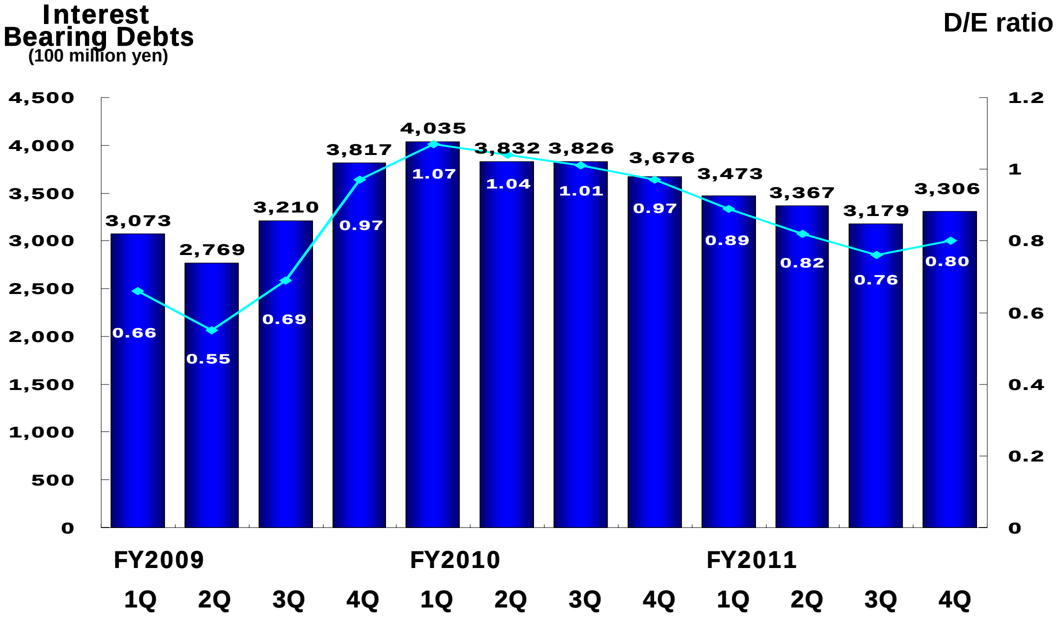
Free Cash Flows & Shareholders' Equity to Total Assets <Appendix>



Interest Bearing Debts & D/E Ratio <Appendix>



Full Year : Non-Consolidated Automobile Sales
<Appendix>

(Thousand Units)

	Actual Results FYE March 2010	Actual Results FYE March 2011	Increase /Decrease
Domestic Production	**452.7**	**458.8**	**+6.0**
Domestic Sales	**177.5**	**163.4**	**-14.0**
Passenger Car	80.3	70.7	-9.6
Minicar	97.2	92.8	-4.5
Number of Vehicles exported	**279.7**	**330.7**	**+51.0**
Components for Overseas Production	**113.6**	**163.5**	**+49.9**
Total	**570.8**	**657.6**	**+86.8**

4Q : Consolidated Automobile Sales
<Appendix>

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(Thousand Units)

		Actual Results 4Q FYE March 2010	Actual Results 4Q FYE March 2011	Increase /Decrease
	Passenger Car	25.0	18.4	-6.6
	Minicar	27.4	21.5	-5.9
Domestic Total		**52.4**	**39.9**	**-12.4**
	U.S.	66.2	75.1	+8.8
	Canada	5.1	5.1	+0
	Russia	1.0	4.0	+3.0
	Europe	10.3	12.3	+2.0
	Australia	10.2	8.4	-1.7
	China	14.2	17.2	+3.0
	Others	6.2	6.9	+0.7
Overseas Total		**113.2**	**129.0**	**+15.9**
Total		**165.5**	**169.0**	**+3.4**

Canada figures were consolidated on the calendar year basis from Oct. to Dec.

