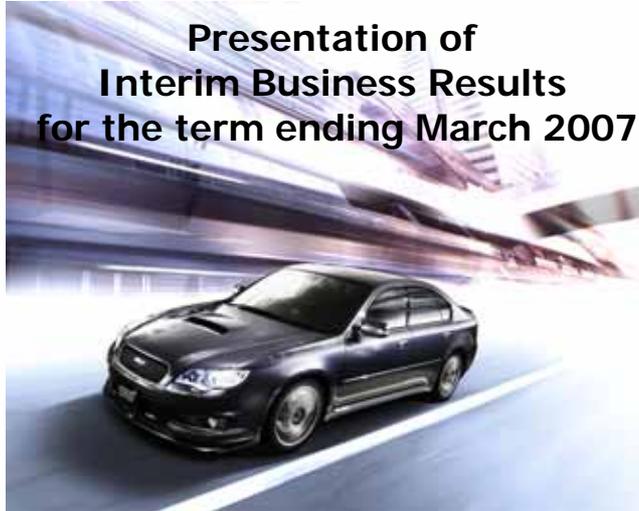




SUBARU

## Presentation of Interim Business Results for the term ending March 2007



Fuji Heavy Industries Ltd.  
October 31, 2006

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



SUBARU

## *A Summary of Business Results*

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



## 1<sup>st</sup> Half : Automobile Sales (consolidated)

(Thousand Units)

	Actual Results 1 <sup>st</sup> Half FYE March 2006	Actual Results 1 <sup>st</sup> Half FYE March 2007	Changes
Passenger Car	48.3	39.5	- 8.8
Mini-car	65.6	72.4	+6.8
<b>Domestic Total</b>	<b>113.9</b>	<b>111.9</b>	<b>- 2.0</b>
U.S.	81.1	81.2	+0.1
Canada	7.2	8.0	+0.8
Europe	30.7	32.3	+1.7
Australia	18.0	19.6	+1.5
Others	13.4	15.6	+2.2
<b>Overseas Total</b>	<b>150.4</b>	<b>156.8</b>	<b>+6.3</b>
<b>Grand Total</b>	<b>264.3</b>	<b>268.7</b>	<b>+4.4</b>

(U.S. and Canada figures are on the calendar year basis from January to Jun)