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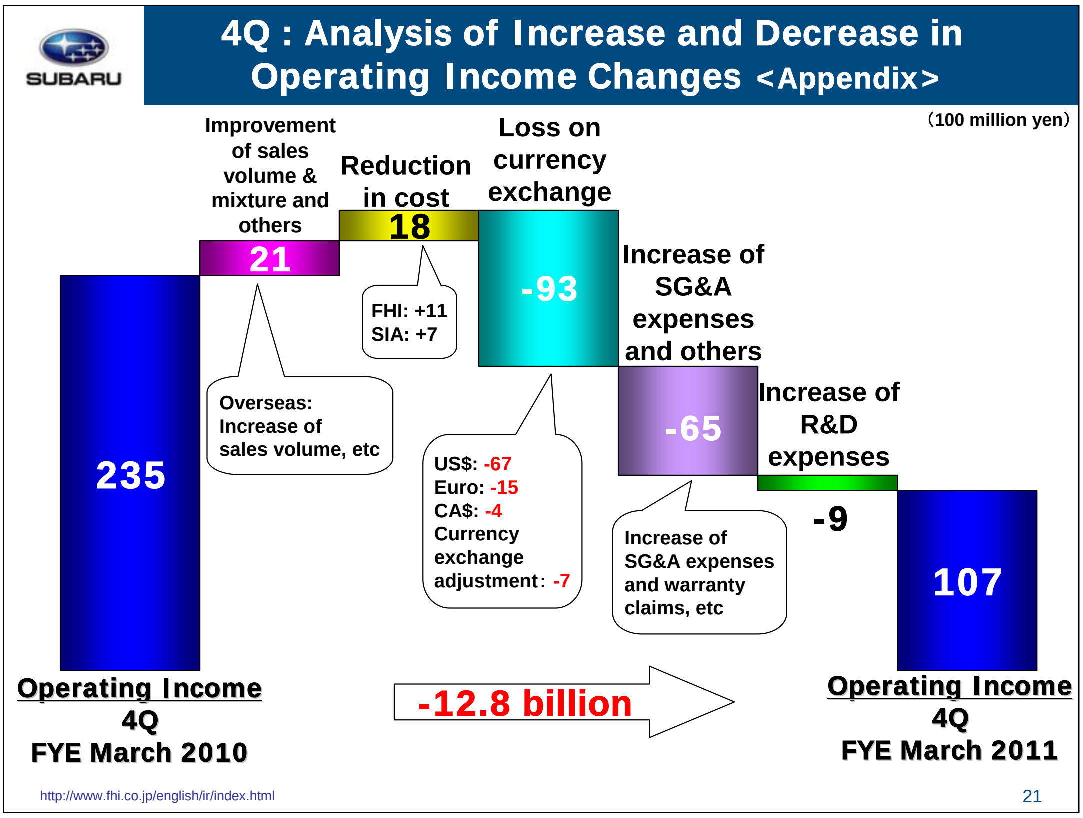
4Q : Consolidated Statements of Income
<Appendix>

(100 million yen)

	Actual Results 4Q FYE March 2010	Actual Results 4Q FYE March 2011	Increase /Decrease
Net Sales	**4,166**	**4,059**	-107
Domestic	1,585	1,175	-410
Overseas	2,581	2,884	+303
Operating Income	**235**	**107**	-128
Ordinary Income	**206**	**74**	-131
Income/Loss Before Income Taxes and Minority Interests	**39**	**-91**	-130
Net Income/Loss	**-12**	**-81**	-69
FHI Exchange Rate	¥90/$	¥83/$	-¥7/$



Now let's look at the factors behind the year on year change in operating income for the three-month fourth quarter period that saw earnings drop from 23.5 billion yen to 10.7 billion yen.

The factors that led to the increase in operating income included a gain of 2.1 billion yen due to an improvement in the sales volume and mix. This gain can be broken down into the following three areas. First, we have a loss of 9.7 billion yen from the decreased sales volumes and deteriorated sales mix in the domestic market due to the impact of the earthquake. Next, the sales volumes were up in North America, Russia, Europe and China, where the sales mix also improved due to the launch of the new Legacy. Finally, we have a gain of 10.0 billion yen due to inventory adjustments and others.

We gained 1.8 billion yen due to a reduction in material cost, saving 1.1 billion yen at FHI and 0.7 billion yen at SIA. FHI generated a gain of 6.0 billion yen with loss amounting to 4.9 billion yen due to increased material cost. SIA posted a gain of 1.2 billion yen due to a reduction in material cost and a loss of 0.6 billion yen related to rising material prices.

Operating income declined 9.3 billion yen due to foreign exchange losses. This included a loss of 6.7 billion yen due to an approximate 7 yen appreciation against the U.S. dollar, a loss of 1.5 billion yen due to an approximate 18 yen appreciation against the euro, and a loss of 0.4 billion yen due to an approximate 3 yen appreciation against the Canadian dollar. A loss of 0.7 billion yen was also posted due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