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

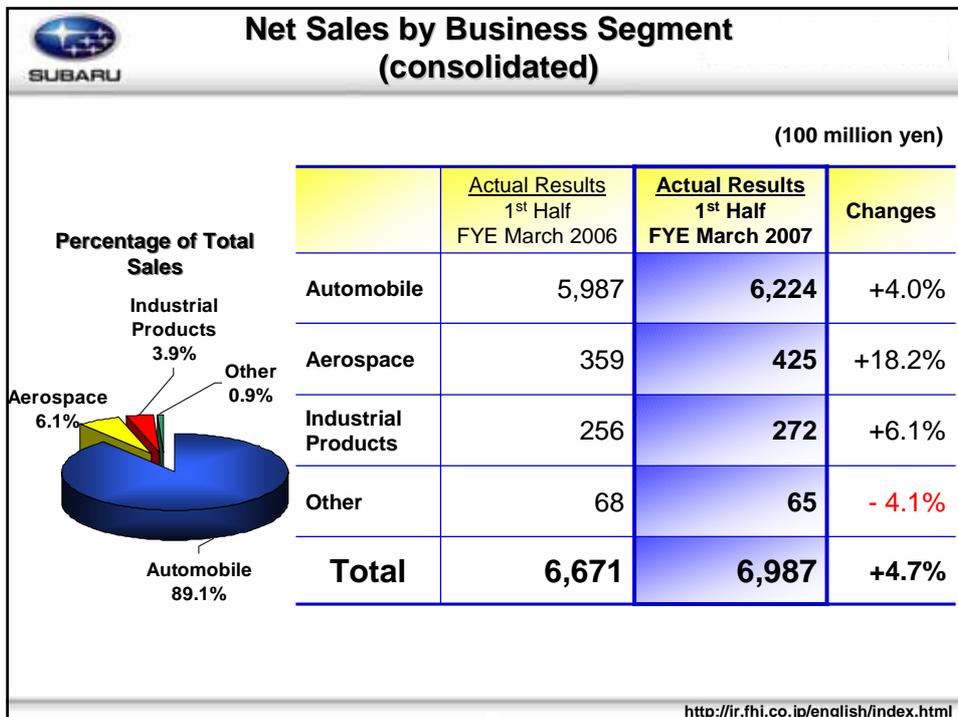
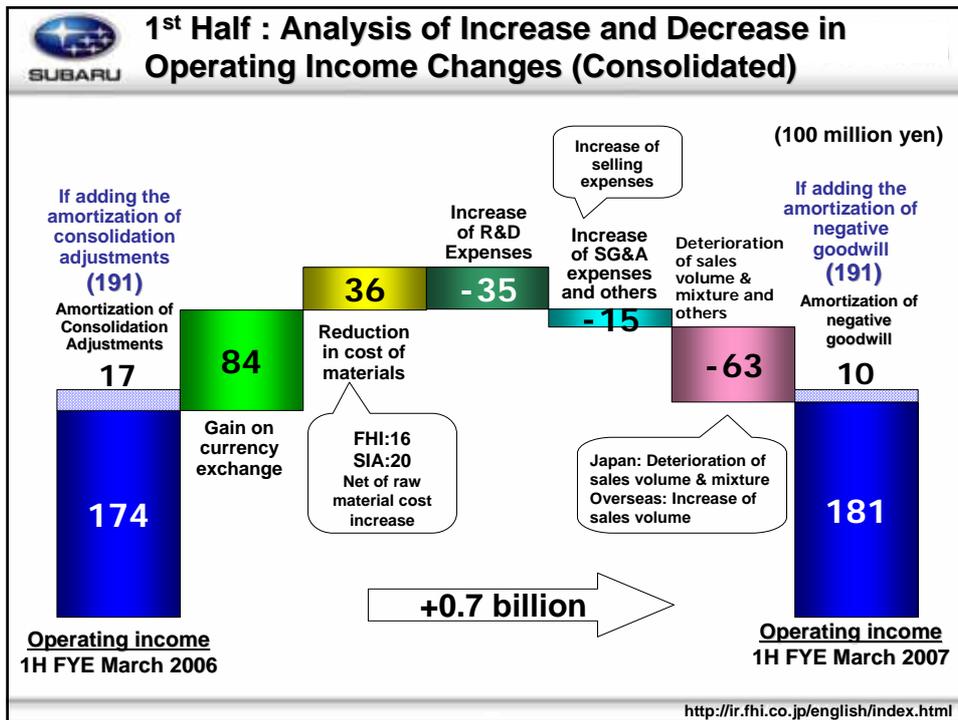


## 1<sup>st</sup> Half: Consolidated Statements of Income

(100 million yen)

	Actual Results 1 <sup>st</sup> Half FYE March 2006	Actual Results 1 <sup>st</sup> Half FYE March 2007	Changes
<b>Net Sales</b>	<b>6,671</b>	<b>6,987</b>	<b>+316</b>
Domestic	2,955	2,864	- 91
Overseas	3,716	4,123	+407
<b>Operating Income</b>	<b>174</b>	<b>181</b>	<b>+7</b>
<b>Ordinary Income</b>	<b>135</b>	<b>139</b>	<b>+4</b>
<b>Net Income</b>	<b>80</b>	<b>116</b>	<b>+36</b>
FHI Exchange Rate	¥109/\$	¥115/\$	+¥7/\$

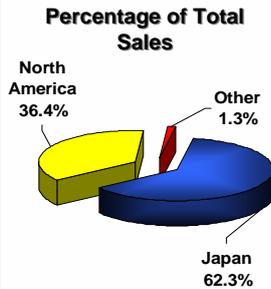
<http://ir.fhi.co.jp/english/index.html>





## Net Sales by Geographic Area (consolidated)

(100 million yen)



	<u>Actual Results</u> 1 <sup>st</sup> Half FYE March 2006	<u>Actual Results</u> 1 <sup>st</sup> Half FYE March 2007	Changes
Japan	4,284	4,351	+1.6%
North America	2,305	2,542	+10.3%
Other	82	93	+12.9%
<b>Total</b>	<b>6,671</b>	<b>6,987</b>	<b>+4.7%</b>

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



## Operating Results of Subsidiaries in U.S.

(million US\$)