We also saw an increase in SG&A expenses, etc.. that led to a loss of 6.5 billion yen. This amount can be broken down into the following three areas. First, there was a reduction of fixed manufacturing costs that led to a gain of 2.2 billion yen at FHI and flat at SIA. FHI's decreased fixed processing cost generated a gain of 1.8 billion yen and reduced depreciation of suppliers' dies resulted in a gain of 0.4 billion yen. SIA lost 0.3 billion yen due to increased processing cost and gained 0.3 billion yen thanks to decrease of depreciation of suppliers' dies. Next we see that an increase in SG&A expenses produced a loss totaling 6.1 billion yen. FHI generated a loss of 1.1 billion yen while domestic dealers posted a gain of 1.4 billion yen. SOA generated a loss of 1.6 billion yen (17 million dollars). This figure included a loss of 0.4 billion yen (4 million dollars) due to increased advertising expenses and a loss of 1.2 billion yen (13 million dollars) due to increased sales volume despite no significant year-on-year difference in the per-unit incentive, which was 1,200 dollars both for January through March 2010 and the same period in 2011. Our Canadian subsidiary generated a loss of 0.4 billion yen, while our other subsidiaries also saw combined losses totaling 4.4 billion yen. Finally, the third factor includes an increase in costs associated with warranty claims that led to a loss of 2.6 billion yen.

An increase in R&D expenses led to a loss of 0.9 billion yen.

These factors combined brought operating income down 12.8 billion yen.

Capex / Depreciation / R&D <Appendix>

(100 million yen)

	Actual Results FYE March 2008	Actual Results FYE March 2009	Actual Results FYE March 2010 (a)	Actual Results FYE March 2011 (b)	Increase/ Decrease (b)-(a)
Capex	563	580	561	431	-131
Depreciation	655	651	571	498	-73
R&D	520	428	372	429	+57
Interest Bearing Debt	3,045	3,817	3,676	3,306	-370

<Appendix> Difference from Previous Outlook

Full Year : Consolidated Automobile Sales Plan (Feb. 2011) vs. Actual Results <Appendix>

(Thousand Units)

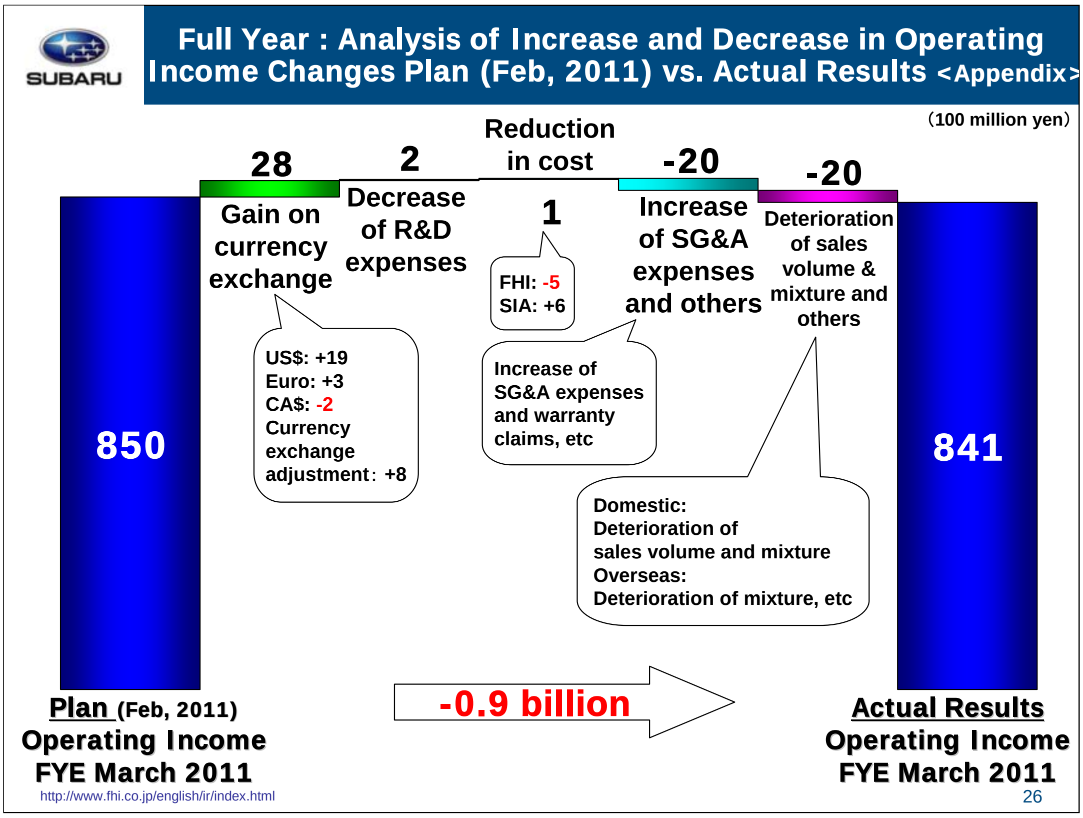
		Plan FYE March 2011 (Feb, 2011)	Actual Results FYE March 2011	Increase/ Decrease
	Passenger Car	70.2	68.1	-2.1
	Minicar	90.4	90.0	-0.4
Domestic Total		**160.7**	**158.1**	**-2.6**
	U.S.	278.7	279.0	+0.3
	Canada	28.1	28.1	±0
	Russia	11.4	11.3	-0.1
	Europe	49.3	48.2	-1.1
	Australia	42.4	41.2	-1.3
	China	63.6	62.4	-1.2
	Others	29.2	28.7	-0.5
Overseas Total		**502.7**	**498.9**	**-3.8**
Total		**663.4**	**657.0**	**-6.4**