<b>SOA</b> (Jan. to June)	<u>Actual results</u> 1 <sup>st</sup> Half of CY 2005	<u>Actual results</u> 1 <sup>st</sup> Half of CY 2006	Changes
Net Sales	\$1,948	\$1,941	- 6
Operating Loss	- 46	- 118	- 72
Net Loss	- 25	- 76	- 51
Retail Sales (Thousand units)	92.6	95.6	+3.0

<b>SIA</b> (Jan. to June)	<u>Actual results</u> 1 <sup>st</sup> Half of CY 2005	<u>Actual results</u> 1 <sup>st</sup> Half of CY 2006	Changes
Net Sales	\$1,076	\$1,004	- 72
Operating Profit & Loss	- 41	+29	+69
Net Income & Loss	- 166*	+13	+179
Production (Thousand Units)	56.6	57.3	+0.7

\*The extraordinary loss was offset by the consolidated adjustment account in the FYE 2005.  
(U.S. Subsidiaries were consolidated on calendar year basis)

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



## Analysis of Non-Operating Income and Expense

(100 million yen)

	Actual Results 1 <sup>st</sup> Half FYE March 2006	Actual Results 1 <sup>st</sup> Half FYE March 2007	Changes	
<b>Non-operating Income</b>	<b>62</b>	<b>59</b>	<b>- 3</b>	
Amortization of negative goodwill (Consolidation Adjustments)	17	11	- 6	Offset by SIA operating loss, etc. (Account name change)
Other	18	22	+4	Decrease of gain on revaluation of derivatives -2, etc
<b>Non-operating Expense</b>	<b>101</b>	<b>101</b>	<b>+0</b>	
Loss on revaluation of derivatives	32	2	- 30	Decrease of loss on revaluation of derivatives
Other	54	79	+26	Increase of FOREX loss 17, etc.
<b>Net</b>	<b>- 39</b>	<b>- 42</b>	<b>- 4</b>	
<b>FOREX effects</b>				
	Actual Results 1 <sup>st</sup> Half FYE March 2006	Actual Results 1 <sup>st</sup> Half FYE March 2007	Changes	
Net of gain and loss on revaluation of derivatives	- 29	- 1	+28	
Net of FOREX gain and loss	- 30	- 47	- 17	
<b>Total</b>	<b>- 60</b>	<b>- 48</b>	<b>+12</b>	

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



## Analysis of Extraordinary Gains and Losses

(100 million yen)

	Actual Results 1 <sup>st</sup> Half FYE March 2006	Actual Results 1 <sup>st</sup> Half FYE March 2007	Changes	
<b>Extraordinary Gains</b>	<b>55</b>	<b>76</b>	<b>+21</b>	
Gain on sale of property, plant and equipment	1	61	+59	Sales of land of affiliate company, etc.
Gain on sale of investment securities	53	0	- 53	
Gain on prior period adjustment	-	15	+15	Reversal of loss on termination of the joint development project
<b>Extraordinary Losses</b>	<b>84</b>	<b>42</b>	<b>- 42</b>	
Loss on sale and disposal on property, plant and equipment	9	29	+20	Loss of sales of land of affiliate company, etc.
Loss on liquidation of subsidiaries	-	9	+9	Dissolution of JV
Loss on termination of a joint development project	56	-	- 56	Termination of the joint development with Saab Automobile AB, etc.
Impairment loss on property, plant and equipment	18	1	- 17	Land and properties of domestic Subaru dealerships, etc.

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## Consolidated Balance Sheets

(100 million yen)

	As of March 31, 2006	As of Sept. 30, 2006	Changes
<b>Total Assets</b>	<b>13,484</b>	<b>13,395</b>	<b>- 89</b>
Current Assets	6,192	6,262	+71
Fixed Assets	7,292	7,132	- 160
Leased assets	643*	678	+35
<b>Interest Bearing Debt</b>	<b>3,741</b>	<b>3,671</b>	<b>- 70</b>
<b>Shareholders' Equity</b>	<b>4,655</b>	-	-
Less treasury stock, at cost	- 415	-	-
Shareholders' Equity to Total Assets	34.5%	-	-
<b>Net assets**</b>	-	<b>4,723</b>	-
Less treasury stock, at cost	-	- 415	-
Shareholders' Equity to Total Assets	-	35.1%	-
D/E ratio	0.80	0.78	- 0.02

\*\*Leased Assets\* in Fixed Assets has been described separately from this FY2007, whereas in FY2006 "Leased Assets" was for reference.