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

Full Year : Consolidated Statements of Income Plan (Feb. 2011) vs. Actual Results <Appendix>

(100 million yen)

	Plan FYE March 2011 (Feb, 2011)	Actual Results FYE March 2011	Increase/ Decrease
Net Sales	**16,000**	**15,806**	-194
Domestic	4,800	4,673	-127
Overseas	11,200	11,132	-68
Operating Income	**850**	**841**	-9
Ordinary Income	**840**	**822**	-18
Income Before Income Taxes and Minority Interests	**750**	**632**	-118
Net Income	**630**	**503**	-127
FHI Exchange Rate	¥86/$	¥86/$	±0



Now let's look at why the actual operating income of 84.1 billion yen fell short of our projection of 85.0 billion announced at the end of the third quarter.

Gain on currency exchange led to an increase of 2.8 billion yen. While the exchange rate for the US dollar was almost same as we had projected, we gained 1.9 billion yen due to a fractional point. We also gained 0.3 billion yen from a fractional point between the actual and estimated exchange rates for the euro. While the exchange rate for the Canadian dollar was about the same as our projection, we lost 0.2 billion yen due to broken number. We also experienced a gain of 0.8 billion yen due to foreign exchange adjustments for transactions between FHI and its overseas subsidiaries.

There was a gain of 0.2 billion yen on reduced R&D expenses.

A gain of 0.1 billion yen due to a reduction in material cost in addition to a loss of 0.5 billion yen at FHI and a gain of 0.6 billion yen at SIA. FHI experienced a loss of 1.2 billion yen due to the impact of the earthquake and a gain of 0.7 billion yen due to material price decrease. SIA posted a loss of 2.2 billion yen due to a reduction in material cost and a gain of 2.8 billion yen related to material price decrease.

Factors that led to decreased operating income include a loss of 2.0 billion yen due to an increase in SG&A and other expenses. This loss can be broken down into the following three areas. First, we see that a reduction in fixed manufacturing costs generated a gain of 1.6 billion yen, with a gain of 1.4 billion yen coming from FHI and another gain of 0.2 billion yen at SIA. FHI generated a gain of 1.6 billion yen due to reduced fixed processing costs and a loss of 0.2 billion yen due to an increase in depreciation of suppliers' dies. SIA gained 0.2 billion yen due to lower fixed processing costs. The second area encompasses an increase in SG&A expenses that led to a loss of 0.3 billion yen, with a gain of 1.5 billion yen at FHI and a loss of 0.1 billion yen at domestic dealers. SOA generated a gain of 1.3 billion yen. This figure includes a gain of 0.1 billion yen due to reduced advertising expenses, a gain of 0.1 billion yen owing to lower SG&A expenses, and a loss of 1.0 billion yen due to the fact that the actual 1,200 dollar per-unit incentive was 200 dollars less than the 1,400 dollar incentive initially projected. Our Canadian subsidiary generated a gain of 0.2 billion yen while our other subsidiaries saw a combined loss of 3.2 billion yen. Finally, the third factor includes an increase in costs associated with warranty claims that led to a loss of 3.3 billion yen.

We suffered a loss of 2.0 billion yen due to a deterioration in the sales volume and mix, etc.. This loss can be broken down into the following three areas. First, we have a loss of 2.1 billion yen due to the domestic sales volume falling short of the projected sales volume by 2,550 units, which can be attributed to the impact of the earthquake. Next, we lost 7.9 billion yen due to a deteriorated sales volume and mix in overseas markets where the actual sales volume was 3,844 units less than the projection due to the effect of the earthquake. The third factor is a gain of 8.0 billion yen due to inventory adjustments, etc.

These factors combined brought operating income down 0.9 billion yen.

Thank you !