\*\*In accordance with the enforcement of Corporate Law since May 1, 2006, "Shareholders' Equity" was changed to "Net assets."

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



## Consolidated Statement of Cash Flows

(100 million yen)

	Actual Results 1 <sup>st</sup> Half FYE March 2006	Actual Results 1 <sup>st</sup> Half FYE March 2007	Changes	Actual Results FYE March 2006
<b>Cash Flows from Operating Activities</b>	<b>673</b>	<b>1</b>	<b>- 673</b>	<b>1,375</b>
<b>Cash Flows from Investing Activities</b>	<b>- 516</b>	<b>- 263</b>	<b>+253</b>	<b>- 758</b>
Free Cash Flows	157	- 262	- 419	617
<b>Cash Flows from Financing Activities</b>	<b>- 198</b>	<b>- 87</b>	<b>+111</b>	<b>- 889</b>
Effect of exchange rate changes on cash and cash equivalents	24	- 11	- 35	79
<b>Net decrease in Cash and Cash Equivalents</b>	<b>- 17</b>	<b>- 361</b>	<b>- 343</b>	<b>- 193</b>
<b>Cash and Cash Equivalents at end of the term</b>	<b>1,300</b>	<b>763</b>	<b>- 537</b>	<b>1,124</b>

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



## 2<sup>nd</sup> Quarter : Automobile Sales (consolidated)

(Thousand Units)

	Actual Results 2Q FYE March 2006	Actual Results 2Q FYE March 2007	Changes
Passenger Car	29.8	23.5	- 6.3
Mini-car	34.6	43.3	+8.7
<b>Domestic Total</b>	<b>64.3</b>	<b>66.7</b>	<b>+2.4</b>
U.S.	41.4	38.5	- 2.9
Canada	3.6	4.1	+0.5
Europe	18.9	16.8	- 2.2
Australia	8.0	9.1	+1.1
Others	7.9	9.5	+1.6
<b>Overseas Total</b>	<b>79.8</b>	<b>77.9</b>	<b>- 1.9</b>
<b>Grand Total</b>	<b>144.1</b>	<b>144.7</b>	<b>+0.5</b>

(U.S. and Canada figures are on the calendar year basis from April to Jun.)

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

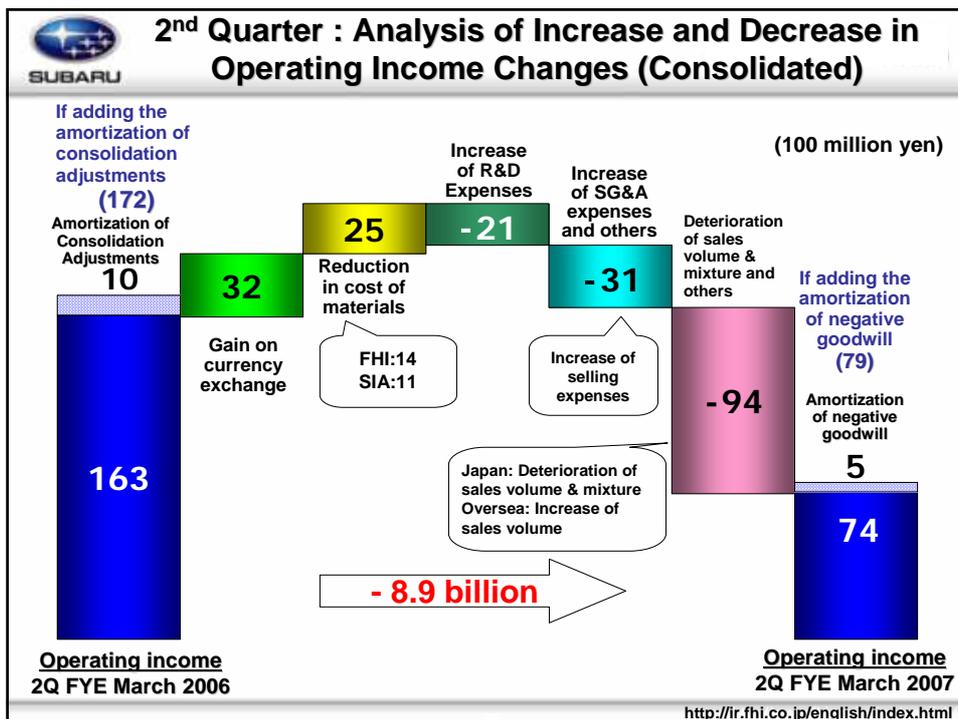


## 2<sup>nd</sup> Quarter: Consolidated Statements of Income

(100 million yen)

	Actual Results 2Q FYE March 2006	Actual Results 2Q FYE March 2007	Changes
<b>Net Sales</b>	<b>3,672</b>	<b>3,691</b>	<b>+20</b>
Domestic	1,663	1,651	- 13
Overseas	2,008	2,041	+32
<b>Operating Income</b>	<b>163</b>	<b>74</b>	<b>- 89</b>
<b>Ordinary Income</b>	<b>131</b>	<b>42</b>	<b>- 89</b>
<b>Net Income</b>	<b>91</b>	<b>70</b>	<b>- 21</b>
FHI Exchange Rate	¥110/\$	¥115/\$	+¥5/\$

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



**<Appendix>**

**1<sup>st</sup> half: Automobile Sales (Non-consolidated)**

(Thousand Units)

	Actual Results 1 <sup>st</sup> Half FYE March 2006	Actual Results 1 <sup>st</sup> Half FYE March 2007	Changes
<b>Domestic Production</b>	230.2	<b>250.4</b>	<b>+20.2</b>
for SAAB	0	0.1	+0.1
<b>Domestic Sales</b>	123.0	<b>119.7</b>	<b>- 3.3</b>
Passenger Car	53.6	41.7	- 11.9
Mini-car	69.4	78.0	+8.6
<b>Number of Vehicles Exported</b>	105.6	<b>121.2</b>	<b>+15.6</b>
<b>Components for Overseas Production</b>	63.1	<b>51.4</b>	<b>- 11.7</b>
<b>Total Sales units</b>	291.7	<b>292.3</b>	<b>+0.6</b>

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



SUBARU

## Outlook for the Term Ending March 2007

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



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## Full Year : Automobile Sales (consolidated)

(Thousand Units)

	<u>Actual Results</u> FYE March 2006	<u>Plan</u> FYE March 2007	<u>Changes</u>
Passenger Car	97.7	81.8	- 15.9
Mini-car	132.5	155.3	+22.8
<b>Domestic Total</b>	<b>230.2</b>	<b>237.1</b>	<b>+6.9</b>
U.S.	193.6	189.1	- 4.5
Canada	16.4	17.5	+1.1
Europe	64.7	69.2	+4.5
Australia	36.5	39.0	+2.5
Others	30.0	30.1	+0.0
<b>Overseas Total</b>	<b>341.2</b>	<b>344.9</b>	<b>+3.7</b>
<b>Grand Total</b>	<b>571.4</b>	<b>581.9</b>	<b>+10.6</b>

(U.S. and Canada figures are on the calendar year basis from Jan. to Dec.)

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



## Full Year: Operating Plan (consolidated basis)

(100 million yen)

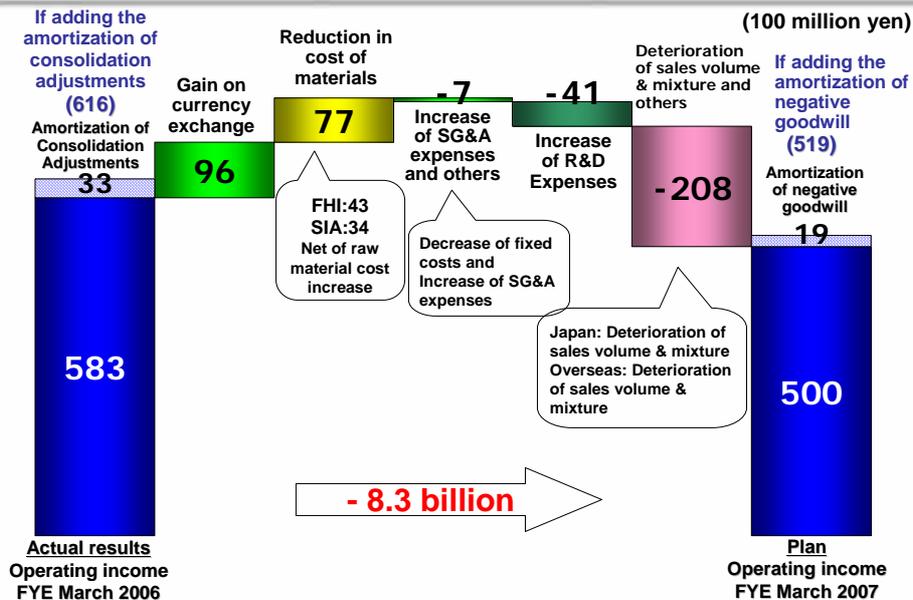
	Actual Results FYE March 2006	Plan FYE March 2007	Change
<b>Net Sales</b>	<b>14,764</b>	<b>15,000</b>	<b>+236</b>
Domestic	6,041	5,800	- 241
Overseas	8,722	9,200	+478
<b>Operating Income</b>	<b>583</b>	<b>500</b>	<b>- 83</b>
<b>Ordinary Income</b>	<b>468</b>	<b>420</b>	<b>- 48</b>
<b>Net Income</b>	<b>156</b>	<b>300</b>	<b>+144</b>
FHI Exchange Rate	¥112/\$	¥115/\$	+¥3/\$

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



## Full year : Analysis of Increase and Decrease in Operating Income Changes (Consolidated)

(100 million yen)



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



## Operating Plan of Subsidiaries in U.S.

(million US\$)

SOA (Jan. to Dec.)	Actual results CY 2005	Plan CY 2006	Changes
Net Sales	\$4,687	\$4,416	- 271
Operating Loss	- 19	- 13	+7
Net Loss	- 4	- 10	- 7
Retail Sales (Thousand units)	194.0	198.0	+4.0

SIA (Jan. to Dec.)	Actual results CY 2005	Plan CY 2006	Changes
Net Sales	\$2,602	\$2,319	- 283
Operating Profit & Loss	- 22	2	+24
Net Loss	- 169*	- 4	+165
Production (Thousand Units)	119.0	110.3	- 8.7

\*The extraordinary loss was offset by the consolidated adjustment account in the FYE 2005.  
(U.S. Subsidiaries were consolidated on calendar year basis)

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



## <Appendix>

### Full Year: Automobile Sales (Non-consolidated)

(Thousand Units)

	Actual Results FYE March 2006	Plan FYE March 2007	Changes
Domestic Production	466.7	479.2	+12.4
for SAAB	1.7	0.1	- 1.5
Domestic Sales	244.7	242.1	- 2.7
Passenger Car	106.3	82.6	- 23.8
Mini-car	138.4	159.5	+21.1
Number of Vehicles Exported	224.7	232.2	+7.5
Components for Overseas Production	119.8	101.1	- 18.7
Total Sales units	589.2	575.4	- 13.8

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



### Plan: Automobile Sales of 2<sup>nd</sup> half (consolidated)

(Thousand Units)

	<u>Actual Results</u> 2 <sup>nd</sup> Half FYE March 2006	<u>Plan</u> 2 <sup>nd</sup> Half FYE March 2007	Changes
Passenger Car	49.4	42.3	- 7.1
Mini-car	66.9	82.9	+16.0
<b>Domestic Total</b>	<b>116.3</b>	<b>125.2</b>	<b>+8.9</b>
U.S.	112.5	107.9	- 4.6
Canada	9.2	9.4	+0.3
Europe	34.1	36.9	+2.8
Australia	18.5	19.4	+1.0
Others	16.6	14.5	- 2.1
<b>Overseas Total</b>	<b>190.8</b>	<b>188.1</b>	<b>- 2.7</b>
<b>Grand Total</b>	<b>307.1</b>	<b>313.3</b>	<b>+6.2</b>

(U.S. and Canada figures are on the calendar year basis from Jul. to Dec.)

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### Operating Plan of the 2<sup>nd</sup> Half (consolidated basis)

(100 million yen)

	<u>Actual Results</u> 2 <sup>nd</sup> half FYE March 2006	<u>Plan</u> 2 <sup>nd</sup> half FYE March 2007	Change
<b>Net Sales</b>	<b>8,093</b>	<b>8,013</b>	<b>- 79</b>
Domestic	3,086	2,936	- 150
Overseas	5,006	5,077	+71
<b>Operating Income</b>	<b>409</b>	<b>319</b>	<b>- 91</b>
<b>Ordinary Income</b>	<b>332</b>	<b>281</b>	<b>- 51</b>
<b>Net Income</b>	<b>77</b>	<b>184</b>	<b>+107</b>
FHI Exchange Rate	¥116/\$	¥115/\$	- ¥1/\$

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

